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Tunde Adeleke

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Violence as a Weapon of Change: Martin Robison Delany's Dilemma

Abstract:

Few epochs in the annals of human history embodied violence in all it ramifications as Black American history. Violence, real and imaginary, shaped that history from its earliest of times through Slavery, Abolition, Jim Crow, and Lynching down to the 1960s Civil Rights Movement. Throughout this history, Blacks, individually and collectively, considered, discussed, theorized and philosophized about the utility and relevance of violence as a weapon of change. Notwithstanding, as a strategy for effecting change, violence provoked ambivalence among Black leaders in the nineteenth century. While in principle, violence had wider appeal and support, in practice few Black leaders were willing to openly endorse and actively participate in the use of violence. A leading figure in this epic drama was Martin Robison Delany (1812-1885) whose response to, and attitudes towards, violence reflected the broader ethical challenges and dilemma violence represented in Blacks American history. His life was defined by the violence of racism and slavery. His struggles shaped by the day-to-day threat of violence. Though born into, and raised in a context of, violence, and at times seemed to gravitate towards rebellion and violence, Delany evinced neither clarity nor consistency on violence. His choices and decisions reflected deep philosophical and ethical ambivalences and dilemma. Against the backdrop of the broader history of violence in the Black American experience, this paper examines Delany's attitudes towards, philosophical responses to, violence as a weapon of change. It provides glimpses into the broader attitudes of blacks toward the violence embedded in their American experience.

Tahir Albayrak

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Daily Tours Service Quality Assessment by Importance Performance Analysis: The Case of Myra, Antalya

Abstract:

Daily tours are characterized by travelling to closer destinations and do not last longer than 24 hours. They have also been called as the day tour, excursion tourism, and same day trip. They are important tools for tour operators and travel agencies for increasing their total sales. Increasing daily tour participants' satisfaction is important as it leads to positive behavioural intention like recommendation. Thus it's important to assess customers' daily tour service quality perceptions. Then it can be decided which attribute performance should be increased for improving customer satisfaction. Importance-Performance Analysis (IPA) which developed by Martilla and James, is a visual and widely used method by the researchers for the classification of service attributes according to their importance and performance. Four different quadrants of IPA are "concentrate here", "keep up the good work", "low priority", and "possible overkill". With the help of IPA, managers might generate an action plan that considers service improvement areas for increasing customer satisfaction. The aim of this study is to identify the prioritizing service area for increasing daily tour customer's satisfaction by IPA. For achieving this purpose, service quality measurement data about Myra Daily Tour of a multinational tour operator which is based in Antalya was used. Since Myra was always mentioned together with the name of Saint Nicholas (Santa Claus), it is an important Christian pilgrimage place. For avoiding any equivalence problems because of using cross-national data, in the present study data were limited with the evaluations of Russian tourists. While 32.6 % of 2069 participants were between 31-40 years old, 68.3% were female. According to IPA results; while the attributes of "tour organisation" and "stopover place" were important for customer satisfaction, participants perceive these attributes as being lower in quality. Therefore the tour operator has to concentrate to these attributes for improving customer satisfaction. "Professional competence of tour guide" was positioned in the "keep up the good work" quadrant, since both its importance and quality perception were high. On the other hand, "food & beverage quality" was classified as "low priority". Because it was not considered as important as other attributes by the customers and its performance was perceived relatively lower than others. Finally, since "security precaution" and "cleanliness" were positioned in "possible overkill" quadrant, any further investment in improving these attributes needs to be considered conservatively.

Ayman AL-Mohammadi

Royal Commission For Jubail and Yanbu, Saudi Arabia

Yanbu Industrial City as a Trend Setter in Sustainability

Abstract:

Sustainability is one of the important factors in environmental footprint evaluation, and the Royal Commission was ahead of it's time when it started in 1975, with the formation of 2 new cities with their wide range of attractive sustainable features which can pass any environmental impact assessment by today's standards due to the endless positive outputs on socio-economic ecological and environmental aspects. Sustainable practices here started long before The Bruntland Report issued by the UN in 1987 with the definition of the modern SUSTAINABLE DEVLOPMENT concept, and is the reference background for all sustainability activities. Royal Commission's role in preserving it's natural resources sustainable development will be presented with focus on its solid infrastructure components in both industrial and community zones with built to last specifications â€" High standards in all industrial projects â€" Environmental Impact Assessment process for all projects â€" How to be a green industry â€" Some examples and case studies of green technologies applied in Yanbu and how they reduce environmental impacts and subsequently the overall ecological footprint . Also to be shown will be application of sustainability concept right from early planning and design down to construction showing protection of all environmentally sensitive areas which were identified and then considered as a priority at all stages which has led to perfect harmony between industry and environment, thus managing to protect these valuable resources and other environmentally sensitive areas throughout the years. Turning the dream into reality will be presented as one of the many sustainable aspects of Yanbu, and also to be highlighted is the fact that Yanbu is a pollution-free city with high quality of life for it's inhabitants, with it's plush green landscaped surroundings, gardens and parks all over the city have transformed it into a livable place with outstanding urban settings while environmental foot print is minimized through continuous action and improvement. It is quite apparent that even with the current drive toward green and sustainable development by different cities and municipalities , and even the emergence of new mega projects in the middle east , the Royal Commission Yanbu is still in a class by itself in being an existing livable 21st century city that lives up to it's name after more than 3 decades of hard work and dedicated efforts in master planning , with a high score in sustainability , character , identity , recreation , quality of life and a solid long lasting infrastructure set-up . It does not end here, and the up-coming future Yanbu will also be featured and all it's prosperous projects and their positive socio-economic and green input to living communities in the whole western region.

Athmar Al-Salem, Mark Speece

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Women and Management in Kuwait

Abstract:

Kuwaiti society, as is the case in much of the Middle East North Africa region, has traditionally been quite patriarchal. Women have traditionally taken the backseat to men in public life, including business enterprises. Overall Kuwait ranks 109 on the overall-gender gap' out of 135 countries with sufficient data to be cited in this World Economic Forum index. By worldwide standards, this is quite low, but within MENA, Kuwait is actually among the leaders in beginning to close the gap. Only the United Arab Emirates ranks higher, at 107. On the specific sub-indicator of-economic participation and opportunity' for women, Kuwait tops the MENA region, although ranked at 106 it is only slightly above Qatar at 107 (Hausmann et al 2012). There is little doubt that traditional cultures in the MENA region have held women back, but the WEF data does show considerable variation within MENA. And, women's position is changing, particularly in the Gulf area. The growing leadership role for women in Kuwait is reflected in the increasing number of successful businesses founded and\or managed by Kuwaiti women. This is not entirely foreign to traditional Kuwaiti society, which historically was very oriented toward commerce. Whether women's husbands and fathers were major merchants, petty traders, or even workers in the pearling industry, they were frequently absent for parts of the year pursuing the family's economic interests. Women were in charge of household finances, and, if the family operated a business, often participated in overseeing business affairs at home. Thus, women have been able to begin moving into high level business positions relatively easily when opportunities began to arise. Once in positions of formal leadership, women have become effective and efficient managers, not least because of their advanced education and strong sense of leadership. Kuwaiti women posses the same levels of education as Kuwaiti men and have equivalent ambitions and aspirations. But they do lack business experience and, to some degree, support networks. Social barriers still often hinder Kuwaiti business women efforts to accomplish their objectives and establish and lead their businesses. The paper shows these traditional foundations that make Gulf commercial culture somewhat more open to women than in many parts of the MENA region. Based on industry experience as well as a number of small surveys and projects which conducted in-depth interviews, we summarize progress Kuwaiti women have made in moving into leadership positions in business. There remain substantial barriers to slow down the progress, including public perceptions about the role of women, but survey data suggests that access to mid-level management is fairly equal in the private sector. The public sector, however, lags substantially at mid-management levels. Both sectors seem to have a strong-glass ceiling', with few women in top positions.

Reference:
Hausmann, Ricardo, Laura D. Tyson, & Saadia Zahidi. 2012. The Global Gender Gap Report 2012. Geneva Switzerland: World Economic Forum.

Galuh Adika Alifani

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Enhancement for Social Businesses:
The Role of Collaborative Act through Profit Oriented Company

Abstract:

"In a poverty-free world, the only place you would be able to see poverty is in the poverty museums. When school children take a tour of the poverty museums, they would be horrified to see the misery and indignity that some human beings had to go through. They would blame their forefathers for tolerating this inhuman condition, which existed for so long, for so many people." Prof. Muhammad Yunus, Winner of World Peace Nobel 2006.

The quote above describes the condition of the world we're hoping to see in the future economic conditions, which is when poverty has disappeared from the face of the earth and can only be seen in the museum, but also describes the current prosperity conditions in which describes that our universe are still full with the number of poor people around. Business people and entrepreneurs, in any ways, always have goals of creating profits and maximize the value for themselves. But if that assumption holds for everyone and each entrepreneur in this world, then this world will never be a good place of living. The rich will become richer and the poor will remain poor, and even got poorer. In a certain way, there should be a way to at least balance the pyramid of life between the rich and the poor. Not to make the rich poorer, but to make the poor more prosper.

Fortunately, the social business world is developing onto a specific but wide market environment among other business markets. But on the other hand, the market awareness of the development of social businesses is still on question. Investors, for example, could've tried to invest their money not only to conventional profit-maximizing businesses, but also to social businesses in which will create a bridge to balance the life between them, and other people and societies around them. Furthermore, as stated by Prof. Yunus, people still interpret Capitalism too narrowly. Many people still look at the one-dimensional aspect of business creation, which is profit (and market shares), as the one goal to be strived upon in a business creation and business model planning. People still look upon the assumption that when someone gets wealthier, the other parties working with them will also get wealthier. When you get your maximum, everybody else will get his maximum[1]. But the fact is that, the surroundings keep on looked bad even though we tried to enhance ourselves. Eventually that statement couldn't be assumed correct in a general way. The problem with that is there are lots of more diverse aspect than

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1 Muhammad Yunus. (2006). *Social Business Entrepreneurs are the Solution.* Said Business School : Oxford University.

what's being enhanced for ourselves. Creating profit maximization for ourselves doesn't always mean creating life prosperity to the others.

In this paper, it will be explained how a social business theoretically could bring impacts to the overall society and gives the domino effect to every person's life including the business owners themselves. While some people already tried to market the importance of social businesses, and some already started successful social businesses, what makes it not efficient enough in eliminating poverty and social issues? Is the small existence of social businesses and people's awareness in social activities is what makes it developing slowly?

Should there be another effective way in approaching the existence of social businesses in the world, One approachable way is by a collaborative act with conventional profit-maximizing companies. Some case studies will be presented as well from some examples of social businesses that succeeded, such as the Grameen Bank, and a study of how profit-maximizing company could collaborate with social businesses, such as the Grameen Danone.

1 Introduction

A. SOCIAL BUSINESS IN THE ERA OF CAPITALISM

In this kind of era, who does not know the word "business". Business, in this era of capitalism and globalization, is spreading like grasses in everyone's garden. Everybody and everywhere, people are trying to enhance their own businesses for one goal: creating, maximizing profit and shareholder's value. Though some people have different perspectives about the goal of business creation (some are for passion, some are for other things), but there are still few people that are aware of the importance of business in enhancing and improving the social aspect of many people's live instead of for only themselves. Before going further, let's take a look at what the term "social business" really implies.

Social business is a social-oriented business. In a social business, just like other regular businesses, the investors/owners can gradually get back the money they invested. The business itself should also be able to generate profit devoted to its own sustainability and social purposes. In simple words, social businesses are businesses that go more to a social purpose than financial purpose, such as for example, health care for the poor, housing for the poor, financial services for middle and lower citizens, services for malnourished children, provision of clean drinking water, and introducing renewable energy.

A social business' success measured by how the business impacts on society and the environment, instead of how the magnitude of the profits is generated by the business. Sustainability of the business itself shows that the business is running as a regular business in a basis of capital investment and returns, while the goal of the effort is to achieve social goals.

Social businesses replace shareholders to stakeholders as they replace the focus of profit maximization to value maximization. This model could empower the existing perspective of capitalism to support social concerns and provide breakthrough to social prosperity.

In Prof. Yunus' book: *Creating a World without Poverty—Social Business and the Future of Capitalism*, there are two different types of social businesses which are proposed:

- Type I social business is a type of a social business which works on providing a product or service with specific social goals. An example of this type is Grameen Danone.

- Type II social business is a type of profit-oriented business but is owned by the poor, who in this case, can gain through receiving dividends or other benefits by the ownership given. So this other type of social business is just as similar as a profit-oriented business but focuses on the enhancement of social purposes, in which targeted the poor or other underprivileged part of the society. One example is the Grameen Bank, which is being owned by the poor.

B. SOCIAL BUSINESS AND NPOs/NGOs

While stated before that the goal of social businesses are to generally enhance the quality of social lives, many people still wonder what it has in difference with non-profit organization or charitable organizations. In general, the mindset of people running social business are different with when they are running a charity, even though the purpose is both for maximizing social value and focus on social purposes. But the difference is that, when running a social business, the capital structure is just likely the same with a regular business, in which, the business itself need to recover its full cost and capital spending and be self-sustainable. Even though there are no dividends (the owners and investors most likely do not intend to make profits form themselves), but they will eventually get their investments back whenever they want to. While non-profit organizations usually get funding from fund-raising activities and external parties in which those investors will not get their investment back (pure charity and donation).

A social business is operating just as similar as regular profit-maximizing businesses, in which involves the creation of products, services, and stakeholders such as customers, markets, expenses and revenues[2]. It just has slightly different purpose than regular profit-maximizing businesses. While non-profit organizations tends to enhance fund-raising activities and donations as the source of funding rather than investments and returns as it were in businesses. NPOs and NGOs seek sustainability from external parties and donations, while social businesses seek sustainability from its own operational maintenance (self-sustainability). If NPOs and NGOs receive funding from donations and contributions from the community are addressed to social issues, Social Business does not accept donations, but to provide capital funding or financing from the loan will be returned to investors as loan capital.

Example of a successful social business is a business that is developed by Yunus Center, an international organization which is headed by prof. Muhammad Yunus, the Grameen companies. Some businesses that have lived such as the Grameen Bank (a bank for the poor), the bank operates as a bank for poor people in Bangladesh. The bank provides loans to the poor without collateral. The bank is also a bank which pioneered microcredit system. Many banks currently difficult to give credence to the poor people when they ask for a loan from the banks, because the banks fear that if poor people can not pay back their loans, but the Grameen Bank has perceived the poor always pay back, though takes quite a long time, but to pay back the loan, they will definitely perform. Thus, it is possible for very poor people to engage in self-employment projects that allow them to generate more revenue, and in many cases, begin to build wealth and exit poverty.

Several other business social business is Grameen Danone business that specializes in nutrition, Grameen GC Eye Care Hospital for disabled people's eyes, and Grameen Veolia Water Ltd for

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² Long Range Planning, Volume 43, Issues 2–3, April–June 2010, Pages 308–325

empowerment clean water. Let's take the example of Grameen Danone engaged in the field of nutrition for underprivileged children. Grameen and Danone Group entered into a collaboration and joint venture to make yogurt, at affordable prices for the poor, which is enriched with micro-nutrients to reduce malnutrition for the children of Bangladesh. Yoghurt is produced by solar energy and biogas, as well as packaged in environmentally friendly packaging.

Besides the Yunus Foundation and Grameen, nowadays there are also many social businesses appeared on many countries such as Social Business Community in Europe, Microcredit Banks in England, Asia and America, and Children Social School in Indonesia.

Figure 1 Social business vs. Profit maximizing business and not-for-profit organisations.

(*Building Social Business Models: Lessons from the Grameen Experience*: Muhammad Yunus, Bertrand Moingeon & Laurence Lehmann-Ortega; 2010)

Figure 2. Target diagram of a social business.

(http://grameencaldas.com/en/nosotros/negociossociales/)

2   THE SOCIAL BUSINESS MARKET ENVIRONMENT

A. MARKET SOCIAL-PSYCHOLOGY AND SOCIAL-MARKET PSYCHOLOGY

Generally, social psychology is the scientific study of how people's thoughts, feelings, and behaviours are influenced by the actual, imagined, or implied presence of others[3]. While a market psychology refers to the overall sentiment or feeling that the market is experiencing at any particular time. Greed, fear, expectations and circumstances are all factors that contribute to the group's overall investing mentality or sentiment [4].

The market social-psychology can imply to a condition of a study about how the market will behave according to and influenced by the impact and presence of the surrounding enterprises. In this kind of term, the market will behave according to what the environment gives. Furthermore, a social-driven business will eventually gain more attention and respects from the market. The sustainability and growth will and should be faster in term of theoretical study. The impact that a social business give to the society brings such awareness and appreciation towards the social purposes, in which way that business experiences, unemployment, and social gaps will easily be reduced whenever social businesses are widely introduced to the market.

While on the other hand, the social-market psychology refers to the feeling that the social-market is experiencing, depends on the related social circumstances, such as particular social issues and current social condition at the time. Generally, social-market psychology has the same meaning as general market-psychology, only with different subject area, in which the general market shifted more to social market and the awareness of social issues.

B. THE SOCIAL BUSINESS STOCK MARKET

While referring to the term of Social Business, in which has a purpose of social value maximization rather than profit maximization, questions are raised whether it is possible to have a bundle of stock exchange market for these kind of business?

The answer is yes. While regular businesses' stock exchange market have their own trading system, the Social Business stock exchanges should have their own separated group/market with differentiated system in which investors could look up and see the visible businesses to invest in, based on the social-market psychology instead of regular market psychology.

"*A social stock-exchange, where only the SBE shares will be traded. Investors will come here to find the best SBE of their choice. They will select the SBE which is championing their favourite cause, in the most efficient business way. Through this stock exchange, they may shift their investment from one SBE to another, add new investments, or withdraw investments.*" – Prof. Muhammad Yunus

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3 Allport, G. W (1985). *The historical background of social psychology*.

4 Definition from Investopedia.com

3   STUDY ANALYSIS: ENHANCING SOCIAL BUSINESS THROUGH PROFIT-ORIENTED COMPANIES' COLLABORATIVE ACTS

Social business is an approach of business creating with the vision of enhancing better life for many people. But now, back again to the fact that we're living in the capitalism era, the question raises: As there are already campaigns done in enhancing social businesses, why are there still poverty covering our planet? What makes it not efficient enough in eliminating social issues?

The answer is simply because of the small number of market awareness. The awareness of people creating and supporting social businesses are still in the bottom line. Prof. Yunus stated in his paper titled *Social Business Entrepreneurs Are the Solution (2006)*: *"Humans have an instinctive, natural desire to make life better for their fellows if they can. Given the chance, people would rather live in a world without poverty, disease, ignorance and needless suffering"*. But the fact is that in nowadays circumstances, where poverty is all over the place and people struggle to life for their own, some just don't have the time to think about others and some don't have the willingness to do so.

People do have natural instinct to help others, as we are all social creatures and couldn't live independently to others, but the thing is that people also have the natural instinct to prioritize themselves before thinking about others. They have the preference of making profit for themselves before holding the others. That's why it is one approachable way to enhance the existence of social business through collaborative act from an existing profit-maximizing MNC.

Figure 3 Grameen Danone : Example of a Collaborative Social Business Strategy

One example of a collaborative act is Grameen Danone. In 2005, Prof. Yunus proposed to form a joint venture between Grameen and Danone with the objective of supplying nutritious food to poor children

of Bangladesh. As proposed by Muhammad Yunus, Franck Riboud agreed to participate in the project to be styled a social business[5]. The companies that make up Grameen Danone Foods Ltd. have agreed not to take out any of the profits out of the company, therefore, no profit will be appropriated by the investing partners[6].

In this example of case, collaboration between Grameen and Danone creates a successful social business in which does not only benefit the poors, but also Danone Company itself. Although it's not benefited financially through dividend from investment, but it is benefited from the enhancement of its brand from the overall social market.

Figure 4 Benefit diagram of profit-oriented company collaborative act towards social business enhancement by the creation of social business subsidiaries.
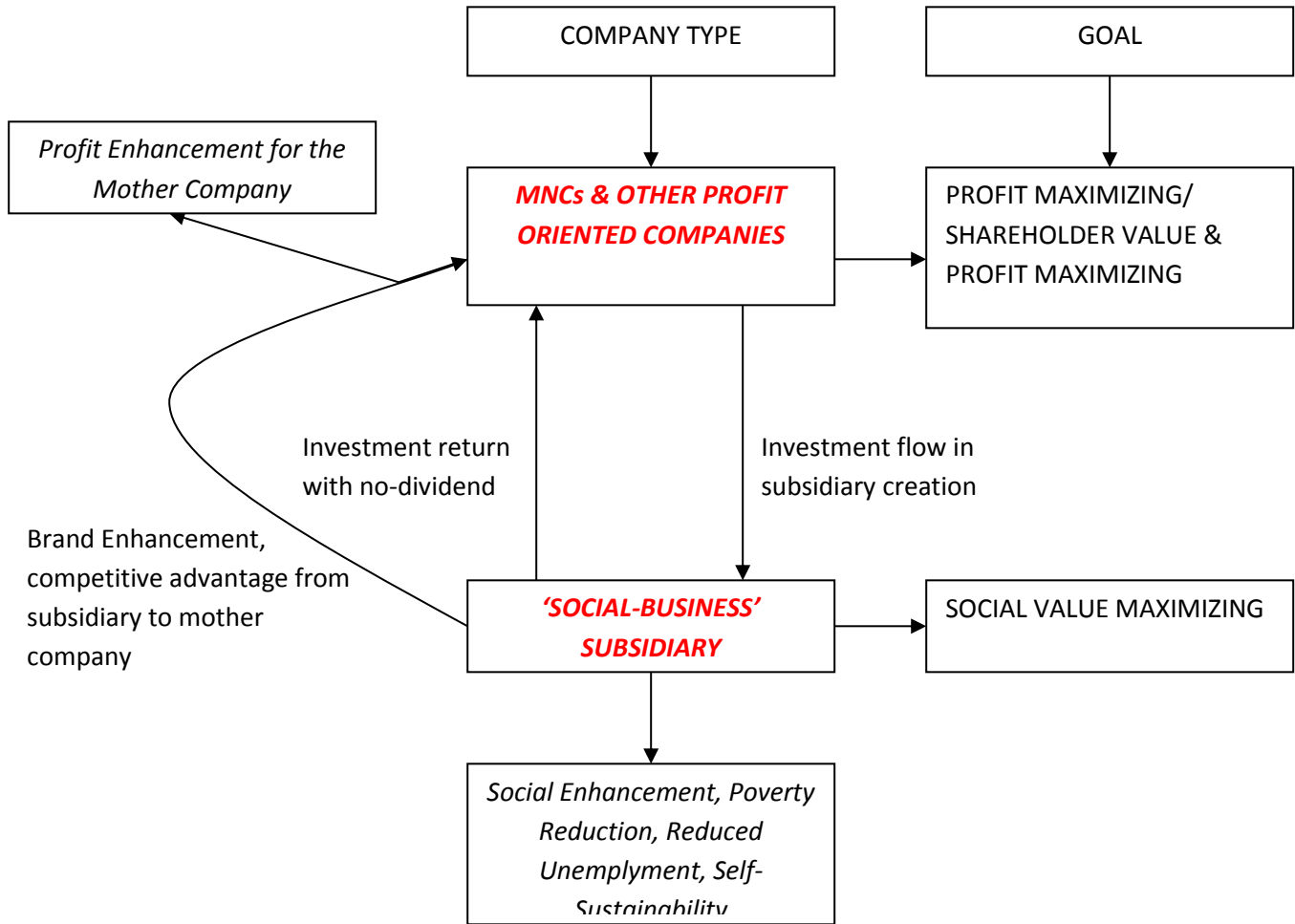
Studies and researches found out that companies could gain more profits and market awareness through CSR. But different from CSR, which usually are held as social activities in once a year or other periodic timing, a collaboration of social business made by MNCs would be a lot more effective in

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[5] Muhammad Yunus : Creating a World Without Poverty, 2007, Public Affairs, New York.

[6] Grameen Dialogue - a regular publication from Grameen Trust

creating social benefit, since it build its own sustainability and gives benefit to social circumstances not only in a given periodic time but continuously.

This is what should be enhanced in social business creations. While independent parties may not be interested enough in creating such social business that does not create profit for themselves, but existing profit-maximizing companies would and should actually be interested in investing their money to build independent social business subsidiaries. Not only it will benefit the company itself from the enhancement of name branding and marketing, but also benefit the whole society with non-dividend investment or social investment flow. As stated before, many companies may already launch CSR activities, but there are still very few companies which are aware of creating social business subsidiaries to give bigger impact for the society. A social business subsidiary could be owned by a company with no-loss no-dividend, maintained continuously and works operationally like a regular business (with products or services) and is self-sustainable.

The plan could be either from joint parties such as Grameen and Danone, or from a single profit-maximizing company to have its own social business subsidiary. Why is it effective enough? Because as stated before, independent investors or other parties may not have purposes in investing their money for social purpose (many people still strive for their own profits), while profit maximizing companies needs branding.

In other hand, MNCs or other profit maximizing companies already have market name and brand in the industry market, in which is easier for its social business subsidiary to grow and give impact to bigger social range. In additional, even though social businesses could create and are creating their own market environment in various business industries, but regular profit-maximizing businesses could actually be better off by engaging and collaborate with those social businesses to create better edge for each of them. And this is where social business could take part in supporting existing profit maximizing businesses while also being supported for their own social purposes.

4   CONCLUSION

In the present era of globalization, poverty should be eradicated and one of the way approaching that is by changing the perspective of capitalism into more socially oriented. Social business is one of the solution in creating a sustainable business with the purpose of social welfare for many people, market stability, and also reducing unemployment rate. But why does it haven't give big impact to the social world yet? The answer is because of the lack of awareness of people to build something based on other people's importance. That is why there should be another approach done in order to enhance the existence of social businesses. One way is by enhancing social business subsidiaries by existing profit-maximizing companies.

In the other hand, social business should be introduced more widely to many countries across the world, not only developing countries, but developed countries as well. One of the way to do it is by challenging people to dig out the knowledge of what a social business is and how to start the idea of creating a social business based on the recent social issue and the approach to solve those issues in a sustainable and continuous way. When people start thinking and reflecting life towards benefits given to others, they will start approaching socially-oriented activities, and that's what social business is all about, not only creating a sustainable business and employ people to work (reduce unemployment), but

also creating a breakthrough in which all the systems will benefit many people instead of only a group of owners. The number of social business enterprises will surely grow as the awareness of social issues grows among people. All of the introductions should be done continuously, starts from the smallest group such as business schools, communities, group discussions, to competitions and workshops. Until then, regular enterprises and profit-maximizing companies could then join and collaborate in creating a successful social business to enhance the life of many people around. Let us be more socially-aware to raise and develop a better world for all human living.

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Galuh Adika Alifani, Anggoro Budi Nugroho

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Proving Modigliani and Miller Theories of Capital Structure: The Research on Indonesia's Cigarette Companies

Abstract:

Modigliani and Miller theories, held as one of the most important theoretical compass for the world of Corporate Finance, has stated some aspects and measurements in which will determine one company's step of heading towards financial decision of its capital structure. Modigliani and Miller themselves are revising their theorem until they created the second theorem of Modigliani and Miller, and also developing their theorem with the assumption of the existence of taxes, in which in the real world, we can't deny that it exist.

This paper is going to review and re-prove the MM theories in a research of three biggest public listed cigarette companies in Indonesia. Those companies are PT. Hanjaya Mandala Sampoerna Tbk., PT. Bentoel Internasional Investama Tbk., and PT. Gudang Garam Tbk. The analysis would be through the companies' financial statement from the last 10 years, presented in a yearly basis of period. The reports are going to be compared with the two theorems made by Modigliani and Miller, both with and without tax assumption. As the result, it can be concluded whether the MM theorem works and is relevant for those three companies named above.

By using the valuation and capital structure approach with several assumptions necessary to be made, the author has found out that the Modigliani Miller theories of capital structure do hold and are accurate for those given sample companies in representative to an industry. However, given different approach of measuring the cost of equity capital, the author found out that Modigliani Miller theories cannot adapt the cost of capital approach, but instead, go in line with the return on equity approach. Because of that, in some explanations of Modigliani Miller theories, the term cost of capital should not be written in the formulas, but instead, it should be written as the return on equity.

The author also found some difference in calculation result between the research calculations and the MM theories, which is that the return on equity decreases as the leverage increase, while the MM theory stated that the return on equity should increase as the leverage increase, but that difference does not violate the theories, and they generally are still hold and valid. This happens because those factors have already been addressed as an exceptional condition in the MM theory, and it proves to be true that it has to be exceptional. Finally, the author addressed and concluded the factors that may lead inaccuracy in making calculations based on the MM theories, and the important assumptions to remember within this theory.

Keywords: Capital Structure, Corporate Finance, Financial Analysis, Debt/Equity Ratio, Company Performance, Modigliani Miller, Company Valuation, Cost of Capital, Cost of Equity, Return on Equity, Optimal Capital Structure

Mustafa Altin, Şakir Taşdemir, Özlem Yağiz

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The Usage of Computer-Aided Design Programs in Preparing Reinforcement Concrete Static Project in Education of Computer Technology and Analyzing Results

Abstract:

Computer and Construction technologies have become one of the most important continuously developing and renewing sectors. Also Computer-Aided Design (CAD) Technologies are constantly renewed and developed in parallel with Construction Technologies. Exact projects about construction are prepared by using Computer-aided Design Technology programmes. CAD programmes adjust to regulations that are renewed in accordance with the current conditions with their new versions. Official institutes that will give approval to the projects want projects in accordance with available conditions of earthquake regulations and do not accept the projects that are not prepared in computers. It is essential that CAD programmes are used in universities and it is important to teach project preparing techniques in accordance with available regulations and specifications, and to make necessary applications done.

In this article, in the extent of Computer-aided Design course taught in Construction Technology Programme in Higher School of Vocational and Technical Sciences in Selcuk University, by utilizing CAD programmes, Reinforcement concrete Static Projects is prepared and presented, and how suitability of calculating methods presented visually are enabled to regulations, how a preparation of a full and completed Reinforcement Concrete Static project is made in current conditions are explained and same calculation results and full and completed projects are desired to be made by students. The results about works that were made are analyzed and suggestions are offered.

Keywords: Vocational Education, Computer-Aided Design (CAD), Static Project, Construction Technology, Earthquake Regulation

1. INTRODUCTION

There exists a competition among countries to improve life standards as a consequence of technological and scientific developments; therefore, education becomes an indispensible part of our lives. Thus, these developments cause changes in education and this gives ways to using various methods and techniques. Usage of Computer-aided methods in education is increasingly being used in our country as in developed countries.

Computer Aided Education Method is often being used to measure difference in success in academic researches that establishes surveys and works on various experiment groups.[1] In education of construction technology, reinforcement concrete static calculation methods belonging to a building are

taught to our students. These methods are applied in accordance with current laws and regulations. With the developing technology, these laws and regulations are continuously renewed. Students make static calculations belonging to a building with the calculation methods taught. In the evaluation of static calculation results, results are sometimes not perceived exactly and this causes the results whose compensation of the error does not exist. Developments in CAD programme come to an important place because of the fact that works taught with traditional methods give visual and precise results.

Turkey locates on one of the most active seismic belts in the world. As many destructive earthquakes hit our country in the past, it is a fact that we are going to expose great loss of lives and properties with frequent earthquakes in the future. According to the map of seismic belt, it is known that 92% of our country is in seismic zones, 95% of our population live under earthquake risk, and 98% of huge industry centers and 93% of our dams are in the seismic zones. In the last 58 years, 58.202 citizens have lost their lives, 122.096 people have been injured and about 411.465 buildings have collapsed or have been heavily damaged. As a consequent, it can be said that 1.003 citizens die and 7.094 buildings collapse averagely each year because of the earthquakes [2].

It is seen that it is how important to get across earthquake phenomenon and principles of durable construction design to all the individuals receiving education. There is no place in making errors in construction technology. It is essential that individuals who will be in the position of making decisions should receive great education in education process and they need to be very sensitive to possible problems they can face in the future.

In this study, a project was given to the students and they were asked to make reinforcement concrete static calculations via traditional methods and they prepared their static calculations. The same project was prepared in IDE-CAD version of 7.020 that is one of CAD programmes and commonly used in our country and it was compared to data obtained by CAD programme and traditional method.

2. MATERIAL AND METHOD

Basic engineering calculation methods and vocational project drawing technical courses are given to the students in Selcuk University Higher School of Vocational and Technical Sciences as a part of curriculum at 1st and 2nd semester. Reinforcement concrete static project are prepared by using IDE-CAD version of 7.020 that is one of CAD programme and commonly used in our country at 3rd semester.

In figure 1, calculations belonging to the building whose measurements are given are prepared with traditional methods first, and moment, cutting and normal diagrams are drawn. According to the loads, calculations of column, girder, flooring cross-sections and bars. In figure 1, measurement belonging to the building and its plan are seen. In figure 2, perspective images belonging to the building exist.

Figure 1. Floor Frame Plan
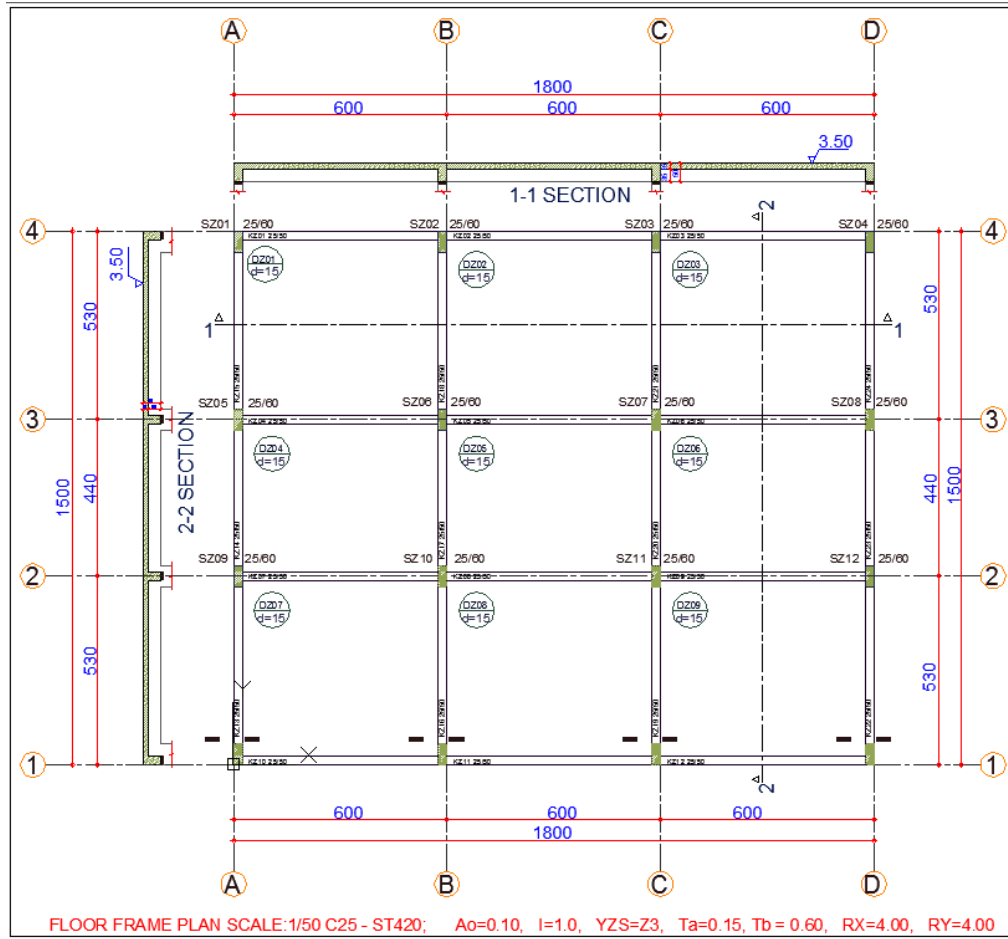
Figure 2. Floor Plan Perspective
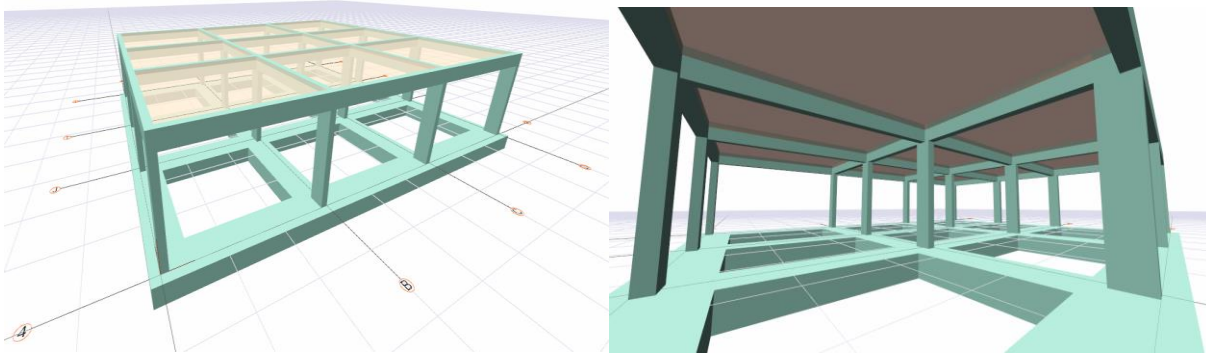
Calculation values found with CAD was determined that values of CAD programme gave results of 100% correct and in the values found with traditional methods, errors were determined. That the programme gave visual and precise results causes important changes in students' perception and commenting of the event. Graphical images of cutting and moment forces belonging to the building are given in figure 3.

Figure 3. Graphical demonstration of cutting and moment forces in the building
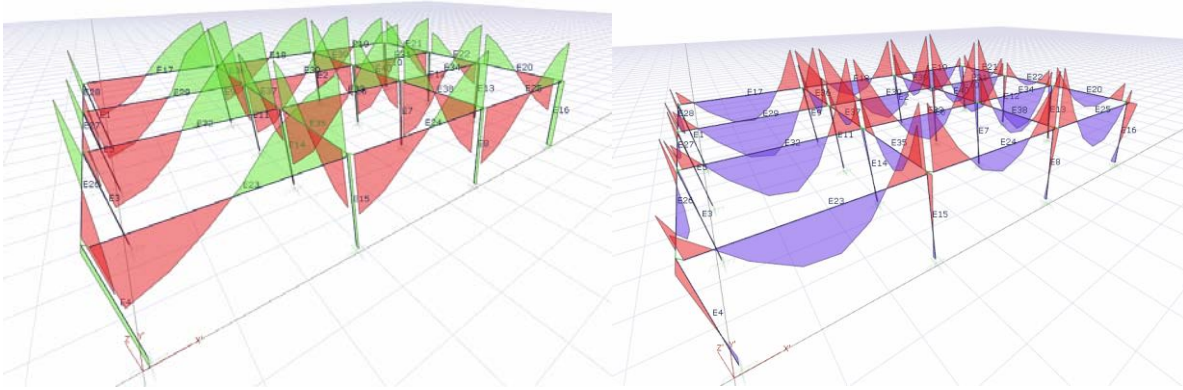
It is a hard process to design and visualize tension analyses belonging to reinforcement concrete floorings with traditional methods. However, with CAD programmes it is easy to show this and get correct results. Students were asked to comment on images and illustrations were made about the situations they may face in future by making them watch the changes in graphics by making changes in them. Graphical image of tension occurred on the reinforcement concrete flooring exists in figure 4.

Figure 4. Graphical demonstration of tension occurred on the reinforcement concrete flooring belonging to the building
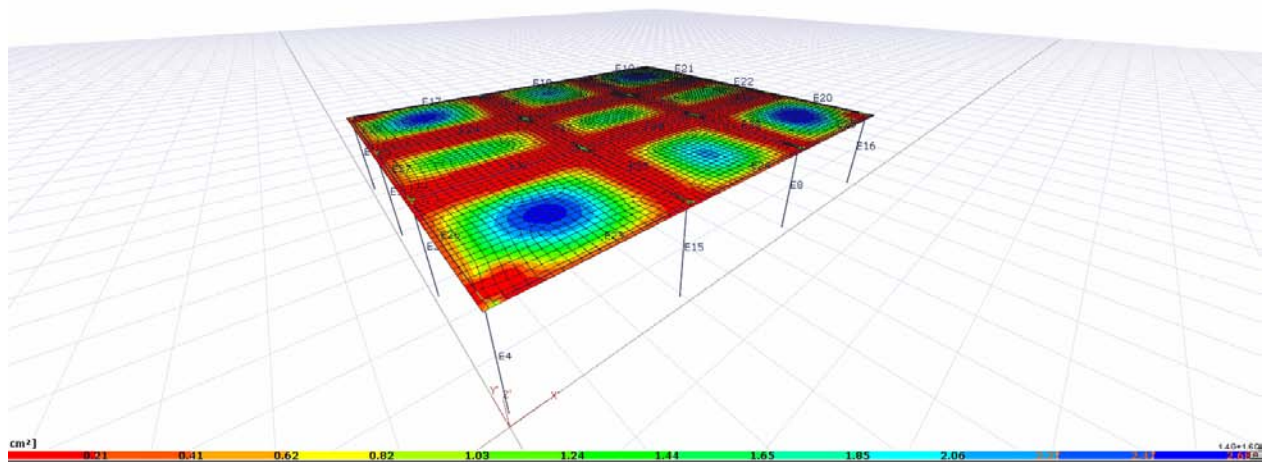
It is important that reinforcement concrete static calculations are prepared with CAD programmes and examined the results with them, and it is essential to be given as an animation that during a possible earthquake or accaording to the records of earthquake previously occurred how the building move during earthquake. In order that students need to be able to analyze the works they did very well, it is important in terms that as a result of exisitng an error in calculations they prepared in eartquakes, the animations of buildings collapsing and being heaviliy damaged have an unforgettable place on their visual memories. In figure 5, 3 modes that belong to the buildng whose calculations were made by students and are likely to occur in the building during an earthquake are presented as animation. That what changes occur in the building as a result of changing the seismic zone of the building or the usage

aim of the building is seen immediately is considered to enlighten possible problems that they will face in the future.

Figure 5. Eartquake loads belonging to the building and mode demonstrations occurred as a consequence of other loads.

a. 1ˢᵗ Mode   b. 2ⁿᵈ Mode   c. 3ʳᵈ Mode
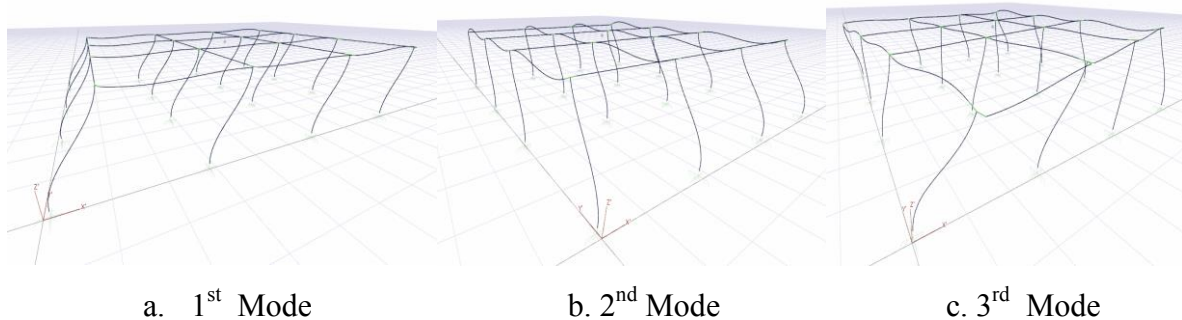
That CAD programme gives us element cross-sections and reinforcements visually as a result of calculations, and it presents how they will be placed is essential for our students who will work as operators in future. What is more, it is important for them to know that thanks to the animations they saw before, it is not accepted any error in the placement of reinforcements and what missing reinforcement may cause. In figure 6, SZ01 column and reinforcements belonging to girder emerging to the column and forms of their placements are visually given.

Figure 6. SZ01 Column and calculation belonging to emerging girder, reinforcements found as a result of static calculation and their placement
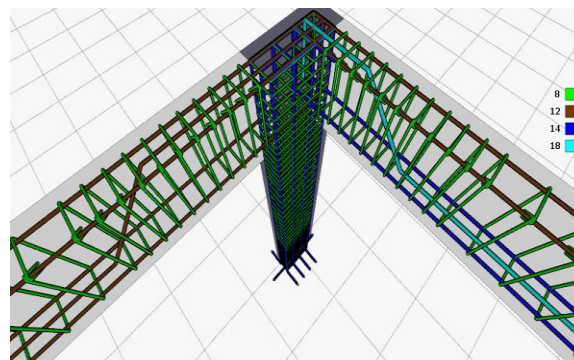
Figure 7. Demonstration of reinforcement quantities found as a result of calculation belonging to KZ01 girder in the project and reinforcement quantities and placements in perspective view.
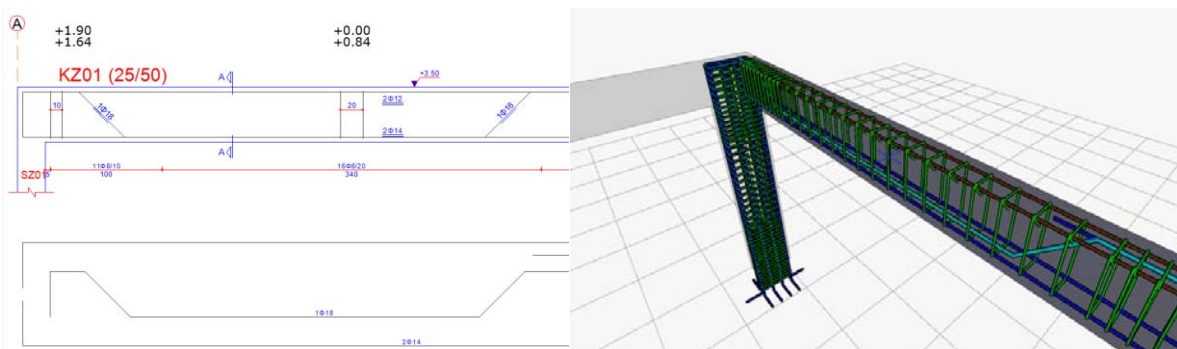
Our CAD programmes, at the same time, allow official approvals as a result of reinforcement concrete static calculations and to take project printouts in order to apply in its place. Project printouts are prepared accroding to particular rules for official institue approvals. Making errors in these rules causes results that cannot be compensated in future. The image of detail belonging to KZ01 girder that was prepared in accordance with regulations is given in figure 7.

3. CONCLUSION AND SUGGESTIONS

CAD programmes have become dispensible parts of our lives. Oficial institiues make it compulsory that projects are prepared definitely with CAD programmes. An obligation about being taught of a great CAD programme occurred as well as the obligation to teach students basic calculations with traditional methods. Earthquake is accepted as one of the most natural disasters in almost everywhere in the word. Our country had great loses because of earthquakes. Therefore, it is essential to design earthquake-resistant buildings and make them applied. Those who have to both design and make these buildings applied are undoubtly all individuals receiving Construction Technology education so it is important that individuals receive the best education and for this to happen, visualizing and using different methods in education are essential.

In this study, students were asked to make calculations of a project with traditional methods. The same project was prepared with CAD programme and comparisons were made and then the results were compared and examined. It is observed that traditional methods are open to errors and they have problems in perceiving projects. However, CAD programme has indisputable superiorities in terms of their being visual, seeing different alternatives immediately and having very low error risks.

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Gender Equality in Institutions of Higher Education: Diagnosis and Action Plan for an Institution of Higher Education in the North of Portugal

Abstract:

In general, higher education institutions seem to have a favorable stand for gender equality. They are key Institutions to social and economic development and have access and promotion criteria based on merit and capabilities. However, studies related to education and equality or inequalities have shown that the assumptions of gender equality in higher education institutions may be using subtle mechanisms of discrimination. This paper aims to carry out a general diagnosis of the status quo in terms of gender policy in an institution of higher education in North Portugal (University of Trás-os-Montes and Alto Douro - UTAD). In methodological terms, this work is based on research methodology of a descriptive character, based on the collection of information obtained from secondary data (relating to students and employees of the university - teaching, non-teaching), from which were applied various statistical techniques (univariate, bivariate and multivariate analysis). With regard to faculty employees, the results point to a clear predominance of males in positions of more power, influence and prestige and a higher concentration of women in lower decision positions. In UTAD, there is a horizontal segregation at the level of employees by department faculty. The males in the departments of Physics and Engineering are predominant and in the departments of Veterinary Science, Genetics and Biotechnology and Mathematics the predominance of females is significant. Regarding the leadership positions of the research centers, there is vertical segregation with predominance of males, which curiously escapes the study areas traditionally feminized, such as those of the social sciences and humanities. Similarly, there is horizontal segregation at the level of non-teaching employees to the extent that men predominate in the career of computer services and women in and technical careers. With regard to the positions of the office services occupied by non-teaching staff, gender inequality exists not in terms of the number of men or women that occupy positions, but at the nature of these positions. The analysis of the student body clearly points to the existence of stereotyped courses in which male students predominate in technological courses and female students in courses related to teaching and education sciences, veterinary medicine, social work and psychology. Based on the diagnosis, a plan of actions was defined as to integrate the principles of equality in UTAD, not only from a formal perspective to ensure no gender discrimination, but rather making use of its privileged role in the creation and transmission of knowledge and its ability to influence the way society in order to achieve real equality between men and women.

Keywords: Higher Education, Gender Equality, Segregation

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The Multi-Functional Structure of Organizational Identification of Teachers and its Analysis According to Some Variables

Abstract:

The Multi-Functional Structure of Organizational Identification of Teachers and its Analysis According to Some Variables Associate Prof. Necati CEMALOGLU-Gazi University Res. Assistant Taner ATMACA-Duzce University Teacher Aysegul KEZER-Ministry of National Education The aim of this research is analyzing teachers' organizational identification according to some variables in the sample of Turkey's teacher population. The universe of this research encompasses teachers who are in charge in the Turkey's different provinces. During the research, simple random method has been used. Data were collected from the provinces of Kastamonu, Duzce, Zonguldak, Ankara and Istanbul's primary school teachers, secondary school teachers and high school teachers whose cumulative number is 600. 20 of 600 surveys have been left out of account due to their inapplicability to survey fulfilling instruction. So, statistical analyses have been done on 580 surveys data. Research's data were analyzed by using the statistical analysis techniques of frequency, percentage, arithmetical mean, independent sample t-test and one-way ANOVA. As the result of this research, teachers' perceiving of their personal self-esteem and emotional occupational identification degree has been found to be high. Also teachers' degree of perception of categorizing themselves as a teacher, evaluating identification, being member of team and team identification has been found lower. While female teachers' perception which is belonging to sub dimension of personal self-esteem degree higher than male teachers, male teachers' perceive which is belonging to sub dimension of categorizing degree of themselves as a teacher is higher than female teachers. Married teachers' perceiving degree of personal self-esteem, categorizing themselves as a teacher and being member of team are higher than single teachers. Also it is found that young teachers perceiving degree of personal self-esteem and being a team member is lower than older teachers. Teachers who have a short-time occupational seniority, their perception degree of personal self-esteem is lower than those who have a long-time occupational seniority. Teachers who have been working in a school since a short time have a lower perception degree about categorizing themselves as a teacher, which is belonging to team identification dimension, than those who are in that school since a long period. Teachers, who have been working in their school since a long period, have a lower perception degree which is belonging to sub dimension of team membership than those who are in same school since a short period. It is found that teachers' perception have no different dimension about organizational identification according to their branch, graduated school and their in-charged school type.

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The Effect of Climate Change on Thailand's Agriculture

Abstract:

Agriculture is potentially affected by climate change especially in developing countries where the agricultural sector plays a crucial role including Thailand. The objectives of this study are to analyze the effect of climate change on Thailand's agriculture and investigate implications for greenhouse warming under future climate change scenarios using the Ricardian approach allowing a variety of the adaptations that farmers make in response to changing economic and climate conditions. The study finds that both temperature and precipitation significantly determine farmland values. Summer temperature, precipitation in the early rainy and summer season negatively affect the farmland values, while winter temperature, precipitation in the late rainy and winter season enhance the farmland values. Overall, the projected negative impacts of climate change on Thailand's agriculture during 2040-2049 range from $24 to $94 billion. By downscaling the analysis to the province level, this article finds that western, upper part of central, and the left part of northern regions are projected to be better off, while southern, eastern regions, lower part of central, and the right part of northern regions is projected to be worse off.

Key words: Thailand's agriculture, climate change, Ricardian analysis, regional climate model**,** farmland value

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1. INTRODUCTION

Recent studies, including those by the Intergovernmental Panel on Climate Change (IPCC) (2001a; 2001b; 2007a; 2007b), indicate that greenhouse gas (GHG) emissions and resultant atmospheric concentrations have led to changes in the world's climate conditions, such as increases in temperatures, extreme temperatures, droughts, and rainfall intensity. Such changes are expected to continue and agriculture is potentially the most sensitive economic sector to climate change, given that agricultural production is highly influenced by climatic conditions (e.g., IPCC 2007b; Mendelsohn, Nordhaus, and Shaw 1994; Deschenes and Greenstone 2007; McCarl, Villavicencio, and Wu 2008; Schlenker and Roberts 2009). Compared with developed countries, developing countries are more vulnerable to climate change since they are already in a hot climate zone, depend on labor-intensive technologies with fewer adaptation opportunities, and a majority of people in these countries rely heavily on the agricultural sector (Mendelsohn et al. 2001).

Thailand is one of developing countries that agriculture plays a crucial role. For example, in 2011 the agricultural sector employed about 14.88 million people, accounting for 38.7 percent of the Thai labor force (National Statistical Office Thailand 2012) and agricultural activities generate about $40 billion, which contributed to 12.8 percent of the gross domestic production (Office of the National Economic and Social Development Board 2012). Thailand is also a major exporter for many agricultural commodities such as rice, natural rubber, and cassava. Therefore, climate change impacts on agriculture are expected to significantly affect the economy and the livelihood of the people in this country.

The objectives of this study are to analyze the effect of climate change on Thailand's agriculture and investigate implications for greenhouse warming under future climate change scenarios on Thailand's agricultural sector using the Ricardian approach firstly proposed by Mendelsohn et al. (1994). Although there are many studies (Office of Environmental Policy and Planning 2000; Buddhaboon, Kongton, and Jintrawet 2005; Pannangpetch et al. 2009; Isvilanonda et al. 2009) analyzing the effect of climate change on Thailand's agriculture, most studies (except for Khamwong and Praneetvatakul 2011) use the traditional production function approach, which potentially overestimates the damage from climate change since the model allows little adaptation of farmers (Mendelsohn et al. 1994).

The current article differs from Khamwong and Praneetvatakul (2011) in several aspects. First, it expands the scope of the previous research from the northeast region to cover entire country. Second, the current paper uses the finer scale of dataset, a farm-level dataset, which could improve the estimated results since it reflects the farmer's decision regarding the climate adaptation strategies more than the use of provincial-level data. Third, the current article employs the land value as a dependent variable similar to the original Ricardian approach, which could address the potential problem from the use of the annual net farm revenue. Fourth, more constructed important explanatory variables determining the farmland values collected from various sources are included to address the problem of endogeneity bias. Lastly, the current article projects the impacts of climate change under climate scenarios using the unique dataset from regional climate models.

2. LITERATURE REVIEW

In view of its importance to economic well-being, effects of climate change on agriculture have been well research and documented, dating back at least 25 years (e.g. Smith and Tirpak 1989; Mendelsohn et al. 1994; Adams et al. 1999; Reilly et al. 2003; McCarl et al. 2008; Attavanich et al. 2013; and various IPCC reports). Overall, the effect of climate change on agriculture is mixed in developed countries, but negative impacts are found in developing countries. Moreover, in a country, the damage is heterogeneous across regions.

Using an agricultural sector model, Adams et al. (1999) find that agricultural welfare strictly increases in the United States (U.S.) with a 1.5°C warming and further warming could decrease this benefit at an increasing rate. The welfare gain from a 1.5°C warming with 7 percent precipitation is $55 billion in 2060. Further warming by 2.5°C could reduce these benefits to $47 billion. With similar approach, Reilly et al. (2003) estimated the net effect in terms of economic welfare of the combined changes in crop yields including adaptation and CO_2 fertilization effects, water supply, irrigation demand, pesticide expenditures, and livestock effects was generally positive. The increase in economic welfare was ranged from $0.8-$7.8 billion in 2030 and $3.2-$12.2 billion in 2090. U.S. producers generally suffered income losses due to lower commodity prices while consumers gained from these lower prices.

Using the Ricardian analysis, Mendelsohn et al. (1994) find that higher temperatures in all seasons except autumn reduce average U.S. farm values, while more precipitation outside of

autumn increases farm values. They estimate that a climate change induced loss in U.S. farmland value ranging from -$141 to $34.8 billion. Schlenker, Hanemann, and Fisher (2005) do a similar study and find an annual loss in U.S. farmland value in the range of $5-$5.3 billion for dryland non-urban counties. Mendelsohn and Reinsborogh (2007) find that U.S. farms are much more sensitive to higher temperature than Canadian farms and but are less sensitive to precipitation increases. Deschenes and Greenstone (2007) find that climate change will lead to a long run increase of $1.3 billion (2002$) in agricultural land values. They indicate that agricultural land values in California, Nebraska, and North Carolina will be lowered substantially by climate change, while South Dakota and Georgia will have the biggest increases.

For developing countries, Seo and Mendelsohn (2008) find that in South America climate change will decrease farmland values except for irrigated farms. Moreover, they find small farms are more vulnerable to the increase in temperature, while large farms are more vulnerable to increases in precipitation. Mendelsohn, Arellano-Gonzalez, and Christensen (2010) project that, on average, higher temperatures decrease Mexican land values by 4 to 6 thousand pesos per degree Celsius amounting to cropland value reductions of 42-54% by 2100. Wang et al. (2009) find that in China an increase in temperature is likely to harm rain-fed farms but benefit irrigated farms. A small value loss is found in the Southeast China farms, while the largest damage is discovered in the Northeast and Northwest farms (Wang et al. 2009).

In Thailand, several studies have investigated the effect of climate change on agriculture. By using the Crop Environment Resource Synthesis (CERES) model, Office of Environmental Policy and Planning (2000) reveals that rice grown under rainfed conditions was found to be highly vulnerable to climate change. Moreover, yields of rice and maize are projected to decline as much as 57 and 44 percent as compared to the baseline, respectively, although their magnitudes vary depending on climate conditions, soil types, and crop practices. Their results are different from Pannangpetch et al. (2009) who employ the Decision Support System for Agro Technology Transfer (DSSAT) model to analyze the impacts of global warming on rice, sugarcane, cassava, and maize production in Thailand. They find a little impact of rising atmospheric CO_2 concentration and temperature on the rice, sugarcane and maize production. However, cassava production may drop as much as 43 percent as compared to the baseline.

Buddhaboon, Kongton, and Jintrawet (2005) simulate the effect of climate change on KDML 105 rice yield in Tung Kula paddy field by direct seeding method and set CO_2

concentration at 1.5 and 2.0 times of year 1980-1989 (normal year) in the period of 2040-2049 and 2066-2075, respectively. They reveal that climate change likely enhances overall rice yield. Similar finding is founded in Isvilanonda et al. (2009) who conclude that climate change enhances KDML 105 rice yield in the north-eastern and the northern regions using CropDSS simulation model. Using changes in yields data, they find that the total production of KDML 105 is project to increase approximately 1.4 million ton, which is equivalent about 14,195 million baht. However, Isvilanonda et al. (2009) project that climate change could adversely affect Suphan Buri 1 rice yield in central plain with a reduction of about 0.249 million ton, creating a loss in value approximately 2,029 million baht. Unlike previous studies, Khamwong and Praneetvatakul (2011) apply the Ricardian model with province-level data to analyze the impacts of climate change on agriculture in northeast region. They find that rising temperature in summer and early rainy season and increased rainfall at the end of the rainy season decrease net farm revenue. On the other hand, increased rainfall in summer and early rainy season increases net farm revenue.

According to the above studies, we can classify the model used to analyze the impacts of climate change on agriculture into three categories (Mendelsohn et al. 1994; Wang et al. 2009) consisting of: 1) Traditional production function approach (e.g., Smith and Tirpak 1989); 2) Ricardian approach (e.g., Mendelsohn et al. 1994); and 3) Agro-economic approach (e.g., Adams et al. 1999). Mendelsohn et al. (1994) criticize that the traditional production function approach has a serious drawback since the model tends to overestimate the damage from climate change by omitting a variety of adaptations that farmers can make in response to changing economic and environmental conditions. While the agro-economic approach incorporates the climate change adaptation of farmers, they are difficult to build especially in the developing countries due to data availability and complexity of the model.

Mendelsohn et al. (1994) then introduce the Ricardian approach to bridge the gap between the traditional production function approach and the agro-economic approach. Recently the Ricardian approach is gaining popularity. This approach is applied to both developed countries such as U.S. and Canada (e.g., Mendelsohn et al. 1994, 2001; Reinsborough 2003) and developing countries such as Brazil, India, Sri Lanka, and China (Dinar et al. 1998; Kumar and Parikn 2001; Mendelsohn et al. 2001; Seo, Mendelsohn, and Munasinghe 2005; Wang et al. 2009).

3. THEORETICAL FRAMEWORK

The Ricardian approach developed by Mendelsohn, Nordhaus, and Shaw (1994) is the primary method that we use in this paper. In contrast to the traditional production function approach, the Ricardian approach allows a variety of the adaptations that farmers make in response to changing economic and climate conditions. By not permitting a complete range of adjustments, previous studies could overestimate damages from climate change. Instead of studying yields of specific crops in the traditional production function approach, the Ricardian approach examines how climate in different locations affects the net rent or value of farmland. By directly measuring farmland values, the approach account for the direct impacts of climate on yields of different crops as well as the indirect substitution of different inputs, introduction of different activities, and other potential adaptations to different climates.

The Ricardian approach assumes that each farmer maximizes income subject to the exogenous conditions of their farms. Specifically, the farmer chooses the inputs and the combination of crop and/or livestock, indexed by *j*, which maximizes net revenue for each unit of land:

$$Max \pi_i = \sum_{j \in J} P_{ij} Q_{ij}(X_{ij} | C_i, H_i, S_i) - \sum_{j \in J} P_{ij} X_{ij} \qquad (1)$$

where π_i is the net revenue of farm *i*, P_{ij} is a vector of input and output prices, Q_{ij} is the production function for each crop or livestock *j*, X_{ij} is a vector of endogenous input choices such as seeds, fertilizer, pesticides, irrigation, hired labor and capital, C_i is a vector of climate variables, H_i is a vector of economic control variables and S_i is a vector of soil characteristics.

Differentiating equation (1) with respect to each input identifies the set of inputs that maximizes net farm revenue. The resulting locus of net revenues for each set of exogenous variables is the Ricardian function shown in equation (2). It describes how net revenue will change as exogenous variable change.

$$\pi^* = \pi(C_i, H_i, S_i | P_{ij}) \qquad (2)$$

If land is traded in the perfectly competitive market, the land value (V) will be equal to the present value of the net revenue of each farm shown in equation (3).

$$V = \int_0^\infty \pi_i^* e^{-rt} \, dt \tag{3}$$

where r is the interest rate.

The welfare impact (W) of climate change is calculated by computing the difference between the value of farmland under the new climate (B) and the value of farmland under the current climate (A) as illustrated in equation (4).

$$W_t = \sum_i \left[V_{it}(C_B) - V_{it}(C_A) \right] \cdot L_{it} \tag{4}$$

where L_{it} is the amount of land at period t of farm i.

4. METHODOLOGY

Empirical Estimation

To answer the first objective and capture the expected non-linear relationship between the farmland value and climate, this article specifies the following model to examine the impacts of climate change on farmland values in Thailand:

$$V = \alpha_0 + \alpha_{1s} T_s + \alpha_{2s} T_s^2 + \alpha_{3s} P_s + \alpha_{4s} P_s^2 + \sum_k d_k Z_k + e \tag{5}$$

where the dependent variable, V, is the farmland value (1,000 dollars) per rai[2], T and P represent a vector of seasonal temperature and precipitation variables, s is season including: winter (November-January); summer (February-April); early rainy (May-July); and late rainy (August-October), Z is a vector of relevant control variables capturing characteristics of principal operator (level of education), farm characteristics (irrigation status, whether the farm has main total sales from crop or livestock, whether the farm has the flood problem, and whether the farm has the problem of steep slope), soil conditions (whether the farm has the problem of soil salinity and sandy soil) and location characteristics (district-level population density, whether the farm

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[2] 1 rai is equal to about 0.395 acre.

locates in the plain area, Euclidian distance of the farm to the city of the province in which farm is located, and percent of agricultural land to total land area for province in which farm is located) , and *e* is an error term.

Uncertainty of Climate Change Impacts

To answer the second objective of the study, this study investigates the implication for greenhouse warming on Thailand's agriculture by employing our estimated coefficients in equation (5) together with future climate projections during 2040-2049 simulated by PRECIS (Providing REgional Climates for Impacts Studies) regional climate model and used Global Circulation Model (GCM) ECHAM4 dataset as initial data for calculation. The simulation covers IPCC emission scenarios A2 and B2[3], which could account for the upper and lower limit of climate change impacts on Thailand's agriculture.

5. DATA

Data used in this study are collected from various sources. For the most part, the data are from the 2011/2012 national agricultural household socio economics survey at the farm level with 6,701 completed farms sampled across 76 provinces from Office of Agricultural Economics. 331 out of 6,701 farms, or about 5%, have been removed from calculation to address the outliner problem[4] and incomplete data on farmland values. In total, we have 6,370 farms. The gathered data consist of: the estimated current market value of farmland including building expressed in dollars per rai; education level of the principal operator; soil conditions; whether the farm has the problem of steep slope and flood problem; irrigation status; whether the farm has main total sales from crop.

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[3] A2 scenario is characterized by: a world of independently operating, self-reliant nations; continuously increasing population; and regionally oriented economic development. B2 scenario are more ecologically friendly. The B2 scenario is characterized by: continuously increasing population, but at a slower rate than in A2; emphasis on local rather than global solutions to economic, social and environmental stability; and intermediate levels of economic development (IPCC 2007a).

[4] We have found that several farms located in the urban area, especially in large city such as Bangkok, Nonthaburi, and Chiangmai provinces have very high land prices per rai with small income generated from agricultural activities. Including these farms in the estimation could bias the impacts of climate change on overall Thailand's agriculture.

Climate data are obtained from Thailand Meteorology Department, which gathers data from 76 meteorological stations throughout Thailand. The data include information on monthly temperature and precipitation from 1971 through 2012. Since the purpose of this study is to forecast the impacts of climate changes on agriculture, we focus on the long-run impacts of temperature and precipitation on agriculture, not year-to-year variation weather. We consequently analyze the "normal" climatological variables—the 42-year average of each climate variable for every station during 1971-2012. To capture seasonal effects of climate on agriculture, we construct the seasonal climate variables divided into four seasons including: winter (November-January); summer (February-April); early rainy (May-July); and late rainy (August-December). In order to link the agricultural data which are organized in the farm-level and the climate data which are organized by station, we assign these climate variables to each farm that locates close to the climate station using the nearest distance criterion even though the farm locates in different province from climate station.

To account for location characteristics and potential of land for non-agricultural development, we collect several variables including: district-level population density; whether the farm locates in the plain area; Euclidian distance of the farm to the city of the province in which farm is located; and percent of agricultural land to total land area for province in which farm is located from various sources mainly from the National Statistical Office, Ministry of Agriculture and Cooperatives, Ministry of Interior, and Google Earth. Lastly, data of climate projections mentioned in the methodology section are collected from Center of Excellence for Climate Change Knowledge Management, Chulalongkorn University.

Table 1 summarizes variables used in the estimation, their definitions, and summary statistics across the full sample of farms. For example, on average the farmland in Thailand has its value equal to $2,945 per rai. The monthly temperatures averaged during 1971-2012 in the early rainy, late rainy, and summer seasons are around 27.693-28.844 degree Celsius, while in the winter the month temperature drop to 24.778 degree Celsius. Late rainy season has the highest level of monthly precipitation equal to 211.923 millimeters, while winter season has the lowest level of monthly precipitation equal to 44.591 millimeters.

Table 1. Description of variables and summary statistics

Variable	Definition of Variables	Mean (N=6,370)	Std. Dev.
farm value	Estimate of the current market value of farmland including building (dollars per rai)	2,945	2,948
early rainy temperature	Normal monthly mean temperature (°C) from 1971 to 2012 during the early rainy season (May-July)	28.844	0.568
late rainy temperature	Normal monthly mean temperature (°C) from 1971 to 2012 during the late rainy season (August-October)	27.693	0.530
summer temperature	Normal monthly mean temperature (°C) from 1971 to 2012 during the summer season (February-April)	28.358	1.003
winter temperature	Normal monthly mean temperature (°C) from 1971 to 2012 during the winter season (November-January)	24.778	1.428
early rainy precipitation	Normal monthly precipitation temperature (mm) from 1971 to 2012 during the early rainy season (May-July)	182.673	71.772
late rainy precipitation	Normal monthly precipitation temperature (mm) from 1971 to 2012 during the late rainy season (August-October)	211.923	59.194
summer precipitation	Normal monthly precipitation temperature (mm) from 1971 to 2012 during the summer season (February-April)	49.436	18.742
winter precipitation	Normal monthly precipitation temperature (mm) from 1971 to 2012 during the winter season (November-January)	44.591	91.192
education	Whether the principal operator graduated at least grade 9 (equal to 1 if yes)	0.110	0.312
salt soil	Whether the farm has the problem of soil salinity (equal to 1 if yes)	0.011	0.104
sandy soil	Whether the farm has the problem with sandy soil (equal to 1 if yes)	0.018	0.133
steep slope	Whether the farm has the problem of steep slope (equal to 1 if yes)	0.013	0.115
flood problem	Whether the farm has the flood problem (equal to 1 if yes)	0.117	0.321
irrigate	Whether the farm is the irrigated farm (equal to 1 if yes)	0.254	0.435
main sale from crop	Whether the farm has main total sales from crop (equal to 1 if yes)	0.789	0.408
plain	Whether the farm locates in the plain area (equal to 1 if yes)	0.712	0.453
distance	Euclidian distance, in kilometers, of the farm to the city of the province in which farm is located	42.112	31.153
population density	Population density per square kilometer for district in which farm is located	170.852	195.706
agricultural land	Percent of agricultural land to total land area for province in which farm is located	54.271	18.084

Note: Values in Baht are converted with the exchange rate of 32 Baht/US.

6. EMPIRICAL RESULTS

As the Ricardian approach estimates the importance of climate and other variables on farmland values. Table 2 provides the regression results by regressing farmland values on variables of climate, soil, operator characteristics, farm characteristics, and location characteristics to estimate the best-value function across different farms in Thailand. There are 6,370 cross-sectional observations. In order to give a sense of the importance of nonfarm variables in the model, we begin with a model that contains only climate variables. Specification 1 in Table 2 is a quadratic model that includes the eight measures of climate. For each variable, linear and quadratic terms are included to reflect the nonlinearities that are apparent from field studies. For Specification 2, we include variables capturing characteristics of operator, soil, farm, and location to control for other factors influencing farmland values.

Overall we find that all climate variables statistically affect farmland values and their squared terms are significant, implying that the observed relationships are non-linear as found in the field studies. However, some of the squared terms are positive (i.e., early rainy temperature, winter temperature, early rainy precipitation, and summer precipitation) implying that there is a minimally productive level of temperature and precipitation in that season and that either more or less temperature and precipitation will raise farmland values. The negative coefficient of squared terms implies that there is an optimal level of a climate variable from which the value function decreases in both directions.

The overall impact of climate as measured by the marginal impacts evaluated at the mean level of each variable is provided in Table 3. In general, we discover that higher summer temperatures and higher early rainy and summer precipitation are harmful for crops, while higher winter temperatures and higher late rainy and winter precipitation are beneficial for crops. The higher summer temperatures by 1°C decrease the farmland values equal to $479 per rai, while higher winter temperatures by 1°C increase the farmland values equal to $299 per rai. For precipitation, higher early rainy and summer precipitation by 1 millimeter decrease the farmland values equal to $7 and $28 per rai, respectively. On the other hand, the farmland values will be increased $11 and $18 per rai, as late rainy and winter precipitation increase by 1 millimeter, respectively.

Table 2. Regression models explaining farm values

farm value	Specification 1		Specification 2	
	Coef.	Std. Err.	Coef.	Std. Err.
Constant	-471,422.50***	129,626.90	-556,252.10***	136,264.00
early rainy temperature	-23,327.83**	11,453.95	-36,941.65***	11,141.28
early rainy temperature^2	404.93**	198.99	634.68***	193.69
late rainy temperature	56,029.68***	16,266.61	79,825.58***	16,507.53
late rainy temperature^2	-1,014.24***	293.46	-1,440.79***	297.42
summer temperature	15,099.00***	2,819.34	7,444.66**	2,982.07
summer temperature^2	-274.63***	49.14	-139.94***	52.05
winter temperature	-14,180.45***	2,237.70	-9,004.27***	2,292.01
winter temperature^2	292.93***	45.18	188.91***	46.21
early rainy precipitation	-13.78***	4.22	-11.59***	4.18
early rainy precipitation^2	0.02**	0.01	0.01*	0.01
late rainy precipitation	25.58***	6.44	21.61***	6.37
late rainy precipitation^2	-0.03***	0.01	-0.03***	0.01
summer precipitation	-55.08***	11.73	-50.94***	11.57
summer precipitation^2	0.22***	0.09	0.23***	0.08
winter precipitation	25.64***	3.27	21.80***	3.27
winter precipitation^2	-0.05***	0.01	-0.05***	0.01
education			449.55***	116.90
soil salt			-521.69**	237.05
sandy soil			-88.86	251.31
steep slope			-900.84***	251.58
flood problem			-183.36*	106.27
irrigate			223.40**	93.32
main sale from crop			-1,010.18***	95.29
plain			-251.42**	103.08
distance			-5.73***	1.13
population density			1.51***	0.38
agricultural land			1.84	3.01
Adj. R squared	0.1473		0.1851	

Note: Standard Errors are calculated using the Huber/White/sandwich estimator. ***,**,* are
significant at 1, 5 and 10 percent, respectively.

Table 3. Marginal effect of climate variables

farm value	Coef.	Std. Err.
early rainy temperature	-388.80	359.32
late rainy temperature	173.81	359.46
summer temperature	-478.78***	182.60
winter temperature	298.64**	151.29
early rainy precipitation	-6.74***	2.43
late rainy precipitation	10.68***	3.44
summer precipitation	-28.38***	5.14
winter precipitation	18.47***	2.81

Note: ***,**,* are significant at 1, 5 and 10 percent, respectively.

7. IMPLICATIONS FOR GREENHOUSE WARMING

This section investigates the implications for greenhouse warming during 2040-2049 on Thailand's agriculture. To project the climate change impacts, the estimated coefficients from Specification 2 in Table 3 are used together with the climate projections from the regional climate model mentioned in the previous sections. In brief, future climate projections in both scenarios shows trend of increasing temperature throughout Thailand, especially in the central plain of Chao Phraya river basin and lower part of northeastern region. Total annual precipitation likely fluctuates in the early part of the century. Since scenarios A2 is assumed to have more carbon dioxide emissions than scenario B2, projected temperatures from scenario A2 is higher than those from scenario B2 while projected precipitation from scenario A2 is slightly lower than those from scenario B2.

By substituting climate projections, this study finds that during 2040-2049 farmland values per rai are projected to decrease from $2,703 per rai to $2,068 and $2,538 per rai in climate scenarios A2 and B2, respectively. By multiplying the farmland values per rai to the total farmland area in Thailand (149 million rai), climate change are projected to adversely affect Thailand's agriculture range from $24 billion to $94 billion as shown in Table 4. By downscaling the analysis to the province level, this article finds that western, upper part of central, and the left part of northern regions are projected to be better off, while southern, eastern regions, lower part of central, and the right part of northern regions is projected to be worse off under both climate scenarios as illustrated in Figure 1. As expected, scenario A2 projects higher negative impacts of climate change on Thailand's agriculture more than scenario B2.

Table 4. Implications for greenhouse warming (national level)

	farmland value/rai ($)	total land values ($1,000)	total change ($billions)
Baseline	2,703	403,361,918	-
A2	2,068	308,674,640	-94.69
B2	2,538	378,838,371	-24.52

Note: Agricultural land is equal to 149,246,428 rai in 2011.
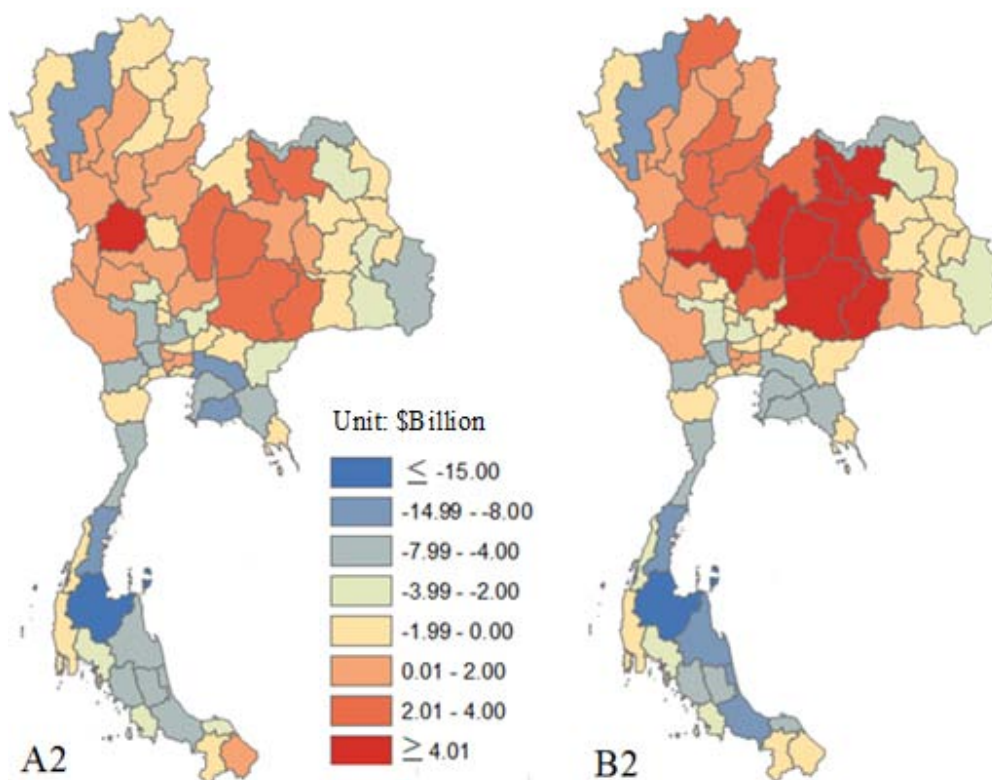
Figure 1. Implications for greenhouse warming (projection of 2040-2049)

Top ten provinces that are projected to adversely affect under both climate scenarios are Surat Thani, Chiang Mai, Chumphon, Rayong, Chachoengsao, Songkhla, Chanthaburi, Nakhon Si Thammarat, Trang, Suphanburi, respectively, with the impacts ranging from $3.48- $19.43 billion. On the other hand, Kamphaeng Phet, Udon Thani, Chaiyaphum, Phetchabun, Nakhon Ratchasima, Nongbua Lamphu, Buriram, Bangkok, Khon Kaen, Sukhothai are top ten provinces that are projected to be better off with the values ranging from $0.27 - $7.80 billion.

8. CONCLUSION

Agricultural sector is potentially the most sensitive economic sector to climate change and Thailand is one of developing countries that agricultural sector plays an important role. This study utilizes the Ricardian approach to analyze the effect of climate change on Thailand's agriculture and investigate implications for greenhouse warming under future climate change scenarios during 2040-2049. A unique farm-level dataset is constructed using data from several sources mainly from the 2011/2012 national agricultural household socio economics survey. The normal climatological variables during 1971-2012 are constructed using climate data from Thailand Meteorology Department. Future climate projections are simulated by PRECIS regional climate model.

The article finds that both temperature and precipitation significantly determine farmland values. Overall, greenhouse warming is projected to adversely affect Thailand's agriculture ranging from $24 billion to $94 billion. For the analysis in the province level, western, upper part of central, and the left part of northern regions are projected to be better off, while southern, eastern regions, lower part of central, and the right part of northern regions is projected to be worse off. Surat Thani, Chiang Mai, Chumphon, Rayong, Chachoengsao, Songkhla, Chanthaburi, Nakhon Si Thammarat, Trang, Suphanburi are top ten provinces adversely affected by climate change, while Kamphaeng Phet, Udon Thani, Chaiyaphum, Phetchabun, Nakhon Ratchasima, Nongbua Lamphu, Buriram, Bangkok, Khon Kaen, Sukhothai are top ten provinces that are beneficial under climate change.

Governmental organizations related to the agricultural sectors should support farmers on several ways such as providing knowledge to farmers regarding adequate cropping techniques, agricultural resource management and encourage farmers to create adaptation plan to reduce the damage from climate change. At the same time, policy makers should develop plans or programs ahead to relief those who are projected to adversely affect by climate change in provinces across Thailand.

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Climate Change and Economic Growth in Nordic Countries: An Application of Smooth Coefficient Semi-Parametric Approach

Abstract:

Climate change is a reality and no longer a future concern. There is no question that the continued build-up of greenhouse gases will cause the earth to warm. The economic impact of climate change is usually measured as the amount by which the fluctuations in temperature within countries will affect the output or GDP in that period. However, in this paper we draw some attention to measure the direct as well as indirect effects of climate change on economic growth. It is discussed in the literature that climate change may affect economic growth indirectly through its impact on capital accumulation. A lower output due to climate change will lead to a proportionate reduction in investment which in turn will depress future production. Further it is discussed in the literature that these indirect effects are relatively larger than the direct effects, particularly in richer economies. Ignoring the indirect growth effects of climate change thus leads to a substantial underestimate of the impacts of climate change. However to our knowledge, no one has empirically estimated these indirect effects of climate change on economic growth. In order to empirically estimate the indirect effects of climate change on aggregate output in this paper we use the data from the Nordic countries over the past four decade (1960-2000) and a newly developed smooth coefficient semi-parametric approach. Our analysis reveals several interesting results. First, we find that there is a negative relationship between the change in temperature and the aggregate output. Secondly, by using the smooth coefficient semi-parametric estimation we measure the indirect effect of change in temperature on aggregate output through capital accumulation. In particular, we find that the marginal productivity of capital is non-linearly related with the change in temperature. Initially, marginal productivity increases with the increase in temperature but eventually it will start decreasing with the increase in temperature. These findings inform debates over climate's role in economic development and suggest that they are also a concern in developed countries, which are believed to be less vulnerable to climate change.

Keywords: Climate Change, Economic Growth, Smooth Coefficient

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Criteria Relating to Being Given of Custody to Mother or Father

Abstract:

As it is the case all over the world, the number of divorces has continuously been increasing in Turkey also. As the period of divorcing may have some negative effects upon partners, it may have some positive effects on them also. The victims of this period are definitely the common children.

The father and mother who have been divorced generally would like to get the custody of their children and spend the rest of their lives with their children. Communicating continuously and directly with them, raising them according to their own cultural and belief rituals, the more important of all is, the pleasure of being a father/mother which is one of the nicest feelings of the world trigger the wish to get the custody of the children.

The decision of divorce, also gives a decision by taking into consideration the specificities of the concrete incidence about the custody of the common child. The discourse of mother and father, the statements of the child who has the ability of distinguish, benefits from the view point of his/her age, health, education and morality guides the judge while he gives this decision. In addition to this, the economic circumstances, lifestyle, psychological character of the partner to whom the custody will be given take place among the points which affects the judge decision very closely.

1   Introduction

Custody which means caring for, assisting, administrating (Turkish Dictionary, 2013) can be described as establishing dominance and authority on others from the point of view of law (Akyüz, 2000, p. 236). Custody which covers all rights and responsibilities on child is one of the natural consequences of kinship (İnan, 1968, p. 125). It is a right which includes child's nutrition, sheltering, clothing, medical care, protecting his/her personality and assets, education, socialization, others alike. Nobody has the right of custody other than the mother and father . If father and mother die, step father/mother, uncle, aunt, grandmother or grandfather could not assume the custody of the child (Serozan, 2005, p. 254). Their authority on the child could not be other than the guardianship of the child that which gives limited authority than custody (Serozan, 2005, p. 257).

Mother and father have custody of a child that born in the marriage (Turkish Civil Code, Article 336/I). Only mother has the custody of an adulterine child (Turkish Civil Code, Article 337/I). If mother is not adult or under the care of a guardian, death or in case of modification of custody, judge can grant custody to the father. When an adult child is put under the care of a guardian, due to the child's appreciating, judge could modify his/her position to mother or father in case (Turkish Civil Code, Article 335/II).

Mother/father who has custody of child together during mariage, has a sole custody after divorce (Hatemi & Kalkan-Oğuztürk, 2013, p. 110). Turkish law does not allow joint custody as it exists in German (Bürgerliches Gesetzbuch §. 1671), American and numerous law systems (İnan, 1968, p. 138). There is "*integrity of custody principle*" (Akyüz, 2000, p. 237) in Turkish law (Kurşat, 2009, p. 260). Custody arises with magisterial decree because it is a public order (Dural, Öğüz & Gümüş, 2013, p. 141). In other words, when a court awards sole custody to mother and when mother dies after divorce, custody is not modified to father per se (directly) (Akıntürk & Ateş-Karaman, 2013, p. 311). This result can only be magisterial decree (Yetik, 2007, p. 233). The object of this study is what factors courts do take into account when making decisions about custody in case of divorce.

2 Criteria for a Judge Making Decision About Custody

A child does not only belong to his/her family but is also a child of all world's societies and future. Namely, a child who is grown up in Turkey can harm people living in Czech Republic in terms of today's globalization process and this possibility will increase in future due to technological advances. Because of these reasons, child's needs especially in health, education and morality will be very important when a decision is made about custody (Turkish Civil Code, Article 182/II).

2.1 "*Best Interests*" of the Child

A judge must give the "*best interest*" to the child's benefits (Dural, Öğüz & Gümüş, 2013, p. 141). The child's age, quality of education, gender, mental and physical health, using qualified medical establisment are important criterias on this matter (Akıntürk & Ateş-Karaman, 2013, p. 311). Child's age affects substantial contribution of mother or father. Quality of education in schools where father and mother lives must be searched. In case a child has some morbidities, judge may prefer mother or father whose health insurance or economic situation is better than the other (Özer-Taşkın, 2006, p. 97).

2.2 "*Tender Years*" of a Child

Custody of children of "*tender years*", has to be awarded to the mother (Yetik, 2007, p. 227). Tender years are not clear (Ergün, 2009, p. 1079). Judge must decide in accordance with concrete case (Akıntürk & Ateş-Karaman, 2013, p. 311). Absolutely a child under four or five is in tender years. But sometimes 16 year old can be tender years because of mental and physical illness. Thus, concrete case, demands of child/mother/father, by taking into accounts of psychologist, pedagogue and welfare expert will be evaluated with the judge's own observations (Baktır-Çetiner, 2000, p. 112, 113).

Mother's inglorious life, for example, she is floozie or working in bars, is not an obstacle for custody. Because judge must assess how her maternity is, and if she is interested in her child. Everbody has several smocks. We use different smocks in business life, family, among close friends. For this reason, if a mother carries out her maternity duties, there will be no problem for her custody.

A child of tender years, can not be put under mother's custody in these situations:

Interests of the Child in Future

If mother's illness is fatal and/or contagious, judge will not give custody to her. Republic of Turkey Supreme Court decided[1] that, a lesbian mother can not have custody of maid (Ergün, 2009, p. 1080). Because child's moral devolopment is more preferable than mother tenderness (Özer-Taşkın, 2006, p. 23).

Mother's being in Prison

Mother who has been in prison and for that reason, lack of freedom shall not have custody of the child (Kurşat, 2009, p. 270). But if there is a nursing and mother is not dangerously guilty, judge can award that mother has the custody of her child.

Not Being Self-Sufficient of Mother

When a person is not self-sufficient and threatens others's personal security, he/she is under the care of a guardian. A mother who is under the care of a guardian can not have the custody of the child.

2.3 The Environment the Child is Accustomed to

Especially children look for continuity in their life (Baktır-Çetiner, 2000, p. 113). Friends, playing fields and life areas are very important for a child and departing these causes mental problems. As the purpose is the happiness and per diem of a child, the child who looks for continuity in his/her life should not be prevented from his/her environment (Kurşat, 2009, p. 271).

2.4 Opinion of the Child

The child who is capable of forming his/her own views should be listened also (UNICEF Convention on the Rights of the Child, Article 12; European Convention on the Exercise of Children's Rights, Article 3, 6; Turkish Civil Code, Article 339/III). Even if child's preference, under whose authority he/she is willing to stay, is important but not sufficient only (Baktır-Çetiner, 2000, p. 112). Because a judge decides custody not only with child's preferences (Serozan, 2005, p. 294). This is because a child's preference can be formed with his/her micro utilities. Consequently a judge shall assess child's preference and causes of these preference.

2.5 Lifestyle and Opinion of Mother or Father to Whom Custody will be Given

Mother or father's lifestyle is important for having custody. Because using alcohol, drugs and having the child are not agreeable for custody. A father/mother who is unemployed and hangs out with his/her child is more preferable for custody. Furthermore a father/mother whose wealthiness is better than the other is close to custody also. But it is not sufficient only. When conditions are redounded, if poor mother/father has to have custody of the child, she/he will have the custody and the other will be given the responsibility for aliment (Dural, Öğüz & Gümüş, 2013, p. 141). Religion is not important for awarding custody by court. Thereby muslim mother is not preferable to christian father for custody. Other factors shall be researched in this case.

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[1] Y. 2. HD 21.6.1982 T., 1982/5077 E., 1982/5531 K.

Mother or father who is going to have the custody of child, shall be listened also (Baktır-Çetiner, 2000, p. 115). Mother or father who wants to have custody of the child, is absolutely important if she/he agrees with this result. Even all conditions have occured like child's best interests, if the mother does not mind custody, court will decide not to give the custody to mother (Baktır-Çetiner, 2000, p. 115). As a result, a mother, planning her life with no custody and doesn't want her child, and be cool towards her child, this situatioan will be tragedy for mother and the child. In the present case, if father shall not have custody of the child, judge will put the child under the care of a guardian. Finally, an agreement between mother and father about custody only guides but does not bind the judge (Akıntürk & Ateş-Karaman, 2013, p. 311). "*Best interests*" of the child is highest priority (Hatemi & Kalkan-Oğuztürk, 2013, p. 110). A child does not only interest his/her mother and father but also interests all of world's societies.

2.6 Giving Custody of all Children to mother or father.

Destruction of divorce on children must be minimized. As allocation of children from each other causes psychological damage, the custody of all children must be given all together (Akıntürk & Ateş-Karaman, 2013, p. 311). In case children are origanated from same mother and father, have the same chain gene, they will be next of kin from biological point. In other words our son/daughter's chain gene belongs to us and our wife/husband. Similarly half of our chain gene comes from our mother the other half comes from our father. Siblings' chain gene is the same. If siblings are not be co-resident, the relationship between them is weakened after a while. This is not a preferable result.

2.7 Causes for Divorce

Causes for divorce are not important for custody as a rule. We don't accept the opinion which is not given to the custody to mother or father who commmits adultery or is in criminal disposition (Ergün, 2009, p. 1082). Because as implied foregoing, person that commits adultery is not good wife/husband but how she/he is important for custody as mother/father (Akıntürk & Ateş-Karaman, 2013, p. 311). Causes for divorce sometimes carries importance for custody (Akyüz, 2000, p. 246). For example, if divorce caused because of mother's physical violence to child, mother will not have custody of the child. Correspondingly, mother/father who has mental illness or mental defect, shall not have custody of child.

2.8 Age of Child

Age, from point of best interest of the child is very important for custody (Baktır-Çetiner, 2000, p. 113). As implied foregoing, giving custody of child of "*tender years*", has to be awarded to the mother. When child of tender years is finished, will the father be able to have the custody of him/her? One another problem is the accustomed atmosphere of the child. For this reason until the child reaches maturity are we able to accept that the mother will have the custody of the child? (Öztürk, 2000, p. 91) I think, at first, mother will have custody of the child to a certain age, after that father will. A father is as important as the mother for a child. Living with father, having common memories with father, being influenced from father are child's basic rights. In addition to this the social environment in which the child lives with his/her mother and possibilities of well education may be inadequate in time. With no doubt, children are formed according to the social environment in which they survive. While they grow

up they are being aware of other social status of nowadays in which the technology lives its golden age. For this reason while the judge is having the custody, when the child reaches at a certain age, the judge should reevaluate the present conditions. This, "*let the child become under the custody of his/her mother until he/she is 12 year old, then let him/her become under the custody of his/her father*" is not to make a decision but "*when he enters 12 years old it is the decision to be made by reevaluating in this subject*".

2.9 Fetus

If mother is pregnant during divorce case, judge will have to delay his decision about custody till the fetus is born. Custody arises with magisterial decree because it is a public order (Baktır-Çetiner, 2000, p. 107). Thereby the custody of the fetus is suspended till the decision of judge. I think that judge should make this decision on this subject during the divorce. With no doubt the custody of the child should be given to the mother to whom he/she strongly needs for a few years and beginning from birth during six weeks survives with his/her mother's immunal mechanizm.

3   Conclusion

We think that "*integrity of custody principle*" which is still valid in Turkish law is not right. "*Joint custody must be possible in Turkish law*" in case terms of divorce (Koçhisarlıoğlu, 2004, p. 237 – 244). The divorced couples who admit that seperation is an important fact of life, any way, may maintain joint custody. This doesn't mean that they are able to convine their lifes. They may go on making decisions together relating to their common children. Judge must be able to decide "*solely custody or joint custody according to the concrete case*".

As father/mother, the person to whom custody will be given carries a great importance about how they are interested in their children. Even if these persons become bad wife/husband, unsuccessful workers, if they are affectionate towards their children it is adequate from the point of decision making. Even if offering of children to the same person is useful, this is not binding from the point of judge. If the reason for divorce carries speciality that will affect the child, this situation will have an effect on the decision of the judge about custody. The custody must be given to the mother until the child reaches at a certain age, then it should be possible to be given to the father with the condition of reevaluating after a certain age.The judge should make a decision about the custody of the child who has not been born yet.

None of these this criteria which has been mentioned in this study is not absolute and does not bind the judge. The judge must make his decision by taking into "*account the best interests of the child*" criteria carries the leading qualifications. The judge is the key element on this point. The judge must make a decision without profiting from another's need, by taking into consideration all the conditions of the concrete event, by having expert testimony. During the period of making decision, the judge must act as if the child were his own child and pay attention to all sorts of sensivitity.

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Davtyan Azat

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GMM Estimation and Shapiro-Francia Normality Test:
A Case Study of CEE Economies

Abstract:

The present paper estimates the link between GDP per capita, inflation (GDP deflator), exports, imports, final consumption, gross capital formation, tax revenue and public expense of CEE countries (Bulgaria, Romania, the Czech Republic, Slovak Republic, Poland, Slovenia and Russia) using GMM estimation for the period 2005-2010. Besides, we run Shapiro-Francia W'test to indicate the patterns of normal distribution among samples of our study. The objective of this quantitative empirical is twofold: first, it examines the linkages of economic indicators of CEE countries in order to find out the main changes of economic landscape. Second, it aims at highlighting the development of CEE countries on the way of deeper convergence to the euro area utilizing the available panel series. We find that GDP per capita of CEE countries is in negative relationship with expense, final consumption, gross capital formation, exports and inflation. With regard to Shapiro-Francia W'test, we assume that variables show a normal distribution.

Keywords: Exports; Final Consumption, Arellano-Bond Test; GMM; Gross Capital Formation; Imports

JEL Classification: E21, E22, H50, E31

1 Introduction

The deepening of financial integration in the EU has accelerated in the last decade. The strong trade relations, growth of foreign investments and capital market development evidence strengthening financial integration processes. However, the presence of sophisticated market regulation, information and governance are necessary preconditions to benefit from financial integration. Smooth and continuous financial integration assumes sustainable exchange rate and interest rate policies, efficient structural reforms and crucial role of domestic funding. Besides, it is perhaps best known that the efficient interactions of market participants and stability of capital markets are crucial to guarantee a smooth and effective transmission of monetary policy.

The cross-border capital flows and penetration of foreign credit institutions are the main outcomes of financial integration processes. In addition, the prevalence of same rules and asset pricing mechanisms in markets are considered one of the principles of financial integration. Factors like portfolio risk diversification due to large financial markets and easier access to capital markets and funding enhance benefits of market participants and brought more efficient diversification of investments in the sectors of real economy. Thus, financial integration leads to the expansion of economy. Besides, deeper financial integration to the euro area leads to a high capital flow

liberalization and increasing role of institutional investors. In this regard, the development of primary and secondary markets with adequate financial regulation and supervision will enhance the competitiveness and economic alignment of CEE countries with the euro area.

Financial integration is also conditioned by a number of foreign companies operating in CEE countries. In this vein, the growing body of foreign companies enhances cross-border fundraising and economic alignment of CEE region. Moreover, the CEE governments tend to promote law enforcement, improve business environment and facilitate the entry of foreign companies. Particularly, reforms directed to increasing the efficiency of absorption of EU funds and the enlargement of secondary markets will bring a deepening of financial integration.

The CEE countries have a progress in corporate governance and financial supervision which positively affect securities market development. Other components of capital market (insurance companies and pension funds) just started to develop. In this regard, state authorities should create legal bases for the enlargement of this market segment.

So, CEE countries have a great potential to decrease economic imbalances and accelerate financial integration. Ample opportunities for foreign investments lead to the gradual diversification of capital flows to corporate securities market and development of private equity activity. This process fosters the depth of financial markets and mitigates domestic and external risks.

After the accession to the EU foreign direct and portfolio investments in CEE countries significantly improve economic landscape of this region. Domestic companies and banks started heavily rely on foreign capital which weakened the role of internal financial markets. Financial inflows and financial convergence brought high level of interconnectedness between CEE and euro area countries. Before the onset of crisis, the CEE countries experienced high economic growth which was conditioned by increasing international trade, restructuring processes in financial sector and efforts of economic convergence towards euro area countries. The fast growth in mortgage lending led to the enlargement of banking activity which increased its market positions in different spheres. In addition, financial supervision measures and legal reforms regulate market environment and create necessary conditions for the growth of foreign investments.

The CEE capital markets are characterized by a high ownership of foreign banks. This can be explained by large FDI inflows before the financial turmoil. Hence, the high market concentration of CEE countries and prevalence of banks make those economies more volatile to external shocks. In this context, the significant exposure of CEE financial systems to foreign banking sectors heightens the need to increase financial buffers. This action is imperative as for further financial integration and overcoming financial disturbances as well.

The real convergence in GDP per capita, price levels and interest rates provide a platform for joining the euro area. CEE countries benefit from deepening trade relations improving domestic business environment. Thus, continuous economic alignment provides new opportunities for economic growth. In addition, the convergence of monetary policy and prudential regulation aim at enhancing financial stability. In this regard, the strains of CEE countries are directed to carry out macroeconomic and financial reforms to provide high economic growth and decrease public debt.

The study of driving factors of CEE financial integration is crucial in terms of possible entry of CEE countries to the euro area. In particular, the current account deficit has a significant impact on financial integration because it reflects investment flows of the country. Another factor is the trade

openness which facilitates capital flows among euro area and CEE countries and, therefore, fosters financial integration.

CEE countries have a different potential for economic development and improvement of business environment. This is mainly conditioned by the effectiveness of privatization process, ownership structure and institutional framework. In particular, the share of corporate sector (Slovenia, Poland and Hungary) in capital market is visibly significant owing to the efficiency of privatization. Unlike Romania and Bulgaria high diversification of equity markets in Hungary, the Czech Republic and Poland allows increase foreign investments. On the other hand, the establishment of CEE Stock Exchange Group (CEESEG) aims at strengthening cooperation between Hungarian, Slovenian, Czech and Austrian stock markets. This brings an improvement of trading platforms and growth of market capitalization of listed companies.

The economic performance of CEE countries changed during the financial turmoil. As a result of the crisis macroeconomic situation in CEE region worsened because international funding became too expensive, external debt increased and non-performing loans of banks grew significantly. The activity of foreign subsidiaries worsened which was conditioned by deteriorating funding conditions. Moreover, a sharp decline of lending and asset quality hindered financial performance.

In current global financial turbulences the strong financial supervision and prudential regulation is considered the primary issue for CEE countries. There is a need to decrease the risks from currency appreciation, credit crunch and current account deficits. In addition, the structure of financial markets and shareholding should be changed in order to increase the share of domestic market participants. On the other hand, the effective cooperation with international financial organizations can foster the coordination of foreign trade, development of financial infrastructure and open new opportunities for business activity.

It is clear that after the financial crisis CEE countries registered different levels of inflation which were conditioned by the speed of economic recovery. In this vein, Romania, Bulgaria and the Czech Republic showed high resilience to changes of global commodity prices. On the other hand, inflation pressures in Hungary worsened the current account positions of this country. Moreover, the high inflation accompanied with the large foreign currency lending and sharp drop in domestic demand deteriorate economic growth of Hungary and Bulgaria. Those countries need to strengthen their policy adjustments in the foreign currency lending, improve capital relocation among economic sectors and carry out development-oriented fiscal policy.

Taking into account the current developments of CEE economies this paper aims to identify the main correlation patterns between economic indicators of those countries. The next section covers the literature review indicating different works considering the relationships between investments, public expense, current account balance, inflation, final consumption and tax revenue. The second section includes the empirical methodology identifying the features and advantages of Arellano-Bond/Arellano-Bover estimation and Shapiro-Francia normality test. The last section concludes.

2 Literature review

The relationships between exports, investments, imports, government expense, taxes and government expense, and etc were investigated by many researchers. Particularly, Collins and Ofair (1997) assume that the economic growth is conditioned by gross capital formation and real

exchange rate. They highlight the negative impact of exchange rate volatility and suppose a strong relationship between high overvaluation and GDP growth. Other authors like Rodrick (2007) and Aguirre and Calderon (2006) conduct a large research in this field. A more fundamental role of exchange rate policy was proved by Rodrick (2007). The negative and significant correlation between the real exchange rate misalignment and economic growth has been declared by Aguirre and Calderon (2006). Cottani et al., (1990) and Bleany and Greenaway (2001) also investigate the influence of direct and portfolio investments and export growth on the GDP.

Works by Mundell (1957) and Willamson (1975) and Markusen and Venables (1995) emphasize the main factors affecting FDI and exports. Turkan (2006) shows a negative relation between FDI and trade in final goods for the USA market. Jenkins and Thomas (2002) highlight the role of FDI on economic output.

Asiedu (2002 and 2006) suppose that changes in taxation have a different influence on gross capital formation of developing countries that even within developing countries tax effects on FDI might be different in sub-Saharan Africa. Tanzi (1987) shows that overvaluation has a directly impact the balance sheet of a country. He also indicates the crucial role of exchange rate policy and tax revenue. Jong-Wha Lee (1995) found that direct and portfolio investments is one of the main factors of economic growth.

Using a panel of 27 countries from Africa, Asia and the Western Hemisphere, covering the period 1980 to 1992 and a panel of 105 countries, spanning 1980 to 1995, Ebrill et al. (1999) examine two complementary models of the determinants of import and international trade tax revenue. Using a fixed-effects and an instrumental regression framework they conclude that tariff reforms do not, necessarily lead to lower trade tax revenue. They find that, in both models, depreciation of the exchange rate is significantly linked to higher trade tax revenues, confirming Tanzi's hypothesis, but contrasting with Ghura (1998), which did not find a significant relation (Agbeyegbe, et al., 2004).

Other study related to the relationship between state expenditure and national income was conducted by Singh and Sahni (1984). Those authors using the Granger-Sims methodology, initially examined the causal link between government expenditure, and national income in a bivariate framework. Their empirical results, based on data for India, suggest that the causal process between public expenditure and national income is neither Wagnerian nor Keynesian (Loizidis and Vamvoukas, 2004).

Ghali (1998) and Kolluri, et al. (2000) examined the relationship of public expenses and GDP using different empirical techniques. The connection of inflation, unemployment rate and public expenditure was revealed by Abrams (1999) which investigated the USA case.

Barro (1991) in a cross section study of 98 countries for a period spanning from 1960 to 1985, using average annual growth rates in real per capita GDP and the ratio of real government to real GDP concluded that the relation between economic growth and government consumption is negative and significant (Alexiou, 2009).

Guseh (1997) in a study on the effects of government size on the rate of economic growth conducted OLS estimation, using time-series data over the period 1960-1985 for 59 middle-income developing countries. The yielding evidence suggested that growth in government size has negative effects on economic growth, but the negative effects are three times as great in non-democratic

socialist systems as in democratic market systems (Alexiou, 2009). Continuous work of Engen and Skinner (1992) revealed the negative correlation of government expenditure and taxation with economic growth. The same correlation pattern was revealed by Carlstrom and Gokhale (1991).

Adopting a Granger causality approach, Conte and Darrat (1988), investigated the causal dimension between public sector growth and real economic growth rates for the OECD countries. Special emphasis was put on the feedback effects from macroeconomic policy. On the basis of the yielding evidence, government growth has had mixed effects on economic growth rates, positive for some countries and negative for others (Alexiou, 2009).

From other studies Alexiou (2007) notice the positive impact of public investment and social expenditures on economic growth in the Greek economy. Aschauer (1990) also noted the direct impact of state expenses on GDP.

Khan et al., (2006) analyzed the influence of inflation on financial sector indicating that inflation hampers the development of banking sector. By escalating uncertainty about future inflation (Ball and Cechetti, 1991; Evans, 1991; Evans and Wachtel, 1993), inflation increases uncertainty about the level of interest rates and about that part of future tax burdens affecting, directly or indirectly, the cost of capital utilization which depends on inflation (Cizkowicz and Rzanca, 2012). Other authors like Ferderer (1993), Fischer (2009) and Kalckreuth (2000) show that high rate of inflation deteriorates investment environment and leads to risk aversion. The large number of studies on the relationship of inflation, capital allocation and capital flow were conducted by Hartman (1980), Feldstein et al., (1978) and Desai and Hines (1997).

There is a large bulk of studies related to correlations between inflation and economic growth of CEE countries. For instance, Gillman and Nakov (2004) showed that inflation raises economic uncertainty and negatively impact output of Poland and Hungary. Thornton (2007) studied the inflation and inflation uncertainty relationship for 12 emerging economies including Hungary and found that there is positive bidirectional causality between inflation and inflation uncertainty in the case of Hungary (Hasanov and Omay, 2010).

Empirical work confirms that also the price inflation of traded products is higher in the new EU countries than in the euro area (Egert et al., 2003). Fabrizio et al., (2007) show that the quality of export products – and also presumably of domestically consumed products – has increased substantially in the CEE countries since the mid-1990s. This may suggest that a part of both traded and non-traded inflation results from an inadequate correction of the price index to improved product quality (Egert et al; 2006; Egert and Podriera, 2008) (Staehr, 2010).

3   Empirical methodology

In simple dynamic panel models, it is well known that the usual fixed effects estimator is inconsistent when the time span is small (Nickell, 1981), as is the ordinary least squares (OLS) estimator based on first differences. In such cases, the instrumental variable estimator (Anderson and Hsiao, 1981) and generalized method of moments (GMM) estimator (Arellano and Bond, 1991) are both widely used (Han and Phillips, 2010). On the other hand, as Blundell and Bond (1998) suppose that GMM estimator suffer from a weak instrument problem when the dynamic panel autoregressive coefficient (p) approaches unity. When p=1, the moment conditions are completely irrelevant for the true parameter p, and the nature of the behavior of the estimator depends on T.

When T is small, the estimators are asymptotically random, and when T is large the unweighted GMM estimator may be inconsistent and the efficient two-step estimator (including the two-stage least squares estimator) may behave in a nonstandard manner (Han and Phillips, 2010).

Rigorous surveys of these estimators can be found in, for example, Arellano and Honore (2001) or Blundell, Bond and Windmeijer (2000). The emphasis here will be on a intuitive review of these methods, intended to give the applied researcher an appreciation for when it may be reasonable to use particular GMM estimators, and how this can be evaluated in practice. (Bond, 2002).

Arellano (1989) showed that an estimator that uses the levels for instruments has no singularities and displays much smaller variances than does the analogous estimator that uses differences as estimators (Weinhold, 1999). The Arellano-Bond estimator sets up a generalized method of moments (GMM) problem in which the model is specified as a system of equations, one per time period, where the instruments applicable to each equation differ (for instance, in later time periods, additional lagged values of the instruments are available) (Baum, 2013). Arellano and Bond argue that the Anderson-Hsiao estimator, while consistent, fails to take all of the potential orthogonality, conditions into account. A key aspect of the AB strategy, echoing that of AH, is the assumption that the necessary instruments are "internal": that is, based on lagged values of the instrumented variable (s). The estimators allow the inclusion of external instruments as well.

Consider the equations:

$$Y_{it} = X_{it}\beta_1 + W_{it}\beta_2 + v_{it} \qquad (1)$$

$$V_{it} = u_i + \varepsilon_{it}$$

where X_{it} includes strictly exogenous regressors, W_{it} are predetermined regressors (which may include lags of y) and endogenous regressors, all of which may be correlated with u_i, the unobserved individual effect. First-differencing the equation removes the u_i and its associated omitted-variable bias (Baum, 2013).

Dynamic panel data (DPD) models estimated using the Generalized Method of Moments (GMM) have become an important tool in the empirical analysis of microeconomic panels with a large number of individual units and relatively short time series. An important baseline case is the first order autoregressive (AR(1)) model with unobserved individual-specific effects considered by Arellano and Bond (1991). It is the following equation

$$y_{it} = \alpha y_{i,t-1} + \eta_i + v_{it} \qquad (2)$$

where i=1,…..,N and t=2,……,T; T≥3 and |α|<1

Adopting what are now standard assumptions concerning the error components and initial conditions process (notably that the error terms v_{it} are not autocorrelated for a convenient summary (Blundell and Bond, 1998), Arellano and Bond (1991) noted that validity of the following set of moment conditions

$$E[y_{i,t-s} (\Delta y_{it} - \alpha\Delta y_{i,t-1})]=0 \qquad (3)$$

for t = 3,….,T and s = 2,….,(t-1)

where Δ is the first difference operator. Since these involve the use of lagged levels of y_{it} as instruments for the first differenced equations it is added DIF moment conditions of Blundell and

Bond (1998). They constitute all of the second-order linear moment conditions that are available under the maintained assumptions of Arellano and Bond (1991). Under the additional assumption that the deviation of the initial conditions from $\eta_i/(1-\alpha)$ be uncorrelated with the level of $\eta_i/(1-\alpha)$ itself, Blundell and Bond (1998) establish that

$$\mathbf{E[y_{it} - \alpha y_{i,t-1}) \Delta y_{i,t-1}]=0} \qquad (4)$$

for t=3,4,.....,T

Blundell and Bond (1998) provide simulation evidence that the use of these additional moment conditions yields substantial gains in terms of the properties of the 2-step GMM estimators (especially in the "weak instrument" case which occurs for values of α approaching 1 (Bowsher, 2000).

Simulation results reported in Blundell and Bond (1998) show that the first-differenced GMM estimator may be subject to a large downward finite-sample bias in these cases, particularly when the number of time periods available is small (Bond et al., 2001). The lagged levels are rather poor instruments for first differenced variables, especially if the variables are close to a random walk. Their modification of the estimator includes lagged levels as well as lagged differences (Baum, 2013). The inclusion of current or lagged values of these regressors in the instrument set, will improve the behavior the first-differenced GMM estimator in particular applications (Bond et al., 2001). So the Arellano-Bover/Blundell-Bond estimation augments Arellano-Bond by making an additional assumption, that first differences of instrument variables are uncorrelated with the fixed effects. This allows the introduction of more instruments, and can dramatically improve efficiency. It builds a system of two equations-the original equation as well as the transformed one-and is knows as System GMM (Roodman, 2009).

The Arellano-Bond (1991) and Arellano-Bover (1995)/Blundell-Bond (1998) dynamic panel estimators are increasingly popular are general estimators designed for situations with 1) "small T, large N" panels, meaning few time periods and many individuals; 2) a linear functional relationship; 3) a single left-hand-side variable that is dynamic, depending on its own past realizations; 4) independent variables that are not strictly exogenous, meaning correlated with past and possibly current realizations of the error; 5) fixed individual effects, and 6) heteroskedasticity and autocorrelation within individuals but not across them (Roodman, 2009).

The original estimator is often entitled difference GMM, while the expanded estimator is commonly termed System GMM. The cost of the System GMM estimator involves a set of additional restrictions on the initial conditions of the process generating y (Baum, 2013).

As the DPD estimators are instrumental variables methods, it is particularly important to evaluate the Sargan-Hansen test results when they are applied (Baum, 2013).

Another important diagnostic in DPD estimation is the AR test for autocorrelation of the residuals. By construction, the residuals of the differenced equation should possess serial correlation, but if the assumption of serial independence in the original errors is warranted, the differenced residuals should exhibit significant AR(2) behavior. If a significant AR(2) statistic is encountered the second lags of endogenous variables will not be appropriate instruments for their current values (Baum, 2013).

Arellano and Bond develop a test for a phenomenon that would render some lags invalid as instruments, namely, autocorrelation in the idiosyncratic disturbance term, v_{it}. Of course, the full disturbance, ε_{it}, is presumed autocorrelated because it contains fixed effects, and the estimators are designed to eliminate this source of trouble. But if the v_{it} are themselves serially correlated of order 1 then, for instance, $y_{i,t-2}$ is endogenous to the $v_{i,t-1}$ in the error term in differences, $\Delta\varepsilon_{it}=v_{it} - v_{i,t-1}$, making it a potentially invalid instrument after all. Arellano-Bond test for autocorrelation is actually valid for any GMM regression on panel data, including OLS and 2SLS, as long as none of the regressors is "post-determined", depending on future disturbances (Roodman, 2009).

One disadvantage of Difference and System GMM is that they are complicated and can easily generate invalid estimates. Implementing them with Stata command stuffs them into a block box, creating the risk that users, not understanding the estimators' purpose, design, and limitations, will unwittingly misuse the estimators (Roodman, 2009).

The Difference and System GMM estimators are designed for panel analysis, and embody the following assumptions about the data-generating process (Roodman, 2009):

1. The process may be dynamic, with current realizations of the dependent variable influenced by past ones.

2. There may be arbitrarily distributed fixed individual effects. This argues against cross-section regressions, which must essentially assume fixed effects away, and in favor of a panel set-up, where variation over time can be used to identify parameters.

3. Some regressors may be endogenous

4. The idiosyncratic disturbances (those apart from the fixed effects) may have individual-specific patterns of heteroskedasticity and social correlation

5. The idiosynctratic disturbances are uncorrelated across individuals

6. Some regressors may be predetermined but not strictly exogenous: independent of current disturbances, they may be influenced by past ones. The lagged dependent variable is an example

7. The number of time periods of available data, T, may be small

8. Finally, since the estimators are designed for general use, they do not assume that good instruments are available outside the immediate data set.

The numerical methods of normality include the Kolmogorov-Smirnov (K-S) test, Lilliefors test, Shapiro-Wilk test, Anderson-Darling test, and Cramer-von Misestest (SAS Institute 1995). The K-S test and Shapiro-Wilk W' test are commonly used. The K-S, Anderson-Darling, and Cramer-von Misers tests are based on the empirical distribution function (EDF) which is defined as a set of N independent observations $x_1, x_2, \ldots\ldots x_n$ with a common distribution function F(x) (SAS 2004) (Myoung, 2008).

The Shapiro-Wilk W' is the ratio of the best estimator of the variance to the usual corrected sum of squares estimator of the variance (Shapiro and Wilk 1965). The statistic is positive and less than or equal to one. Being close to one indicates normality. The W statistic requires that the sample size is greater than or equal to 7 less than or equal to 2000 (Shapiro and Wilk 1965)

$$W = \frac{\left(\sum_{i=1}^{n} a_i x_{(i)}\right)^2}{\sum_{i=1}^{n}(x_i - \overline{x})^2}$$

$$(5)$$

where $a_i = (a_1, a_2, \ldots, a_n) = m'V^{-1}[m^1V^{-1}V^{-1}m]^{-1/2}$, $m = (m_1, m_2, \ldots, m_n)$ is the vector expected values of standard normal order statistics, V is the n by n covariance matrix, $x = (x_1, x_2, \ldots, x_n)$ is a random sample and $x_{(1)} < x_{(2)} < \ldots < x_{(n)}$ (Myoung, 2008).

The Shapiro-Wilk test has the highest power among all tests for normality. Overall, generally for symmetric non-normal distributions, Shapiro-Wilk is the best test among other normality tests (Razali and Wah, 2011). Unlike some other normality tests, Shapiro-Wilk test does not require specifying the mean and variance in advance and it is very powerful to detect the small departure from normality. But it will not indicate the source of abnormality (Peng, 2004).

The Shapiro-Francia W′ test is an approximate test that modifies the Shapiro-Wilk W′. The S-F statistic uses b' = $(b_1, b_2, \ldots, b_n) = m'(m'm)^{-1/2}$ instead of a_i. The statistic was developed by Shapiro and Francia (1972) and Royston (1983). (Myoung, 2008).

4 Empirical results

The regression results of two-step GMM estimation show the relationship of imports and independent variables (Table 1). The first thing to note is that import is positively correlated with gross capital formation, exports and GDP per capita. The letter is statistically significant at 10% level. The estimated coefficients to imports (lagged public expense, final consumption, tax revenue and inflation, GDP deflator) are negative. From those variables only inflation, GDP deflator is statistically significant at 5% level. With respect to Arellano-Bond test for zero autocorrelation, there is no autocorrelation between independent variables and imports.

From the estimated coefficients to expense (Table 2) we assume that only inflation and GDP per capita are negative, and the letter is statistically significant at 10% level. The effect is clearly large enough to be of economic significance at 5% for final consumption. Other instrumental variables like tax revenue, gross capital formation and exports are statistically significant at 1% level.

As can be concluded form the Table 3 only gross capital formation is in positive correlation with final consumption. On the other hand, the lagged exports rate affects final consumption with significance at 10% level. The Arellano test for zero autocorrelation indicates the presence of autocorrelation between gross capital formation and final consumption. Besides, the autocorrelation is found between GDP per capita and final consumption. Sargan test indicates the presence of the null hypothesis among final consumption on the one hand and independent variables on the other.

We find somewhat different pattern of results in Table 4. Particularly, exports and GDP per capita are positive and significant in relation to tax revenue at 10% level. Other explanatory variables (inflation, GDP deflator and gross capital formation) are negative and significant at 1% level. Sargan test shows a normal distribution for those variables. Besides, Arellano-Bond test for zero autocorrelation shows the absence of autocorrelation for gross capital formation, exports, GDP per capita and inflation, GDP deflator in Table 4.

The results of Table 5 reveal that the coefficient of GDP per capita is negative and statistically significant at 10% level. In contrast, gross capital formation is positively correlated with exports

and inflation. The Arellano-Bond test for zero autocorrelation indicates that there is an autocorrelation between exports and gross capital formation. However, the Sargan test confirms that variables are uncorrelated.

The outcomes of Table 6 suggest the negative correlation between GDP per capita, inflation on the one side and exports on the other. It seems that the estimated coefficient of GDP per capita is significant at 10% level. Finally, we assume that inflation negatively affects GDP per capita and it is significant at 10% level observed in Table 7.

Shapiro-Wilk W′ test indicates that prob>z→0.06 which indicates that the samples of all tables exhibit a normal distribution and, therefore, we accept the null hypothesis.

5 Conclusion

To sum up, the GMM estimation of relationships between endogenous variables of CEE countries shows different correlation patterns. In particular, we notice that GDP per capita is negatively correlated with public expense, final consumption, gross capital formation, inflation, GDP deflator and exports. The most influential instrumental variables are GDP per capita, exports and inflation, GDP deflator. The Arellano-Bond test for zero confirms the fact of autocorrelation between final consumption on the one side and gross capital formation and GDP per capita on the other side. The main conclusion that emerges in regard to Shapiro-Francia W′ test is that variables show a normal distribution.

Our further research directions may include examining of relationships between development of banking sector, equity market and economic growth of CEE countries. Also some determinants of changes of market efficiency including strengthening of corporate governance and institutional foundations should be highlighted.

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Table 1   **GMM estimation and Shapiro-Francia normality test**

	Independent Variable	Regress	Std. Err.	z	P>|z|	Arellano-Bond test for zero autocorrelation	Sargan	S-F	S-F Prob>z	Number of observations
IMPORTS 2005-2010	Expense	-0.602***	[-0.09]	-6.53	0	0.47	0.99	0.94	0.06	40
	finalconsumption	-0.25***	[0.32]	-0.78	0.433	0.25	0.98	0.94	0.06	40
	taxrevenue	-0.31***	[0.18]	-1.73	0.084	0.28	0.97	0.94	0.06	40
	grosscapitalformation	0.21***	[0.11]	1.96	0.049	0.24	0.99	0.94	0.06	40
	exports	0.36***	[0.12]	3.04	0.002	0.86	0.97	0.94	0.06	40
	gdppercapita	0.01*	[0.001]	5.49	0	0.02	0.89	0.94	0.06	40
	inflationgdpdef	-0.12**	[0.04]	-3.2	0.001	0.51	0.89	0.94	0.06	40

Notes: ***, **, * significant at 1%, 5%, 10% level, respectively. Standard errors are in [ ]. Sargan is a test of the over-identifying restrictions, asymptotically distributed as a $\chi 2$ under the null of instrument validity.

Table 2   **GMM estimation and Shapiro-Francia normality test**

	Independent Variable	Regress	Std. Err.	z	P>|z|	Arellano-Bond test for zero autocorrelation	Sargan	S-F	S-F Prob>z	Number of observations
EXPENSE 2005-2010	finalconsumption	0.12**	[0.08]	1.53	0.126	0.27	0.97	0.94	0.06	40
	taxrevenue	0.32***	[0.15]	2.07	0.039	0.63	0.89	0.94	0.06	40
	grosscapitalformation	0.21***	[0.11]	1.99	0.047	0.33	0.96	0.94	0.06	40
	exports	0.28***	[0.22]	1.29	0.198	0.33	0.96	0.94	0.06	40
	gdppercapita	-0.003*	[0.003]	-9.54	0	0.16	0.95	0.94	0.06	40
	inflationgdpdef	-0.61***	[0.71]	-0.86	0.391	0.28	0.98	0.94	0.06	40

Notes: ***, **, * significant at 1%, 5%, 10% level, respectively. Standard errors are in [ ]. Sargan is a test of the over-identifying restrictions, asymptotically distributed as a $\chi 2$ under the null of instrument validity.

Table 3   **GMM estimation and Shapiro-Francia normality test**

	Independent Variable	Regress	Std. Err.	z	P>|z|	Arellano-Bond test for zero autocorrelation	Sargan	S-F	S-F Prob>z	Number of observations
FINAL CONSUMPTION 2005-2010	taxrevenue	-0.58***	[0.15]	-3.88	0	0.24	0.98	0.94	0.06	40
	grosscapitalformation	0.16***	[0.05]	3	0.003	0.02	0.99	0.94	0.06	40
	exports	-0.06*	[0.02]	-3.79	0	0.11	0.93	0.94	0.06	40
	gdppercapita	-341.18*	[50.64]	-6.74	0	0.03	0.84	0.94	0.06	40
	inflationgdpdef	-0.3***	[0.13]	-2.3	0.022	0.55	0.92	0.94	0.06	40

Notes: ***, **, * significant at 1%, 5%, 10% level, respectively. Standard errors are in [ ]. Sargan is a test of the over-identifying restrictions, asymptotically distributed as a $\chi 2$ under the null of instrument validity.

Table 4   **GMM estimation and Shapiro-Francia normality test**

	Independent Variable	Regress	Std. Err.	z	P>|z|	Arellano-Bond test for zero autocorrelation	Sargan	S-F	S-F Prob>z	Number of observations
TAX REVENUE 2005-2010	grosscapitalformation	-0.28***	[0.52]	-5.39	0	0.62	0.97	0.94	0.06	40
	exports	0.06*	[0.05]	1.12	0.261	0.45	0.95	0.94	0.06	40
	gdppercapita	0.002*	[0.001]	1.54	0.123	0.84	0.89	0.94	0.006	40
	inflationgdpdef	-0.48***	[0.061]	-7.72	0	0.18	0.87	0.94	0.006	40

Notes: ***, **, * significant at 1%, 5%, 10% level, respectively. Standard errors are in [ ]. Sargan is a test of the over-identifying restrictions, asymptotically distributed as a $\chi 2$ under the null of instrument validity.

Table 5 **GMM estimation and Shapiro-Francia normality test**

GROSS CAPITAL FORMATION 2005-2010	Independent Variable	Regress	Std. Err.	z	P>|z|	Arellano-Bond test for zero autocorrelation	Sargan	S-F	S-F Prob>z	Number of observations
	exports	0.13***	[0.2]	0.64	0.519	0.08	0.88	0.94	0.06	40
	gdppercapita	-0.003*	[0.001]	-3.54	0	0.24	0.85	0.94	0.06	40
	inflationgdpdef	0.47***	[0.03]	15.19	0	0.17	0.87	0.94	0.06	40

Notes: ***, **, * significant at 1%, 5%, 10% level, respectively. Standard errors are in [ ]. Sargan is a test of the over-identifying restrictions, asymptotically distributed as a χ2 under the null of instrument validity.

Table 6 **GMM estimation and Shapiro-Francia normality test**

EXPORTS 2005-2010	Independent Variable	Regress	Std. Err.	z	P>|z|	Arellano-Bond test for zero autocorrelation	Sargan	S-F	S-F Prob>z
	gdppercapita	-0.004*	[0.005]	-0.79	0.428	0.99	0.9	0.94	0.06
	inflationgdpdef	-0.35***	[0.098]	-3.53	0	0.79	0.93	0.94	0.06

Notes: ***, **, * significant at 1%, 5%, 10% level, respectively. Standard errors are in [ ]. Sargan is a test of the over-identifying restrictions, asymptotically distributed as a χ2 under the null of instrument validity.

Table 7 **GMM estimation and Shapiro-Francia normality test**

GDP per capita 2005-2010	Independent Variable	Regress	Std. Err.	z	P>|z|	Arellano-Bond test for zero autocorrelation	Sargan	S-F	S-F Prob>z	Number of observatios
	inflationgdpdef	-0.008*	[0.001]	-8.26	0	0.89	0.89	0.94	0.006	40

Notes: ***, **, * significant at 1%, 5%, 10% level, respectively. Standard errors are in [ ]. Sargan is a test of the over-identifying restrictions, asymptotically distributed as a χ2 under the null of instrument validity.

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How Responsible Is B2B? CSR Sensitivity of B2B Companies in Buying Decision Process

Abstract:

In this study, the researchers explore the following question. Are B2B companies sensitive about CSR in supplier selection? The aims of this study are to investigate: first, the influence of CSR activities on supplier selection; second, the significant dimensions of CSR which have impact on decision making; and third, the CSR level of the customer company as a control variable. In contradiction to previous studies on B2C of mixed market types, empirical results of our qualitative research show that CSR concept is simply not understood by SME B2B companies in Turkey and philanthropic activities and charities are done instead. These activities are performed under the influence of cultural doctrine and the potential benefits of CSR strategies are ignored. Thus, it has been seen that a new scale needs to be developed for B2B firms to explore the CSR understanding and attitudes of B2B firms.

 Keywords: Corporate Social Responsibility (CSR), B2B, Turkey.

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Entrepreneurship in Small and Medium Sized Agricultural Enterprises

Abstract:

This study is conducted to measure the entrepreneurship skills of the managers of the agricultural enterprises functioning in the town of Konya Çumra. The data used in the study were obtained from the enterprise managers. The features required for an entrepreneur are divided into five components as professionalism, management, opportunism, strategic behavior and cooperation. Each component was classified within itself and the variables in these classes were determined. The variables determined are scaled in line with the data obtained from the enterprise managers. The scores were determined by taking the average of variables for each feature and class. Moreover, the entrepreneurship coefficient was determined by taking the average of all the variables. This value is determined as 2,74 for all enterprise groups. As a result of the values detected, it is determined that the entrepreneurship skill has not developed The reason of this is that the land of the agricultural enterprises is small and scattered, and it is concluded that the vital activities in the small sized enterprises are primary.

Keywords: Entrepreneurship, Agricultural Enterprises, Assessment of Entrepreneurship, Entrepreneurship score

JEL Classification: M10, M11, M19

1. INTRODUCTION

There must nature, labour and capital for the production functions to meet the needs of people. The person undertaking the possible risks and the organization of these three factors in the economy is called the entrepreneur. The most important feature of the entrepreneur is that she/he faces the uncertainties and the risk during the production process as a manager and/or implementer by gathering the production factors. There are various definitions for entrepreneurship concept in the literature. The entrepreneur is the person that was started the production of the goods and services required by the public and that risks his/her effort and money for this purpose (Müftüoğlu, 1994). In another words, the person that can see the new work resources in risk and uncertainty, and use these opportunities and resources to gain ground and to develop is called "the entrepreneur" (Bozgeyik, 2005). According to French origin Irish economist Richard Cantillon, who made the first definition of the entrepreneurship, the entrepreneur is the person that organizes the work to gain profit and undertakes the risk of work (Wilken, 1979).

As it is seen in all the definitions, the most important feature of an entrepreneur is that he/she likes the risk and undertakes it. The other features of the entrepreneur are that the leadership quality, ingenuity, objectivity, being strong minded for achieving the goal, innovative, skilled in the finance management, wise and extraverted (Mendoza, 2006; Sancho 2010).

As a matter of its nature, the entrepreneurship in the agricultural sector, where the risks and uncertainties are intense, is family-owned companies. For this reason, the entrepreneurship is rather important in agricultural enterprises. However, there is no specialized entrepreneurship in agricultural enterprises especially in the undeveloped and developing countries. On the other hand, an expert entrepreneur makes a major contribution to the success of the enterprise and sustainability. In order to increase the level of welfare of the countryside that composes the agriculture sector, the agricultural production must be planned and the economic success of the agricultural enterprises comes into prominence accordingly. The main reason of income gap among the agricultural enterprises that are in the same region and have the same features is the skills of the entrepreneurs managing the enterprise. The managership skills of the entrepreneurs have important effects on the revenue of the enterprise (Cowling, 2009).

One of the decision-making units that composes the economy is the enterprises, and it makes an effort to the improvement of these, to the development of the sectors and therefore country. The development is a macroeconomic goal and the instruments used to achieve this are generally on the micro level. The improvement of the enterprises composing the sectors in terms of production and management can be seen as one of the development instruments. The improvement in one of the sectors composing the economy has a multiplier effect on the other sectors. The agriculture sector has a high-input exchange with the other sectors and the changes in it affect the other sectors. Although the relative importance of the agriculture sector in the Turkish economy has decreased over the years, it still maintains its importance as it offers employment opportunity for the 35% of the total active population, contributes to the export and provides raw material for the industry. The main problems are that the scattered land in the Turkish agriculture, the use of faulty input, the smaller enterprise size compared to the developed countries and inadequacy of the entrepreneurs (Gökçe, 2010; Güven, 2010).

It is seen that the enterprises out of the public are primarily family-owned business in the world. The family-owned business is the enterprises that the ownership or control belongs to a family and two or more family members are directly in the loop (Erdoğmuş, 2005). The entrepreneurship activities carried out as the family-owned business have an important share in the development of the economy. The entrepreneurship is an important component for the renewal of the family-owned business and he sustainability of its existence due to the employment and property that it created for the family members (Kellermanns and Eddleston, 2006). The agriculture enterprises, which are the economic unit of the agricultural production, are the family-owned business, and the agricultural entrepreneurship must be improved in order to achieve the sustainable agriculture.

Table 1. The Agricultural Enterprises in Turkey

Enterprise Size (ha)	Number of Enterprise	Rate (%)	Width of Enterprise (ha)	Rate (%)
-0.5	178.006	5,89	48.199	0,26
0.5-0.9	290.461	9,61	195.247	1,06
1.0-1.9	539.816	17,86	737.802	4,00
2.0-4.9	950.840	31,46	2.953.162	16,02
5.0-9.9	560.049	18,53	3.812.703	20,68
10 -19	327.363	10,83	4.388.440	23,81
20-49	153.685	5,09	4.207.550	22,82
50-99	17.429	0,58	1.121.855	6,09
100-249	4.199	0,14	547.693	2,97
250-499	222	0,01	69.554	0,38
500-+	57	0,002	352.617	1,91
Total	**3.022.127**	**100**	**18.434.822**	**100**

Kaynak: Turkstat, 2012

The agricultural enterprises in Turkey are small and medium sized family-owned businesses. The 64,82% of the agricultural enterprises owns 50 decare or less land, and 83,35% owns 100 decare or less land.

The capital turnover in the agriculture is slow and hence the savings ratio is low because of the fact that the enterprises are small sized and own scattered land. This situation is the biggest obstacle for the enterprises to implement new production technologies. The importance of the entrepreneurship factor increases in this structure. Within the framework of this study, the entrepreneurship factor in the agriculture enterprises is evaluated. With this purpose in mind, the agriculture enterprises in the Çumra town of Konya are included in this study. The Çumra town has a rich production pattern in terms of herbal production and is located in a region, where the intensive agriculture enterprises making animal production are profound and the agricultural potential is high.

2. MATERIAL AND METHOD

2.1. Material

Primary data were collected from 70 enterprises which were made crop and animal production in Çumra town of Konya via questionnaire and secondary data were collected from similar studies in national and international areas and from reports and records of relevant institutions and organizations.

2.2. Method

Data Collection: The population of this study was the agricultural enterprises in Çumra town of Konya. The land size of enterprises was regarded to constitute the population of the agricultural enterprises. Because the coefficient of variation of the data set which belongs to the data of this population was calculated over 75%, the stratified random sampling method was used to determine the number of samples. Equality of the stratified random sampling method, as follows: (Yamane, 1967)

$$n = \frac{\Sigma(N_h S_h)^2}{N^2 D^2 + \Sigma N_h S_h^2} \qquad D^2 = \frac{d^2}{z^2}$$

where N_h is the number of producers in the hth stratum, S_h is the variance of hth stratum, D^2 is the value of $(d/t)^2$, d is the quantity of error permitted from the population mean and t =1.96 in response to 90 % confidence limit.

The determination of sample was regarded 5% error margin and 90% confidence limits. The number of enterprises which were applied to questionnaire was determined as 70, as a result of the calculations according to this rates (Table 2). The inspected enterprises were named as 0-100 da (decare) the small-scale, 101-200 da the medium-scale and 201 da and above the large-scale.

Table 2. The Number of Enterprises by Strata

Enterprises Groups	Unit Number of Stratas (Nh)	Standard Deviation (Sh)	Nh*Sh	Nh*(Sh)2	n
0-100	3382	24,92	84.277,87	2.100.165	27
101-200	1897	28,80	54.633,92	1.573.466	18
201-+	1118	70,19	78.477,26	5.508.658	25
Total	6397	124	217389	9182290	70

The Calculation of the Entrepreneurship Coefficient: While the traits of the entrepreneurs are important in their success, there are some factors affecting the entrepreneurship. These are as follows: family, education, individual values, age, work experience, role models, and the entrepreneurship. In order for the entrepreneurship to be successful, there must be high level of education and work experience. The role models are an important component affecting the careers of the entrepreneurs. The role models could be the family, friends or other successful relatives, even the other entrepreneurs working on the national field (Hisrich, 1990).

As a matter of the nature of the agriculture enterprises, the owner of the enterprises undertakes the role of manager and the entrepreneur. However, within the framework of this study, the management is defined as *"the management is the name given to the administration of a unit and the title given to the managers having some entrepreneur features"*. The entrepreneurship coefficient is calculated to determine how much the managers of the agriculture enterprises bear the entrepreneurship features. The features of the entrepreneurs are divided into five groups in the calculation of this coefficient (Anonymous, 2007) (Table 4). As a result of the survey conducted face to face with the agriculture

enterprises functioning in the Çumra town of Konya, the variables belonging to the agriculture enterprises and their managers were included in the appropriate one of these five groups. It was scaled form 1 to 5 by taking the features of the aforementioned variables into account (Table 3). The score of each feature of the entrepreneurship was determined by taking the averages of these groups. Furthermore, the scores determined were compared according to the size groups of the enterprises.

Table 3. The scores for the variables used to determine the coefficient of entrepreneurship

Variables	5	4	3	2	1
Age (year)	20-30	31-40	41-50	51-60	61-+
Education	Undergraduate	Associate degree	High school	Secondary school	Primary school
Experience (year)	31-+	26-30	21-25	16-20	10-15
Decision making (year)	31-+	26-30	21-25	16-20	10-15
Using credit %	81-100	61-80	41-60	21-40	0-20
Study of family members %	0-20	21-40	41-60	61-80	81-100
Foreign labor %	81-100	61-80	41-60	21-40	0-20
Permanent labor %	81-100	61-80	41-60	21-40	0-20
New farming systems %	21-25	16-20	11-15	6-10	0-5
To make changes in the production plan %	81-100	61-80	41-60	21-40	0-20
Product diversity	9-10	7-8	5-6	3-4	1-2
The insurance %	81-100	61-80	41-60	21-40	0-20
Contract production %	81-100	61-80	41-60	21-40	0-20
Irrigation systems %	81-100	61-80	41-60	21-40	0-20
Pneumatic seed drill %	81-100	61-80	41-60	21-40	0-20
Cold warehouse %	81-100	61-80	41-60	21-40	0-20
Artificial insemination %	81-100	61-80	41-60	21-40	0-20

Record keeping %	81-100	61-80	41-60	21-40	0-20
Loan/capital ratio %	0-20	21-40	41-60	61-80	81-100
Average age of tractor	0-5	6-10	11-15	16-20	20-+
Modernization of shelter %	81-100	61-80	41-60	21-40	0-20
Conference follow-up and frequency (year)	5	4	3	2	1
Exposition participation and frequency (year)	5	4	3	2	1
Written and visual publishing tracking %	81-100	61-80	41-60	21-40	0-20
Investment decisions and goals %	81-100	61-80	41-60	21-40	0-20
Commensalism and tenantry in land cultivation %	81-100	61-80	41-60	21-40	0-20
Machine and labor force helping %	81-100	61-80	41-60	21-40	0-20
Cooperation with other producers %	81-100	61-80	41-60	21-40	0-20
Division of labor and specialization %	81-100	61-80	41-60	21-40	0-20
Work planning %	81-100	61-80	41-60	21-40	0-20
Problem solving %	81-100	61-80	41-60	21-40	0-20
Soil no-till/reduced agriculture %	81-100	61-80	41-60	21-40	0-20
Soil analysis %	81-100	61-80	41-60	21-40	0-20
Organic or Good Agriculture	81-100	61-80	41-60	21-40	0-20

Practice					
The use of biofuels %	81-100	61-80	41-60	21-40	0-20

3. RESEARCH FINDINGS

3.1. The Agricultural Features of the Field

The Çumra town of Konya, where the study was conducted, has a total of 14100 hectare agriculture land. The 64,44% of this land was cultivable land, 32,70% was fallow land, 2,13% was vegetable garden, 0,73% was fruit garden. The 22,70% of the sugar beet, 19,37% of the melon, 6,38% of the wheat, 7,03% of the tomato, 4,89 of the bean and 3,73 of the barley produced in Konya were cultivated in Çumra. Furthermore, there were 39.890 bovine animals and 127.038 small cattles in the town (TurkStat 2012).

3.2. The Main Features of the Agriculture Enterprises Examined

It was determined that the average age of the entrepreneurs in the agriculture enterprises examined is 43 and the average experience in the agricultural activities was 25 years. This period shows that the entrepreneurs were experienced in the agricultural management. The 70% of the entrepreneurs was engaged solely in the agricultural activities, while the 30% is engaged in other lines of business alongside the agricultural activities. It was determined that 57,58% of the entrepreneurs was primary school graduate, 28,79% was high school graduate and 13,63% was university graduate. The level of education was an essential criterion for the success of the entrepreneurs and it was seen that the level of education of the entrepreneurs in the enterprises examined is low. The college graduate entrepreneurs were under the age of 40 and this shows the importance attached to the education by the young entrepreneurs and puts forth that the level of education of the agricultural entrepreneurs will increase over the years. The 95% of the entrepreneurs had social security insurance, while the 5% had no social securities. It was determined that the 91% of the entrepreneurs in the enterprises examined were the members of agricultural organizations. Furthermore, it was detected that the 56% of the entrepreneurs follows the agricultural conferences and the educational seminars.

3.3. Determination of the Entrepreneurship Coefficient

The entrepreneurship coefficient of the enterprises functioning in the Çumra town of Konya and the variables used to obtain these were given in Table 4. The features of the entrepreneurship were classified in five groups: professionalism, management, opportunism, strategic thinking and cooperation. The coefficients of each group calculated were examined comparatively according to the size groups of the enterprises.

Table 4. Score of Professional Skills

Category	Variables	Indicators	Scores			
			1. Group	2. Group	3. Group	Average Enterprises
Professional Skills	Plant and animal production skills	Experience	5	3	5	4
		Decision making	2	4	3	3
		Record keeping	1	1	2	1
		Average variable	**2,67**	**2,67**	**3,33**	**2,67**
	Technical skills	Age	3	3	3	3
		Education	2	2	3	2
		Using credit	4	4	4	4
		Soil analysis	4	4	5	4
		Average variable	**3,25**	**3,25**	**3,75**	**3,25**
	Average Category		**3,00**	**3,00**	**3,57**	**3,00**

The first feature of the entrepreneurship is professional behavior. Professionalism is defined as doing a business to gain profit (TDK 2012). In another words, "The professional behavior / professionalism could be defined as doing a business rationally to achieve the planned goals and to gain profit." The rationality means reasonable behavior. Within this framework, avoiding emotional behaviors is important in professional behavior. Thus, the relationship between the agriculture enterprises and their managers or the population hosted was defined not just as economic but also socio-economic. Therefore, there were both rationality and emotionality in the behaviors of the managers in the agriculture enterprises. It was emphasized in the studies carried out that the emotionality in the family-owned business was an important factor for the success of the enterprise, even it gets ahead of the rationality. (Özler and Şahin, 2010; Yelkikalan and Aydın, 2010).

The variables used to measure the professionalism were examined in two groups: herbal and animal production skill and management skill. The average of the enterprises was determined as 2,67 in terms of herbal and animal production experience score. This value was determined as 3,33 in the large scale enterprises and it was bigger compared to the other enterprise groups. Hence, the managers in the large scale enterprises could be more rational in terms of decision-making, experience and record keeping. The experience was gained with practice and observation and the practice and observation opportunity was bigger in the large scale enterprises. Besides, the experience was one of the most influential factors on the entrepreneurship (Godsey 2006). The technical skill was measured with the variables such as age, education, the use of loans and soil analysis. The score determined for the technical skill is 3,25 and it was changed depending on the size groups of the enterprises. While the variables of age and the use of loans had the same score for each enterprise group, the variables of education and soil analysis

had a higher score in the large scale enterprises. Hence, there were managers with high level of education in the large scale enterprises (Aksoyak, 2004;Escalante and Turvey 2006; Çetinkaya Bozkurt et al., 2012), and they carry out the soil analysis more frequently (İlkdoğan, 2012). The technical skill of an entrepreneur was essential in terms of planning a new work and carrying it out (Kara 2009).

The score determined generally for the professionalism is 3,00, and it was determined as 3,57 in the large scale enterprises. According to this score, it could be said that the managers of the large scale enterprises were more professional compared to the managers of the small and medium scale enterprises.

Table 5. Score of Management Skills

Category	Variables	Indicators	Scores			
			1. Group	2. Group	3. Group	Average Enterprises
Management Skills	Financial management skills	Loan/capital ratio %	4	5	4	4
		Using credit	4	4	4	4
		Average variable	**4,00**	**4,50**	**4,00**	**4,00**
	Human resource management skills	Age	3	3	3	3
		Education	2	2	3	2
		Study of family members	2	3	4	3
		Foreign labor	2	2	4	3
		Permanent labor	1	2	4	3
		Average variable	**2,00**	**2,40**	**3,60**	**2,80**
	General planning skills	Record keeping	1	1	2	1
		Decision making	2	4	3	3
		Average variable	**1,50**	**2,50**	**2,50**	**2,00**
	Average Category		**2,25**	**2,88**	**3,50**	**2,88**

The second feature of the entrepreneurship was the management experience. "The management could be defined as maintaining the functioning mechanisms of the units." The variables used to measure the management experience were divided into three such as financial, human resources and general management. The score of the financial management was determined as 4,00 and this value is 4,50 in the medium scale enterprises. The score of the human resources was determined as 2,80 and this score was 3,50 in the large scale enterprises. The score of the general management was determined as 2,00 and this value was detected as 2,50 in the large scale enterprises. The score of the management experience was 2,88 and it is determined as 3,25 in the large scale enterprises, as 2,88 in the medium

scale enterprises and as 2,50 in the small scale enterprises. The scores obtained show that the managers of the large scale enterprises were more experienced in terms of management activities. Hence, the studies carried out on this subject support this result (Salim, 2005).

Table 6. Score of Opportunity Skills

Category	Variables	Indicators	Scores			
			1. Group	2. Group	3. Group	Average Enterprises
Opportunity Skills	Recognizing business opportunities	Soil no-till/reduced agriculture	3	3	3	3
		Organic or Good Agriculture Practice	3	2	4	3
		To make changes in the production plan	2	2	3	3
		Average variable	**2,67**	**2,33**	**3,33**	**3,00**
	Awareness of threats	Age	3	3	3	3
		Experience	5	3	5	4
		To make changes in the production plan	2	2	3	3
		Contract production	2	1	1	1
		The insurance	1	2	2	2
		Product diversity	2	2	3	2
		Average variable	**2,50**	**2,17**	**2,83**	**2,50**
	Innovation	Age	3	3	3	3
		Education	2	2	3	2
		Soil no-till/reduced agriculture	3	3	3	3
		Irrigation Systems	2	2	2	2
		Average age of tractor	2	2	2	2
		Modernization of shelter	2	2	3	3
		Artificial insemination	5	5	4	5
		Cold warehouse	1	1	1	1
		The use of biofuels	1	1	1	1
		Pneumatic seed drill	2	2	3	2

			2,30	2,30	2,50	2,40
		Average variable				
		Age	3	3	3	3
		Experience	5	3	5	4
	Risk management skills	Decision making	2	4	3	3
		The insurance	1	2	2	2
		Soil analysis	4	4	5	4
		Product diversity	2	2	3	3
		Average variable	**2,83**	**3,00**	**3,50**	**3,17**
	Average Category		**2,52**	**2,44**	**2,92**	**2,68**

The third feature of the entrepreneurship was the opportunity experience or opportunism feature. The variables used to measure the opportunity experience were divided into four groups such as job opportunism, the awareness of the threats, innovativeness and the skill of risk management. The awareness of the job opportunities were considered as the implementation skill of the alternative productions systems and the average score of the enterprise was determined as 3,00. The score of the medium scale enterprises was 2,33, and it was lower compared to the small and large scale enterprises. The changes in the planning of the large scale enterprises were higher than the others according to the market structure, technological developments. Besides, the small scale enterprises had marginal agricultural lands and the ones doing extensive agriculture were more than the other enterprise groups. The score of the awareness of the threats was determined as 2,50 and the score of the medium scale enterprises (2,17) was calculated lower than the others. As the number of the small scale enterprises making production with experienced and contractual managers was higher compared to the managers of the medium scale enterprises, its score (2,50) was higher compared to the medium scale enterprises.

Table 7. Score of Strategic Skills

Category	Variables	Indicators	Scores			
			1. Group	2. Group	3. Group	Average Enterprises
Strategic Skills	Monitoring and evaluation skills	Age	3	3	3	3
		Education	2	2	3	2
		Conference follow-up and frequency	2	2	2	2
		Exposition participation and frequency	4	4	4	4
		Written and visual publishing	2	3	4	3

		tracking				
		Average variable	**2,60**	**2,80**	**3,20**	**2,80**
	Strategic decision making and planning skills	Age	3	3	3	3
		Decision making	2	4	3	3
		Soil no- till/reduced agriculture	3	3	3	3
		The use of biofuels	1	1	1	1
		Soil analysis	4	4	5	4
		To make changes in the production plan	2	2	3	3
		Average variable	**2,50**	**2,83**	**3,00**	**2,83**
	Goal setting skills	Decision making	2	4	3	3
		Education	2	2	3	2
		Record keeping	1	1	2	1
		Investment decisions and goals	2	2	3	2
		Average variable	**1,75**	**2,25**	**2,75**	**2,00**
Average Category			**2,33**	**2,67**	**3,00**	**2,60**

The fourth feature of the entrepreneurship was determined as the strategic behavior. This feature was examined in three groups such as monitoring and assessment, strategic decision-making and planning, and goal setting. The score of the monitoring and assessment was determined as 2,80, and increases with the growth of the enterprise groups. The most influential variable on this value was the participation frequency in the fair. It was determined that the managers participate frequently in fairs and the managers of the large scale enterprises follow the written and visual media. The score determined for the strategic decision-making was 2,83. The most influential variable on this value was decision making and soil analysis. The score determined for the goal setting skill was 2,00, and changes depending on the enterprise groups. This value was determined as 2,75 for the large scale enterprises, as 2,67 for the medium scale enterprises and 1,75 for the medium scale enterprises. The slow capital turnover and thus inadequate savings were the characteristics of the agriculture. This situation might be considered as the main reason of the difficulty in setting investment goals of the small scale enterprises. The score determined for the strategic behavior was 2,60, and this value is bigger in the large scale enterprise groups. The diversity of the options during the strategy determination complicates the decision-making and the efficiency of the decision increases and provides the management flexibility. It was known that the large scale enterprises had more options in terms of production factors such as technology, labor, capital and land.

Another feature determined for the entrepreneurship was cooperation experience. This feature was divided into three groups such as cooperation with other producers, teamwork and leadership skill. The variable score of the cooperation with the other producers was 2,67, and it was same in all the size groups of the enterprises. While the score determined for the large scale enterprises in the teamwork (3,00) was high , it was determined that the most influential variable on this was the work plan. The score determined for the leadership skill was 3,25 and it was higher (3,75) in the large scale enterprises. The score determined for the cooperation experience was 2,73.

Table 8. Score of Cooperation Skills

Category	Variables	Indicators	Scores			
			1. Group	2. Group	3. Group	Average Enterprises
Cooperation Skills	Skills to cooperate with other farmers	Commensalism and tenantry in land cultivation	4	4	4	4
		Machine and labor force helping	2	2	2	2
		Cooperation with other producers	2	2	2	2
		Average variable	**2,67**	**2,67**	**2,67**	**2,67**
	Team-working skills	Age	3	3	3	3
		Education	2	2	3	2
		Division of labor and specialization	1	1	2	1
		Work planning	2	3	4	3
		Average variable	**2,00**	**2,25**	**3,00**	**2,25**
	Leadership skills	Age	3	3	3	3
		Decision making	2	4	3	3
		Experience	5	3	5	4
		Problem solving	3	3	4	3
		Average variable	**3,25**	**3,25**	**3,75**	**3,25**
	Average Category		**2,64**	**2,73**	**3,18**	**2,73**
General Average			**2,54**	**2,67**	**3,12**	**2,74**

The entrepreneurship coefficient was determined as 2,74 and it was also the average of the variable scores used to determine the entrepreneurship. This value was determined as 3,12 in the large scale enterprises, as 2,67 in the medium scale enterprises and as 2,54 in the small scale enterprises. With the increase of the enterprise size according to these scores, the entrepreneurship coefficient increases. This shows that the entrepreneurship skills of the managers in the large scale enterprises were more

developed compared to the managers in the small scale enterprises. The studies carried out about this issue confirm this result (Salim, 2005).

Moreover, the feature of the managers in the agriculture sector were generally defined as creating new organizations, applying new production technique, creating new market areas and using new technologies (Wortman 1990). The structural features of the agriculture enterprises in Turkey were the important factors for the features of the entrepreneurs. Besides, while the level of entrepreneurship level in Turkey had increased over the years, it had not yet reached to the desired level compared to the countries worldwide (Kelley et al. 2011; Çetinkaya Bozkurt et al. 2012).

Table 9. The entrepreneurship coefficient

Category	Scores			
	1. Group	2. Group	3. Group	Average of Groups
Professional Skills	3,00	3,00	3,57	3,00
Management Skills	2,25	2,88	3,50	2,88
Opportunity Skills	2,52	2,44	2,92	2,68
Strategic Skills	2,33	2,67	3,00	2,60
Cooperation Skills	2,64	2,73	3,18	2,73
General Average	**2,54**	**2,67**	**3,12**	**2,74**

4. CONCLUSION

The entrepreneurship had a key role in the efficient management of the enterprises, the smallest components of the economy. The features necessary for an entrepreneur to maintain management efficiency were determined as vocational (professionalism), management, opportunity, strategic and cooperation skills. Besides, a total of 33 variables was used to measure these features. The average of all the variables was determined as 2,74 and this value was called as the entrepreneurship coefficient. The most influential feature on this value was determined as the vocational experience (professionalism). While there some differences among the enterprise groups in terms of this feature, it was not high. Hence, the agriculture management was generally a predecessor profession and the execution of this profession by learning was exceptional for the Turkish countryside and the area of this study. The managers of the large scale enterprises are ahead of the other enterprises in terms of management, opportunity, strategic and cooperation experience. These features were personal characteristics; however, they could be gained as the enterprises were large scale. The entrepreneurship coefficient calculated for the enterprises in the area of study was 2,54, 2,67 and 3,12, respectively. The adequacy of these values in terms of representation of the entrepreneurship was open to discussion as there was no precedent. However, it could be said that the coefficients determined were low when thought in the general point scoring system. Hence, the agriculture enterprises in Turkey were in small and scattered. Besides, the general features such as slow capital turnover and inadequacy of the savings ratio did not offer many alternatives for the managers of the enterprises in terms of the

entrepreneurship. The support to the agriculture enterprises in Turkey was essential in terms of the entrepreneurship. Hence *"the development was a macroeconomic problem and the instruments used for the development were microeconomic."* The entrepreneurship had a great share among these micro instruments.

The entrepreneurship was considered as the main factor of the development in all the fields (Caree and Thurik, 2003; Van Praag and Versloot, 2007). The entrepreneurship had a great share among the efforts to decrease the employment problem, which was one of the biggest economic problems in many countries, in an environment that the globalization increases and the competitiveness is rather high. Furthermore, the innovative feature of the entrepreneurs contributes to the rapid development of the new technologies in a global world. For these reasons, the features such as professionalism, management, opportunism, strategic behavior and cooperation, which were the five components of the entrepreneurship might be developed. Despite the importance of these features of the entrepreneurship in terms of the development of the entrepreneurship in countryside, it was still inadequate. Hence, the agriculture enterprises in Turkey were small scale and the vital requirements of the people living in these enterprises were of the first priority (Durukan, 2000; Junkin et al. 200). The development of the entrepreneurship in the countryside will increase the success of the agriculture managers and improve the socio-economic structure of the agriculture enterprises and contribute to the rural development when thought widely.

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Geopolitical Demography: How Demographic and Migration Processes Influence on National Power

Abstract:

In addition to significant socio-economic aspects of the demographic processes, population parameters are becoming more crucial as the most important factors of national security and geopolitical power of the state. In this context, the demographic component acts as one of the most important factors determining the geopolitical situation of the state. When we explore in detail such a thing as a state we can see that this definition is based on the mandatory presence of three components: territory, population, control. In this chain the population is a key element. Sebastien de Vauban successfully proved the proposition that "the greatness of kings is measured by the number of their subjects" that is their greatness depends on the number of citizens that make up the power, wealth and well-being of the country. When analysing how the subjects of socio-economic processes and demographics are connected, attention is drawn to the constant ability of the population to not only control certain areas, but in the case of positive demographic dynamics, to expand their habitat and colonize empty and sparsely populated land. This feature of the human community became the basis of the theory of "living space". This aspect of population was studied in detail by the founder of geopolitics, the German scientist Friedrich Ratzel. In main work of the Swedish sociologist and political scientist Rudolf Kjellen "The state as a form of life" (1916), scientist meant by geopolitics - "the science of the state as the geographic body, embodied in space" and, therefore, continued the idea of "German organicism" laid out by Ratzel. The theory of demographic pulses inherently anticipated the emergence of the term "passionarity" put forward by the Soviet anthropologist Lev Nikolayevich Gumilev. A reasonably close interdisciplinary connection between demographics and geopolitics can be traced to the example of the existence of such scientific fields as military and political demography. In this regard, we consider it rational to offer a new direction which will take into account the demographics of the geopolitical aspects of demographic processes and their role in the context of the sustainability and sovereignty of a state - the geopolitical demographics. The object of the new subject will be the indicators of population in the various countries of the world. The subject will be the demographic, ethnic and migration processes which are having a direct and indirect impact on the geopolitical situation and the change in the status of the foreign policy of a particular state. Relying on the above facts, we propose to highlight 11 demographic factors and processes that influence on the geopolitical situation of the state, there are: 1) Population 2) Fertility 3) Mortality 4) Quality of the population 5) Ethnical structure 6) Age structure 7) Sex structure 8) Marital structure 9) Population density 10) Population dimensity 11) Migration processes Thus, the above historical and modern views on the process of increasing the population reflect the fundamental value of the demographic factor.

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How to Boost Job Satisfaction in Economic Crisis

Abstract:

Many studies suggest that organizations with low level of job satisfaction tends to face with absenteeism, tardiness, grievances, turnover, strikes, and so on more frequently (Locke, 1976; Carsten and Spector, 1987; Kemery et al. 1987; Farrell and Stamm, 1988; Barling et al., 1990; Pierce et al., 1991; Coster, 1992; Tett and Meyer, 1993; Visser et al., 1997; and Eby et al., 1999), which causes large amount of loss and decrease in company productivity, performance, and profitability. Low job satisfaction has been an emerging issue in challenging business environment especially during the current global economic crisis. For instance, several recent articles in Forbes, CNN Money, The New York Times, USA Today, Fortune, and Money Magazine (Pofeldt, 2012; Adams, 2012; Rich, 2012; Petrecca, 2011; Pepitone, 2010; Fisher, 2010; and Dickler, 2009) point out the low level of employee morale and loyalty and also claim that job satisfaction among American employees has decreased remarkably during the last few years as a consequence of the recession. Therefore, our paper investigates how to improve job satisfaction in crisis, analyzing a data set obtained from European Working Conditions Survey (EWCS), conducted in 2010 by the European Foundation for the Improvement of Living and Working Conditions. As it is indicated in various previous studies, job satisfaction is determined not only by the financial components like base salary and commissions, but also the psychological and physical working environment together with other HR policies such as family and work-life conciliation. The main contribution of our paper linked to this research question is to provide an easy-to-apply solution for this challenging problem by addressing managers' role, quality, and talent perceived by employees in global economic crisis. Our research provides econometric evidence that management quality as a proxy of participative leadership style has a significant positive influence in employee job satisfaction through its intermediary determinants such as psychological working environment, physical working environment, family-friendly company policies, and job design practices. We obtained two types of psychological working environment through factor analysis: The first includes employee involvement, autonomy, and support. The second takes into account discrimination, harassment, and mobbing at workplace. Management quality has a significant correlation with both types. Therefore, we conclude that participative leadership is a distinctive management aspect to improve job satisfaction through its intermediary determinants in crisis. Moreover, this research also offers a European inter-country comparison based on the specified determinants of job satisfaction and participative leadership to provide answers to why job satisfaction differs across European countries, which is another significant empirical contribution of our paper. This comprehensive analysis consists of 34 countries (EU 27, Norway, Turkey, Croatia, FYR Macedonia, Albania, Montenegro, and Kosovo) using EWCS data. It involves a non-stochastic methodology for the

comparison, Data Envelopment Analysis, which is built on the propositions of Farrell (1957). Finally, our results reveal that job satisfaction differs across Europe, because the production of these intermediary determinants of job satisfaction by means of participative leadership style has country-specific efficiency levels.

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First Grade Teacher's Opinion about the Material of Preparing and Orientation to the First Grade in Turkey

Abstract:

The aim of this study is to put forward first grade teacher's opinions about the material of preparing and orientation to the first grade. The research was conducted of descriptive survey model exposing the current situation. The study group was composed of 21 teachers and based on qualitative method used on focus group. In this study, semi-structured interview form developed by researcher was used. Content analyze method was used to analyse the data obtained. In conclusion, the following results were reached: The attainment was not understood by teachers because the material of preparing and orientation to the first grade was not based on certain a curriculum and it was not interrelated with other disciplines, teachers were not educated about how to orientate and get the students ready for the first grade and the all the pictures used in the material was uniform.

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How to Prepare Academic Staff for Their New Role as University Teachers? Welcome to the Seminar "Academic Teaching"

Abstract:

The basic university teacher training at RWTH Aachen University is the two-day seminar "Academic Teaching" which addresses the qualification needs of (mainly) doctoral students who are short on teaching experience. The target of the training is to set a starting point for the development of the participants' teaching competence. The orientation on a five-stage development model of teaching competence serves as the content structure of the seminar, suggesting that different topics are important for the participants at different stages of their teaching competence development. The didactical method to convey these contents is the constructivist ExAcT training model based on current findings of pedagogical psychology and neuroscience. In the following sections it will be described how the goal of teaching competence development for new university teachers is attained by considering development stages of teaching competence through the content structure and by using the training model as didactical method in the seminar "Academic Teaching".

1 Introduction

Until 1989 there were no documented discussions about the criteria of teaching quality at German higher education institutions (Webler 2003: 53). In the face of the Bologna Reform, the discussion on teaching quality has deepened and progressed. Since then university didactics and competence requirements have become two of the most important issues and research fields in higher education, drawing more and more focus on teaching quality in the university context (Jastrzebski 2012: 3f).

One indicator of teaching quality is student-orientated teaching: instead of supply-orientated teaching, student centering is pursued. Student-orientation implies activating students, clarifying learning goals and competence orientation. For numerous universities this means a shift in didactical paradigm (Nickel 2011: 10). The realization of student-orientated teaching is also central with regard to the (international) competitive position of German universities (Wissenschaftsrat 2005: 3). But which factors are necessary to gain high teaching quality and to secure this quality of teaching in a sustainable manner (Jastrzebski 2012: 6)?

In the course of this educational quality debate, the professionalization of teaching staff becomes increasingly important. It requires competence development through university didactics. The focus herein is not the development of a patent remedy for teaching quality, but to clarify the relevance of university didactical competencies for scientific staff in order to promote quality improvement in teaching (Jastrzebski 2012: 1f). Those didactical trainings are not only important for young scientists, but also for experienced teaching staff who need further didactical training as well (KMK 2005: 4f). To

solve this challenge an increasing number of higher education didactic initiatives have evolved aiming to professionalize and improve teaching (Kröber 2010: 2).

One of these initiatives is the "Quality Pact for Teaching" of the German Federal Government and the Länder.[1] The intention of this initiative is to ameliorate study conditions, the quality of teaching and mentoring for students at institutions of higher education The overall goals of the program are to achieve a better student-to-staff ratio at institutions of higher education, to provide support in the qualification or further training of staff as well as to ensure and further develop the quality of education at institutions of higher education. This objective can only be achieved by additional qualified staff in the areas of teaching, mentoring and advisory services. The Federal Government provides the program with funds of about two billion euros between 2011 and 2020. Funding is granted to a total of 250 individual and collaborative projects: The 78 universities (RWTH Aachen University being among them), 78 universities of applied sciences and 30 colleges of art and music chosen for funding have to put their plans to improve teaching and study conditions into practice until 2016.

In the scope of the Quality Pact, the Center of Excellence in Academic Teaching (ExAcT)[2] was installed at the Center for Learning and Knowledge Management (ZLW)[3], which serves as the center of higher education didactics at RWTH Aachen University. The Centre of Excellence acts as a central and individual contact for questions from teachers as well as an intermediary to develop and apply differentiated teaching methods and exams types. The goal of ExAcT is to foster teaching competence through the comprehensive qualification program (ExAcT Qualification). Aim of this project is to promote tailor-made qualification of the teaching staff at RWTH Aachen University for continuous improvement of their teaching performance. Accordingly, the target group and the courses provided are very diverse: starting with training for student tutors, the program also addresses the training requirements of doctoral candidates, postdoctoral scientists and professors of all nine faculties of RWTH Aachen University.[4]

To address those diverse training requirements, the qualification program is structured as a matrix of four different levels of specialization and five thematic foci (see Figure 1).

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[1] The Federal Republic of Germany consists of 16 federal states, the so called "Länder".

[2] For further information visit the project website: www.exact.rwth-aachen.de.

[3] The ZLW heads various central projects and institutions for teaching and further education: It coordinates the Centre for Further Education with the aim to develop excellent and highly qualified teaching staff. Together with its partners from the Technical University Dortmund and the Ruhr-University Bochum the ZLW runs a national Competence and Service Center for Teaching and Learning in Engineering Sciences called "TeachIng.LearnIng.EU". Also the student laboratories of the RWTH, RWTH Education Labs, are located at the ZLW und are organized jointly with partners from university and industry. In the context of E-Learning, the ZLW ran the projects BlendXL and Role. Other notable projects are KISSWIN, CSP or HTBP. For further information visit the ZLW-website: http://www.ima-zlw-ifu.rwth-aachen.de/en/institute_cluster/institutes/zlw.html.

[4] As far as personal designation in the content is only given in male form, it equally refers to women and men.

Figure 1 - ExAcT Qualification Program
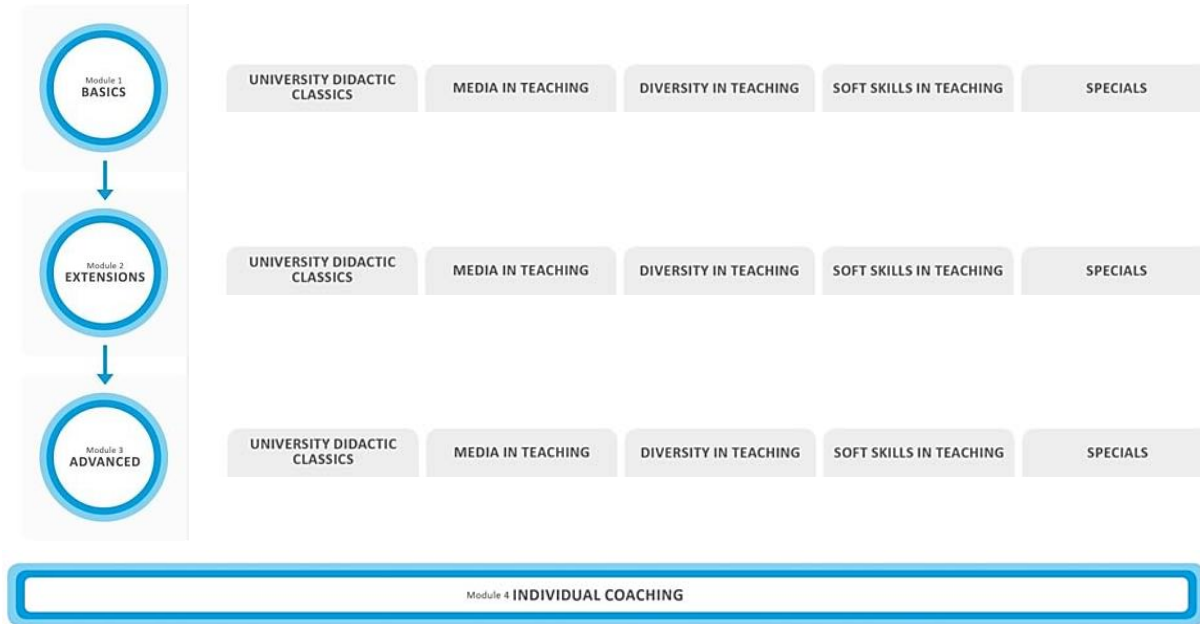
Source: Own figure

The qualification starts the *basics* module for (future) university teachers with few or none teaching experience, continues with the in-depth-module (*extensions*) for university teachers who wish to extend their skills and expertise for a specific teaching situation, addresses discipline-specific demands of university teachers and whole faculties in special subject-related modules (*advanced*) and offers *individual teaching coaching* for (junior-) professors and mid-level faculty members with teaching responsibility. Following those different specialization levels, various seminars and workshops are offered with the following thematic foci: university didactic classics, media in teaching, diversity in teaching and soft skills in teaching.

Didactical trainings are of central importance for new university teachers. The scientific reputation system prioritizes research over teaching (Nickel 2011: 14; Schimank 2010: 52), which is particularly a problem for early-stage scientists. They are heavily stressed by their new teaching duties and are simultaneously exposed to performance pressure regarding their research activities, since they have just started their scientific career and need to prove and establish themselves. Young scientists are often insecure about their new role and the connected duties and thus feel left alone to face all these expectations in a short amount of (working) time, resulting in a quality decrease both in research and especially in teaching (Esdar et al. 2011: 198ff).

Accordingly, this special group needs training that provides them with the basics of university didactics. This supports them in their first steps in teaching and helps them to identify with their new role as a student-orientated university teacher. In the ExAcT Qualification program, the seminar "Academic Teaching" gives the participants an overview and an introduction into university teaching within a two-day training. The target group of "Academic Teaching" consists of (future) university teachers of all disciplines with none or few teaching experience. Per seminar ten participants are educated by two trainers. The goal of "Academic Teaching" is to set a starting point for the

development of teaching competence. Within the ExAcT qualification matrix the seminar is located on the basic level und belongs to the university didactic classics series.

In the following sections of this paper the concept of "Academic Teaching" regarding its targets, contents and didactical framework will be presented. At first, the main target of Academic teaching, the development of teaching competence will be regarded. Therefore, several teaching competence models will be reviewed, followed by an evaluation of development models, which categorize the stages of teaching competence development. The content structure of the seminar is orientated towards these different teaching competence development stages, so that each development stage has an associated content episode. The contents of the seminar are conveyed by using the ExAcT training model which will be described thereafter. The interaction of content and the training model will be exemplified by the seminar episode "handling conflicts with students". The paper will close with a short summary, prospects for future developments and arising research questions.

2   Teaching Competence

The goal of the ExAcT qualification program is to (further) develop the teaching competence of the training participants in order to attain teachers to teach student-orientated. In order to elucidate what teaching competence signifies, the term competence has to be defined. the following literature review of different teaching competence concepts will give an impression on the competences required to fulfill the role as a university teacher. As teaching competence evolves with time, development models of teaching competence will be introduced.

2.1   Competence

The term competence has found its way into everyday speech and is widely used in scientific literature. Nevertheless an uncountable number of definitions and multifaceted fields of application hinder a joined understanding of the competence concept (Jastrzebski 2012: 7). One of the main issues is the difference between the terms "competency" and "competence". Sadler (2013) defines the difference as follows: While a "competency" stands for an identifiable skill or practice, "competence" is assumed to consist of a large number of discrete competencies which can be tested independently by objective means. It can be said that competence encompasses being able to choose from and then compile a set of competencies to attain a specific goal within a specific context. In short, competence is composed of various competencies. Here, it has to be considered that the whole (competence) does not necessarily equate to the sum of the parts (the competencies). Concluding, competence is more than just an umbrella term for an accumulation of competencies. Competence can only occur within complex situations, and not componentially (Sadler 2013: 13). To sum up, a competence is

"[…] a cluster of related knowledge, skills and attitudes that affects a major part of one's job (a role or responsibility), that correlates with performance on the job, that can be measured against well-accepted standards, and that can be improved via training and development." (Parry 1996: 50).

Thus, a competent person makes "multi-criteria judgments that consistently are appropriate and situation-sensitive" (Sadler 2013: 21). After clarifying the term competence, the competence term will be transferred to the professional situation of teachers. In the following, it will be referred to teaching

competence instead of teaching competencies, since the term competence includes all (sub-)competencies that a teacher possesses.

2.2 Teaching Competence

Which competencies and competences are required for university teaching staff? In the last years this question has been targeted in the German university didactical research and practice and some competence models have been developed.

For *Webler* (2003, 2004) the term "teaching competence" does not only include knowledge and action aspects, but also moral concepts and ethical attitudes. From his position, teaching competence derives from the capability to connect knowledge, methods and behavior with the learning requirements and possibilities of the students (Webler 2003: 69). Three competence fields are identified for university teachers: **Personal competence, social competence and professional didactical competence**. Personal competence includes competencies like role clarity, ability to reflect and positive thinking. The social competence consists of competencies such as the ability to (meta-)communicate and the addressee orientation. The professional didactical competence involves the following eight competencies: a) planning of courses, b) didactic methods, c) media, d) counseling, e) qualification competence, f) assessment competence, g) evaluation competence and h) field competence. It has to be considered that Webler (2003) developed his teaching competence model on the basis of legal statements (Hochschulrahmengesetz § 7)[5] leaving those competence profiles rather normatively deduced than empirically derived.

Wildt's (2004: 22f) work on teaching competence centers especially soft skills. According to him, teachers should qualify students for their post-studies professional working life, in other words to secure the students' employability. Therefore teachers are not only committed to convey knowledge and professional methods, but also to foster the soft skills like self-regulated learning and "academic competences"[6] of the students. This can be best accomplished by using experience and problem-based learning situations and the orientation on learning outcomes, which are competences that should be acquired by the end of the learning session. Referring to a wide spread competence classification, he categorizes four competence types: **Professional competence, method competence, personal competence and social competence**, clarifying that this competence classification needs to be specified with regard to the professional situation of university teachers. Above all, Wildt criticizes that the teaching competence debate lacks an elaborated theoretical background.

Schulmeister (2005: 125ff) finds four core competences that should be developed by young scientists in the course of their teaching career: **Planning competence, performance competence, methodical competence and media competence**. Planning competence includes the ability to develop and convey learning contents in the institutional university context. Performance competence helps to identify the leadership role in the learning situation. The didactical repertoire of single methods and didactical strategies is incorporated in the methodical competence, whereas media competence means the ability

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[5] For further information see http://www.gesetze-im-internet.de/hrg/BJNR001850976.html.

[6] Academic competence relates to the accomplishment of academic performance requirements.

to use new media in teaching. Through evaluation, Schulmeister (2005: 128) also found out that learning theory, methodology and the specific learning culture are overarching concepts (called meta-aspects) that connect the above acknowledged competence spheres. In relation to many other teaching competence models, this model holds the advantage of being empirically tested, but it remains unclear on which educational theory the competence division and formulation are grounded (Brendel et al. 2006: 59).

The teaching competence model of *Chur* (2002, 2005) identifies qualification requirements for teachers in the following competence fields: **Scientific qualification, didactical qualification and soft skills**. Scientific qualification is needed to illustrate the contents and methods of their particular scientific (research) field. Didactical qualification includes causal knowledge on teaching and learning,[7] cooperative-delegate leadership skills, supporting the learning on different levels of action (contract situation, context conditions, curricular structures and courses)[8] and the ability for systematic communication (Chur 2005: 187ff) . The competence field soft skills consists of being capable of acting in challenging situations ("active orientation"), acting purposefully, self-directed learning and to have social competences. Chur (2002: 208) clarifies that the scientific qualification has to be achieved in the field of faculties, whereas didactical qualification and soft skills can be acquired in the frame of further training.

Brendel et al. (2006) examined the competences of university didactical training participants. They analyzed various documents – consisting of university didactics seminars, hospitations and counseling of university teachers – regarding what abilities teachers aim to acquire in the university didactics qualification process, how these abilities can be concentrated into competences and how those competences are related to each other. Brendel et al. deduced the following competences: having **knowledge on the conditions of sustainable teaching and learning processes** and the **ability to implement those conditions**, the ability to **perceive and manage social processes**, to have **role clarity and self-reflectivity**, the competence to lead, as well as **soft skills** and **innovation competence**.

The UK Professional Standards Framework for Teaching and Supporting Learning in Higher Education (2011) distinguishes three primary dimensions: **Areas of Activity** (ranging from activities like designing and planning of learning sessions to continuous professional development and training), **Core Knowledge** (knowledge on different aspects like learning methods and technologies or evaluation methods) and **Professional Values** (from the valuation of the learners to the use of evidence-based approaches). These competences are derived from the Higher Education Academy's existing Accreditation Scheme and can therefore be understood as a framework for standards aiming at the professionalization of learning and supporting learning in higher education.

Table 1 gives a structured summary of the presented teaching competence models, differentiating the identified competences into personal, social and didactical competence.

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[7] Teachers should be able to position themselves with their own profile and their role as university teacher.

[8] The teachers hast to see themselves as a facilitators of student learning through transparent learning and competence goals orientated towards the Learning Outcome.

Table 1 - Summary of teaching competence models

Author/Competencies	Personal competence	Social competence	Didactical competence
Webler (2003, 2004)	*personal competence* (role clarity, ability to reflect, positive thinking)	*social competence* (ability to communicate, addressee orientation)	*didactical competence* (planning of courses, didactic methods, media, counseling, qualification competence, assessment, evaluation, field competence)
Wildt (2004)	*personal competence*	*social competence*	*professional competence,* *method competence*
Schulmeister (2005)	*performance competence* (leadership ability)		*planning competence* (develop and convey learning contents), *methodical competence* (didactical methods and strategies), *media competence* (ability to use new media in teaching)
Chur (2002, 2005)	*didactical qualification* (cooperative delegate leadership skills)	*didactical qualification* (ability for systematic communication)	[*scientific qualification*][9], *didactical qualification* (causal knowledge on teaching and

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[9] The scientific, professional competence should be an independent competence. But "Academic Teaching" does not train the scientific, professional competence and therefore it is not included as individual column in this table.

	soft skills (active orientation, act purposefully, learn self-directed)	*soft skills* (social competences)	learning, support learning)
Brendel et al. (2005)	role clarity and self-reflectivity, leadership abilities, soft skills, innovation competence	perceive and manage social processes, soft skills	having knowledge on the conditions of sustainable teaching and learning and the ability to implement these conditions
UK Professional Standards Framework (2011)			*Areas of Activity* (designing and planning of learning sessions, continuous professional development and training), *Core Knowledge* (knowledge on learning methods and technologies or evaluation methods), *Professional Values* (from the valuation of the learners to the use of evidence-based approaches)

These different approaches gives an overview of the competence repertoires teachers (should) have in order to provide good teaching. Some of the models (Webler, Wildt, Schulmeister, Chur, UK Professional Standards Framework) rather regard what competences university teachers should have or develop in the face of their contextual conditions whilst another model (Brendel et al.) regards the actual competences teachers already have. The first could be called top-down-competence models, because the context determines the desired competences, the latter could be entitled as bottom-up competence models since the competences of teachers are examined in practice and condensed and clustered into a model. It is obvious that most models employ a top-down-approach whereas bottom-up models have been empirically neglected. The further investigation of bottom-up approaches and the combination of top-down and bottom-up competence models remains a challenge for future research.

In our case, teaching competence has a normative and functionalist notation. Therefore ExAcT follows the differentiation of Webler, distinguishing personal, social and didactical competence (see Table 1), because it allows the integration and allocation of the competence division of other authors (see also Brall 2009). So, passing through the ExAcT qualification program, the teachers continually develop their teaching competence – not only in the field of their didactical competences, but also in their personal and social competence since these make up an important part of good teaching. Accordingly, the ExAcT Qualification program addresses the development of teaching competence by trainings that aim to advance personal competence, social competence and didactical competence including planning, method, media and evaluation competence.[10]

2.3 Development stages of teaching competence

Teaching competence and its sub-competencies do not develop overnight. A professor with 40 years of teaching experience teaches differently than a teaching newcomer – at least they differ in their teaching style, their attitude towards teaching and the interaction with students (Böss-Ostendorf/Senft 2010: 16ff). But why is that the case? Development models suggest that university teachers run through typical phases until they have developed teaching competence (Winteler 2004: 17).[11,12]

The development model of *Nyquist & Sprague (1998)* assumes that in the course of their teaching responsibilities, the focus of university teachers shifts from the **own person** to **professional contents** and finally leads to a focus on **student-learning**.

In his empirically tested development model, *Kugel (1993)* describes phases that slightly differ from stages of Sprague & Nyquist (1998). Alike them he distinguishes three superordinate stages: The attention on the **own person** (popularity, competence), attention on **discipline characteristics** (content) followed by the **attention on students**. The last stage includes three additional sub-stages: At first, the teacher sees students as passive consumers of his knowledge transmission. Then the teacher understands, that students are rather active learners followed by the phase where the teacher realizes that students need to learn self-directed and independently to make the best of the learning situation.

Another development model is the model of *Böss-Ostendorf & Senft (2010)* that differentiates five phases of university teacher development. In the first phase the teacher newcomers are concentrated on their **own person and their new role**. In teaching situations they are nervous and concerned whether the students accept them or what to do if they don't. Another concern for the new teachers is how to prevent the students from recognizing their lack of knowledge. In the second phase the teachers realize that the students rather focus on the **contents** than on the teacher. The teachers feel relieved and concentrate on the content, which means that they "hide" behind the contents to conceal their still

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[10] A paper on the development of the ExAcT competence model is contemporary in progress.

[11] The presented development models do not explicitly regard the development of the construct teaching competence, but the parallels are clear since they regard the (further) development of university teachers.

[12] It has to be acknowledged that the development of teaching competence is not necessarily connected with time. Some university teachers do not develop teaching competence at all or do not teach accordingly though they would have the competences to do so.

virulent insecurities. This phase could be called lecturer-orientated information transfer. When the teachers comprehend that the students' attention is neither on them nor on the content and that they have left the students behind, they enter the third phase. The teachers figure out that they need means and methods to regain the students' attention. They are able to concentrate on **didactics** because they feel more secure since they have demonstrated their professional competence. They widen their self-focus and consider the significant others – the students. In the fourth phase, the teachers have developed a stress-free and cooperative teaching style. They concentrate on the **students** learning and adapt the course contents on the students' ability to process information. They increase their self-confidence and emphasize the quality of their teaching over the quantity. In the fifth phase, teachers have understood that learning is best facilitated when the content has been discovered and developed by the learners themselves. They design learning environments for **self-directed learning**, perceive students as a (learning) group and use student communication and a variety of methods and media for the achievement of their learning goals (Böss-Ostendorf/Senft 2010: 17ff).

The presented development models are summarized in Table 2.

Table 2 - Development Models of Teaching Competence

Sprague & Nyquist	Kugel	Böss-Ostendorf & Senft
1) Own person	1) Own person	1) Own person and new role
2) Professional content	2) Discipline characteristics	2) Content
3) Student-learning	3) Attention on students	3) Didactics
	a) Students as passive consumers	4) Student learning
		5) Self-directed learning
	b) Students as active learners	
	c) Students as self-directed learners	

The three development models accentuate that not all teachers pass through all development stages, and that the stages are not necessarily passed in the presented sequence. Whether university didactical trainings foster teaching competence development is yet an open research question, but there is evidence that systematic reflection on teaching (in form of didactical trainings and coaching) promotes the development (Gibbs/Coffey 2004). The presented models assume that developments happen especially at the beginning of the teaching career. This implicates that didactical trainings for new teachers need to consider that they might not be open to the students' needs, because they are still occupied with themselves and their new role as university teachers (Kröber 2010: 11).

For the seminar Academic Teaching the models described above are combined into a development model that consists of four steps:

1) the focus on new role as a teacher,

2) the focus on the content,

3) the focus on didactics and

4) the focus on the student.

The reason for this division is that in our opinion student orientation is closely connected with the aim to design learning environments that foster self-directed learning.

Concluding, the minor goal of "Academic Teaching" is to set a starting point for the didactical competence and its components (planning, method, media and evaluation competence). In order to reach the major goal, to evolve competencies that are required to create learning environments in which students are able to learn context-related, actively, situated and process-orientated, the seminar also focuses on their personal and social competence. It should be considered that trainings for new teachers cannot start directly with the major goal of student-orientated teaching, because new teachers might not be open for it since they are in early development stages and too occupied with themselves. But at the same time new teachers should be sensitized for the need to teach student-orientated. The basic seminar "Academic Teaching" gives new teachers an overview of the development that university teachers (should) undergo and provides them with the knowledge and abilities required to develop from one stage to another. This helps them to acquire knowledge on the most important aspects of good teaching by a speeded-up pass through the stages for teaching competence.

3   Contents of Academic Teaching

In tradition of the development models for teaching competence, the content structure of the seminar simulates the development from a teaching novice to a student-orientated teacher. The content structure is orientated to our modified development model consisting of the focus on the new role as a teacher, on content, on didactics and on students. The seminar starts with the focus on teacher and is followed by the focus on content and the focus on didactics on the first day. The second day includes the focus on students and also course planning that implies the knowledge and abilities of all other foci.[13]

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[13] Some of activities - like the introduction to the seminar, the getting acquainted, activating games as well as the feedbacks are not included in this description. They are not specific for Academic Teaching, but for all trainings.

3.1 Focus: Teacher

The literature on teaching competence development suggests that new teachers need to overcome their self-focus to be open for student orientation. Accordingly, the seminar starts with the episode *teaching competence*. This section involves a discussion on competences that a good university teacher should possess, since role clarity is an essential part of teaching competence, as revealed in the literature. This is of particular importance, because many of the training participants have not yet reflected upon their new role and the corresponding abilities and responsibilities.

Subsequent to this reflection on teaching competence, the participants get a *video feedback.* Prior to the training, the participants are asked to prepare a five minute lecture to be held and recorded in the seminar, which is later analyzed in a peer-to-peer session. Firstly, the analyzed participant gets the possibility to reflect upon himself. Afterwards the peer colleagues give their feedback which is complemented by professional feedback of the seminar trainers.

Subsequently the participants learn about *demeanor in teaching* – including empirical findings and recommendations on applying voice, gesture and mimics.

The focus on teacher – as a first step in teaching competence development – helps to develop the participants' teaching competence in the fields of personal competence, by identifying strengths and weaknesses in their teaching performance, and their social competence by fostering the ability to give and receive feedback. Thereafter the focus of the seminar widens from the individual perspective to the teaching contents.

3.2 Focus: Content

The focus on content marks the second stage of teaching competence development and concentrates on the in the imparting of professional contents. The focus consists of the learning episodes "learning goals" and "structuring of learning contents". The episode on *learning goals* emphasizes that transparent learning goals are crucial for assessing the academic performance. It also points out that learning goals describe the competencies that should be acquired by the learner at the end of the learning episode. For the learning goals to be effective, they need to be transparent to the students, which is achieved by pointing out the potential gains and benefits of the learned. Thereafter, the cognitive learning goal taxonomy of Bloom (1971) and its simplified version of Blum (2007) are presented. Blum's (2007) taxonomy highlights that learning goals can operate on different levels: on the level of knowing and understanding, on the level of using and transacting knowledge as wells as on the level of interpretation and review of the contents. The participants discover that learning goals can also be differentiated regarding their generality by distinguishing strategic, indicative and operational learning goals (Möller 1973). In this section the training participants are asked to develop three learning goals for their upcoming lesson. The learning goals episode contributes to didactical planning and evaluation competence of the participants, since learning goals are essential for planning and evaluating courses.[14]

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[14] Learning goals are important for the evaluation, because evaluation is concerned with the achievement of the defined learning goals.

The episode *structuring of learning contents* presents methods to gather, select and structure the contents for courses. Two approaches to structure content – the inductive and the deductive approach – are discussed with regards to their advantages and disadvantages. Furthermore it is alluded that due to the primacy and recency effect, the most important contents should be delivered – or at least repeated – in the beginning and in the end of the learning session (Zimbardo/Gering 2008). This promotes the development of teaching competence with regard to didactical planning and evaluation competence.

The following focus on didactics[15] compiles how the contents can be conveyed to the students by using didactical methods.

3.3 Focus: Didactics

The focus on didactics includes the episodes *presentation* and *teaching and learning arrangements* that aspire to improve the teaching competence in the fields of didactical planning, method and media competence and the social competence of the participants via teamwork in the working phases.

The *presentation* episode addresses how learning contents are best presented to students and discusses the design of transparencies and (power-point) slides, the creation of interactive worksheets and the use of media.

During the episode *teaching and learning arrangements* the participants learn that there are many opportunities to convey contents to students: instructional teaching, task-related teaching and cooperative teaching. Instructional teaching signifies the "classical" teaching situation where the teacher presents the contents while the students are rather passive. Task-related teaching includes teaching trends like research-based or experience-based learning, where the students solve a realistic task. Cooperative teaching emphasizes dialogical learning and can be realized through problem-based and collaborative learning[16]. Besides discussing the basics of each teaching and learning arrangement as well as their respective opportunities and risks, it is also considered how these different arrangements can be adapted in varying group sizes. This focus puts an end to the first day of the training and opens the scope for the student focus on the second day.

3.4 Focus: Students

In the focus on students, the subjects contemporary students, communication, activation of students, interaction with students, an introduction to neurodidactics and feedback are regarded. In the episode *contemporary students*, the participants talk about the characteristics of contemporary students and reflect upon their role as a teacher once again. It is emphasized that teachers – especially in times of new media – function rather as a broadcaster of knowledge than a knowledge repository. The personal competence as well as the didactical competence is trained through this reflection.

The following episode concentrates on the basics of *communication*. Participants are sensitized over possible misunderstandings and the role of feedback in communication which is to secure whether the

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[15] Didactics is a term describing the study of the relationship between learners, teachers and educational subject knowledge.

[16] Problem-based learning is special case, because it is rather a mixture of task-related and cooperative teaching.

intended message/information of the sender is understood by the receiving side, thereby contributing to the development of the teacher's social competence.

The episode *activation of students* starts with an introduction to motivation, contrasting extrinsic and intrinsic motivation and its connection with surface and deep learning[17] (Enwistle 2001). In this context, it is discussed what the teachers are ought (not) to do in order to achieve the students' deep learning. The use of questions (what questions can be asked, how should questions be asked and what can be done if nobody wants to answer) is emphasized in this episode, as well as other activating didactical methods (e.g. think-pair-share). Additionally, innovative activation methods with audience response systems (e.g. PollEverywhere or PINGO) are presented. The activation of students develops the teaching competence mainly in the field of didactical method competence, also broaching the didactical planning and media competence as well as the social competence.

The episode *interaction with students* contains two superordinate topics: handling conflicts with students and diversity in teaching. Handling conflicts with students includes the discussion which conflicts might arise (e.g. know-it-alls or people who are constantly chatting) and how these different forms of derangements can be handled appropriately (for further description of this phase see chapter 5). The diversity episode starts with a clarification of the term diversity in the university context and aims at sensitizing the new teachers for the variety of students and their different needs (e.g. students with handicaps, migration background or family duties). This episode develops especially the social competence of the participants.

The following episode, *neurodidactics*, presents findings of the discipline neurodidactics that aims to integrate neuroscience and didactics. In the seminar, some of those findings – linking learning and teacher behavior with brain activities – are presented to show participants who are critical to pedagogy and didactics that didactical statements are scientifically investigated.[18]

The last episode is on *feedback*. The participants get to know that feedback is important for teaching improvement and personal development and learn methods to seek student feedback independent from the official evaluation.

3.5 Course planning

Course planning is a difficult task in teaching: it involves the knowledge of choosing and structuring contents and the knowledge of didactical methods and media. The participants become sensitized for the contextual, personal and interactional conditions that have to be considered before planning the course (e.g. room conditions, prior knowledge of the students, semester of the students). Afterwards the participants get to know different ways to design a curriculum (linear, exemplarily or lead by student

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[17] Surface learning "[…] indicates the use of routine memorisation to reproduce those aspects of the subject matter expected to be assessed" (Enwistle 2001: 595). In contrast, the deep approach describes "active engagement with the content, leading to extensive elaboration of the learning material while seeking personal understanding" (ibid.).

[18] It has to be acknowledged that neurodidactics are criticized for its oversimplification of findings from neuroscience (Goswami 2006; Della Salla 2009). Despite this critic, several prominent researchers from neuroscience and education believe that bridging the gaps is possible, leading to a fruitful mutual interaction, i.e. synergy (Ruiter/van Kesteren/Fernandez 2012; Della Salla 2009; Perkins 2009; Varma et al. 2008;Goswami 2006).

interest). This episode primarily contributes to the development of teaching competence in the field of didactical planning competence.

Figure 2 summarizes the depicted content structure once again:

Figure 2 - Content Structure of Academic Teaching
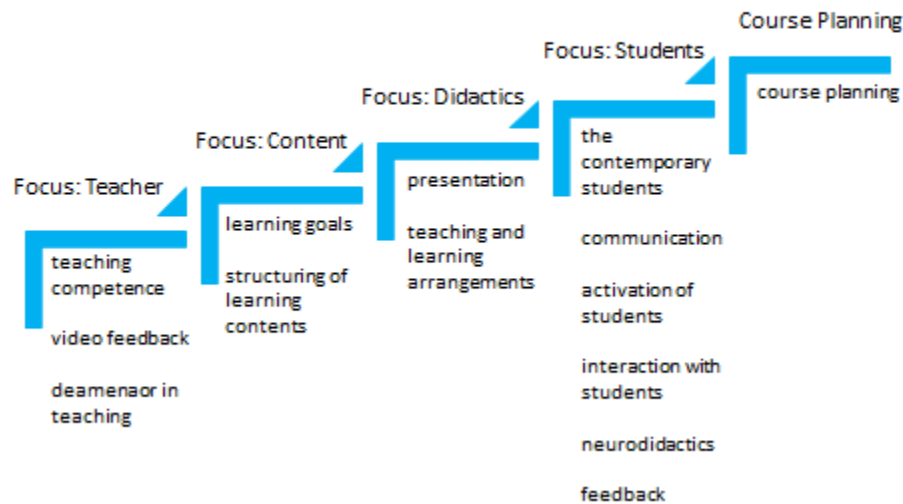
Source: Own figure

4   Training Model

The didactic method for transmitting the contents is a five-step constructivist training model in the tradition of David Kolb's Experiential Learning Cycle (Kolb/Kolb 2009; Kolb 1984) which was developed for the special case of didactical trainings at universities (Bücker et al. 2013;):

- The training model starts with the clarification of educational targets, is followed by
- the elicitation of cognitive and emotional prior knowledge,
- the twofold, flexible learning stimulus that consists of a theoretical (instruction based) and a practical (experience based) input,
- the reflection phase involving self-reflection, social reflection and transfer-orientated reflection and ends with
- the transfer of the learned into the participants' individual teaching and action practice in the aftermath of the training (see Figure 3).

The model is used as a guiding principle for the design and conduction of the whole training as well as single learning episodes. All these phases happen in the group context, so that the seminar can be called a constructivist and collaborative learning context, where the training participants not only benefit from the expertise of the trainers, but also from the experiences and suggestions of their peer colleagues. The training model supports the development of teaching competence by directly developing the

participant's personal and social competence and indirectly developing their didactical competences. Their personal competence is fostered by letting the participants reflect on the learned. Through discussions and team work, social competence is promoted as well. With regard to the didactical competences, the training model serves as a role model that indirectly motivates them to clarify educational targets, activate the student's prior knowledge, to combine practical and theoretical learning possibilities and to have an eye on the transfer of the learned. This helps the participants to develop their teaching competence and to achieve the next step of teaching competence development.

Figure 3 - Training Model
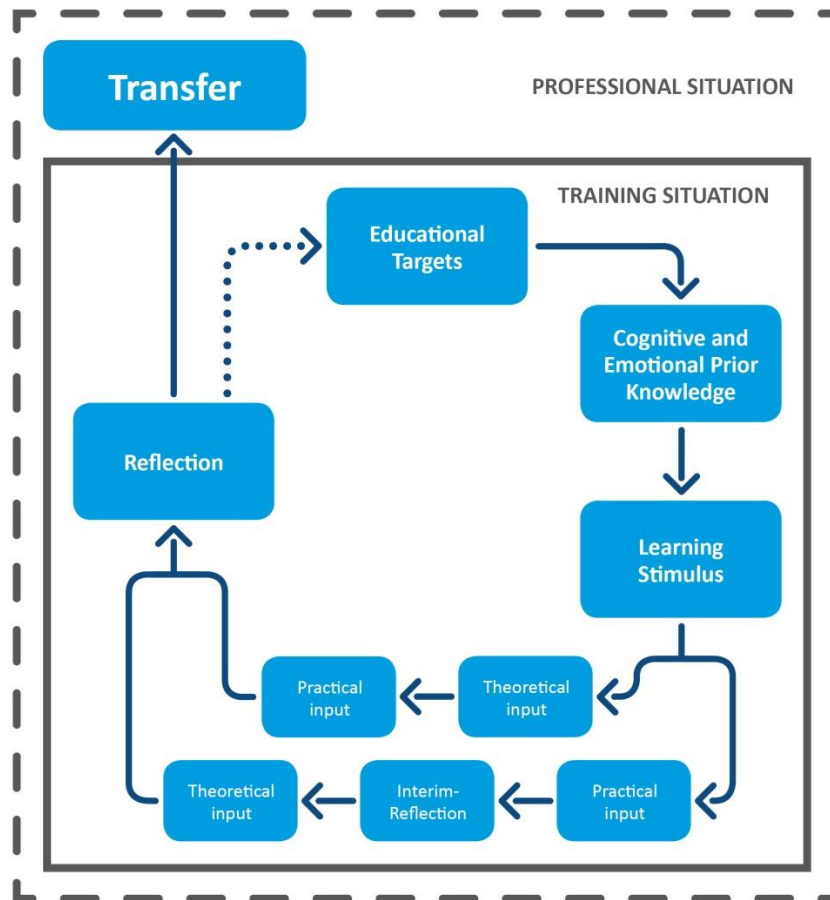
Source: Own figure

The training begins with the *clarification of the educational targets*. Educational targets define competences that should be attained by the learner at the end of the learning process (Moss/Brookhardt 2012). The clarification of the educational targets, highlighting the potential gains and benefits of the learning session, eases the learning process because the learners achieve information and are capable to structure their learning. These proclamations are supported by empirical finding that find positive effects on students' motivation and achievement (Smith/Perkins 2010). The outlining of the educational targets is followed by the next step – the activation of emotional and cognitive prior knowledge.

The *activation of cognitive prior knowledge and emotional knowledge* means that cognitive prior knowledge (previous learned knowledge, skills and abilities) and emotional knowledge (individual

experiences and emotions connected with the content) is stimulated and integrated in the training process. This is especially important according to Ausubel (1968), who specified that the most important aspect influencing learning is what the learner already knows. This famous statement has been researched and verified in various studies. Hailikari, Katajavuori & Lindblom-Ylanne (2008) have found that learner's previous learning has to be activated in relation to new contents in order to effectively process information, because if this activation is not assured, surface learning can ensue. Besides prior knowledge, another important internal variable moderating the relationship between the intended message and the perceived information, are emotions (Maier 2004). By recurring to former experiences, emotions are aroused as well. This is important because when emotions are involved, the brain releases neurotransmitters that mark the event as significant thereby focus attention and facilitate learning (Silva et al. 2011). Summing up, by encouraging prior knowledge – achieved through asking questions and discussing the topic – the trainers activating the learner's background knowledge and prepare them for the subsequent learning stimulus accurately.

The *learning stimulus* is understood as a combination of a theoretical (instruction based) or a practical (experience based) input for the training participants. Every learning stimulus consists of a theoretical and practical input, because research has shown that learning is best facilitated when both learning practices are combined (Schirp 2009; Michael 2006). During the theoretical, instruction-based input the trainer provides information to solve typical problems while the participants are actively listening. During the practical input the trainer rather organizes learning environments in which the learners are able to obtain new learning contents actively and autonomously. Research findings and practical experience suggest that different individuals perceive and process experiences in different preferred ways (Silva et al. 2011). Accordingly, it is essential to vary the sequence of theoretical and practical input in a flexible manner conferring to the requests of the target group and/or specific topics. If the trainer – on the basis of target group[19] and/or content specifics – chooses to start with the theoretical input, it is followed by the practical part and then leads to the reflection phase. If the trainer starts with the practical input, a short interim reflection is slotted in before the theoretical input is set (see the loop in Figure 3) (Bücker et al. 2013). This elaboration by active learning opens up the possibility for reflection and better understanding in the next step.

Reflection is the process of (shared) thinking about previous insights and experiences for the purpose of expanding one's opinion and making decisions about improved ways of acting in the future. Three types of reflection are inherent to this definition: self-reflection, social reflection in the group and transfer-orientated reflection. While in the self-reflection phase the learner makes sense of the experienced learning stimuli. After that the learner shares his comprehensions with the group in the social reflection. By paying attention to other participants' insights, the learner deals with the perspectives and (possibly controversial) insights of fellow university teachers. During this social construction process with peers, normative expectations defining the role as "university teacher" are discoursed and illuminated. A special emphasis lies on the transfer-orientated reflection where the learner resolves which insights, gathered through learning stimuli, self-reflection and adjusted by social

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[19] Empirical findings have shown that some group of persons have different learning preferences, e.g. Eschner (2009) states that technically orientated individuals tend to favor grasping theoretical knowledge before going to practice.

reflection, he plans to transfer into teaching practice (Bücker et al. 2013). The threefold process of reflection prepares the learner for the aftermath of the actual training situation – the transfer of the learned in everyday teaching practice.

Transfer implies the process of integrating and adapting previously learned knowledge and action patterns into professional daily teaching routine. What the participants learned is not realized until the professional teaching situation where the learned is put to the test. The transfer effect of the training is accomplished when the training participants have actually developed their teaching competence and teach student-orientated (Issurin 2013). The transfer process is facilitated by the use of a learning journal which the participants continually use to write down which ideas they want to put into practice after every learning episode. The multifaceted process of reflection also motivates the participants to transfer their new knowledge. At the end of the seminar the participants go through their learning journal again and develop strategies how they want to put the ideas into practice. If they identify obstacles regarding the implementation of their ideas, the group helps by suggesting solutions to the problem. In the aftermath of the training, the participants get handouts summarizing the important contents of the training.

After the description of the content structure and the explanation of the didactical framework - the training model consisting of the clarification of the educational targets, the allusion on prior cognitive and emotional knowledge, the learning stimulus, reflection and transfer – the fit of content and model will be exemplarily demonstrated in the following chapter.

5   Interaction of content and training model

The fit of the content structure and the didactical model will be illustrated on the following example of the focus: "students", learning session: "handling conflicts with students".

Figure 4 – Interaction of content and training model "Handling conflicts with students"
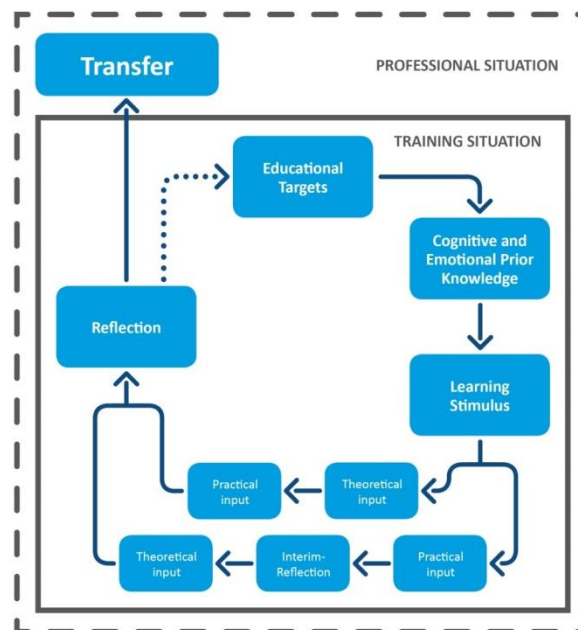
Source: Own figure

- **Educational target:** Being able to prevent and solve conflicts

- **Cognitive and emotional prior knowledge:** discussion which conflicts the participants already experienced

- **Learning stimulus:** role play (practical input), discussion how the experienced conflicts can be prevented or handled (interim reflection, social refletion), tipps to handle conflicts (theoretical input)

- **Reflection:** self-reflection, learning journal (transfer-orientated reflection)

- **Transfer:** application of conflict strategies in the actual teaching situation

The educational targets in the example "handling of conflicts" are an increased awareness of possible strategies to prevent conflicts and to react adequately. The prior cognitive and emotional knowledge regarding "the handling of conflicts" is activated through questioning which possible conflicts the participants can think of and the conflicts they have already experienced in their teaching career. The practical input is a role play scenario in which typical conflict situations are simulated and the participants must try to resolve them. Afterwards, in the interim reflection, the trainers and the group discuss how the conflicts, which have been talked about earlier (activation of prior knowledge), could be prevented or resolved. The theoretical input of the learning session "handling with conflicts" includes the presentation of typical conflict situations in lectures and the corresponding recommendations to solve those conflicts. So it is up to the trainer to decide whether the participants should start with the theoretical presentation of the right behavior in conflict situations and practice them in the role play; or whether the participants should learn from their own experience in the role play which strategies prevent or promote conflicts and then underpin those insights by the theoretical presentation. Referring to the "handling of conflicts" the self-reflection involves the individual realization of what has been learned from the learning stimulus. The learnings concerning the handling of conflicts are discussed in the group context in the social reflection. During the transfer-orientated reflection, the individual decides how he wants to handle conflicts in his teaching practice. In the case of the example "handling of conflicts" the transfer is realized when the training participant accomplishes to solve or even prevent conflicts in his lecture by the use of strategies learned in the training situation.

6   Quality assurance

The quality of the seminar is assured through continuous formative evaluation.[20] At the end of the seminar, the participants are invited to give detailed, qualitative feedback to the trainers. The quantitative evaluation is realized through a standardized, anonymous questionnaire which allows evaluating the seminar objectively over time. In addition to typical aspects of training satisfaction (room, trainer, content, organization etc.), the participants are also asked to make particulars on their

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[20] Most instructional design models differentiate between summative and formative evaluation. The primary purpose of formative evaluation is to ameliorate the quality of the program being developed in the ongoing process to assure the objectives for which it was designed will be achieved. In contrast, summative evaluation depicts efforts that assess the effectiveness of completed interventions in order to provide suggestions about their future use (Brown/Gerhardt 2002: 952).

actual and former teaching responsibilities, their didactical and teaching experience and the time spent on teaching.

First comments of the participants (**qualitative evaluation**) reveal that the participants appreciate the mixture of theory and practice. Since most of the participants are still in the first development stage (focus on the teacher), they prefer the video feedback. They are often concerned about their teaching performance and in this way they get to know their strengths and weaknesses. It is also recognizable that the less teaching experience the participants have, the more useful they find the seminar.

The standardized questionnaire (**quantitative evaluation**) is still in the pre-test phase. First findings are expected to be published in early 2014.

7   Summary and future prospects

The major goal of the seminar "Academic Teaching" is to establish a starting point for student-orientated teaching through the development of teaching competence. Teaching competence is an abstract concept that has been modeled both bottom-up (normative led) and top-down (evidence led). In the context of ExAcT, teaching competence is understood as the ability to teach student-orientated and is composed of personal competence, social competence and didactical competence, the latter including planning, method, media and evaluation competence.

As the participants' teaching competence evolves with the stages, the content structure of the seminar detects four development stages. As the seminar progresses, the participants wide their scope slowly from their individual perspective towards the students' perspective, starting with the focus on the teacher and following up with focus on content, on didactics and on students and ending with course planning.

The contents are conveyed using the ExAcT training model. Each learning episode starts with the clarification of the educational targets, is followed by the activation of prior cognitive and emotional knowledge, the twofold flexible learning stimulus, the reflection and finalized by the transfer to the professional situation in the aftermath of the training. It is important to acknowledge that all learning involves learning from and with peers, because the participants profit from the experiences of the teachers and have the social experience of talking about teaching with other teaching newcomers.

The seminar arises a basic awareness of the new role as a teacher and teaching competence which is the foundation for further improvement of competence through the participation in other trainings and seminars of the ExAcT qualification program at RWTH Aachen University.

Of course, some challenges still remain – both in practice and research. An important research question is the one of university teacher competence profiles. Though some competence models for university teachers have been published in the last years (e.g. Webler 2003, 2004; Wildt 2004; Schulmeister 2005; Chur 2005), coherent, systematic and empirically tested teaching competence models combining the top-down and bottom-up perspective are lacking. Accordingly, an integrative teaching competence model needs to be theoretically developed, empirically researched and compared with practical teaching competence profiles of university teachers. An integrative point of view is increasingly important, because teaching competence profiles are constantly changing – individually due to personal

development processes as well as due to contextual changes and varying teaching competence demands at universities.

The described training model is still in an empirical testing phase, but first findings suggest that the model works for the design and the conduction of the training. Furthermore it will be investigated in detail which group of persons favors which loop of the learning stimulus in order to develop empirically resistant guidelines for the accurate use of the model: e.g. do engineers really like being theoretically instructed before going into practice? Or are economists more open to practical learning than social scientists? For this end a comparative study highlighting the specifics of disciplinary cultures will be conducted. The results of this study will be integrated as concrete training recommendations in the didactical framework of the training model.

The major challenge regarding the practice and research is the issue of transfer and sustainability of trainings. New methods and strategies to ease the transfer of the learned into teaching practice have to be developed and empirically tested. Also the training efficacy and efficiency in general and the individual, social and contextual transfer need to be examined.

In this context, it has to be kept in mind that the motivation of the training participants plays the most important role concerning the transfer. Every university teacher has to come to the conviction how he wants to place himself with regards to his research and teaching duties. It should be the mission statement for centers of didactics to deliver the message that neither the teaching should be neglected to strengthen research nor that research should be abandoned in the favor of teaching. The goal should be research-based teaching in the sense of integrating rather than counterpointing research and teaching. This is especially important because due to demographic developments and structural changes at universities, Germany depends on qualified teaching staff.

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Differences in the Relation between of Psychological Contract and Organizational Commitment due to Collar

Abstract:

Due to factors such as increasing competition, developing technology and new management techniques, enterprises becomes more complicated and new problems emerge between employees and the organization. Employers become alienated with their job and their efficiencies fall. In order to achieve successful results, it is necessary to secure the integration of workers with their jobs and organizations. There emerges a new kind of contract, which is not written or oral: Psychological contract. In this kind of contract there is no express statements, yet there is a psychological understanding (stemming from the relation of work) between the worker and the organization about what to expect and what to give. In short, if the worker (at the start of his job) does not subscribe to a psychological contract that goes beyond his employment contract, then it gets harder for him to be useful for the organization. The worker does not develop a sense of duty, his motivation becomes lower. The lack of job satisfaction and organizational commitment prevents the development of the behavior of organizational citizenship, which is essential in today's organizations. In order to avoid such drawbacks it is required to handle and consider the notion of psychological contract consciously. In this work, it is aimed to measure the relationship between blue collar and white collar workers in terms of psychological contract and organizational commitment that depends on expectations. Data that was achieved through surveys developed according to psychological contract and organizational commitment scales are analyzed with SPSS computer program.

Keywords: Psychological Contract, Organizational Commitment, Blue and White Collar Workers.

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Relationships between Perpections of Primary School Teacher's Workplace Bullying and Organizational Cynicism

Abstract:

The purpose of the study was to determine the impact of workplace bullying on organizational cynicism and to identify the types of organizational cynicism teachers at the primary schools face based on their status. In this study, quantitative research design was used and data was gathered from 230 volunteer primary school teachers who attendend to "The Project of Leading Teacher" at Yenimahalle/Ankara in the academic year 2012-2013. Descriptive statistics, Pearson-Product Moment correlation coefficient and multiple regression analysis were performed to analyze the data. According to the findings, while primary teachers's perpections of workplace bullying is low, their perceptions of organizational cynicism is medium. Teachers have negative attitudes toward their organizations but they are not exposed to workplace bullying at high level. There is a positve and moderate correlation between the organizational cynicism and workplace bullying. Workplace bullying was found to be a significant predictor of organizational cynicism.

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The Balance of Payments Problem and the Effects of Political Structure in Last Decade in Turkey

Abstract:

An Economy policy is applied in every country. It can be defined as an art of using economic means in order to realize certain objectives. Based on this definition, we can rank the procurance of balance of payments among the objectives of economic policy. The realization of this objective will have an impact on numerous economic variables. The balance of payments also has a political dimension as well as economic size. In developing countries, the balance of payments is regarded as the prerequisite for economic stability. In this study, the course of balance payments during the period between 2002-2012 in Turkey will be discussed. It will be examined whether the balance of payments objective was fulfilled or not during these periods. It will be tried to determine by means of factors influencing the result. During these periods, 2 out of 19 stand-by agreements made with IMF were studied with; and the economic obligations of last stand-by agreement ending on 10 May 2008 was up. In this process, considering its effects on balance of payments, it will be also observed that the effect of IMF institution from which resource is obtained on the balance of payments which is an objective of economic policy. When the policies implemented are analyzed in order to resolve the problems on balance of payments, in this period, conflicts will be noticed in relations between the objectives of economic policies. The consequences of these conflicts and their effects on the balance of payments will be discussed.

Key Words: Balance of Payments, Current Deficit, Foreign Capital, Current Account, Exchange Rate

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Income Structure, Competitiveness, Profitability and Risk: Evidence from Asian Banks

Abstract:

This paper investigates the impact of Asian banks' income structure on competitiveness, profitability and risk over the period 2005-2011. Exchange-listed commercial banks of eight Asian countries are included in the study sample. The cross-sectional regression results reveal that higher exposure of net non-interest income in Asian banks increases market risk and asset risk, but lowers insolvency risk, ROA and ROE. However, higher exposure of net fees and commissions reduces return volatility, market risk and asset risk, but increases insolvency risk, ROA and ROE. Further, the exposure of trading and derivatives and other securities tends to decrease the bank's competitiveness.

Keywords: Income Structure, Competitiveness, Profitability, Risk, Asian Bank

JEL Classification: G2, G21

1. Introduction

Since the 1997 Asian financial crisis, the Asian banking industry has been transforming from a traditional banking model to a universal banking model under the global context of financial deregulation. This leads to greater diversification of a bank's income structure; i.e., banks not only focus on interest income, but also focus on non-interest income such as fees and commissions, and gains on derivatives and securities trading. However, the effect of the income structure diversification on bank performance and risk is still inconclusive. Some papers conclude that nontraditional banking activities tend to increase risk (DeYoung and Roland, 2001; Stiroh and Rumble, 2006; Baele, Jonghe and Vennet, 2007; Demirguc-Kunt and Huizinga, 2010), whereas the results of other papers indicate that risk is reduced by the diversification effect (Gallo, Apilado and Kolari, 1996; Rogers, and Sinkey, 1999; Geyfman, 2010). Similarly, the return is found to be enhanced by diversification in some studies (Gallo, Apilado and Kolari, 1996; DeYoung and Roland, 2001; Demirguc-Kunt and Huizinga, 2010; Liu and Wilson, 2010), whereas it is found to be reduced by other researchers (Stiroh, 2004; Mercieca, Schaeck and Wolfe, 2007; Berger, Hasan and Zhou, 2010). These non-consistent results motivate the author to study further.

Previous studies focused mainly on the effect of diversification on performance and risk of banks in the U.S. and Europe. Since to date there is not much literature in this area using banking data from Asian countries, this paper contributes to the literature on income structure diversification effect on Asian banks' return and risk. The second contribution of this paper is that one new variable "competitiveness"

is added to test whether the Asian banks' competitiveness perceived by investors will be positively or negatively affected by the income structure diversification. The sample is exchange-listed commercial banks of eight Asian countries, including Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand (although Hong Kong is not strictly a country, it is included as such in this paper), over the period 2005-2011. The diversified income structure is captured by three variables: ratio of net non-interest income to net operating income, ratio of net fees and commissions to net operating income, and ratio of net gains on trading and derivatives and other securities to net operating income. Tobin's Q ratio is the proxy for bank competitiveness; the profitability is measured by five variables: return on assets, return on equity, risk-adjusted return on assets, risk-adjusted return on equity and the ratio of net interest income to total assets; and the seven risk factors selected are: standard deviation of stock's annual return, beta, standard deviation of ROA and ROE, capital ratio (equity to total assets), Z-score (ratio of the sum of average ROA and average capital ratio to standard deviation of ROA), and the ratio of loan loss provision to net loans.

The remainder of this paper is organized as follows: Section 2 contains the literature review, Section 3 has details regarding the methodology and data, Section 4 includes a discussion on the empirical results, and the conclusion is in Section 5.

2. Literature Review

Many papers have studied the income structure diversification effect on banks' risk and returns. The majority of these papers have chosen banks from the U.S. and Europe to study. The results, however, are not consistent in all of the studies.

Even for banks in the same country, e.g. the U.S., the study results are not the same because of different methodologies or different data sets. A degree of total leverage model was constructed by DeYoung and Roland (2001) to test how shifts in product mix affected the earnings volatility of 472 U.S. commercial banks between 1988 and 1995. The OLS regression results implied that replacing traditional lending activities with fee-based activities is associated with higher earnings volatility. However, the study also found that the shift in product mix was accompanied by an increase in bank profitability, which can partially compensate banks that have higher risk. Furthermore, the results implied that banks of all sizes can reduce risk in terms of revenue volatility by increasing the size of the bank, because larger banks can diversify more and gain more benefits of risk reduction.

Gallo, Apilado and Kolari (1996) employed the LISREL model to investigate the risk structure of U.S. bank holding companies and the effect of mutual fund activities on bank risk and profitability over the period 1987-1994. The results of LISREL model suggested that mutual fund activities reduce the exposure of banks to systematic industry risk but have no significant impact on bank market risk. Furthermore, mutual fund activities do not significantly reduce bank unsystematic risk but they do enhance bank profitability.

Stiroh and Rumble (2006) studied the quarterly data of U.S. financial holding companies from 1997 to 2002 to investigate the diversification benefits of offering a range of financial services and shifting toward activities that generate fees, trading income and other non-interest income. It was found that

diversification gains were more than offset by the costs of increased exposure to volatile non-interest activities.

The diversification benefits in the U.S. banking industry were studied by Stiroh (2004), using the aggregate banking industry quarterly data from 1984 to 2001 and the bank level annual data from 1978 to 2000. The study found that volatility of industry net operating revenue declined due to reduced volatility of net interest income rather than the diversification benefit from non-interest income. At the bank level, the cross-sectional regression results revealed that a greater reliance on non-interest income reduces risk-adjusted profits and increases risk.

The effect of increased non-interest income on U.S. bank holding companies' market measures of return and risk was evaluated by Stiroh (2006) using the data from the period 1997-2004. No relationship was found between non-interest income exposure and average returns of banks, but the non-interest exposure was found to be statistically positively related to volatility of market returns and the bank's market beta. Therefore, it was concluded that the shift toward non-interest income has not improved the risk-return outcomes of U.S. bank holding companies.

Rogers and Sinkey Jr. (1999) applied a random-effects model to analyze the nontraditional activities in 8,931 U.S. commercial banks over the period 1989-1993. The analysis showed that banks involved more in nontraditional activities tend to be larger in size, have smaller net interest margin, have relatively fewer core deposits, and have less risk (in terms of capital adequacy, liquidity risk, interest rate risk and credit risk).

Analyzing a unique data set of U.S. domestic bank holding companies over the period 1990-1999, Geyfman (2010) concluded that U.S. domestic bank holding companies that had expanded into securities activities were more diversified (with higher returns and lower overall risk) and less likely to go bankrupt (with higher Z-scores) relative to their stand-alone traditional commercial banking and nontraditional banking subsidiaries.

Other than U.S. banks, European commercial and cooperative banks established in 14 European countries were investigated by Lepetit et al. (2008) to test the relationship between bank risk and product diversification over the period 1996-2002.

The study found that banks expanding into non-interest income activities displayed a higher degree of risk and higher insolvency risk than banks which focused more on traditional lending activities. Cross-sectional OLS regression results suggested that the positive relationship between risk and product diversification is more robust for smaller banks and mainly driven by commission and fee-based activities but not trading activities. The paper also concluded that engaging in trading activities may decrease the risk for smaller banks to some extent.

Baele, Jonghe and Vennet (2007) explored the impact of bank diversification on competitive advantage in terms of long-term performance/risk profile compared to their specialized competitors using the panel data of 17 European banks from the period 1989-2004. The results indicated that a higher share of non-interest income increases the bank's franchise value and systematic risk, whereas the impact on the bank's idiosyncratic risk is non-linear and downward-sloping.

Mercieca, Schaeck and Wolfe (2007) investigated a sample of 755 small European banks for the period 1997-2003 and determined that there was no direct diversification benefit within and across business lines. The shift into non-interest income activities negatively affected the small banks' return (mean ROA and ROE, risk-adjusted ROA and ROE) and positively affected the banks' risk (standard deviation of ROA and ROE, Z-score). The diversification indicators included non-interest income share and Herfindahl Hirschmann Index (HHI) measures.

Banks in Israel over the period 1991-2001 were found to have gains from diversification and the risk-adjusted performance was mostly consistent with optimal portfolio choice (Landskroner, Ruthenberg and Zaken, 2005).

A cross-sectional OLS analysis of 198 Australian credit unions over the 34 quarters from 1993 (Q2) to 2001 (Q3) revealed that the increasing reliance on fee income generating activities is associated with increased risk (Esho, Kofman and Sharpe, 2005).

Quarterly data of eight Canadian banks over the period 1988-2007 were analyzed to study the impact of off-balance-sheet activities on banks' returns (Calmes and Theoret, 2010). The study found that banks' risk-return trade-off displayed a structural break around 1997. During the period 1988-1996, the share of non-interest income negatively affected the banks' returns and a risk premium emerged to price the risk associated with non-interest income activities. But during the period 1997-2007, the share of non-interest income did not significantly affect a bank's return.

Some studies choose samples from multiple countries. Demirguc-Kunt and Huizinga (2010) studied an international sample of 1,334 banks in 101 countries over the period 1995-2007 to examine the impact of non-interest-generating activities on return and risk. The empirical results suggested that a higher level of non-interest income share increases the bank risk, although the rate of return on assets also increases.

Elsas, Hackethal and Holzhauser (2010) examined the effect of revenue diversification on bank value using the panel data from nine countries (Australia, Canada, France, Germany, Italy, Spain, Switzerland, UK, and USA) over the period 1996-2008. The findings indicated that diversification increases bank profitability and hence market value. Furthermore, the study indicated that this positive relationship between diversification and bank value also holds during a financial crisis.

Similar studies on banks in Asian countries have not been conducted as often as studies on banks in western countries. Lin et al. (2012) studied a sample of 262 commercial banks in nine Asian countries, including China, India, Indonesia, Japan, the Philippines, Singapore, South Korea, Taiwan and Thailand over the period 1997-2005. The results implied that banks can reduce the sensitivity of net interest margin due to idiosyncratic risk by diversifying their income sources.

The relationship between diversification and performance of Chinese banks during the 1996-2006 period has been investigated by Berger, Hasan and Zhou (2010). It was found that all four dimensions of diversification were negatively associated with profits (ROA) and positively associated with costs (ratio of total expenses to total assets).

The determinants of the profitability of 685 Japanese banks over the period 2000-2007 were investigated by Liu and Wilson (2010). The results indicated that for Second Association Regional

banks and Shinkin banks, there is a positive relationship between diversification and ROA and ROE, suggesting a diversification benefit. The higher share of non-interest income, however, leads to lower banks' net interest margins.

Yang et al. (2006) investigated the empirical relationship between the use of derivatives and bank risk in Korea. The results showed that a bank's derivative activities tend to reduce systematic risk and ex ante earnings volatility.

Regarding the competitiveness of Asian banks, Chunhachinda and Jumreornvong (1999) used Tobin's Q ratio to measure and compare the competitiveness of Thai banks and finance companies during the period 1990-1996. They concluded that finance companies were more competitive than banks since the Q ratios of the banks are significantly lower than those of the finance companies. The study found that the higher competitiveness of a bank depends on higher profitability, liquidity and leverage, and smaller size of assets. Later, Chunhachinda and Li (2011) studied the competitiveness of banks, measured again by Tobin's Q, in eight major Asian countries over the period 2004 – 2010. Countries studied were Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand. For most countries, return on average assets, loan loss reserves/gross loans, and equity/total assets were significantly correlated with the Q ratio.

3. Methodology and Data

3.1 Methodology

This paper studies the impact of income structure on competitiveness, profitability and risk of banks in eight Asian countries, including Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand over the period 2005-2011. This period was chosen because the data of many banks are not available for years before 2005. Three major Asian countries -- China, India and Japan -- are excluded because banks in these countries are very different from those in the countries included in this study.

The bank income structure is measured by the three variables following Lepetit et al. (2008):

1. NNII_OI: the ratio of net non-interest income[1] to net operating income where net operating income is the sum of net interest income and net non-interest income

2. FEE_OI: the ratio of net fees and commissions to net operating income

3. TS_OI: the ratio of net gains on trading and derivatives and other securities to net operating income

Bank competitiveness is measured by Tobin's Q ratio following Chunhachinda and Li (2011), which is the ratio of the sum of market value of equity and book value of debt to the book value of total assets.

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[1] The net non-interest income includes 4 components: net fees and commissions, net gains on trading and derivatives and other securities, net insurance income, and others. Net insurance income and others are not included in this paper due to missing or unavailable data. However, the results will not be affected much since net insurance income and others consist of only small percentage of net non-interest income.

The result is the competitiveness of banks based on the perception of market investors. Banks with higher Q ratios are more competitive than banks with lower Q ratios.

The five bank profitability variables chosen are the conventional measures in many studies such as Stiroh (2004), Stiroh and Rumble (2006), Mercieca, Schaeck and Wolfe (2007), Calmes and Theoret (2010), etc.:

1. ROA -- return on assets, ratio of net income to average assets

2. ROE -- return on equity, ratio of net income to average equity

3. RAROA -- risk adjusted ROA, ratio of average ROA to standard deviation of ROA

4. RAROE -- risk adjusted ROE, ratio of average ROE to standard deviation of ROE

5. NII_TA -- ratio of net interest income to total assets

Risk measures are proxied by the following seven variables, as used by Lepetit et al. (2008), Stiroh and Rumble (2006), Stiroh (2004), etc.:

1. Market risk -- beta (BETA) and standard deviation of stock's annual return (SDSR); the higher the BETA or SDSR, the higher the market risk

2. Standard accounting measures -- standard deviation of ROA and ROE (SDROA and SDROE); the higher the SDROA or SDROE, the higher the return volatility

3. Insolvency risk -- capital ratio (equity to total assets: E_TA); Z-score (ratio of the sum of average ROA and average capital ratio to standard deviation of ROA); the higher the Z-score, the lower the insolvency risk

4. Asset risk -- ratio of loan loss provision to net loans (LLP_NL); the higher the ratio, the higher the asset risk

Four control variables were selected to account for the specific characteristics of a particular bank:

1. Size effect -- LN_TA, natural logarithm of total assets

2. Financial leverage -- E_TA, ratio of equity to total assets

3. Growth opportunity -- GTA, the annual growth rate of total assets

4. Asset allocation -- L_TA, ratio of net loans to total assets

To study the impact of income structure on other factors, the following cross-sectional multiple regression models will be utilized:

Competitiveness or Profitability or Risk = $\square$ + $\square_1$NNII_OI + $\sum\square$Control variables

+ $\sum\square$Country dummies + $\square$ (1)

Competitiveness or Profitability or Risk = $\square$ + $\square_1$FEE_OI + $\square_2$TS_OI

+ $\sum\square$Control variables + $\sum\square$Country dummies + $\square$ (2)

All variables except dummies are mean values of each bank over the period 2005-2011. The dependent variables are the average Q (competitiveness) or the mean values for each profitability measure, or each

risk measure for each bank over the period 2005-2011. Control variables are the mean value of each control variable for each bank over the period 2005-2011. Country dummies are equal to 1 if the bank belongs to that country and 0 otherwise; this is to take into account any country differences. Thailand is used as the base country.

3.2 Data

All annual balance sheet and income statement accounting data for the banks studied were compiled from Bankscope for the period 2005-2011. To be consistent with other data, year-end stock prices over the period 2004-2011 were also compiled from Bankscope to compute the stock's annual return and standard deviation of stock's annual return which is one proxy for market risk. Similarly, only limited information on beta is available from Bankscope, thus the 1 year beta is chosen to be another proxy of market risk.

This paper studies only the commercial banks[2] listed on each country's stock exchange. There are total of 99 banks meeting the study criteria during the period 2005-2011. However, banks with less than three consecutive years of data are excluded. Consequently, the final sample consists of 72 banks from the eight Asian countries as presented in Table 1. Although the total number of bank-year observations is 469, the sample size or the number of observations used in the regression is 72 since all variables are mean values of each bank over the period.

Table 1. Sample Banks from the Eight Asian Countries.

Country	No. of Banks (2005-2011)	No. of Bank-Year Observations (2005-2011)
Hong Kong	7	49
Indonesia	27	169
Malaysia	2	14
Philippines	11	76
Singapore	2	14
South Korea	2	6
Taiwan	11	71
Thailand	10	70
Total	72	469

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[2] Commercial banks are banks conducting traditional banking activities such as taking deposits and making loans, and conducting non-traditional banking activities such as earning fees and commissions and gains on trading and derivatives and other securities. Thus, financial groups, holding companies, finance companies, securities companies and Islamic banks, etc. are excluded.

4. Empirical Results

4.1 Descriptive Results

The trend of mean income structure of Asian banks over time is shown in Table 2. It can be seen that the mean share of net non-interest income in net operating income (NNII_OI) changes year by year from 2005 to 2011, with the highest share of 86.3 percent in year 2008 and lowest share of 21.7 percent in year 2010. The mean share of fees and commissions (FEE_OI) reaches the highest point of 16.8% in 2010 and the lowest share is 4.8% in 2008. The mean share of net gains on trading and derivatives and other securities (TS_OI) is smaller than the share of fees; it has the highest share of 8.0% in 2006, but it changes to negative 1 percent in 2008 due to negative net gains on trading and derivatives and other securities. For TS_OI, there are only 43 observations because the data is not available for 29 banks.

Table 2. Mean Income Structure of Banks over the Period 2005-2011.

	2011	2010	2009	2008	2007	2006	2005	Average	Observations
NNII_OI (%)	26.6	21.7	40.3	86.3	30.2	27.6	32.0	37.3	72
FEE_OI (%)	15.3	16.8	10.6	4.8	11.3	11.1	13.4	11.5	72
TS_OI (%)	6.5	7.5	7.7	-1.0[1]	0.0	8.0	7.2	5.2	43[2]

Notes: 1. The negative mean share of TS_OI is due to the negative net gains on trading and derivatives and other securities. 2. The number of observations is smaller than 72 due to data missing or unavailable.

All measures are the mean value of all banks. NNII_OI - the ratio of net non-interest income to net operating income where net operating income is the sum of net interest income and net non-interest income; FEE_OI - the ratio of net fees and commissions to net operating income; TS_OI - the ratio of net gains on trading and derivatives and other securities to net operating income

Table 3 lists the descriptive statistics of the bank variables over the period 2005-2011. The bank's profitability and competitiveness are shown in Panel A. The mean ROA is only 0.874 percent which is lower than the mean ROE of 8.554 percent, whereas the mean risk-adjusted ROA (3.517 percent) is just slightly lower than the risk-adjusted ROE (3.715 percent) since the ROE also has the higher standard deviation of 12.513 percent. The mean ratio of net interest income to total assets is 3.141 percent with the maximum of 8.249 percent and minimum of 0.702 percent only. The mean competitiveness measured by the Q ratio is 1.06 which is slightly higher than 1 with the most competitive of 1.393 and the least competitive of 0.936.

Panel B displays the details of diversification or the income structure measures. On average, the net non-interest income is 37.348 percent of the net operating income with the standard deviation of 83.98 percent; the ratio of net fees and commissions to net operating income is 11.496 percent with the standard deviation of 13.099 percent; the share of net gains on trading and derivatives and other securities is 5.231 percent which is less than half of the share of net fees and commissions.

Panel C details the measures of the risk factors. It can be seen that the mean standard deviation of ROE, 8.337 percent, is higher than the mean standard deviation of ROA, 0.954 percent. The mean market risk measured by the beta, 0.817, is lower than the average level of 1 which reflects the nature of the banking industry. The mean standard deviation of stock's annual return is 43.141 percent. The mean Z-score is 33.997 and the mean equity to total asset ratio is 9.805 percent, which indicate that the

insolvency risk of Asian banks is quite low. Finally, the mean asset risk is also low since the loan-loss provisions is only 1.445 percent of net loans.

Table 3. Descriptive Statistics of Bank Variables over the Period 2005-2011.

Panel A: Profitability and Competitiveness

	ROA (%)	RAROA	ROE (%)	RAROE	NII_TA (%)	Q
Mean	0.874	3.517	8.554	3.715	3.141	1.060
Median	1.129	3.117	11.496	3.248	3.077	1.034
Standard deviation	1.793	3.100	12.513	3.316	1.594	0.089
Minimum	-11.138	-1.378	-55.418	-1.241	0.702	0.936
Maximum	5.611	14.738	31.502	14.277	8.249	1.393
Observations	72	72	72	72	72	72

Notes: ROA - ratio of net income to average total assets; RAROA - ratio of mean ROA to standard deviation of ROA; ROE - ratio of net income to average equity; RAROE - ratio of mean ROE to standard deviation of ROE; NII_TA - ratio of net interest income to total assets; Q - ratio of the sum of market value of equity and book value of debt to the book value of total assets.

Panel B: Diversification Measures

	NNII_OI (%)	FEE_OI (%)	TS_OI (%)
Mean	37.348	11.496	5.231
Median	27.034	12.956	5.550
Standard deviation	83.980	13.099	8.401
Minimum	-10.083	-77.503	-34.769
Maximum	731.830	28.950	27.062
Observations	72	72	43

Notes: NNII_OI - the ratio of net non-interest income to net operating income where net operating income is the sum of net interest income and net non-interest income; FEE_OI - the ratio of net fees and commissions to net operating income; TS_OI - the ratio of net gains on trading and derivatives and other securities to net operating income.

Panel C: Risk Factors

	SDROA (%)	SDROE (%)	BETA	SDSR (%)	Z	E_TA (%)	LLP_NL (%)
Mean	0.954	8.337	0.817	43.141	33.997	9.805	1.445
Median	0.376	3.603	0.877	39.846	30.293	9.429	0.793
Standard deviation	3.520	14.540	0.459	21.118	25.504	4.252	3.997
Minimum	0.058	0.961	-0.210	8.745	-0.360	0.291	-0.039
Maximum	30.094	104.128	1.487	103.620	136.891	24.585	34.132
Observations	72	72	65	71	72	72	72

Notes: SDROA stands for standard deviation of ROA; SDROE stands for standard deviation of ROE, BETA stands for the 1 year beta, SDSR stands for the standard deviation of stock's annual return; Z is the ratio of the sum of average ROA and

average capital ratio to standard deviation of ROA; E_TA is the ratio of equity to total assets; LLP_NL is the ratio of loan loss provision to net loans.

Table 3. Descriptive Statistics of Bank Variables over the Period 2005-2011 (continued).

Panel D: Control Variables and Other Variables

	TA (million dollars)	LN_TA	ME_TA (%)	GTA (%)	L_TA (%)	NII (thousand dollars)	NNII (thousand dollars)
Mean	19,942	15.732	15.904	12.569	55.035	485,973	210,658
Median	7,647	15.796	14.290	12.146	57.826	195,567	92,344
Standard deviation	29,291	1.659	10.110	9.376	12.264	623,017	314,043
Minimum	145	11.845	3.377	-7.604	22.855	3,640	- 111,638
Maximum	136,688	18.686	53.129	39.330	74.315	2,490,329	1,390,012
Observations	72	72	72	72	72	72	72

Notes: TA stands for total assets; LN_TA stands for the natural logarithm of total assets; ME_TA stands for the ratio of market value of equity to total assets; GTA stands for the annual growth rate of total assets; L_TA stands for the ratio of net loans to total assets; NII stands for net interest income; and NNII stands for net non-interest income.

Table 4. Correlation of Variables.

	LN_TA	E_TA	GTA	L_TA	NNII_OI	FEE_OI
E_TA	-0.295					
GTA	-0.102	0.445				
L_TA	0.028	-0.161	-0.077			
NNII_OI	-0.091	0.075	-0.304	-0.077		
FEE_OI	0.262	-0.176	0.259	-0.001	**-0.908**	
TS_OI	0.165	0.263	0.121	-0.181	0.087	0.037

Notes: LN_TA stands for the natural logarithm of total assets; E_TA stands for the ratio of equity to total assets; GTA stands for the annual growth rate of total assets; L_TA stands for the ratio of net loans to total assets; NNII_OI - the ratio of net non-interest income to net operating income where net operating income is the sum of net interest income and net non-interest income; FEE_OI - the ratio of net fees and commissions to net operating income; TS_OI - the ratio of net gains on trading and derivatives and other securities to net operating income.

The descriptive statistics of control and other variables are presented in Panel D. The average asset size of the banks in the sample is $19,942 million with the standard deviation of $29,291 million. The average magnitude of net interest income is $486 million and the mean net non-interest income is $211 million. The ratio of market value of equity to total assets is 15.904 percent, which is much higher than the book value based ratio of 9.805 percent; this result also leads to a high Q ratio of 1.06. The average annual growth rate of total assets is 12.569 percent, indicative of the rapid growth of Asian banks over the period 2005-2011. The mean net loans accounts for 55.035 percent of total assets suggesting that the main asset of banks is still loans. The large standard deviations of total assets, growth rate of total assets and the ratio of loans to total assets justify using these as control variables in the regression to take into account each bank's specific characteristics.

Table 4 shows the correlation among income structure measures and control variables. It can be seen that the correlations among all variables are quite low except that the ratio of net non-interest income to net operating income is highly negatively correlated with the ratio of net fees and commissions to net operating income. This suggests that there should be two separate regressions required to have NNII_OI in one regression and FEE_OI in another.

4.2 Regression Results

The cross-sectional OLS regression results are displayed in Tables 5-8. Table 5 shows the regression result of the effect of net non-interest income on a bank's risk. It was found that the ratio of net non-interest income to net operating income (NNII_OI) is significantly positively related to the risk variables BETA, standard deviation of stock's annual return (SDSR), the ratio of equity to total assets (E_TA) and the ratio of loan loss provision to net loans (LLP_NL) at the 1 percent or 5 percent level of significance. Thus, the higher share of net non-interest income in net operating income will lead to higher market risk as proxied by beta and the standard deviation of monthly stock return. This result is consistent with the studies of Stiroh (2006), Baele, Jonghe and Vennet (2007) and Lepetit et al. (2008). The positive coefficient of E_TA suggests that banks with higher net non-interest exposure tend to have lower insolvency risk since they have higher capital adequacy to cover potential losses and remain solvent. This result contradicts that of Lepetit et al. (2008) possibly because banks in Asia went through a major financial crisis in 1997, learned from this experience and are more prepared for future potential losses. The positive relationship between NNII_OI and LLP_NL indicates that banks with more non-interest activities will have higher loan loss provisions, and therefore higher asset risk. This result may be explained by the diversification effect, i.e., potential loss from risky loans may be covered by potential gains from non-interest income.

It can also be seen that NNII_OI will not affect the standard deviation of ROA (SDROA) and ROE (SDROE), and the Z score. The size effect, proxied by the logarithm of total assets (LN_TA), is not very clear-cut here because it affects market risk BETA positively, but it does affect the standard deviation of ROE (SDROE) and E_TA negatively at different significance levels. E_TA significantly affects the SDROE negatively; annual growth of total assets (GTA) is significantly positively related to the market risk BETA; and the ratio of net loans to total assets (L_TA) is significantly negatively related to the SDROE.

Several country dummies also are significant in different regressions. It can be seen that banks in Indonesia, Hong Kong and Singapore have lower SDROE than banks in Thailand. Similarly, banks in the Malaysia, South Korea and Singapore have lower standard deviations of stock returns (SDSR) than Thai banks. Furthermore, Indonesian and Taiwanese banks have lower capital adequacy ratios (E_TA) than Thai banks.

The effect of net non-interest income on banks' competitiveness and profitability is detailed in Table 6. It was found that the competitiveness Q is only significantly positively affected by the bank's size (LN_TA) at the 10 percent level of significance, which suggests that larger Asian banks will be more competitive than smaller ones. This is not consistent with the findings of Baele, Jonghe and Vennet (2007) where larger banks tend to perform worse than smaller one. The possible reason for this is that this paper employs Tobin's Q whereas Baele, Jonghe and Vennet (2007) use the computed noise-adjusted Tobin's Q. The NNII_OI was found to be significantly negatively related to ROA and ROE

indicating a higher share of non-interest income will reduce a bank's profitability. This effect is consistent with the results of Mercieca, Schaeck and Wolfe (2007) and Berger, Hasan and Zhou (2010). This result can also be explained similarly with the study of Stiroh and Rumble (2006) that the gains from non-interest income are more than offset by the costs of higher exposure to non-interest activities. The ratio of net non-interest income to net operating income (NNII_OI), however, does not affect the risk-adjusted ROA (RAROA) and ROE (RAROE) since the coefficients are not significant at any significance level although they are negative. Furthermore, NNII_OI is significantly positively related to the ratio of net interest income to total assets (NII_TA) at the 1 percent significance level implying that banks normally increase their non-interest income and interest income together, i.e., banks with more non-interest income will not sacrifice their interest income.

Table 5. Cross-sectional OLS Regression Results – the Effect of NNII_OI on Risk.

	SDROA	SDROE	BETA	SDSR	Z	E_TA	LLP_NL
Constant	20.400	100.076**	-1.443**	0.008	11.371	24.843***	19.408
	(0.221)	(0.035)	(0.023)	(0.983)	(0.851)	(0.004)	(0.291)
NNII_OI	0.005	0.003	0.001***	0.001***	-0.012	0.007***	0.010**
	(0.176)	(0.814)	(0.000)	(0.000)	(0.397)	(0.001)	(0.028)
LN_TA	-0.627	-2.667*	0.133***	0.021	-0.012	-1.061**	-0.496
	(0.247)	(0.064)	(0.000)	(0.276)	(0.997)	(0.012)	(0.406)
E_TA	-0.389	-1.446**	-0.020	0.012	0.509		-0.444
	(0.284)	(0.030)	(0.172)	(0.277)	(0.668)		(0.273)
GTA	0.041	-0.286	0.013***	0.001	0.218	0.125	0.047
	(0.517)	(0.135)	(0.009)	(0.888)	(0.530)	(0.106)	(0.485)
L_TA	-0.084	-0.318*	0.003	0.001	0.256	0.035	-0.091
	(0.249)	(0.088)	(0.441)	(0.760)	(0.382)	(0.585)	(0.265)
D1	-3.087	-20.795		-0.112	7.735	0.323	-2.630
	(0.207)	(0.101)		(0.344)	(0.619)	(0.905)	(0.336)
D2	-2.527	-17.691		-0.323***	14.178	-2.743	-3.044
	(0.265)	(0.107)		(0.001)	(0.552)	(0.156)	(0.212)
D3	0.736	-6.452		-0.377***	-14.502	4.432	-0.120
	(0.498)	(0.488)		(0.000)	(0.390)	(0.188)	(0.902)
D4	-1.987	-18.820*		-0.091	7.331	-3.549*	-1.442
	(0.221)	(0.095)		(0.331)	(0.571)	(0.071)	(0.416)
D5	-2.344	-18.299*		-0.137	-3.486	-1.920	-3.178
	(0.207)	(0.097)		(0.227)	(0.811)	(0.235)	(0.122)
D6	-1.194	-15.772*		-0.253***	25.749	1.741	-1.987
	(0.254)	(0.088)		(0.009)	(0.212)	(0.326)	(0.111)
D7	-2.012	-9.919		-0.113	-18.702	-4.697***	-2.392
	(0.291)	(0.418)		(0.173)	(0.195)	(0.000)	(0.255)
R-squared	0.226	0.382	0.343	0.283	0.219	0.438	0.249
Observations	72	72	65	71	72	72	72

Notes: SDROA stands for standard deviation of ROA; SDROE stands for standard deviation of ROE, BETA stands for the 1 year beta, SDSR stands for the standard deviation of stock's annual return; Z is the ratio of the sum of average ROA and average capital ratio to standard deviation of ROA; E_TA is the ratio of equity to total assets; LLP_NL is the ratio of loan loss provision to net loans; NNII_OI - the ratio of net non-interest income to net operating income where net operating

income is the sum of net interest income and net non-interest income; LN_TA stands for the natural logarithm of total assets; GTA stands for the annual growth rate of total assets; L_TA stands for the ratio of net loans to total assets; D1 to D7 are country dummies representing the Philippines, Malaysia, South Korea, Indonesia, Hong Kong, Singapore and Taiwan, respectively; it is equal to 1 if the observation is from that country or district and 0 otherwise; numbers in parentheses are p-values; ***, ** and * indicate significance at the level of 1%, 5% and 10% respectively.

Table 6. Cross-sectional OLS Regression Result – the Effect of NNII_OI on Competitiveness and Profitability.

	Q	ROA	ROE	RAROA	RAROE	NII_TA
Constant	0.810***	-9.882	-72.274**	-9.764**	-13.558***	-6.810***
	(0.000)	(0.115)	(0.025)	(0.044)	(0.009)	(0.005)
NNII_OI	0.000	-0.006***	-0.034***	-0.002	-0.002	0.002***
	(0.331)	(0.000)	(0.000)	(0.137)	(0.213)	(0.001)
LN_TA	0.016*	0.437**	3.896***	0.793**	0.950***	0.361***
	(0.073)	(0.037)	(0.000)	(0.011)	(0.006)	(0.002)
E_TA	0.002	0.285**	0.996**	0.128	0.204*	0.175***
	(0.544)	(0.041)	(0.029)	(0.186)	(0.056)	(0.000)
GTA	0.000	0.010	0.287**	0.058	0.062	-0.026
	(0.735)	(0.689)	(0.040)	(0.179)	(0.205)	(0.106)
L_TA	-0.001	0.009	-0.030	-0.021	-0.020	0.035***
	(0.394)	(0.750)	(0.809)	(0.501)	(0.633)	(0.001)
D1	0.039	0.911	11.287	0.284	1.665	1.503***
	(0.465)	(0.345)	(0.192)	(0.868)	(0.342)	(0.004)
D2	0.031	0.723	8.836	1.049	0.615	-0.327
	(0.412)	(0.379)	(0.219)	(0.727)	(0.790)	(0.487)
D3	-0.059*	1.564	14.748**	-0.949	-1.194	-1.667***
	(0.096)	(0.122)	(0.013)	(0.538)	(0.355)	(0.005)
D4	0.107**	0.939	14.575*	1.404	2.312	2.621***
	(0.024)	(0.152)	(0.063)	(0.345)	(0.123)	(0.000)
D5	0.041	0.676	9.372	-1.291	-0.958	-0.847**
	(0.362)	(0.356)	(0.229)	(0.421)	(0.407)	(0.013)
D6	-0.035	-0.217	1.268	0.189	0.471	-1.590***
	(0.375)	(0.620)	(0.843)	(0.923)	(0.761)	(0.000)
D7	-0.011	0.611	2.015	-2.482*	-1.818*	-0.963**
	(0.780)	(0.408)	(0.810)	(0.084)	(0.065)	(0.012)
R-squared	0.287	0.516	0.558	0.389	0.429	0.774
Observations	72	72	72	72	72	72

Notes: Q - ratio of the sum of market value of equity and book value of debt to the book value of total assets; ROA - ratio of net income to average total assets; RAROA - ratio of mean ROA to standard deviation of ROA; ROE - ratio of net income to average equity; RAROE - ratio of mean ROE to standard deviation of ROE; NII_TA - ratio of net interest income to total assets; NNII_OI - the ratio of net non-interest income to net operating income where net operating income is the sum of net interest income and net non-interest income; LN_TA stands for the natural logarithm of total assets; E_TA stands for the ratio of equity to total assets; GTA stands for the annual growth rate of total assets; L_TA stands for the ratio of net loans to total assets; D1 to D7 are country dummies representing the Philippines, Malaysia, South Korea, Indonesia, Hong Kong, Singapore and Taiwan, respectively; it is equal to 1 if the observation is from that country or district and 0 otherwise; Numbers in parentheses are p-values; ***, ** and * indicate significance at the level of 1%, 5% and 10% respectively.

The logarithm of total assets (LN_TA) was found to be significantly positively related to all profitability measures indicating that size does matter -- larger banks tend to be more profitable. E_TA is positively related to ROA, ROE, risk-adjusted ROE (RAROE) and ratio of net interest income to total assets (NII_TA); annual growth rate of total assets (GTA) is positively related to ROE; and the ratio of net loans to total assets (L_TA) is positively related to NII_TA.

The study also found that banks in Korea have a lower competitiveness Q than Thai banks, but the banks in Indonesia have higher competitiveness Q than banks in Thailand. Korean and Indonesian banks have a higher ROE than Thai banks. Banks in the Philippines and Indonesia have higher NII_TA than Thai banks, whereas banks in Hong Kong, Korea, Singapore and Taiwan have lower NII_TA than Thai banks. Taiwanese banks have a lower RAROA and RAROE than banks in Thailand.

Table 7 presents the regression results of the effect of net fees and commissions, and net gains on trading and derivatives and other securities on banks' risk factors. It can be seen that the results are quite different from Table 5. The ratio of net fees and commissions to net operating income (FEE_OI) is significantly negatively related to the standard deviation of ROA (SDROA), standard deviation of stocks' annual return (SDSR), E_TA and the ratio of loan loss provisions to net loans (LLP_NL) at the 1 percent or 5 percent significance level. Thus, a higher percentage of net fees and commissions will lower earning variability and market risk, increase the insolvency risk and lower the asset risk. The ratio of net gains on trading and derivatives and other securities to net operating income (TS_OI) is significantly negatively related to the standard deviation of ROE (SDROE) and positively related to the SDSR, Z-score and E_TA. Hence, higher exposure of TS_OI will reduce earnings volatility and insolvency risk but increase market risk.

The size of the bank is significantly negatively related to standard deviation of ROE (SDROE) and E_TA. Larger banks tend to have lower volatilities of ROE and lower capital adequacy ratios. E_TA is negatively related to the SDROE; annual growth rate of total assets (GTA) is positively related to E_TA; and the ratio of net loans to total assets (L_TA) is negatively related to the Z-score. Banks in Malaysia and Indonesia have a lower SDROE than Thai banks, whereas banks in Korea have a higher SDROE than Thai banks. Banks in Malaysia, South Korea and Taiwan have a lower SDSR than Thai banks. Thai banks have a higher capital adequacy ratio (E_TA) than banks in Hong Kong, Indonesia, Korea, Malaysia, and Taiwan. Thai banks also have a higher ratio of loan loss provision to net loans (LLP_NL) than banks in Hong Kong and Singapore, indicating that asset quality in Thai banks is relatively lower than in banks from Hong Kong and Singapore.

Table 8 shows the regression results of the effect of net fees and commissions, and net gains on trading and derivatives and other securities on banks' competitiveness and profitability. Again, the regression results were found to be different from those in Table 6. FEE_OI was found to be significantly positively related to ROA and ROE at the 1 percent significance level, indicating that fees and commissions will increase bank profitability. TS_OI is significantly negatively related to Q and positively related to ROE at the 1 percent significance level, suggesting that trading and derivatives and other securities activities tend to lower a bank's competitiveness but may increase the bank's returns.

The size of a bank is significantly positively related to competitiveness and all profitability variables except the ratio of net interest income to total assets (NII_TA). Larger banks will have higher returns. E_TA is also found to be significantly positively related to ROA and ROE. The ratio of net loans to

total assets (L_TA) is significantly negatively related to risk-adjusted ROA (RAROA). Korean and Indonesian banks have a higher competitiveness Q than Thai banks. For Korean banks, the result is not the same as in Table 6 because of the difference in banks' non-interest income structure in two countries: Korean banks have higher percentage of net gains on trading and derivatives and other securities whereas Thai banks have higher percentage of gains on fees and commissions[3]. Indonesian banks also have a higher ROA, ROE and NII_TA than Thai banks. Thai banks have a higher ROE than Korean banks, higher RAROA than Taiwanese banks, and higher NII_TA than banks in Singapore and Taiwan.

Table 7. Cross-sectional OLS Regression Result – the Effect of FEE_OI and TS_OI on Risk.

	SDROA	SDROE	BETA	SDSR	Z	E_TA	LLP_NL
Constant	2.175	92.559***	-1.431	0.716	-53.014	31.036***	0.281
	(0.186)	(0.008)	(0.343)	(0.263)	(0.551)	(0.002)	(0.924)
FEE_OI	-0.010**	-0.084	-0.004	-0.006***	0.054	-0.063***	-0.035***
	(0.031)	(0.300)	(0.211)	(0.001)	(0.725)	(0.000)	(0.001)
TS_OI	-0.018	-1.686***	0.000	0.008*	0.879**	0.140***	-0.007
	(0.129)	(0.000)	(0.995)	(0.052)	(0.041)	(0.007)	(0.574)
LN_TA	-0.092	-2.663*	0.134	-0.026	8.216	-1.065*	0.099
	(0.217)	(0.068)	(0.110)	(0.368)	(0.152)	(0.051)	(0.495)
E_TA	0.025	-1.098*	-0.025	-0.001	-0.009		0.002
	(0.511)	(0.088)	(0.293)	(0.941)	(0.995)		(0.968)
GTA	-0.011	-0.159	0.010	-0.001	0.250	0.182*	-0.016
	(0.304)	(0.359)	(0.289)	(0.844)	(0.665)	(0.058)	(0.390)
L_TA	0.002	-0.215	0.005	0.006	-0.797*	-0.054	-0.002
	(0.787)	(0.415)	(0.508)	(0.215)	(0.094)	(0.301)	(0.885)
D1	-0.135	2.178		0.056	-26.762	-4.612	0.081
	(0.788)	(0.816)		(0.808)	(0.287)	(0.119)	(0.895)
D2	-0.232	-13.538*		-0.233*	-10.816	-4.154*	-0.516
	(0.576)	(0.085)		(0.053)	(0.686)	(0.086)	(0.189)
D3	0.057	30.030***		-0.585***	-42.515	-2.852*	-0.670
	(0.929)	(0.007)		(0.000)	(0.154)	(0.080)	(0.140)
D4	-0.454	-16.036***		-0.099	5.870	-4.521*	0.106
	(0.170)	(0.008)		(0.362)	(0.657)	(0.087)	(0.857)
D5	-0.120	-7.475		-0.082	-26.629	-3.628**	-0.747**
	(0.778)	(0.328)		(0.606)	(0.178)	(0.019)	(0.047)
D6	-0.195	-5.564		-0.062	-15.640	-0.099	-0.889*
	(0.627)	(0.434)		(0.635)	(0.586)	(0.951)	(0.054)
D7	0.138	-4.293		-0.178*	-23.542	-4.655***	-0.022
	(0.787)	(0.585)		(0.054)	(0.113)	(0.000)	(0.961)
R-squared	0.414	0.776	0.206	0.497	0.411	0.662	0.630
Observations	43	43	40	43	43	43	43

Notes: SDROA stands for standard deviation of ROA; SDROE stands for standard deviation of ROE, BETA stands for the 1 year beta, SDSR stands for the standard deviation of stock's annual return; Z is the ratio of the sum of average ROA and

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[3] However, this result should be considered with caution since there are only 2 Korean banks in the study sample.

average capital ratio to standard deviation of ROA; E_TA is the ratio of equity to total assets; LLP_NL is the ratio of loan loss provision to net loans; FEE_OI - the ratio of net fees and commissions to net operating income; TS_OI - the ratio of net gains on trading and derivatives and other securities to net operating income; LN_TA stands for the natural logarithm of total assets; GTA stands for the annual growth rate of total assets; L_TA stands for the ratio of net loans to total assets; D1 to D7 are country dummies representing the Philippines, Malaysia, South Korea, Indonesia, Hong Kong, Singapore and Taiwan, respectively; it is equal to 1 if the observation is from that country or district and 0 otherwise; numbers in parentheses are p-values; ***, ** and * indicate significance at the level of 1%, 5% and 10% respectively.

Table 8. Cross-sectional OLS Regression Result – the Effect of FEE_OI and TS_OI on Competitiveness and Profitability.

	Q	ROA	ROE	RAROA	RAROE	NII_TA
Constant	0.652***	-6.419***	-98.870***	-12.063	-12.541	-4.314
	(0.004)	(0.002)	(0.003)	(0.247)	(0.180)	(0.396)
FEE_OI	0.000	0.032***	0.260***	0.010	0.005	-0.017
	(0.324)	(0.000)	(0.002)	(0.562)	(0.786)	(0.046)
TS_OI	-0.006***	-0.002	0.961***	0.086	0.053	-0.023
	(0.000)	(0.847)	(0.000)	(0.112)	(0.278)	(0.211)
LN_TA	0.030***	0.325***	5.001***	1.335**	0.984**	0.275
	(0.006)	(0.009)	(0.003)	(0.028)	(0.044)	(0.245)
E_TA	0.004	0.163***	0.976*	0.011	0.163	0.164
	(0.312)	(0.001)	(0.085)	(0.958)	(0.513)	(0.153)
GTA	0.000	0.010	0.145	0.050	0.041	-0.031
	(0.721)	(0.424)	(0.364)	(0.497)	(0.629)	(0.357)
L_TA	-0.002	-0.005	0.025	-0.108*	-0.038	0.026
	(0.107)	(0.710)	(0.915)	(0.078)	(0.508)	(0.190)
D1	0.039	0.106	-3.479	-3.738	-0.094	1.275
	(0.478)	(0.870)	(0.681)	(0.264)	(0.978)	(0.149)
D2	0.011	0.131	6.866	-1.081	0.262	-0.243
	(0.740)	(0.767)	(0.301)	(0.752)	(0.928)	(0.687)
D3	0.055*	0.623	-14.596*	-4.122	-2.105	-0.506
	(0.071)	(0.197)	(0.066)	(0.202)	(0.306)	(0.180)
D4	0.112***	0.990**	17.257***	1.555	2.037	2.501**
	(0.005)	(0.013)	(0.001)	(0.364)	(0.349)	(0.048)
D5	0.049	0.067	3.643	-3.383	-1.541	-0.714
	(0.127)	(0.867)	(0.553)	(0.152)	(0.398)	(0.178)
D6	-0.065	-0.577	-6.347	-3.075	-0.215	-1.313**
	(0.145)	(0.223)	(0.344)	(0.309)	(0.913)	(0.013)
D7	0.008	-0.191	-1.407	-3.383*	-2.349	-0.946*
	(0.731)	(0.644)	(0.819)	(0.061)	(0.131)	(0.084)
R-squared	0.717	0.776	0.757	0.520	0.524	0.814
Observations	43	43	43	43	43	43

Notes: Q - ratio of the sum of market value of equity and book value of debt to the book value of total assets; ROA - ratio of net income to average total assets; RAROA - ratio of mean ROA to standard deviation of ROA; ROE - ratio of net income to average equity; RAROE - ratio of mean ROE to standard deviation of ROE; NII_TA - ratio of net interest income to total assets; FEE_OI - the ratio of net fees and commissions to net operating income; TS_OI - the ratio of net gains on trading and derivatives and other securities to net operating income; LN_TA stands for the natural logarithm of total assets; E_TA stands for the ratio of equity to total assets; GTA stands for the annual growth rate of total assets; L_TA stands for the ratio

of net loans to total assets; D1 to D7 are country dummies representing the Philippines, Malaysia, South Korea, Indonesia, Hong Kong, Singapore and Taiwan, respectively; it is equal to 1 if the observation is from that country or district and 0 otherwise; numbers in parentheses are p-values; ***, ** and * indicate significance at the level of 1%, 5% and 10% respectively.

5. Conclusion

This paper studies the impact of the Asian banks' income structure diversification on competitiveness, profitability and risk over the period 2005-2011. Exchange-listed commercial banks of eight Asian countries (Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand) were included in the sample. The diversified income structure was captured by three variables: ratio of net non-interest income to net operation income, ratio of net fees and commissions to net operating income, and ratio of net gains on trading and derivatives and other securities to net operating income. Tobin's Q ratio is the proxy for the bank's competitiveness; the profitability is measured by five variables: return on assets, return on equity, risk-adjusted return on assets, risk-adjusted return on equity and the ratio of net interest income to total assets; seven risk factors selected are: standard deviation of stock's annual return, beta, standard deviation of ROA and ROE, capital ratio (equity to total assets), Z-score (ratio of the sum of average ROA and average capital ratio to standard deviation of ROA), and the ratio of loan loss provision to net loans.

The cross-sectional OLS regression results reveal that a higher share of net non-interest income in net operating income will lead to higher market risk proxied by beta and the standard deviation of stock's annual return (SDSR), lower insolvency risk proxied by E_TA ratio, and higher asset risk proxied by the ratio of loan loss provisions to net loans. The results also show that a higher percentage of net fees and commissions will lower earnings variability, market risk and asset risk, and increase insolvency risk. However, a higher ratio of net gains on trading and derivatives and other securities to net operating income will reduce earnings volatility (standard deviation of ROE) and insolvency risk (Z-score and E_TA) but increase market risk (SDSR).

The net non-interest income was also found to be significantly negatively related to ROA and ROE indicating a higher share of non-interest income will reduce bank profitability. Bank size proxied by the natural logarithm of total assets was found to be significantly positively related to all profitability variables indicating that larger banks tend to have higher returns. The results also imply that net fees and commissions will increase a bank's profitability significantly.

Competitiveness is found to be significantly positively affected by the size of the bank and negatively affected by the ratio of net gains on trading and derivatives and other securities to net operating income.

To conclude, the higher exposure of net non-interest income in Asian banks will increase the market risk and asset risk but lower the insolvency risk, return on assets and return on equity. However, more exposure of net fees and commissions will lower the return volatility, market risk and asset risk, but increase the insolvency risk, return on assets and return on equity. The exposure of trading and derivatives and other securities will decrease the bank's competitiveness, earnings volatility and insolvency risk but increase the market risk. These findings might provide some theoretical insight

concerning banks' income portfolio construction and risk-return management. For instance, it is shown that different income structures have different diversification effect on a bank's risk and return. Thus, net fees and commissions should be added to the Asian banks' income portfolio to reduce the risk and increase the return; on the other hand, banks should reduce activities in trading and derivatives and other securities since investors perceive these negatively which leads to lower market value and competitiveness.

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Recent Nurse Graduate Views about a Good Day in Nursing: Some Considerations for Educators

Abstract:

Recent nurse graduate views about a good day in nursing: Some considerations for educators This poster presentation arises from the analysis of data from a large Singapore-based survey and a complementary qualitative series of seventeen individual interviews reported by Cleary and colleagues (in-press). Answers to a series of questions within the questionnaire and the structured interviews have been presented under the umbrella of investigating recent Singaporean graduates' views about the characteristics of a good nurse, a good day at work, and how they uphold ethical standards. Five themes emerged, these are: caring for others; respectful interpersonal interaction; rational clinical decision-making; the harsh reality of the workplace; and personal qualities (not easily influenced by formal education). Interviewees believed that potential nursing students should be made aware of the harsh realities they will face on graduation, which may seem counter-intuitive. However, graduates recalled their own struggles and perseverance and toughness to simply survive the early months as a key component of transition shock, indicating that an earlier awareness could be beneficial.

Keywords: Caring, Clinical Decisions, Education, Good Nursing, International Nursing Culture, Interpersonal Interaction, Patient-Focused Care, Nurse Personal Qualities, New Graduates

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Causes of Primary Schools Teachers' Organizational Silence: A Qualitative Study

Abstract:

Research conducted in educational organizations indicates that educational institutions experienced a high level of organizational silence. Teachers and school administrators in the face of facts and circumstances appear to prefer to remain silent rather than speak. Analysis of research on related literature demonstrates that organizational silence lead to not sharing information and experiences, deprivation multi-faceted perspectives, indifferent to the work of organization development, unable to open communication and constructive dialogue, lack of organization ownership, a reduction in performance, remain passive against injustice rather than reaction, and being reluctant to explain the views. The climate of silence which is adversely affecting the psychology of organizations has a decisive influence on patterns of organizational behavior. The purpose of this study is to determine the causes of organizational silence experienced by primary school teachers. Phenomenology method, a qualitative research design, and interview technique is used in this research. Working group of this study consists of four primary schools teachers as determined by a snowball or chain sampling method. The data obtained by open-ended questions and semi-structured interviews were analyzed using content analysis technique. Some of the codes as a result of the content analysis are as follows; school administrator to look interested in the so-called, unfair practices (discrimination, favoritism etc.), colleagues poor performance, and the belief that speech is useless. As a result of the research, organizational silence is experienced by primary school teachers is derived from administrative, organizational, work-related, and relational reasons. Teachers thoughts about it would be useless to talk because of relational reasons, and school administrators seem to be interested in the so-called because of administrative reasons lead to organizational silence. According to participants, to deal with organizational silence, to be more active and open to new ideas, emphasis on individuality, to have a conciliatory approach, and selecting the practitioners of the profession from willing and voluntary people are required.

Keywords: Organizational Silence, Teacher

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A Sociological Analysis of Preservation Processes in Urban Protected Areas: The Case of Turkey

Abstract:

This project aims to present a sociological analysis of the preservation activities carried out in a historic urban site in Talas, a district of the Kayseri province. The contemporary procedures of preservation planning place special emphasis on the public participation process and encourage decision makers to take necessary measures to enhance it. Overall, this requires the direct participation of people and groups from diverse backgrounds in the decision making process. Another significant dimension of the preservation process is that of human ecology. Preservation not only includes the conservation of historical, cultural and natural heritages, but also the human environment. Thus, at this stage of analysis, the project addresses how local people interact with the Talas site in terms of its cultural, social and economic aspects. This study therefore analyzes the preservation process in Talas by examining the aforementioned factors: the level of public participation and the notion of human ecology in preservation planning and activities. Put simply, the project seeks to identify the degree to which local people participate in preservation policies, and how preservation planning accounts for human ecology. Related to these aims, the study also considers various characteristics of the local people, including socioeconomic and sociodemographic aspects of the region and citizens' attitudes and perceptions towards the preservation activities carried out there.

Keywords: Historic preservation, Talas, Turkey, authenticity, public participation, collective memory

INTRODUCTION

Our main objective in this study is to conduct a sociological analysis of the historic preservation processes carried out in Talas, a historic district of the Kayseri province in Turkey. We focus on the following themes and questions, among others, in this project:

1. First of all, we focus on the issue of participation in historic preservation. Our primary question asks which actors participate in the historic preservation processes in Talas, and to what degree are they incorporated into the decision making process? This is especially important when considering the contemporary practices of historic preservation in the world, where the democratic participation of various stakeholders has been considered the main goal. This point warrants close consideration because it is directly related to the method and strategies through which the main elements of historic preservation--namely analysis, interpretation, application and reconstruction processes--take place.

2. The issue of authenticity in historic preservation is another theme. How do the executors of historic preservation interpret the history of a particular site when they construct a so-called authentic space, which seems to be another essential element of the process? To what, and to which period of time, do they refer in their interpretation? This is especially important in the case of Talas because the site is known for its non-Muslim history. The ideology and discourse of historic preservation becomes particularly apparent when it comes to the construction of authenticity.

3. Thirdly, we focus on the issue of collective memory. How is collective memory reconstructed through and within historic preservation processes expressed in spatial terms? It is obvious that the authentic space created through historic preservation also constitutes a narrative of collective memory.

4. And last but not least, Talas inhabitants hold a particular image of Talas that is formed through their own experiences and memories or stories told by their ancestors or elders. We attempted to collect life stories of Talas inhabitants, especially from older people, and compare this particular image with the one that is constructed through historic preservation. For example, Talas' non-Muslim history has a place of its own in the memories of Talas inhabitants. We attempted to understand whether this history is emphasized in the Talas image formed through historic preservation processes.

In addition to these main questions, we placed particular emphasis on the local people's expectations of historic preservation and their level of participation in the process. The contemporary practices of historic preservation in the world frame the issue of public participation as essential to achieving a sustainable historic preservation policy. This entails direct and democratic participation of all stakeholders in historic preservation policies.

Thus, our analysis entails a thorough understanding of how the local people are related to this particular space in terms of cultural, social and economic dimensions. Moreover, the notion of spatial identity, which is considered essential to historic preservation planning, cannot be analyzed without understanding the local people's use of space and the symbolic meanings attached to it. A common problem with historic preservation process is such that the signification practices of the people living in a particular historic site, and the spatial identities they have gained through their relationship with the space, are generally overlooked. However, the notion of preservation not only includes the preservation of historical, cultural and natural heritage but also the human environment. The executors of historic preservation tend to ignore the issue of how local people make sense of a particular space and how they form their identities through the place they live. Instead, executors often regard inhabitants as citizens who add something to the space constructed through historic preservation--something to render the place's authenticity real, or at least convincing. Thus, our analysis emphasized the issue of human environment and the level of public participation in the process.

Furthermore, various individuals and groups, or social and political actors, ascribe different meanings and symbolic functions to the space. These are either emphasized or repressed through and within historic preservation processes. This brings us to the issue of the intricate relationship between historic preservation and the reconstruction and reinterpretation of collective memory and the history of a particular site. Therefore, the historic preservation process is a complicated one in which myriad

constructions of identities, memories, histories and functions by various mediators and actors are contested and negotiated. While these individuals or groups reconstruct space, culture and identities in various ways through historic preservation, they happen to engage at different levels in the power structure inherent in the historic preservation process. The resulting reconstructed space, identity and culture is formed through the preservation process as a reflection of this power hierarchy.

Undoubtedly, one of the most problematic issues in historic preservation is that of collective memory. The space subject to historic preservation serves as the realm in which collective memory is constructed through interpretations of history and different symbolic meanings and functions attached to the space through the process. Thus, although collective memory is regarded as a central element of the formation of nation-states, it also refers to the values, culture, strategies, and ideology of particular ethnic, political or cultural groups within more micro-scales than nation-states. According to Maurice Halbwachs (who first coined the term in the 1920s), remembering is formed through participation in the collective life, and different groups and actors generate distinct narratives of the past (1980). Thus, the formation of memory is a complicated process by which different groups and actors construct singular narratives of the past and reinterpret space in varying ways. On the other hand, collective memory depends heavily on oral culture, which relies mainly on experience, versus written culture. Individuals and groups embed different symbolic meanings to various events, spaces and personal figures. Since different individuals and groups rest at distinct levels of the historic preservation process power hierarchy, some historical figures, structures or events are highlighted. Others, meanwhile, are completely removed from the realm of collective memory during historic preservation. Throughout this study, we attempted to distinguish the negotiations, contestations and intersections of different interpretations of history by various social groups as they become constitutive elements of collective memory through the historic preservation process.

GENERAL INFORMATION ABOUT THE RESEARCH SITE

The geographical location

Talas is a central district located approximately 11 kilometers from the city center of the Kayseri province, which is in the Central Anatolia of Turkey. Talas has two different parts in terms of landforms: the lower Talas, which lies on a flat plain; and upper Talas, which sits on a hill 150 meters above this plain. The region determined to be the project site consists of particular sections of five Talas neighborhoods, namely Kiçiköy, Han, Harman, Tablakaya and Yukarı. The Talas district has become a tourism center since the founding of Erciyes University, five kilometers outside of Talas, in 1969.

Especially after the 1990s, when a mass migration came to the region followed by a tremendous increase in the number of mass-housings, the protected area subject to historic preservation has gradually represented less and less land compared to the total residential area of Talas. These new residential areas constitute new neighborhoods in Talas. In other words, the Talas historic preservation area refers to a relatively small part of the Talas district.

The history of Talas

Unfortunately, there is very limited literature on the history of Talas. According to the documents provided by the Talas District Governorship and Kayseri Governorship, no precise information exists

regarding the founding date of the district. As stated by the same sources, however, the history of the Derevenk region--one kilometer away from Talas--dates back to 1500 BC. The name Talas was also the name of a Turkish city in Central Asia, and it is likely that one of the Turkish clans migrated to the region and named it after the original city.

The town had been a trade center for centuries, and various ethnic groups lived there together. The population of Talas reached 30,000 inhabitants in the late Ottoman period; while it was a small Turkish village in 1180 with a population of 500, its population increased dramatically with the migration of Greeks and Armenians between 1470 and 1510 (Yılmaz, 2005; Özsoy, 1991) The first census conducted in Kayseri in 1831 indicates 8,600 people lived in Talas, 7,000 of whom were non-Muslims and 1,600 Muslims (Cömert, 1993). According to the 1875 census, 5,808 men resided in Talas: 2,200 Armenians, 2,395 Greeks, and 1,173 Muslims (Karpat, 2003). As noted by travelers in Anatolia, Talas was quite a developed town in the 19th century with a relatively high population of 30,000. They even claim it was better developed than the Kayseri province with respect to its level of trade and artisanship (Eravşar, 2000).

As we have explained, Talas represented a center of trade and culture until the late periods of Ottoman Empire. However, after the Deportation Law went into effect in 1915, most of the Armenian population migrated from the area. Moreover, when the population exchange between Greece and Turkey began in 1923, the Greek population moved away as well. Talas soon lost its identity as a trade center, and its population hovered around 4,000 until the 1970s. The population increased again after the 1980s, once Erciyes University was founded near the area. Talas reached its current population of 30,000 in the late 19th century--only after the 2000s.

The project site today

Today, Talas is a town in which modern settlements with high-rise buildings are juxtaposed with the historic site. Especially after the 1990s, with migration from other areas, the population of Talas has increased tremendously and the protected historic site only constitutes a small portion of Talas' surface area. The protected area is called Old Talas by the local people. Talas' urban protected area has over 100 registered structures, including several civil architecture buildings and monumental and religious structures. About 2,900 people live in the historic site. The historic preservation process in Talas can be divided into three periods. Until the 1990s, hardly any preservation activity took place. We call the period between the late 1990s and the middle 2000s the period of "passive preservation"; the period between the middle 2000s to date is that of "active preservation." While passive preservation can be defined as the preservation of present historical and cultural heritage from human intervention to protect them as they are, active preservation refers to the restoration of buildings, (re)connecting various historic environments with one another, and the reconstruction of a particular historical space with a holistic perspective and meta-narrative.

The historic preservation approach in Talas seems to have focused on restoration on a single-building scale. However, preservation activities based mainly on restoration on a single-building scale have expanded to cover the activities of street renovation in a way that emphasizes the notion of historic environment. The Talas municipality--the main decision maker in preservation policies--first emphasized restoration on a single-building scale and chose 13 different structures from five neighborhoods in the preservation area for restoration. Street renovation activities were regarded as the

main element in preserving the historic environment. Our interviews with the executors of historic preservation reveal that the municipality considers street renovation activities a macro-level tool to integrate various restoration activities on a single-building scale under the notion of historic environment.

We have observed the municipality placing special emphasis on restoration activities on a single-building scale to embed new functions to registered structures in order to revive the area for tourism purposes. Restoration activities on a single-building scale were regarded as a way to bring short-term benefits to the area, followed by street renovation activities with the aim of preserving the historic environment. Thus, restoration activities are considered a tool to mold public opinion about preservation activities.

METHODOLOGY

In terms of methodology, we combine several qualitative and quantitative research methods to reflect the multidimensional nature of the urban planning process. The methodology is designed to connect our analysis to the following primary themes:

– The community's subjective perception of the space: As we explained before, the community makes sense of a particular space and forms its identity through where its members live. Moreover, they attribute several functions, and attach symbolic meanings, to the space. These different dimensions should be understood to evaluate how historic preservation processes deal with human ecology.

– The socioeconomic and sociodemographic characteristics of the community: Historic preservation is not just a matter of aesthetics or reconstruction of space. It has a significant impact on the economy, culture and demography of a particular place.

– The perception and discourse of those who carry out historic preservation: Historic preservation is a complicated process in which the ideology, perspective, discourses, and interests of various social actors play determinative roles.

This methodological design has allowed us to analyze the social dimensions of urban planning and preservation policies and to evaluate qualitatively and quantitatively the relationship between the construction of symbolic meanings in the preservation process, the local people's daily lives, and their expectations of this process. Moreover, combining qualitative and quantitative research methods provided us the opportunity to associate subjective knowledge with objective facts, further helping us to conduct a holistic sociological analysis. We used the following data collection tools within the framework of this methodology:

1. We completed questionnaires with 307 households, which allowed us to collect data from 1,258 individuals. We estimated the total population of the preservation area to be 2,950 from our interviews with the district headmen of five neighborhoods. The questionnaires allowed us to gather data from 42.6% of the total population in the preservation area.

2. Life stories were collected from the people still living in the preservation area and the people presently living outside the region but who had spent most of their lives in the area. This life story study allowed us to analyze the issue of collective memory with respect to the preservation policies

in the area. We conducted 10 life story interviews with individuals older than 50 who identified themselves as natives of Talas.

3. We also conducted 60 in-depth interviews with the representatives of various institutions and NGOs. Our main criterion in selecting the people we interviewed was the role they played in the historic preservation process.

RESULTS

The population of Talas district center has increased tremendously in the last decade. If we consider the population increase between 2007 and 2012 with respect to gender, we see that the male population has increased more than the female. This situation can be understood in light of the migration patterns in the area. Migration has generally been seasonal, consisting mostly of male workers in the construction sector. When we compare the population growth of the Talas district center between 2007 and 2012 with that of Kayseri city center and Turkey overall, the result is striking: while the population has increased by 17.16% yearly on average for this period, the rate is 4.94% for the Kayseri city center and 3.5% for Turkey. These figures indicate the population has increased dramatically during this period in the Talas district center. The growth can be explained as follows:

5. The construction sector has grown tremendously in Talas over the last decade, which has also increased the need for seasonal male workers.

6. The growing service sector in Talas and the need for new workers in this sector.

7. The increasing population of university students with the newly founded two universities in the area.

8. A tremendous increase in the construction of mass-housings and migration from the Kayseri city center to the Talas area because of the region's rising popularity.

Until the 1970s, there were only residential areas in the region currently called Old Talas. Since Erciyes University was founded near the area, however, new residential areas have begun to grow. The largest and oldest residential area is the Anayurt district within the Tablakaya neighborhood where student settlements concentrate. Moreover, there have also been new residential areas founded that attracted the Kayseri population with high-quality housing and recreational centers, such as the Bahçelievler neighborhood. This neighborhood was previously used for agricultural purposes by people living in the Harman neighborhood; there were no residential areas. The neighborhood today attracts middle- and upper-middle-class people from Kayseri. The Yukarı neighborhood is another example of residential areas attracting upper-class families of tradesmen and merchants with villa houses. In all, migration to the Talas district can be categorized as any one of the following:

− The migration to Talas from cities nearby Kayseri, such as Yozgat, Sivas, Niğde, Nevşehir, or from towns in Kayseri, such as Develi, Pınarbaşı, Felâhiye, and Sarız;

− The migration of middle- and upper-middle-class families from Kayseri to the newly founded neighborhoods, such as Bahçelievler;

− The migration of upper-class families from Kayseri to the residential areas comprised primarily of villa houses, such as the Yukarı neighbordhood.

If we look at the population movements in the preservation area, which is 80 hectares, we see two different migration patterns. The first is the migration of seasonal workers explained above. The migration of lower- and lower-middle-class male workers has increased sharply in the last two decades. The second can be defined as a reverse migration movement from Talas' urban protected area. Today, fewer and fewer families who consider themselves natives of Talas are left in the preserved area. Although the migration to Talas' newly founded residential areas comes from nearby cities, towns and the Kayseri city center, and is comprised of individuals from different socioeconomic and sociocultural backgrounds, generally lower- and lower-middle-class families from these places have migrated to the the preserved area. As explained, there is also reverse migration from the preserved area; that is, more and more people have been gradually moving from the area. This tendency of reverse migration becomes more apparent when we look at the percentage of people who declare themselves natives of Talas in the preservation area: only 15.64% of those living in the preservation area.

The households in Talas' urban protected area tend to be made up of nuclear families. The average household size in the preservation area is smaller than the average across the five neighborhoods in total. This can be explained by the intense migration of single male workers to the region. Considering that the average household size in Turkey is 3.7, the average household size in the preservation area is less.

Understanding the subjective perceptions of the locals in Talas' urban protected area (both towards the Talas district and its preservation processes) should inform preservation processes. Therefore, one must analyze the issue of local people's social and spatial identity. Yet only a small segment of the population in the area considers itself native of Talas, which generates a kind of ignorance and apathy among the population in regards to preservation processes. Our interviews and questionnaires suggest that most of the population has little opinion or concern for the ongoing preservation activities in the region. Moreover, it is not difficult to ascertain that most of the population has no collective memory of Talas because citizens have migrated to the region only recently.

79.12% of the people living in Talas' urban protected area state they have not heard of any public participation mechanism in the preservation process. Indeed, the historic preservation activities in Talas have been implemented without public participation mechanisms. The local people are therefore largely uninformed about preservation activities. The main decision maker in terms of preservation is the Talas municipality; unfortunately, the process is devoid of any participatory mechanism. Public participation is generally understood only as negotiations and disclosure activities among the owners of the structures to be restored.

The responses as to why the locals have not participated in preservation processes reveals that even the executors of the process are unaware of the need for public participation mechanisms for sustainable management of preservation policies. Although the recent procedures of preservation planning in the developed world clearly put special emphasis on the public participation process and encourage decision makers to take necessary measures to enhance it, the executors of the preservation process do not seem to be informed about the standardized procedures of public participation mechanisms often stipulated by international organizations, such as UNESCO. This, overall, entails not only information and disclosure activities but also direct and active participation of people and groups from diverse backgrounds in the decision making process. It is worth noting, too, that this problem is not at all

specific to the Talas case. In Turkey, the issue of public participation is a recent notion in preservation planning and its current practices have many shortcomings.

DISCUSSIONS

Preservation not only includes the preservation of historic buildings and the environment; it also relates directly to collective memory, symbolic meanings embedded to buildings and structures, and the values attached to the space for centuries by the people living in the area. Thus, intervention in the space throughout the historic preservation process has a direct impact on human ecology as well. However, the fact that human ecology is generally overlooked in preservation processes in Talas is in fact related to the population characteristics of the region. As we explained above, only a small portion of the population living in Talas regards itself as native and generally has little concern or opinion about preservation activities in the region. However, the contemporary practices of public participation mechanisms in the world entails raising awareness among local people about preservation. It seems that the executors of the preservation processes in Talas did not put any effort toward this type of public participation activity. Thus, the preservation activities in Talas can be considered a rejuvenation project mainly for tourism purposes.

As we have observed during this study, the main goal of preservation processes in Talas is to create an authentic touristic space that would appeal primarily to international tourists, especially those visiting Cappadocia, which is a very popular tourist destination near Talas. As such, the reconstruction of space in Talas is very similar to what Dean MacCannell calls spaces of "staged authenticity." MacCannell states that tourists' main motivation today is to find authenticity, and touristic spaces are generally designed to meet such expectations (MacCannell, 1973). In a sense, tourists are in pursuit of authenticity; in MacCannell's terms, s/he is interested in what is authentic in human experience (MacCannell, 1976). The preservation activities that depend primarily on restoration on a single-building scale seem to generate such spaces of staged authenticity. However, any historic street that is full of tourist traps is far from appealing for tourists. Undoubtedly, the notion of street that evokes human ecology should be an essential part of this touristic experience. Moreover, the notion of a "living street" fosters the authenticity of space. It seems that the executors of historic preservation in Talas have recognized this fact. The restored courts, which are seen as symbols for each neighborhood in the preservation area, represent visible spaces of staged authenticity. In MacCannell's conceptualization, they are in the front with the main goal of attracting tourists. The notion of historic environment and the activities of street renovation constitute the back of the construction of authenticity. The notion of a "living street" with local people in it is in the middle of these spaces. They seem easily accessible to tourists while still carrying an air of inaccessibility, blended with some exotic cultural elements that are not at all familiar to an average tourist.

On the other hand, what seems to be most problematic in the region with respect to the construction of authentic space is the increasing high-rise mass housings that spoil "authenticity." It seems there are two different cities in Talas that are clearly distinct from one another. In contrast to cities such as Barcelona or Rome, where the urban growth can be "hidden" and there is no factor that ruins the authenticity of space, the executors of preservation processes in Talas are challenged to create an authentic space because much of the preservation area lies on a hill and has a sweeping view of the

modern settlements. This undoubtedly makes the spaces of staged authenticity more recognizable and, in turn, renders them as a museum-space rather than a living space.

The processes of symbolic construction are also integral to the preservation process. It seems the preservation activities in Talas depend mainly on historical figures in the symbolic construction of space, whether they had actually lived in the region or not. Kürtüncü Court (or Yaman Dede court, as it was renamed after its restoration by the municipality) is a prime example of that sort of symbolic construction process. The restoration of Kürtüncü Konağı began in 2009 and was completed in 2011. The court was renamed Yaman Dede Court after its restoration and now serves as a center of art and culture. Every element of the court is identified with the historical figure, Yaman Dede. Yaman Dede (Diyamandi) was born in 1887 in Talas as the son of a Greek merchant. However, he moved from Talas with his family when he was only 10 months old and thus was not brought up there. He finished law school and publicized his conversion to Islam when he was in his fifties. Yaman Dede is a suitable figure for the executors of Talas' preservation to embed symbolic meanings to the court. His Greek heritage emphasizes the multicultural character of the region in the past; on the other hand, his conversion to Islam in a way valorizes the values and beliefs of the region today. It is striking that Panaya Church, another historical structure in Talas, was also renamed as Yaman Dede Mosque in his honor.

Another interesting example of the process of symbolic construction is the Cemil Baba figure, who is renowned in Talas as a kind of saint. His house on Kazım Paşa Street has also been preserved in the process. Although there is a common image of him as a saint among most people, natives of Talas have a different view. They think people from Kayseri have often glorified Cemil Baba following his death and that the fame is undeserved. It is interesting that older people who knew Cemil Baba personally hold a generally negative view of him. However, younger people tend to see him as a saint because of the common rumors about him among local people that tell his presages. It seems the preservation processes in Talas have reproduced the image of Cemil Baba as a saint. A tomb and a graveyard were renamed after him in the preservation process; his house was also redesigned to emphasize this saintly image.

Although the executors of historic preservation adopt a multiculturalist discourse, the non-Muslim history and spatial characteristics are barely visible in the preserved area. Various structures have been renamed so as to carry Islamic or nationalist symbolic meanings. For example, Kürtüncü Court was renamed Yaman Dede Court. Similarly, Panaya Church was renamed Yaman Dede Mosque. As we have explained before, although Dede moved from Talas with his family when he was only 10 months old and was not brought up in Talas, the executors of historic preservation renamed Kürtüncü Court and Panaya Church after him. The executors of historic preservation also embed new functions in the historic buildings so as not to emphasize their non-Muslim histories. For example, Tol Church is planned to serve as a Turkish-Islamic Arts Gallery after its restoration. Another interesting example is the renaming of Ali Saip Paşa street as Ottoman Street. Although Kayseri and Talas can be considered to have characteristics of Seljuk architecture, because of the rising popularity of the Ottoman image, the executors find this name more profitable for tourism purposes.

CONCLUSION

The most important issue in the preservation processes is the relationship between the history and collective memory of a site and the actual reconstruction of space within the process. There are several questions related to this point: to what degree does the space reflect the history and collective memory of a particular historical site following preservation? Which elements of collective memory and history are being highlighted or repressed during this process? How well does the reconstructed space reproduce the elements of authenticity, and does it meet the needs and expectations of the present area's population? These questions are undoubtedly complicated, especially in the case of Talas where there is very limited literature on the site's history and only a small portion of the population regards itself as native to Talas.

The space subject to historic preservation relates to the past in different ways before and after the preservation process. However, the relationship between history and memory is a complicated one that is consistently foggy and begs for continual reinterpretation. In David Lowenthal's words, memory and history consist of processes of intuition; each involves elements from the other, and the boundaries between them are always vague (Lowenthal, 1985). However, probably the most problematic point in the preservation process is the fact that memory and history have contradictory elements. Memory is a living thing; when the thing that makes it living ends, the memory itself will be dead. Then it becomes subject to constant change and reinterpretation: some of it is forgotten; some of it is misremembered. However, history is always a reconstruction, mostly written and permanent. Moreover, it has the ability to change the memory transmitted. The most problematic aspect of the preservation processes in Talas is the fact that the sources of memory have long been lost. As we explained about socioeconomic and sociodemographic characteristics of the region, very few people in Talas are carriers of a collective memory transmitted through generations. When we look farther back in history, we find that the multicultural and multiethnic features of Talas have been lost as well so the sources of collective memory belonging to that kind of social structure are completely absent from the site. When it comes to historical documents, we only have limited notes from the travellers, few documents from the Ottoman age and minimal secondary sources. Thus, the preservation process in Talas mainly aims to create a touristic space based on staged authenticity rather than constructing an "authentic" space that would reflect the site's collective memory and history.

On the other hand, an additional contradiction between history and memory generates some other problems in the preservation process. As Halbwachs states, the main mission of history is to make a clear distinction between today and the past. However, memory is inherently emotional and can be deceiving. It tends to make today and the past seem similar; it emphasizes the shared features of either time. The images of memory are temporary and slippery, while history is permanent and can be easily verified. The elements of collective memory constructed through the preservation process are usually far from acceptable. Because they are often constructed through history, they are tend to be judged in light of emotions coming from memory. This does not mean, though, that preservation processes are managed objectively; rather, they rest on history, oral history, and generate a constructed environment. However, because the outcome is generally assessed by the elements of collective memory that are in turn grasped by individual memories, we remain a long way from meeting people's expectations of the area.

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The Effect of Organizational Justice on Organizational Commitment: A Study on Automotive Industry

Abstract:

This study aims to investigate the relationship between organizational justice and organizational commitment. For this purpose, the research was conducted base on 261 employees from two the industry and the manufacturing firms. Moreover, organizational justice is defined as: perception or the objective distribution of gains obtained by employees from the organization in exchange for their contributions to the organization. In the other words, organizational justice is the combination of employee's attitudes to their organizations as a result of comparison of gains obtained by employees in exchange for their contributions to their own organization with gains obtained by the employees of other organizations. Furthermore, the study examines organizational justice as three basic dimensions: distributive justice, procedural justice and interactional justice. On the other hand, organizational commitment is internalization of organizations' objectives and goals, beliefs and values by employees and the desire of being loyal, staying for the organization, and keeping of organizations membership. Additionally, organizational commitment was examined as three main dimensions: affective commitment, continuance commitment and normative commitment. In this context, the study determines the direction of the relationship between the dimensions of the organizational justice and those of the organizational commitment and widely presents some arguments and recommendations about the title.

Keywords: Organizational Justice, Organizational Commitment, Automotive Industry and Turkey.

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Collaborative Blogging:
Supporting Students For Blog-Based Self-Directed Learning

Abstract:

The report is about one of my teacher projects involving 35 university students in their second year of book publishing education. They were required and motivated to create their common weblog as a main self-study task and a permanent homework during one semester. Both quantitative and qualitative goals were specified in order to provide comprehensive and more objective assessment. The purpose of this blog-based learning experience was to teach students not just to obtain data but to mastering their skills of peer and self regulation, monitoring and reflections. They had to learn how to manage their time and implementing 6 preliminary given assignments within 12 weeks in such a way that all of them can read, comment and value others' work. With that kind of immediate feedback students could be able to give a new meaning to the next step and to fix their new posts in advance. Moreover, one of the important project aims was to encourage students to design and maintain a blog as a collaborative learning environment where to create and share the content of personal writings through common decision-making. Another idea set in the project was for students to be stimulated to use cross-media platforms for announcements and additional comments and commentaries like Twitter profiles and a Facebook page. As a blog is not a proper platform for direct messaging another reason to use Twitter was the need of an alerting tool to increase awareness of activity.

The process of blog-based self-directed learning was organized in 3 steps:

Stage 1: Students decide how many and what kind of sections to put in their collective media.

Stage 2: Students have to frame the blog jointly, choose a proper design and start creating, administrating and maintaining it as well as to announce new posts, read and give feedback to others in an adequate way.

Stage 3: Teacher acts as a facilitator encouraging, directing, reminding, helping and keeping them focused on their common product, not forgetting the process is more important than the product itself.

Some of project outcomes: During the process students showed a significant increase in the way they implementing their tasks making a transition from "reactive" to "proactive". They begin to take initiative and responsibility for their own learning, become more independent, self-disciplined, self-confident and goal oriented, get accustomed to work in team, providing peer collaboration and assess each other activities, doing time management.

Keywords: Blog-Based Learning, Self- Directed Learning, Collaborative Blogging, Cross-media, Collaborative Learning Environment, Social Media

Introduction

This article describes the implementation of a project exploring the capacity of cross-media (including blogs, microblogs and social networks) simultaneously for teaching, learning and self-learning, teamwork, good cooperation, constructive competition and connectivity between trainers and learners, as well as among learners. The approach is based on the practical application of two major contemporary concepts – that of cross-media communication and that of self-learning or self-directed learning. Both are directly related to the concept of the network teacher.

Cross-media

Digital technology, building a common convergent media environment, has made a switch from traditional publishing to more powerful forms of cross-media publishing. Young generations have a chance to use mass media and mass communications in a time of significant change. New digital environment has been enabling more and more interactive cross-media information spaces for a decade which create integrated media experiences for us to begin being connected and more skilled.

Cross-media are an integral multi-media environment that offers unified content through several interacting media and platforms available in various devices such as computers, mobile phones, television, etc. in order to have repeatedly impact on the audience (Fileva, 2008). Drew (Drew, 2010) pointed too that cross-media communications are "integrated, interactive experiences that occur across multiple media, with multiple authors and have multiple styles". The audience becomes an active part in a cross-media experience. In general these experiences occur across the Internet, video and film, broadcast and cable TV, mobile devices, DVD, print, and radio. The new media aspect of the "cross-media experience" includes an integrated media content simultaneously distributed in various formats on multiple platforms and channels to reach the largest possible number of recipients who are involved in some level of audience interactivity.

"The integration of information available in a variety of formats results in cross-media information spaces, where users can associate information across physical and digital resources. Associative inter-application and cross-media linking as supported by the model enables effective information management across isolated application domains." (Signer, 2005, p.2)

The authoring of cross-media information spaces by a single publisher has proven to be a time-consuming and expensive process. Cross-media are alternative authoring paradigms where much more power is given to the user and each user becomes a potential author of new link knowledge. Each user has their personal link information space which can be dynamically enriched with link information from other users. In this adaptive community authoring process, "each user can contribute information according to their domain of expertise and, on the other hand, profit by the knowledge of experts in other domains." (Signer, 2005, pp.13-14)

Self-Directed Learning (SDL)

Self-Directed Learning has been defined in a variety of ways. Here are some of them, sorted out and quoted by Steven Carter (http://sdlearning.pbworks.com/w/page/38134846/Definitions):

Knowles (1975) described Self-Directed Learning (SDL) broadly as "a process in which individuals take the initiative, with or without the help of other, to diagnose their learning needs, formulate

learning goals, identify resources for learning, select and implement learning strategies, and evaluate learning outcomes" (p. 18).

Kasworm (1983) stated that self-directed learning can be viewed as a "set of generic, finite behaviours; as a belief system reflecting and evolving from a process of self-initiated learning activity; or as an ideal state of the mature self-actualized learner" (p. 1).

Brockett and Hiemstra (1991) claim that, "self-direction in learning refers to both the external characteristics of an instructional process and the internal characteristics of the learner, where the individual assumes primary responsibility for a learning experience" (p. 24).

Gibbons (2002) stated that "SDL is any increase in knowledge, skill, accomplishment, or personal development that an individual selects and brings about by his or her own efforts using any method in any circumstances at any time" (p. 2).

As we can see SDL is not a new concept, the term is old and has been emerged much before the IT revolution. But now learning is applied into a new context. Heutagogy is a modern concept of the millennium, coined by Stewart Hase (Hase & Kenyon, 2000) of Southern Cross University in Australia, means the study of self-determined learning. The notion is an expansion and reinterpretation of andragogy and places specific emphasis on learning how to learn, double loop learning, universal learning opportunities, a non-linear process, and true learner self-direction. Whereas andragogy focuses on structured education, in heutagogy all learning contexts, both formal and informal, are considered.

The essential elements of SDL as Maurice Gibbons (Gibbons, 2013) specified them are:

1. Student control over as much of the learning experience as possible.
2. Skill development.
3. Students learning to challenge themselves to their best possible performance.
4. Student self-management, management of themselves and of their learning enterprises.
5. Students motivate and assess their own efforts.

Of primary concern in the process of SDL is that learners take the initiative to pursue a learning experience and the responsibility for completing their learning. According to VanBriesen (VanBriesen, 2009) students are actively doing while advisor is encouraging and keeping focus on the doing. There are a lot of positive outcomes evolving from SDL or so called education 3.0 for learners, first of all which is a transition from "reactive" to "proactive" behaviour.

In short, self-directed learning is part of educational process in which students:

- Have to take initiative and responsibility for learning;
- Select, manage, and assess their own learning activities;
- Have independence in setting goals and defining what is worthwhile to learn;
- Provide peer-to-peer and group collaboration.

Networked teacher

Technology integration is more than just using a few productivity applications, but rather a continuum of experiences for students. At the MEC 09 Conference: "Teaching and Learning in the Digital Age") Dan McCormack points that these experiences "represent basic knowledge and skills to higher order thinking skills in terms of how we engage students." Education 3.0 or pedagogy of mobile learning refers to the era of linked education and networked teachers. A networked educator provides advising, mentoring, scaffolding, consulting, delegating and motivating in the ongoing purpose of increasing student learning while sharing physical and virtual space simultaneously.

Tools for social learning, based on web 2.0 technologies are powerful to bind individuals (educators and students) in novel ways that encourage them to share information and collaborate with various innovative methods. Collective intelligence of Web 2.0 (technology that allows reading and writing to shared common areas) is the most significant result of educational networks. As a driving force in the learning process is communication between individuals, learning through social interaction is one of the educational approaches (Barnes, 2007). Thus the inclusion of social networking and wiki spaces in training increases efficiency and contributes to the transformation of the traditional teacher-centred learning in a process of collaboration and knowledge sharing.

The purpose

The main question posed in the described project was to explore how cross-media technologies could be applied across a variety of fields and disciplines for the purposes of teaching, learning and self-directed education. One of the aims was to design a collaborative learning environment where students had to be encouraged to publish and share information in the decision-making process of creating a common product – a blog – using cross-media spaces. Students had to interactively participate in the project and to experience the opportunity to take part as managers in their own learning in order to develop their self-regulatory skills.

Methodology

The project is a continuation of similar projects and aiming to identify opportunities of social networks and blogs as a media for self-study and group training. In some previous projects we have explored the potential of Facebook[2] and personal blogs for collaborative learning[3]. Two new issues are grounded in the current scientific experiment – creating a common media (blog-based), and using a set of social networks/media (cross media) for content publishing and connection between students.

The assignment

The project involved 35 participants – students from the second year of the Faculty of Journalism and Mass Communicating at Sofia University, specializing in book publishing, representing a class of specialty. At the beginning of the semester I, as their teacher, outlined the framework of the project, gave the instructions and set up the requirements. In 15 weeks (for as long as 1 semester) students had to deal progressively with the following tasks:

1. Students have to create a joint common students' blog on book publishing topic, an activity which includes choosing a blog platform, name, design and colour schemes of the site, as well as the names of 6 categories/sections. Everyone had to have

administrator rights so to be able to publish in it. The implementation deadline was 1 week.

2.   Each student to make a Twitter account (or to use their own, if any), and all of them have to add each other as followers, including me.

3.   To create a Facebook page on the same topic.

4.   Be divided into two groups, each of them publishing one blog post once in fortnight to one of the six thematic categories. At the end of the semester, each student had to have six posts – one for each category/section.

5.   The publishing of each new blog post to be accompanied by a tweet containing a link to the post, and Twitter settings to enable at the same time its automatic publishing into the Facebook page.

6.   As an essential part of the process of self-education and training, students were asked to permanently read the posts of their mates and to comment them out.

Grounds for requirements

Posts must be published regularly, not more often than two weeks for the reason those who's writing to have enough time for a preparation, as well as other students should be able to read and making comments regularly. This way an equal number of publications that students have the opportunity to read each week without posts clustering in a short time is guaranteed, and participants could freely follow them.

Teacher's responsibilities and activities during the project

Students were observes during the whole semester and at the end they were evaluated. Beside that I incessantly had to:

- Foster and support the decisions concerning the entire group as well as personal choices of publications topics, etc.;

- monitor the regularity of posts, their adequacy and relevance to the topic, genre purity, language, style and layout;

- Provide timely feedback to eliminate obvious errors and omissions in the post;

- Maintain and facilitate a dialogue with and among participants as an important part of the teaching/learning process;

- Discuss with students the project progress and the needed immediate steps to be taken for improvement in action;

- Make qualitative and quantitative assessment of students' publications at the end of the semester, as well as their initiative and activity manifested by their comments on others' blog posts.

Project objectives concerning students' experience

Students were incited to:

- Develop themselves in time planning - learn to set goals and to implement given assignments on time;

- Improve their self-regulatory skills as regards the choice of topics so to be interesting to others;

- Tend to be useful to themselves and to other students, being a natural correction of their level of achievement;

- Learn to draw lessons from its own and peers' publications and corresponding commentaries, and use them to improve the next publications;

- Work both independently and in a team and to look at the overall outcome not just as a collection of posts, but as a complete and organic media product, to which everyone of them is contributing;

- Self-monitor their own development, to be able to self-identify the weaknesses and strengths and benefit from it.

Students' knowledge, skills and competencies to be gained during the project

- To be able to create a blog;

- To write in different genre forms;

- To publish content to a blog;

- To work in a team;

- To develop critical and self-critical reflections on the posts and to be able to figure out them in the context as part of overall product.

Results

As a whole, teamwork proved to be the difficult part of the project. During the first half of the semester, students have been working individually not showing any consideration for their mates and making mistakes such as covering one and the same event by more than one student, arranging some interviews with one and the same person, even making two posts in the blog with identical titles. Gradually this incoordination and lack of cooperation was overcome and the students began to see the blog as their common production.
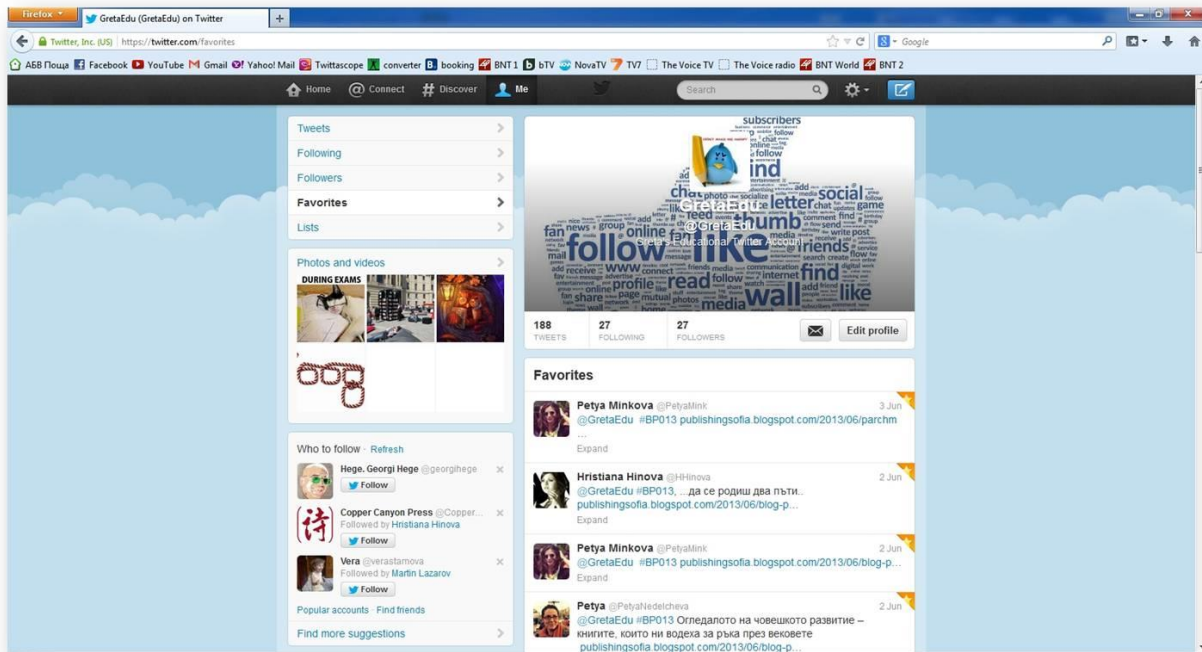
During the working process it turned out that even if students have profiles on Twitter, only few used them and the announcements of blog posts therein were ineffective. Facebook page was visited more than Twitter and little by little became a shared space for communications and discussions.
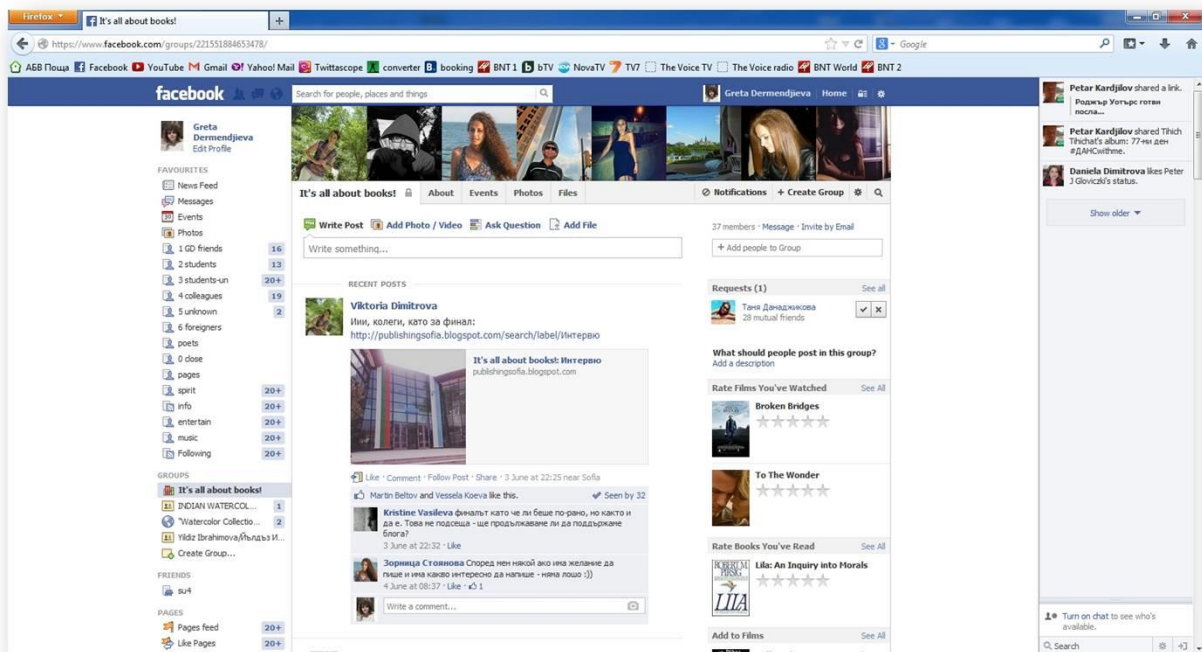
At the end of the semester there were 215 posts in the students' blog on book publishing, including references, links, images, videos. Posts were almost evenly distributed into all categories – 34 in the section Analysis, 36 in Interview, 40 in Curiosities, 29 in Mix, 32 in Premiere, and 36 in Review. Students' works (the quantity, quality and regularity of their publication) were evaluated by me

according to their activity and participation during the semester. Each of them distinguished by one post for each of the six categories – ranking, which outlined most liked by them texts. Students were able to make their own estimation of their strengths and weaknesses regarding the writing in separate genres.
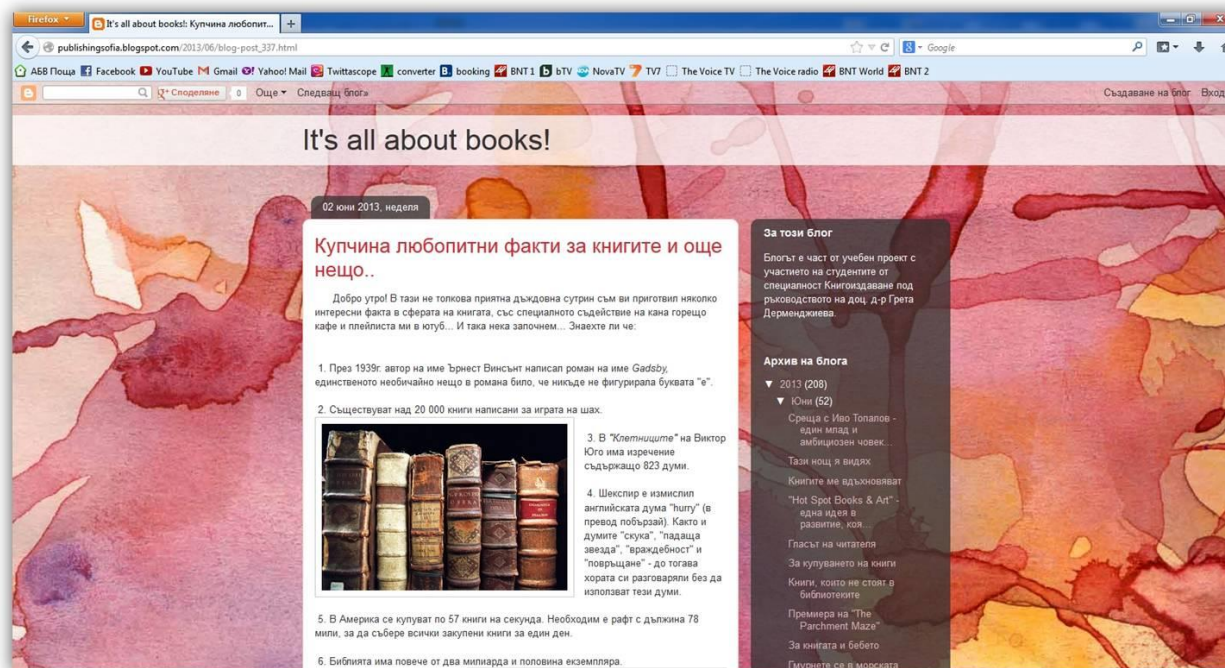
And apart from the final result, not less important benefit for students was their experience to participate in the process of peer-to-peer, group and self-study using cross-media, various social applications and devices (including mobile) for communication.

As an additional unexpected positive outcome (exceeding all our expectations) was the fact that students found a way for their blog to come to light and to make it publicly known.

Discussion

For the purposes of the project I created my Twitter account and asked for students to follow me (32 of 35 did it the rest refused to). I assigned also a hashtag # BP013 (which means BookPublishing 2013) for them to use in Twitter (before Facebook to introduce hash tags also) in every tweet disclosing a blog post. Having in mind that comments on Twitter relating to a topic are not structured so that it can be easily seen, along with the blog students had to announce every blog post by a status in a purposely created Facebook page.

During the semester, they decided to create a closed Facebook group instead of a page, a decision that occured advantageous to all members who were able to publish there freely.

A part of the students refused to create their own account on Twitter or Facebook, some of the rest who had already accounts, were not familiar enough with their options. Third, although they made twitter accounts especially for the project, stubbornly didn't use them, unlike the profiles in a Facebook group.

For the successful implementation of the project it was not so important the achieving the ultimate goal – a completed educational blog with students' publications, but mainly the process of learning/self-learning through which participants had to pass while maintaining their blog. That's why there was need to pay attention and to overcome in motion all obstacles that occured along the way.

Challenges to get over and case studiesfor solving during the project

- The first chalange was the creating a blog platform because it required teamwork and common solutions. Students had serious difficulties to decide by mutual agreement, so they finally delegated the selection of a platform and background of the site to one of them, and as they admitted later on did not like it. The name of the blog was elected unanimously: It's all about books!

- The second obstacle that had to be overcome (referring again to work in a team) was the choice of the six categories/sections for which they had to write. Some of the students expressed their reluctance to write about certain sections. However, the majority focused on the following six sections: Analysis, Premiere, Interview, News and Book Fairs. In the middle of the semester, one of sections proved to be without publications and need to be changed, and there were posts placed in another that went beyond its thematic scope. Thus, students decided to rename the section News and named it Curiosities and Book Fairs replaced with Mix. It's determined to put in Mix everything to wich they coudn not find a place in other sections or to put in there posts which should stand in the section they have already written to.

- The main challenge for a significant part of the students were finding topics, events, authors, books, etc., which to write about. They expected help from me which I provided to some extent, because it was important part of the task not to take their initiative to learn how to be active in this process. But what happened was more valuable that they gradually began to help each other in selection of topics.

- At the beginning students looked at every comment I made on their posts as a critique and experienced it painfully. They felt insulted when I pointed their obvious misspellings or gave some idea to improve publications. Their opinion was that shouldn't happen before the eyes of others, but privately. Comments they made on others posts remained laconic, formal and without any recommendations and advice by the end of the project. Citations or references to publications of their colleagues in the blog were single. They were sharing their personal views about a blog in our live discussions we did during the seminars, but to express them in written comments it seemed disloyal to them. Two weeks before the end of the project the students still looked at the blog as a set of individual homework assignments, rather than a process of mutual learning. With some reluctance students recognized the requirement to return to their already completed posts, change them to achieve unification and align the referencies to standard, as media product should be homogeneous regardless it's written by many authors.

- Disclosure of the blog posts also, in a sense was problematic because not everyone had made their ownTwitter account and some of those who already had ones, didn't read them and thus it's turned out that my messages do not reach the entire group of students. Unlike Twitter,

closed Facebook group was visited regularly by all participants and it's approved as the most reliable environments for communication.

During the project a total of 215 publications were posted in the blog by 35 participants. 6 of them had more than the required 6 publications – some made 7, 8 even 12. Only three students failed to meet the task – one had 5, two had only 3 posts. Moreover, 9 people made the half of their publications in the last 3 days.

Due to the huge amount of posts (1/4) which were published in the last 3 days and the apparent inability to be read and commented by other students (although I did), I made unscheduled one last task. Within two days the students had to distinguish some publications, an action that should make them read everything otherwise the last posts inthere would be no benefit to the training. Winning publications were meant to be sent in private messages to me giving a chance to students to be as objective as possible.

Several students indicated some criteria for their assessement (such as relevance, interest to readers, thoroughness, etc.). One of them admitted that she was not guided by objective criteria, and several others asked a permission to designate more than 1 post per a section. In this last assignment only 25 people took part. I did a frequency analysis of the high-ranking publications announcing the result of winning positions prioritized. This practically was another feedback about the product of their efforts they were making during a whole semester.

Project benefits

- Most of the students had never made a blog or blogging. They learned how to post text, to format it, to add sources, illustrations and videos.

- For some students the work with Twitter was a new challenge and handling with it enriched their knowledge in the field of microblogging.

- Students learn how to create a blog and post in it.

- At the end of the semester, the students began to realize their connectivity in the overall project and the fact that a good result depends on their ability to cooperate. This led to two beneficial effects: 1. They decided to coordinate their actions hereafter before coverage premieres or taking interview by announcing it to the group that they intend to write about an event in order not to be duplicated, and 2. Offered his colleagues the subjects that they not about to write, because they have already published in the relevant item. In the course of the semester in a natural way they had to acquire skills in team working.

- They realized they are connected in the common project and the fact that a good result depends on their ability to cooperate.

- Students gradually mastered the principles of text writing in various genre forms such as interviews, reports, reviews, news.

- Each of them had a chance to actually find out what are their own strengths and weaknesses, at which of the headings theyr are good – an experience that would be beneficial to their future realization.

- The experience was beneficial in term of self-identifying their weaknesses and strengths in blog writing.

- The process of working both cooperatively but also in competition was favorable environment for everyone to figure out where his/her place is among others at any given moment. This proved to be a great incentive for getting better performance on the following tasks.

- An unintended and unexpected result of the project was its release into public space. At the beginning the students chose to interview people from their surroundings – colleagues from the University, little known and unknown individuals from the publishing community. Progressively they gained confidence and did a few interviews with famous artists in the fields of literature, which, in turn, immediately shared the links to the blog in their friendly circles in the social network, numbering several thousand friends. Thus in practice the blog started to become popular among contemporary Bulgarian literature artists, and even after the end of the project, some of students were sought-after for taking interviews for other media. This was of particular benefit to the project participants as they were able to look at themselfes sideways and it gave them the confidence that they were doing something worthwhile, and that blog had practical application outside the educational process. Many viewings of the blog created a feeling in the students that they had created a real product and that rised desire to correct some hastily written posts, to delete others, and to continue blogging in the future.

Conclusions

The project results are interesting for several reasons. They demonstrate students' knowledge and skills for dealing with new applications for social media and networks, as well as their willingness to learn about their unknown opportunities for educational aims. At the same time, the applicability of the various social media for the purposes of communication, training, learning, teamwork, cooperation, ability to hold discussions, giving feedback, etc. were tested in practice. During the project it became clear that the variety of social media are not equally suitable for different and all purposes. For example, comments are more visually clear in blogs and Facebook groups rather than in Twitter (even if they were limited in length as in Twitter) – the organization of the arrangement is different). Hashtaging is extremely useful option as regard to the searching for thematic information (during the project only Twitter maintained them, but now it is possible for Facebook too).

Such type of blended learning/self-directed learning turned out interesting for all parties involved in the process and brought more and varied benefits than were expected, as well as new ideas for improving and expanding the forms of SDL through cross-media. The project showed that volition and motivation are crucial, and that self-disciplined and hard working could lead to lots of positive outcomes for self-directed learners to become more persistent, motivated, goal oriented, self-confident, and independent. In general, students had a chance to self-analyse their own skills in the process of self-directed learning and to understand how the learned would fit into their future learning needs.

It would also be interesting to carry out a similar project in near future with the same students in order to be manifested their knowledge and skills obtained in the first one.

Notes

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Appeal to the Constitutional Court:
Case of Albania and Latin America's Countries

1 Introduction

The American subcontinent persists, since the early 800 in the struggle for the construction of the nation state, liberal-democratic law. The relative success achieved by the formal-legal point of view, it has been demonstrated and recognized by many scholars of comparative law.

Of course, in this context one must not forget the discrepancy that exists between formal and material sorting, as well as the void that exists between legal and formal political institutions and real. The latter explained taking into account the social, economic and domestic policies of the various countries in the region, together with the reports of dependence, of globalization in one way and negative that has always reign and affect the development of peoples.

The legal-political development of the area is popular with regard to the important and fundamental matters of justice and constitutional guarantees. At the same time, it gives the Supreme Court, the last instance of widespread control, since the different remedies require it and consecrate it as the competent body - centralized control - the only instance of direct control of constitutionality and abstract of laws and enactments having the force of law.

It 'should be noted, with reference to the last point, that in recent years, Latin American countries have led to growing interest in the Austrian model with the creation of the Courts and / or Constitutional Courts.

From the functional point of view, the system of constitutional justice Latin America provides, in the update of the countries, the actions, claims and judgments of habeas corpus, habeas data, amparo, that all the people and defender of the people, or agents of human rights , may bring before the ordinary courts or to appeal to the Supreme Court or the Constitutional Court.

At the same time, it enshrines the right of citizens to bring the matter directly before these bodies mentioned to ask for the total or partial unconstitutionality of laws and normative acts deemed contrary to the Constitution.

This is a central point of this study because it makes reference to a constitutionally protected right which allows citizens (recipients of rights) to protect themselves from any kind of attack on their person. The peculiarity lies in the fact that the citizen, should have been infringed his constitutionally protected rights, has the right to appeal personally to the Constitutional Court to request the annulment of a measure which has infringed the same.

It 's a unique situation, but especially effective guarantor of the citizen.

On this type of constitutional justice , which, as noted , includes not only the control of constitutionality , other than the spread of the U.S. and European centralised , we can safely say that it is a third category in its own right .

The Latin American system of justice and constitutional guarantees was developed and enriched since the early years of the new independent states, with the creation of *habeas corpus*, dell'*amparo* , the public action of unconstitutionality , that represent today a complex system which renews itself continuously with the creation of new garantees and remedies such as *habeas data* (constitutional guarantee of third-generation) , for the protection of data , information, personal and family intimacy .

How to *habeas corpus* in Latin America , its origins are deeply rooted in the Spanish models of *fueros* . Currently the guarantee of *habeas corpus* is consecrated on all the constitutions of Latin American States , as an institution for the protection and safeguard of personal freedom . It enjoys its own constitutional Processual formalities - that characterize and differentiate it from the Anglo-Saxon and continental European model , particulary regarding the rights protected and guaranteed , the plurality of holders subject procedural action and effects.

Warranty - right to judicial protection or *amparo constitutional* rights it can be said that it is of Mexican origin and is an institution common to the majority of Latin American States .

The *amparo* , unlike the European experience is still limited , has a constitutional procedural nature lies in its being a true alternative to the ordinary process , which means that it can be started without having to wait for the completion of any process in progress, and therefore represent another way to get the *ad hoc* judicial restoration or protection of the fundamental right or constitutional violated or threatened . This feature means that, in Latin America , the competent authority of the appeal or action is the judge or ordinary court of first instance , while generally in the European experience , including Albania , is the Supreme Constitutional Court may be brought only after grades ordinary proceedings have been concluded .

The control of constitutionality is not only fundamental matter of constitutional justice in Latin America, but also in the field trial is an essential safeguard for the protection of fundamental rights. It 's a guarantee instrument that defends and protects the fundamental and constitutional rights indirectly , since the control of constitutionality has the purpose of defending the supremacy of the Constitution and involves the partial or total invalidity of the rules and acts that are contrary to the Charter Supreme.

The issue of constitutional justice is of paramount importance in Albania and the countries of Latin America. Latin America apparently resembles the United States of America regarding the presidentialism , parliamentarism , the way to ask the same of the relationship between administration and politics. Is to rebember the fact that in the U.S. there is a strong conditioning of the supreme bodies , and it comes as a result of an articulated and complex system of checks and balances . In Latin America , little by little is affirmed and strengthened a kind of concentration of power in the figure of the President with the progressive reduction of checks and balances . In this way you create a model in which we see arise, develop and strengthen the position of the judiciary. (*rama judicial*), which focuses the controller function immanent personal power of the President and other authoritarian powers of the administration. It 's also the different way in which we see the function of the judiciary. We are not talking only of the existence of a constitutional control to ensure that the constitution is not

violated but what is more important is the existence of a series of legal institutions that represent the procedural means to guarantee that relate to the substance of the protection rights . Innovative and unique is the diversity of ways of protection that have occurred in Latin America from the institutional standpoint .

1 . Originally, the model is what you can bring to the Judicial Review and consists of a type of control that is defined on widespread conformity to the constitution of the proceedings that the judge is called upon from time to time to apply . This principle is particularly significant because in spite of Latin America is not worth the principle of " *stare decisis* " , as rulings represent real with previous similar efficacity to that of countries with a *Common Law* system , although the Latin American countries refer mainly *Civil Law* of the experience of European countries.

In this way only changes the structure of the organ deputed to ensure the establishment . In the last quarter of a century , Latin America has changed the model of centralized control with the introduction of real Constitutional Courts , namely by introducing the model of European control that already existed in some Latin American experiences as a unique feature of the Supreme Courts of Justice. Currently the control of constitutionality in most Latin American countries continues in the tradition of being integral, that is , at the same time diffuse type and centralized . We may add that , regardless of the model of constitutionality , so much in the presence of diffuse pattern as that of centralized, with the tools of the warranty are the same, *habeas corpus*, *habeas data* , *amparo* , protective action .

The control of constitutionality has the character of direct public action in the sense that the laws enshrine the right of any person or groups of persons to direct action of unconstitutionality before the Constitutional Court of the rules , this is the Constitutional Court , the Supreme Court or the Section Constitutional . These are the reasons for which the competent body of constitutional control in front of the town or popular question of unconstitutionality , in the case of proven discrepancy between the standard and accused the constitution, issues a judgment of nullity whole or in part for reasons of unconstitutionality with conseguence effects *erga omnes* .

In these cases, abstract control of constitutionality , which guaranties to the invalidity of the rules contrary to the constitution, it can be said that the supreme courts or constitutional courts hold and exercise the constitutional control in an exclusive and centralized .

At the same time there is in Latin America, the control system widespread , integrated with the centralized, according to which all judges are competent to know on the subject of unconstitutionality of the rules , which pass their examination . In this way they have the power to decide whether to apply or not in the judgments between individuals or between them and the State or public bodies . In such cases the judges exercising control of constitutionality requested by the parties who are interested or by the injured parties in the application of standards contrary to the constitution .

All this does not prevent a court in respect of the Latin American part , being essentially a defender of the supremacy of the Constitution and the rights of persons , may apply ex officio superior rule and then set aside the law in the cases on which to decide , without the parties have expressly requested. The Colombian Constitution art. 230 , declares that the judges in their provisions and judgments are subject to the law , understood as the first of the constitution.

This type of control is also characterized by its extension and includes any type of act or regulation, judgment or administrative act.

So in this study shows the possibility and the power of courts to rule on the constitutionality of the contested provisions , not only *inter partes* and *erga omnes* (effective general), is for parties in proceedings which have claimed the unconstitutionality of standards themselves.

In this type of control, the fundamental function of the judge is to not apply the law in that case precisely placed to his office .

The control of constitutionality requires a written constitution and rigid law which provides special mechanisms of revision of the same constitutional requirements. The control of constitutionality exercising constitutional or ordinary judges only legal and not political , in view of the fact that those courts have jurisdiction to annul only formal and can not judge the acts constituting legal , issued by the constituent power . So the judges can not judge the merits but only need to identify the procedural defects .

In our study we can note the differences of types of constitutionality, which can be classified as follows:

1. **According to the Panel**: The main types are widespread control, where the competence to judge the constitutionality of legal norms is attributed to all the ordinary courts, including the Supreme Court of Justice, as happens in the United States of America and in many Latin American countries; systems for centralized monitoring, where the assessment of constitutionality is attributed to a single organ, usually at the top of the judiciary., or to a special organ in itself, a Court or the Constitutional Court (Case Albania), as is typical in European countries.

2. **Depending on the type of appeal**: control systems by way of exception, incidental or disapplication of judicial review that coincide with the spread, in which the action of unconstitutionality may be interposed only in the course of a proceeding. Control systems autonomously, then direct action on the part of any citizen.

3. **According to the vices that may be disputed**: check for defects and the legal system of jurisdiction or for violation of the constitution. The two types of control can be applied to state regulations having the force of law.

4. According to the addressees of the decision: We distinguish in this way between control *inter partes* effects and control effects *erga omnes* (that the first refers to the parties involved in the proceedings with the second produces for the generality of individuals). The first refers to the widespread control, the second to that centralized.

5. **According to the effects of the decision**: I can be canceled with effect *erga omnes* or applying the provision to the case having effect *inter partes.*

America Latin in recent years he has taken steps to reform or even to enact new constitutions in order to make the necessary updates.

Almost all the constitutions of Latin American countries , spend a large part of the articles to the theme of the supremacy of the Constitution and then accordingly to the constitutionality of laws. By making a

careful study of the various constitutions of these countries, it is easy to conclude that the majority of them adopt the kind of widespread control , whereas the action of unconstitutionality may be exercised only by the parties in the ordinary processes or concrete office from all judges.

Of course there are many differences between the various states, but , frequently together with widespread control , it also applies the other type of control , namely centralized . This creates a type of control so-called mixed or combined .

Some constitutions adopt the kind of centralized control in the wake of the European Union (including Albania) , in which the decision on the unconstitutionality of the laws is up to a higher court which may be a Supreme Court or a Constitutional Court .

In this way , it is only to constitutional courts, such as the specialized bodies of constitutional justice , to decide on all cases involving the constitutionality of laws and acts of authority in general , with effect inter partes and erga omnes in the first place .

Let us now examine recent constitutions of Colombia (1991) and the Bolivarian Republic of Venezuela (1999).

The new Constitution of Colombia of 1991 repealed the old Constitution and replacing it with a completely new one. There are many positive aspects to detect in this constitution , since the rights and interests of citizens. The new constitution has changed the Colombian system of full control of the constitutionality of laws , that is the system that allows the competence of all the courts not to apply in specific cases and with effect *inter partes* , laws contrary to the constitution, and the system also centralized control by the Supreme Court of Justice , in concrete cases subject to its jurisdiction , because of the public action of unconstitutionality of laws with effect *erga omnes* (is general) .

In 1991 Colombia was created the Constitutional Court which have been vested with the powers that were previously the Supreme Court. So, the new Constitution has only changed the Organ but not the type or model of control. The new Constitution regulates the constitutionality of laws as art. 4: "The constitution is the norm over the rules. In case of incompatibility between the Constitution and a law or any rule of law, the previews is the Constitution. "In accordance with the constitution, it is applied in Colombia the type of control widespread. However, from the second half of the nineteenth century also applies a type of centralized constitutional control.

The new Fundamental Charter attributed to the Constitutional Court the following functions:

1. Decide on matters of unconstitutionality which can present citizens against acts of legislation amending the constitution;

2. Decide on the unconstitutionality of the referendum or the election of a constituent assembly that reforming the constitution;

3. Decide on the constitutionality of the referendum on the law and the public consultations;

4. Decide on questions of unconstitutionality raised citizens against the laws, against the decrees issued during states of exception;

5. Decisions, ultimately, on a judicial concerning the action of *amparo* or protection of constitutional rights.

Before the Constitutional Court citizens can exercise the public actions ,that intervent to defend the norms submitted to the Court, even in cases where the action of unconstitutionality is not public.

The new Venezuelan Constitution came into force in 1999 and has radically changed and repealed the old Constitution of 1961. The new Constitution confirms the type of control intergral or combined. So, simultaneously apply the widespread control and the centralized. The new Constitution requires that all judges are the guarantors of the supremacy of the Constitution and respect. For the fulfillment of this duty, the Constitution provides that in case of incompatibility between the Constitution and a law or other legal requirement, you should apply the constitutional provisions.

With the new Fundamental Charter, was created the Hall or the Constitutional Chamber, with sole power to declare the nullity of laws and acts of the bodies exercising public power.

The new room or the Constitutional Chamber may decide on the following topics :

1 . Total or partial nullity of national laws and other acts having the force of law, contrary to the Constitution .

2 . Total or partial annulment of acts of the National Executive , to be unconstitutional .

3 . Acts done by other government bodies in direct implementation of the Constitution and attention right away .

4 . Check the request of the President of the Republic , the constitutionality of international treaties prior to their ratification .

5 . Check the constitutionality of presidential decrees that declare states of exception.

6 . Declare the unconstitutionality of legislative power .

7 . Resolve conflicts of hierarchy between the different legal provisions .

8 . Resolve constitutional controversies between relevant public .

9 . Review the judgments of constitutional *amparo* and control of the constitutionality of laws and legislation issued by the Courts of the Republic.

The study of these constitutions in Latin America about the supremacy of the Constitution and the constitutionality of laws and judicial garantees of constitutional rights and freedoms , it is formally clear the existence of a system as Latin American legal reality constituted the beginning of the last century today. It ' a system that despite the influences of the United States of America and continental Europe, has managed to preserve a content of originality legal , institutional completeness and integration of organic and functional which gives it its own legal identity . The system starts affirmation of the supremacy of the Constitution, before moving to the consecration of the type of centralized control constitutional model in the Supreme Court of Justice or the Court or the Constitutional Court . The control works with any type of widespread control , which presupposes the competence and power of all the ordinary judges to decide questions of unconstitutionality of laws or acts having the force of law.

In Latin America, centralized control is organized in a uniform manner. Have only recently been introduced in the room or next to the Supreme Court Constitutional Chamber and the creation of courts or tribunals on the European model (the case of Albania) .

2   CASE ALBANIA

Albania also has a recent Constitution which dates back to 1998 . The promulgation of the Constitution took place after the end of the Albanian Civil War broke out as a result of the failure of so-called " pyramids " , in which thousand of Albanian people lost their savings.

For the drafting of the Fundamental Charter gave their contribution even international bodies , such as the Venice Commission and many European countries, primarily Italy . The Italian state gave also their help also in the formation of the class of Albanian judges .

Article . 131 of the Constitution introduced the institution of individual recourse against the violation of fundamental rights , imitating in this way the German-Spanish model . We need to keep in mind the characteristics of the constitutional Albanian process who has exercised , as we have already mentioned , the technical support of foreign institutions in the exercise of an autonomous constituent power , the expression of full state sovereignty , and therefore has preserved the total discretion policy of the national bodies in the final decision of the text.

The locus responsible to any person or entity, but not in the form of an *actio popularis* , but who claims to have been harmed by the public power in a fundamental right or a right assimilated. Part VIII of the Albanian Constitution of 1998 introduced a centralized system of constitutional justice , following the full continental European model , over skills . Thus, the comparative analysis of the realities in Latin America and Albanian languages, we can say that it is more effective control widespread and mixed simultaneously, so as to make easily accessible and promptly to all citizens the justice model .

We try to determine what rights the violation and subject to appeal to the Constitutional Court . The part of the protectable rights is "...... violation of constitutional rights to the due process of law "(principles of a fair trial or due process of law) .

The individual petition Albanian has a range equivalent to that same kind of appeal in other jurisdictions, such as Latin America , and only partially fulfills the same function as the only right directly protected is that of " due legal process " , what in English is called " due process of law ."

A further consequence of the fact that the object of protection is a right to procedural content, is excluded for the individual the power and the right to appeal directly to the Constitutional Court for violations of constitutionally protected fundamental rights caused by the law, except that the rule does not violate constitutional rights to "due process regulated by law."

With regard to the rights and guarantees, Albania follows the mosque just some constitutions Europe, despite the contribution of the Venice Commission for its completion. The Constitution has a number of general statements of their treatment before a more specific and which are often the completion of the Fundamental Principles. In Essse it is the principle of equality, affirmation of freedom as the fundamental rights and limitations that they can withstand emergency, often of citizenship, the situation of foreigners, minorities, relations with domestic and international law, it's mentioned also in Chapter I of Part II of the Albanian Constitution. In fact, according to Article 117 of the limitations of the rights

and freedoms permitted consistent with a contingency clause in reference to a law justified by the public interest or the rights of others, are compensated in accordance with, on one side of a pro rata basis and, the other of the essential content of the right and freedoms and are also not eligible for any reduction that goes beyond what is provided in the "European Convention of Human Rights". Must be noted that many fundamental rights are without prejudice in cases where the Constitution itself establishes the possibility of limitations, such as during a state of war, emergency or natural disaster. Foreigners must have the same treatment of the Albanian citizens, unless it is espressamento expected the opposite.

The catalog of rights is generally broad, detailed and updated in line with international standards, such as to a State not only " right " but also "constitutional" . There are , as the Constitutions of the East in general , since the more recent texts , new rights , so-called "third generation " , relating to the environment , information, defence of personal data, to information on the activities of state organs, the time-limit fixed by law for the proposals of the public authorities to citizens' requests , etc. to copyright.

Part V of the Constitution is devoted to the Council of Ministers. According to art . 101 " The Council of Ministers , in cases of necessity and urgency , may release under his own responsibility normative acts having the force of law to adopt temporary measures. These instruments shall be immediately referred to the Assembly , which is convened in session within 5 days . Such acts retrospectively lose their strength if they are not approved by the Assembly within 45 days. "

The validity of the transitional Constitution of 1991, with ruferimento art. 2 of the Charter of the Albanian Human Rights on freedom of expression , the obligation imposed by the Council of Europe to adapt to the standards laid down in the European Convention of Human Rights led to the introduction of a provision that was a faithful reproduction of the article in the Convention , but with guarantees lower than the original design and incongruent with Article 41 of the Albanian Constitution , which enshrined the ban on the limitation of a list of fundamental rights during a state of emergency .

The antinomy legislation was dramatically resolved by the Albanian Constitutional Court , called upon to decide the constitutional legitimacy of the law which had been declared a state of emergency in 1997 , which admitted the prior censorship on the press. The Court declared the legitimate expectation by virtue of the need to coordinate the two provisions of Articles 2 and 41, entered into force simultaneously and animated , for this reason, a single ratio.

The relationship between international organizations and the law should remain imprinted with the framework of consulting, technical report , never get to eliminate the degree of subjectivity domestic politics.

The fact is that Albania needs to extend the right to individual petition to the Constitutional Court to citizens, thereby expanding the list of rights before he could claim the same .

Or, the legislature of the Country of Eagles should add , by the use of centralized model , the type of widespread use , such as to permit the courts to decide issues of legitimacy and constitutionality of laws and normative acts having the force of law.

3   CONCLUSIONS

The aim of this comparative study is to make possible the knowledge of such research to the legislature of our country, so that it can take example (as it did in the past for the drafting of the Fundamental Charter) by the constitutions of the countries of Latin America, which, wanting to protect to the fullest extent the individual, sought and obtained to make justice accessible to all citizens, including the constitutional justice.

From this comparative work, may be in a state of total diversity of systems, the major problem of the protection of rights as essential point that makes the citizen subject of democracy and not domain object.

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Learning Outcomes of College Study Abroad Programs and the Effects of Culture Shock

Abstract:

This paper seeks to integrate study abroad programs into the literature on expatriation by applying theories of culture shock to student sojourners. Specifically, we are interested in the effects of culture shock on the learning outcomes of study abroad participants. An on-line survey with qualitative and quantitative items has been sent to 130 study abroad participants in order to understand their overseas experiences from multiple angles. Several responses have been received and results will be shared at the conference.

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The Effectiveness of the Convention of Elimination of All Forms of Discrimination against Women (CEDAW) in Muslim Countries: Bahrain as a case study

Abstract:

The debate regarding whether or not Islam serves as a factor of discrimination against women is endless. Even though the Quranic verses emphasize equality between man and woman, the interpretation of the Islamic texts related to women were usually influenced by patriarchal society resulting in discriminatory interpretations and practices of the Quranic texts as opposed to the text itself being the reason of discrimination. The Convention of the Elimination of all Forms of Discrimination against Women (CEDAW) is often referred to as the 'women's bill of rights' as it is the first international legally-binding document that specifically deals with all areas related to a woman's life. However, the implementation of this convention in Muslim societies remains as an ineffective remedy to the problems of women due to a number of reasons mainly related to lack of real government will and strict social and religious values. Therefore, solutions to improve the situation of Muslim women must be put forward by strong-willed governments and modernist Muslim clerics.

Keywords: Convention, CEDAW, Women Rights, Discrimination, Islam, Bahrain

The Convention of the Elimination of all Forms of Discrimination against Women (CEDAW) is often referred to as the 'women's bill of rights' as it is the first international legally-binding document that specifically deals with all areas related to a woman's life. The convention is one of the core international human rights treaties established by the United Nations, which requires Member States to undertake legal obligations to respect, protect and fulfill women rights. This convention is believed to aim at achieving equality between men and women in every field and supports women's' chances to have access to equal opportunities in the political and social spheres trying to overcome the social and cultural obstacles that might exist so they can have full rights in areas of legal rights, education, employment, healthcare, politics and finance. The convention which was adopted by the United Nations General Assembly in 1979 and came into force as a treaty in 1981 is monitored by the CEDAW committee which follows up the progress and status of women rights in member states of the convention.

The CEDAW is the first international tool that puts forward a definition for discrimination against women. The convention defines discrimination as "...any distinction, exclusion or restriction made on the basis of sex which has the effect or purpose of impairing or nullifying the recognition, enjoyment or exercise by women, irrespective of their marital status, on a basis of equality of men and women, of human rights and fundamental freedoms in the political, economic, social, cultural, civil or any other

field[1]." On its preamble, the convention reaffirms that the states that become part of this obligation must modify their laws and regulations in order to successfully implement the concept of equality between men and women in all fields and to establish mechanisms that ensure protection to women in all institution and work on eliminating all forms of discrimination against women in all institutions.

The convention reaffirms the human rights principles that were mentioned in the United Nations' charter which dignifies the human and equalizes between man and women. It also reaffirms the principles stated in the Universal Declaration of Human Rights which mentions that all humans are born free and equal in dignity and rights and that all humans are entitled to their rights without any kind of distinction.

CEDAW is one of the most highly ratified international human rights conventions, having the support of one hundred and eighty six State parties. It is important to underline, though, that many countries that ratified the convention used the "reservation" tool in order not to be bound to implementing the articles that they do not *want* or *cannot* implement. When looking at the implementation of CEDAW in the Muslim World, it is evident that a proper implementation of the Convention in these countries encounters serious barriers related to politics, religion and culture. All of the Muslim countries with exception of Turkey and Tunisia have put reservation on some main articles of the convention. Iran, on the other hand, has refused to join the convention all together.

Therefore, despite the advantages the CEDAW convention offers to improve legislations related to women, it is not the golden key that brings solutions to women problems in certain societies where various obstacles face an effective application of this convention. Raday F, (2012) argues that there exists a gap between the theory and practices of the CEDAW due to cultural and religious boundaries as she argues that, "the substantive equality provisions of CEDAW provide theoretical and normative tools to contend with the growing challenges of traditionalist cultural and religious patriarchy and neoliberal exploitation of women. This holds out promise but a large gap exists between normative policy and social practice[2]." It is evident that there are several drawbacks of the CEDAW as it fails at many times in fulfilling its goals in countries which are heavily influenced by cultural values or lack the political will to protect women rights. The North Africa and Middle East (MENA) report released in 2008, regarding "Implementing CEDAW in North Africa and the Middle East," examines the barriers which prevent full application of the CEDAW in that region. The report stresses on the Islamic Shariah being a barrier at some cases from a full implantation of the CEDAW. The report states that, "In countries where the often intractable nature of political Islam sheds light on the regional trends in MENA, illuminating the reason behind, for example, the reservations to CEDAW shared by all States Parties of the region. For instance, every single States Party in MENA hold reservations to Articles 9 and 16, stating reasons regarding *Sharia* or the *Qur'an* as justification[3]."

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[1] United Nations Website: http://www.un.org/womenwatch/daw/cedaw/cedaw.htm

[2] Frances Raday,"Gender and democratic citizenship: the impact of CEDAW," *International Journal of Constitutional Law*, Volume 10, issue 2, pages 512-530

[3] Brotman S. and Others, " Implementing CEDAW in North Africa and Middle East," 3 march 2008, http://pages.uoregon.edu/aweiss/intl421_521/CEDAW_Report_MENAf.pdf

The debate regarding whether Islam is a reason for discrimination against women is endless. Even though the Quranic verse emphasize on equality , "He created you from one being, then from that (being)He made its mate[4]." The interpretation of the Islamic texts related to women were , at some occasions, influenced by patriarchal practices resulting in a discriminatory interpretation and practice of the Quranic texts as opposed to the text itself being the reason of discrimination.

However, it is important to note that Muslim societies at large refuse the values presented by the CEDAW as they find them unsuitable for their traditions, religion, and social values. For instance, Amman Centre for Human Rights in Jordan mentions in one of their announcements that , "The Islamic Action Front, the political party of the Muslim Brotherhood in Jordan, has issued a statement warning that "families in Jordan face the threat of total collapse under the CEDAW" and are advocating for Jordan to reverse its position and withdraw from the convention outright instead[5]"

The Kingdom of Bahrain is a Muslim country which adopts a semi-Islamic system in governance. Bahrain applies civil law in all governing related issues, except to family affairs where the Islamic Shariah law is strictly applied. Bahrain maintains a two-tiered system of Sunni[6] (Maliki[7]) and Shia[8] (Ja'afari[9]) Islamic Shariah courts responsible for personal and family/women matters. Bahrain has joined the CEDAW convention in 2002 and despite the steps Bahraini women has achieved, especially when compared to their regional neighbors, studies and reports have shown that even though the Bahraini law stresses on equality between man and woman and protection of women rights, women nevertheless faced discrimination due to the lack of certain laws or t improper application of existing laws particularly in the Shairah courts. The United State's Department report on Human Rights produced in 2010 highlights that religious courts in Bahrain play a role in discrimination against women due to lack of an effective law; "Women faced discrimination under the law. A woman cannot transmit nationality to her spouse or children. Women have the right to initiate divorce; however, religious courts may refuse the request. In divorce cases, the courts routinely granted mothers custody of daughters younger than age nine and sons younger than age seven. Custody usually reverted to the father once the children reached those ages. Regardless of custody decisions, the father retained guardianship, or the right to make all legal decisions for the child, until the child reached the age of 21[10]." The United Nation's CEDAW committee expresses a similar concern regarding the lack of a clear comprehensive law regarding women/family affairs which leaves women vulnerable to discrimination in Sunni and Shia Shaira courts, "The Committee is concerned that the laws applicable

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[4] The Quran, verse 39:6.

[5] Amman Centre for Human Rights Studies, http://achrs.org/english/index.php/arab-and-international-mainmenu-46/arab-and-international/142-participate-in-the-debate-on-the-cedaw-in-jordan.html

[6] Sunni: Consisting of the Majority of Muslims, Sunni is the branch of Islam that accepts the first four caliphs as rightful successors of Muhammad.

[7] Maliki: One of the main four Sunni schools of interpretation.

[8] Shia: A member of the branch of Islam that regards Ali and his descendants as the legitimate successors to Muhammad and rejects the first three caliphs.

[9] J'afari: One of the main divisions/schools within the Shaisim.

[10] USA Department State, 2010 Human Rights Report: Bahrain http://www.state.gov/j/drl/rls/hrrpt/2010/nea/154459.htm

to family matters are not uniform and contain differences resulting from sectarian interpretational and jurisprudential differences between Sunni and Shia. The Committee is deeply concerned at the lack of a codified family law containing clear and non-discriminatory provisions on marriage, divorce, inheritance and child custody in compliance with the Convention[11]."

It is very crucial to underline here that such failure to fully apply the CEDAW convention which would have had its influence upon the family court laws in Bahrain, is due to anti-CEDAW movement from within the society itself rather than a lack of a political will.

For instance, Bahrain has passed a family law in 2009 for the Sunni courts only as the Shia religious clerics has strictly refused to pass such a law for their community leaving the situation of women solely in religious clerics hands. The original draft law was meant to be applied for both the Sunni and Shia courts, but the sections relating to Shia were withdrawn following threats of protest from hard-line Shia clerics News reported that, "In 2005 the Council declared that it would support a bill in parliament reforming personal status law only if the Ulama in Bahrain drafted it and the Marja'[12] in Najaf reviewed and approved it. Because the government had proposed the law without such consultations, Shi'a street demonstrations convinced the government to withdraw the bill from parliament[13]."

Another example for such anti- CEDAW social movement took place in 2011 when Bahrain hosted the first International Conference for Muslim Non Governmental Organizations (mostly Sunni) to combat the application of UN international conventions in regards to women. The participants in such a convention spoke about the threat of Western values which try to impose themselves on Muslim societies and called for an adoption for Shariah law in regards to women affairs. Some NGOs from the liberal wing criticized such a conference on media but the participants of that conference had, nevertheless, agreed at the conclusion of the conference on: "The need to establish an Islamic strategy to address the suspicious plans which targets the Muslim women [14]."

The rejection to the CEDAW is a common behavior among Muslim societies, including Bahrain, as it is seen as a Western tool that aims to destroy the family system which is very much valued in Muslim societies. Therefore, could the CEDAW be an effective solution to improving the situation of women rights in Muslim countries?

Bearing in mind that the United States of America did not ratify the CEDAW as well, as some American policy makers argue that it could cause an unwanted intervention in private affairs besides causing a threat on the Judo-Christian structure on the American families; a position of such a powerful Western country which advocates for human rights all over the world, brings into consideration that

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[11] Report on "Concluding observations of the Committee on the Elimination of Discrimination against Women" (2008) http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N08/602/30/PDF/N0860230.pdf?OpenElement

[12] Marja: According to the Shia faith before approving or disapproving any jurisdiction a council of scholars (Ulma) would refer to a higher guidance (Marji) that can be based outside the country. Decisions would be taken only after the approval of the Marja.

[13] The Telegraph, " The Shia Clerical Hierarchy in Bahrain," 18 Feb 2011, http://www.telegraph.co.uk/news/wikileaks-files/bahrain-wikileaks-cables/8334568/THE-SHIA-CLERICAL-HIERARCHY-IN-BAHRAIN.html

[14] Ba'amer. Y (2010) from Aljazeera http://www.aljazeera.net/news/pages/cd680a42-ddd2-4237-b959-4df863bf7488

there must be other measures that could be taken to improving the situation of women in a country without limiting the efforts only to the CEDAW conventions.

Therefore, even though it is widely acknowledged that the CEDAW is a powerful tool to improving women rights, it cannot be looked at as the "only" tool to improving the situation. Social, cultural and political factors face implementing in many countries. The solution to Muslim countries would be in creating a public awareness along with a driving a sincere political will to improving the situation of women. "ijtihad[15]" can be a powerful tool to improving the situation of women in order to replace outdated discriminatory practices which are usually culture based with more modern interpretation of texts related to women in Islam. One expert argues that, "Many Islamic countries such as Morocco, Malaysia, Tunisia and Turkey have initiated reform measures in the family code in the line with the CEDAW principles to eliminate discrimination against women using the wisdom of ijtihad.[16]" The usage of ijtihad would be rejected by traditional Islamists who would fear losing their power over the public in conservative societies, but it must be pushed forward by strong willed governments and modernist Muslim clerics to improve the situation of Muslim women. The CEDAW can still be used by NGOs to improve legislations and practices in a Muslim state as much as CEDAW could achieve, while putting forward other supporting remedies that comes from within the Muslim society itself. Therefore, in order to achieve a better reality for Muslim women, there should be a sincere governmental will, a proper usage of modernist Islamic teachings, besides pushing for the application for the principles of the CEDAW.

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[15] **ijtihad** : the endeavor of a Moslem scholar to derive a rule of divine law from the Koran and Hadith without relying on the views of other scholars; by the end of the 10th century theologians decided that debate on such matters would be closed and Muslim theology and law were frozen; "some reform-minded Islamic scholars believe that reopening ijtihad is a prerequisite for the survival of Islam"

[16] Begum Ferdpus A. , " Interpretation of the Islamic Jurisprudence in the Spirit of the International Human Rights Normas and the Convention on the Elimination of all Forms of Discrimination against Women," May 2011, http://www.wunrn.com/news/2011/07_11/07_11/071111_islamic.htm

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Provisions Related to Arrest and Detention According to the Albanian Legislation: The Importance of Enforcement in the Context of Human Rights

Abstract:

Some form of restriction of liberty is arrest, detention and his accompanying to the police. Procedural and operational actions to limit the application of the freedom of a person suspected as the perpetrator of a criminal offense provided by law. Thus, the Convention for the Protection of Human Rights and Fundamental Freedoms, in Article 5 provides the right of liberty and security of a person. This article aims to protect people against arbitrary arrest and detention, and requires to the states not only to respect the procedures for arrest or detention, but requires to the detained persons a number of procedural guaranties, such as access to information on the reasons for the arrest, the right to legal counsel, human treatment, the right to be brought promptly before a judge, or even the right to be released pending the trial.

Albanian State has ratified this Convention and implemented it in its internal criminal and procedural law. Thus, the Criminal Procedure Code in particular its articles provide clear cases of arrest and detention of the suspect as the author of committing a crime, and legal procedures that should be performed by an officer of the judicial police in such cases. Also the code interprets the flagrant state and defines the criteria that must exist for the arrest of a person in the commission, or stops him.

The material will reflect the legal aspects related to arrest and detention according to the Albanian Legislation, as seen in the spirit of the European Convention on human rights and fundamental freedoms.

Keywords: Arrest, Detention, Restriction of Freedom, The Right to Safety, Flagrance Condition

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Consumer Information Acquisition and Search Behavior on Purchase Decisions Where Demographic and Psyhological Factors Play an Important Role, A Field Study from Eskisehir, Turkey

Abstract:

The purpose of this study is to find out the information needs for consumers in their purchase decisions; how they search for information and how they use and spread it after acquisition. A survey is applied to 387 respondents of selected via stratified sampling from Eskisehir, a city of Turkey with 700.000 inhabitants. The respondents are required to answer 35 questions of which five are related to demographic characteristics of these respondents. The rest 30 are statements which are designed to reflect the information behavior with respect to information search, information acquisition and information use habits of these people. The study consists of five parts. The first part is an introduction where the scope and the purpose of the study are concisely stated. The second part relates to the theoretical background of the subject matter and the prior researches carried out so far. The third part deals with research methodology, basic premises and hypotheses attached to these premises. Research model and analyses take place in this section. Theoretical framework is built and a variable name is assigned to each of the question asked or proposition forwarded to the respondents of this survey. 30 statements or propositions given to the respondents are placed on a five-point Likert scale where. The remaining five questions about demographic traits as age, gender, occupation, educational level and monthly income are placed either on a nominal or ratio scale with respect to the nature of the trait. Ten research hypotheses are formulated in this section. The fourth part mainly deals with the results of the hypothesis tests and a factor analysis is applied to the data on hand. Here exploratory factor analysis reduces 30 variables to six basic components as "innovativeness-opinion leadership-mavenism; cognitive dissonance; online information seeking; external information needs; perceived risk; and price consciousness. In addition non-parametric bivariate analysis in terms of Chi-Square test is applied to test the hypotheses formulated in this respect. The fifth part is the conclusion where findings of this survey are listed.

Keywords: Online Information Seeking, Information Innovativeness-Opinion Leadership-Market Mavenism, Cognitive Dissonance, Price Consciousness, Risk Perception

JEL Classification: M31

1 Introduction

Customers in broad sense are defined as stakeholders of an information organization and contribute immensely to the success of that organization (Rowley, 2006). Here we have to regard the distinction

between customer and consumer concepts where customers is the generic term for any stakeholders, individuals or groups for whom the organization in some way provides a good or service. On the other and, consumers are the users of the service. Consumer information search can be segregated into two parts as 'internal information search' and 'external information search. Internal information search involves memory and occurs prior to external information search, whereas external information search excludes memory and regards everything else when searching for information (Peterson and Merino, 2003). Customer online information search gains importance when a customers objective is for a specific product or service. Also several risk perceptions are attached to information search behavior.

2 Literature Review and Prior Research

As said by Murray (1991), information search is a primary stage in the purchase decision process. Actually, information acquisition strategies are very important for decision maker at the company. As known, consumers differ according to their knowledge about products and brands. Matilla and Wirtz's (2002) example in this regard is as follows:" *an individual might be highly knowledgeable about computers but not dishwashers, or about pet grooming but not broker services*". These differences in knowledge have important implications for consumers' prepurchase information search activities. (Alba and Hutchinson, 1999 from Matilla, Wirtz, 2002).

In the article about understanding buyer information acquisition for purchase of logistics services written by Bienstock (2002) it is emphasized some questions to explain the relationship between customer information acquisition and purchase decision. These are below:

- *What sources of information do buyers of logistics services use in making their purchase decisions?*

- *What are the challenges inherent in making a purchase decision for a product that, prior to actually experiencing it, cannot easily be evaluated?*

- *Do all purchasers of logistic services use the same information sources?*

- *Can purchasers of logistic services be segmented according to their information acquisition activities?*

- *Understanding these issues will enhance logistics service providers' efforts to manage customer information acquisition and purchase decisions for their services.*

According to Bienstock (2002), Moriarty and Spekman (1984); Engle et al.(1986), Dholokia et. al.(1993) state that understanding information acquisition is important for especially service business.

2.1 Perceived Risk

Because of uncertainty, consumers want to manage their risk in exchanges. As said Bienstock (2002), customers use information to increase certainty and lower the risk. Similarly, Mitra, Reiss and Capella (1999) stated that perceived risk is used as a variable to explain the risk perception. Murray (1991) expressed the greater the degree of perceived risk in a pre- purchase context, the greater the consumer propensity to seek information about the product.

In the marketing literature, Jacopy and Kaplan's risk definition and classification used widely. Especially, they have some researches about perceived risk. (Jacoby and Kaplan, 1972; Kaplan *et al.*,

1974). According to them, perceived risk has been operational zed by five specific risk types (Jacoby and Kaplan, 1972; Kaplan *et al*., 1974). Five different risk dimensions identified are these (Jacoby and Kaplan, 1972):

- Financial (monetary);

- Performance (functional);

- physical;

- social; and

- psychological risk

However, Roselius (1971) identified the sixth important risk parameter which is time risk (Mitra, Reiss and Capella , 1999). *Time risk involves the possible loss of convenience or time associated with the satisfactory delivery of a service* according to Mitra, Reiss and Capella, (1999).

2.2 Information Source

Buyer information sources can be classified into two categories: internal and external. According to Bienstock (2002, p.637), sources of internal information include evaluations of past experiences with a service or product based on Leigh and Rethans (1984), Lynch and Srull (1982). As known, these experiences create **knowledge.** At this point, knowledge can be defined as an internal source of information for purchase decisions. External information sources include what is referred to as commercial (i.e. "marketer dominated") and non-commercial (i.e. "non-marketer dominated") information, both impersonal and personal (Engle et al., 1986; Moriarty and Speakman, 1984; Bienstock, 2002). Personal sources include family, friends, as like salespeople. Impersonal sources include catalogs, consumer reports, and advertisements or magazines (Venkatraman and Dholakia, 1997).

Cox (1967b) categorized information sources into three categories (Mitra, Reiss and Capella, 1999):

- consumer dominated;

- marketer dominated; and

- neutral sources.

According to another point of view, Andreasen (1968) classified information sources into four categories (Mitra, Reiss and Capella, 1999):

- *impersonal advocate* sources including print media and broadcast advertising

- *impersonal independent* sources consisting of information gathered from popular articles and broadcast programming

- *personal advocate* sources referring to information received from salespersons

- *personal independent* sources including facts gathered from friends and relatives.

Bienstock (2002) suggested that the acquisition of external information for services is related to the importance of what is known as the integrated marketing communications (IMC) perspectives.

Similarly, Duncan and Moriarty (1998) said that the IMC maintains that all external sources of product/service information .(Bienstock, 2002)

Nowadays, internet is another source of information. While there is an increasing body of knowledge concerning internet use for finding information, fewer studies focus on consumer uses of the web in search according to Ylikoski (2005). Ylikoski (2005) said that research suggests that the "effective" way to search the web depends on the type of consumers' problem, the level of categorization of the information on the web based on Breitenbach and Van Doren (1998),Hölscher and Strube (2000) and Navarro-Prieto et al. (1999). Also, Ylikoski (2005) stated that effective search related to information seekers' skills. At this point, it can be suggested that information seekers' skills are vital role to acquire information from internet. Consequently, consumers can be classified according to their information seeking skills.

2.3 Information Acquisition

Information search and information acquisition are used synonymously in the marketing literature. Information search or acquisition is a common method implemented by consumers to reduce perceived risk. To make efficient choices, consumers engage in internal and external information searches. Consumer information search occurs when the consumer is motivated to search for information concerning his/her gathering from other sources than memory according to Heany and Goldsmith (1999, p.305) Also, Heany and Goldsmith stated that there is comprehensive and well-documented marketing research on the degree, sources, and antecedents of external information search for consumer goods based on priority researches like as Beatty and Smith(1987), Schmidt and Spreng (1996), Srinivasan and Ratchford (1991), Wilkie and Dickson (1985).

Actually, consumer information search divide two parts: external and internal. External information search is "*a conscious goal-oriented behavior whereby consumers acquire information to clarify or evaluate a particular brand or product class*" as defined by Heany and Goldsmith (1999, p.305). However, Haines (1978) defined "*information to include data that induced a consumer to construct or alter an existing decision process for the relevant product, including raw data, encoded symbols, and any other data capable of representing reality to the decision maker*". Also, Beatty and Smith (1987), Punj and Staelin (1983), and Srinivasan and Ratchford (1991) defined "*external information search is the amount of attention, perception, and effort directed toward obtaining environmental data or information relating to the specific purchase under consideration*". It has been recognized that information search often precedes brand preference formation and that search behaviors may vary according to individual characteristics (Block *et al.,* 1986; Furse *et al.,* 1984; Punj, 1987) according to Chao and Gupta (1995, p.48). According to Heany and Goldsmith (1999), "*information search can therefore be physically observed and measured as it involves active, motivated, and conscious effort. Information search represents the second stage after problem recognition in the elaborate decision-making process model proposed by Engel et al.* (1968; Heany and Goldsmith, 1999)". Similarly, some factors have been identified as determinants of the amount of search undertaken (Beatty and Smith, 1987; Goldman and Johansson, 1978; Newman and Staelin, 1972 from Chao and Gupta, 1995).

2.4 Information Acquisition Models

In the marketing and consumer behavior literature, there are several models about consumer decision making process. Information search is important phase of consumer decision making process according to all of these models (Tim, Wang, Chang, 2002). Matilla and Wirtz (2002,) said that a large number of studies have found a negative relationship between knowledge and information search like Moore and Lehman (1980) and Anderson et.al. (1979) Stigler first proposed his economics of information (EOI) theory in 1961 to elucidate the process of information search prior to purchase (Bienstock, 2002). EOI theory proposes that potential buyers will search for information only as long as the costs of the search do not exceed the benefits. (Bienstock, 2002). Urbany (1986), Nelson (1970, 1974) and Darby and Karni (1973) extended Stigler's EOI theory to explain the relationship between suppliers' communications efforts and purchasers' information search activities (Bienstock 2002). These researches are suggesting that prior knowledge increases the consumer's confidence on his/her own evaluations for product/service or brand. In this context, Anderson et al. (1979) developed a model of external information search for automobile purchasing. Also, Punj and Staelin (1983) conducted a research on automobile purchasing based on a cost/benefit analysis of information search. Otherwise, Srinivasan (1987) tested a model containing exogenous and endogenous variables affecting information search for the same sector. Srinivasan and Ratchford (1991) then tested a model to clarify and redefine variables used in the Punj and Staelin's (1983) model (Heany and Goldsmith, 1999).

Schmidt and Spreng (1996) proposed a generic model of consumer information search, but they did not empirically test the model. Similarly, Freiden and Goldsmith, (1988, 1989) and Murray (1991) has been some effort for studying the types of prepurchase sources used by consumers. But, these researchers have devoted less attention to studying the determinants of search effort to Heaney and Goldsmith (1999). At another research, Murray (1991) investigated the impact of risk on services and he found that there was an increased need for risk-reducing information and an extended decision process for services compared to goods. (Heaney, Goldsmith, 1999)

As stated in Bienstock (2002)'s article , Smith (2000) introduced the incomplete information framework based on a reconceptualization of Stigler's (1961) cost/benefit analysis of information acquisition and Nelson's (1970,1974) and Draby and Karni's (1973) economics of information taxonomy.

With a focus on the information search phase, Assael's model interesting to Tim, et al. (2002, p.243) because of the multiple stages through which individuals proceed before deciding (Assael, 1984) as below figure 1.

Figure 1: Assael's consumer İnformation acquisition and processing model

Input Variables		
Consumer Demographics Personality Lifestyle Motivations	**Marketing** Product Place Promotion	**Environmental** Social Cultural Situation

Information Acquisition

External Sources
Passive
Active

Information Processing
Categorize
Evaluate
Organize
Retain

Internal Sources
Memory

Brand Evaluation

Purchase and Consume
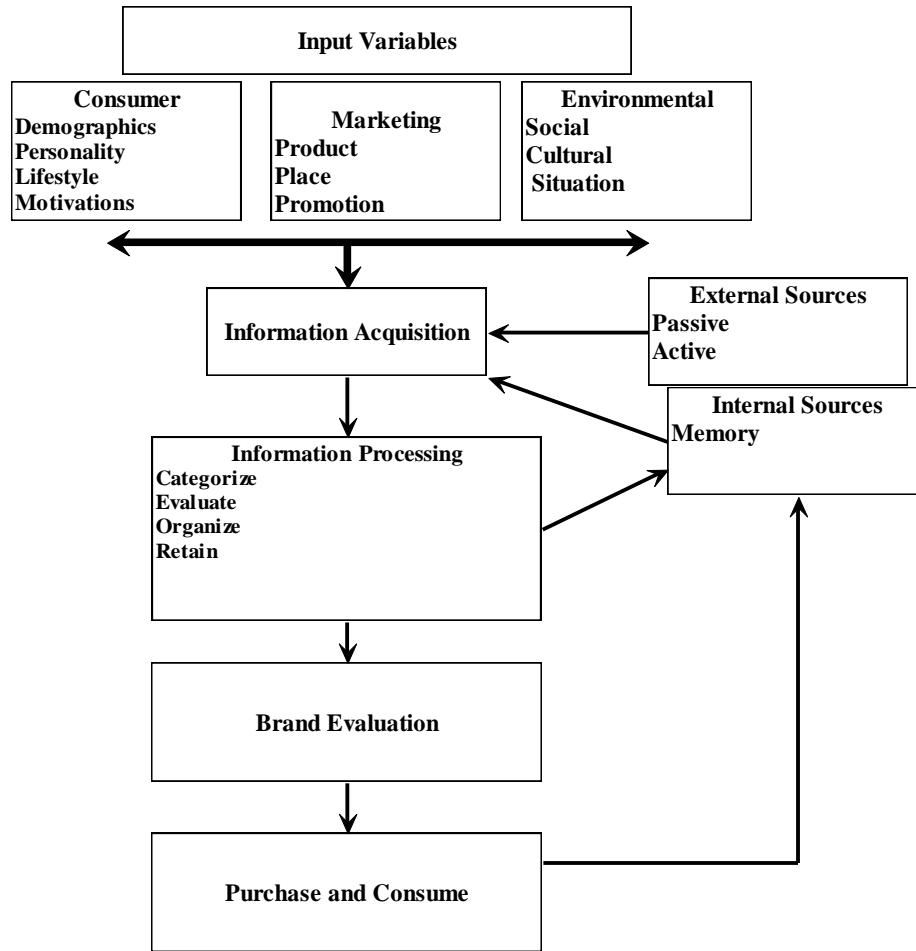
Figure 2: Conceptual model of information search and source utilization
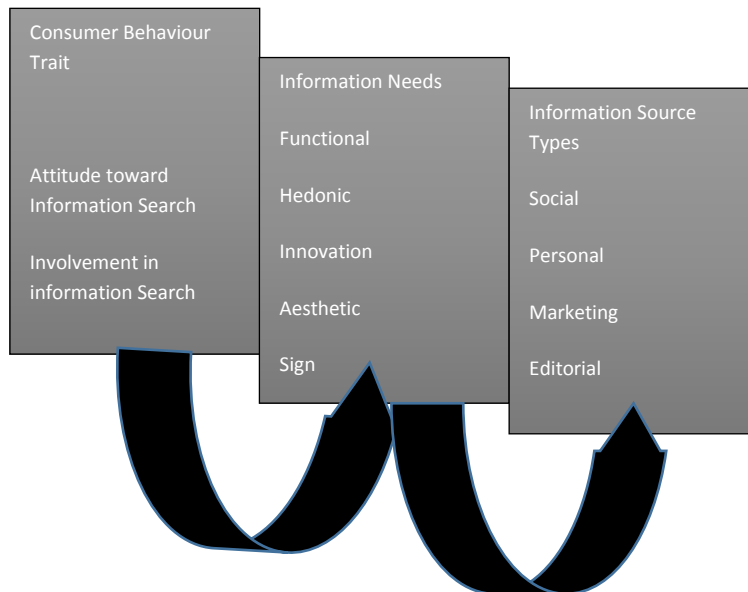
Consumer Behaviour Trait

Attitude toward Information Search

Involvement in information Search

Information Needs

Functional

Hedonic

Innovation

Aesthetic

Sign

Information Source Types

Social

Personal

Marketing

Editorial

Adopted from France Tim, Yen dave, Wang Jyun cheng, Chang Chia Ming, Integrating Search Engines with data mining for customer oriented information search, Information Management & Computer Security, 10/5 (2002) pp. 242-254

Voght and Fessenmaier (1998) have pointed out Assael's model that Assael as well as others, has provided the framework for research on the use of information in situations when individuals have decided to buy. (Voght and Fessemaler, 1998; Tim, Wang, Chang, 2002) (Figure 2)

Adopted from France Tim, Yen Dave, Wang Jyun cheng, Chang Chia Ming, Integrating Search Engines with data mining for customer oriented information search, Information Management & Computer Security, 10/5 (2002) pp. 242-254

Voght and Fessenmaier (1998) expanded the functional information search model. Especially, they focus on the new mediator stage takes into account information needs. And according to this focus, they can further define and predict the relationship between consumers' demographic factors, information needs and information source types. (Tim, Wang, Chang, 2002, pp.244). Similarly, Voght and Fessenmaier (1998) suggested that needs are classified two categories at the expanded model: **functional needs** include product knowledge, uncertainty, utility and efficiency in figure 3; **hedonic needs** include phenomenology, experiential, sensory, variety seeking and creativity. (Tim and et al. (2002, pp.244). However, aesthetic needs include imagery and fantasizing.
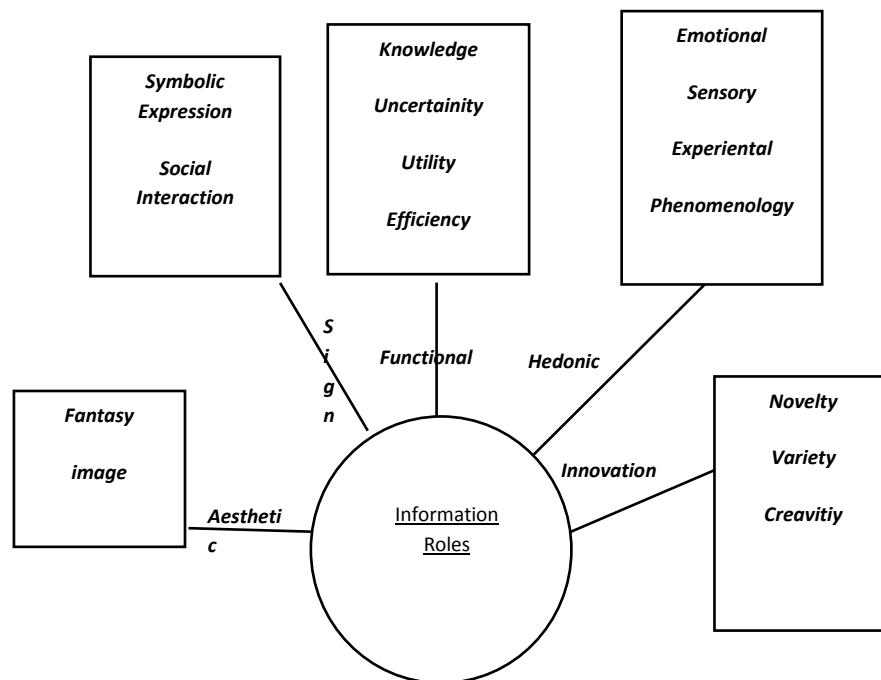
Adopted from France Tim, Yen Dave, Wang Jyun Cheng, Chang Chia Ming, Integrating Search Engines with data mining for customer oriented information search, Information Management & Computer Security, 10/5 (2002) pp. 242-254 from Vogt and Fesenmaier (1998)

As a result, these studies are not as comprehensive as the models of information search for goods with regard to the number of determinants posited to influence the extent of search, and hence the complexity and comprehensiveness of these models are limited based on Heaney, Goldsmith (1999)

3 Research Model and Hypotheses

This field research was conducted in October 2011 in Eskisehir, Turkey, a large city with 700,000 inhabitants. 438consumers were selected on a random basis using the Stratified Sampling Method, of which 387 were found eligible to be included in the research project. Forty-seven senior students taking a "Marketing Research" course were selected as pollsters and given extra credits for collecting reliable information. The respondents were required to answer a total of 35 questions, of which 30 statements were of the five-point Likert scale type ranging from "1= strongly disagree" to "5= strongly agree." The remaining five questions about demographic traits as age, gender, occupation, educational level and monthly income are placed either on a nominal or ratio scale with respect to the nature of the trait. Ten research hypotheses are formulated in this section. The fourth part mainly deals with the results of the hypothesis tests and a factor analysis is applied to the data on hand. Here exploratory factor analysis reduces 30 variables to six basic components as "innovativeness-opinion leadership-mavenism; cognitive dissonance; online information seeking; external information needs; ad mistrust; and price consciousness. In addition non-parametric biraviate analysis in terms of Chi-Square and Mann-Whitney U-tests are applied to test the hypotheses formulated in this respect. The fifth part is the conclusion where findings of this survey are listed.

The variables used in the analyses and their explanations are as follows:

Table 1. Variables and Their Explanations

Variable	Explanation	Mean	SD
MAINSOUR	Particular TV programmes and some artiicles in journals are my main sources of information in my purchase decisions..	3.33	1.23
EXPADVIC	I often need expert advice on my financial decisions to minimize my risk.	3.44	1.25
TVCOMMER	TV commercials are the best sources of information for my purchase decisions	2.64	1.16
BRANDKNO	I seek brand related knowledge and experience from my close environment	3.53	0.99
NECCINFO	I know where to find the necessary information before I purchase a product or service.	3.79	1.09
OPINIONL	My friends think of me as a good source of information when it comes to new products or sales.	3.28	1.19
PRICINSE	I knew that a new kind of product is likely to be more expensive than older ones, but that doesn't matter to me.	2.97	1.20
INFIGNOR	I often avoid to purchase too complicated (sophisticated) goods since I cannot trust myself	2.91	1.30
LONGPURC	It takes pretty long before I give my final purchase decision on expensive goods and services.	3.36	1.19
INTERNUS	Internet provides me all the necessary information and help me in my purchase decisions.	3.36	1.31
EDUANDIN	Educational level is an important factor in online information search	3.65	1.15

WEBSITEI	I feel confident understanoing ühe information given about a new product on Website.	3.41	1.28
COMMUNIC	I can communicate easily with the company or the dealer about a product which I am planning to purchase.	3.57	1.15
TOOMUCHI	Possessing too much information about a product often confuses my mind and makes me difficult to give purchase decisions.	2.98	1.13
INFORNEE	I try to be fully equipped with the information (usage, service, failure etc.) about a product which might endanger my life and my health.	4.20	0.93
EXTRMEXP	I avoid to buy an extremely expensive item (jewelery, paintings, fancy handbags, antiquity, etc.) since no reliable information is attached to such items.	3.53	1.19
NOVELTCH	I like to experience novelty and change in my daily routine.	3.54	1.18
WINDWSHO	I like to go window shopping and find out about the latest styles.	3.35	1.34
NOMAILAD	I usually throw away mail advertisements without reading them.	2.87	1.13
MAVEN	I have much more information on prices and stores than my friends.	3.10	1.18
OPINLEAD	I am successful to convince those people around me to buy products which I have profound knowledge upon	3.48	1.08
COMPAREP	I recall immediately which product is sold and at which price that enables mer to make a comparison among products.	3.44	1.17
COGNDISS	I feel uneasy for some time after purchasing an expensive product for my personal use thinking that I make an unnecessary spending	3.06	1.14
INSUFFIC	I believe that the majority of the TV commercials are insufficient to be persuasive and information producing.	3.35	1.07
INFOGURU	People ask me for information about products, places to shop, or sales.	3.21	1.16
GOODADNB	The most advertised brands are usually good brands.	3.01	0.99
INNOVATO	In general I am the first in my circle of friends (colleagues, relatives, family members, etc.) to know about the features and usage of the new product.	3.20	1.18
FEELDECV	When I make a purchase, I have a suspicion that I have been taken advantage of	2.83	1.13
1.10IMPRESS	I believe that some of the specialty items I buy would impress other people.	3.30	1.10
INFINNOV	I know more about new fashions and other novelties before other people do	3.01	1.23
AGE	age	2.24	1.04
GENDER	gender	1.54	0.50
OCCUPATI	occupation	N.A.	N.A.
EDUCALEV	education level	2.40	0.77
INCOME	monthly household income	2.54	1.14

Hypotheses

Several research hypotheses are formulated as follows:

Relationship Between Cognitive Dissonance and Customer Information Levels

H1: There is an inverse significant relationship between cognitive dissonance and customer information level

H1a: Opinion leaders succumb to cognitive dissonance less than the others.

H1b: Cognitive dissonance affects innovative customers less than the others.

H1c: Market mavens are less prone to cognitive dissonance.

Relationship Between Perceived Risk and Customer Information Levels

H2: There is an inverse significant relationship between perceived and customer information level

H2a: Opinion leaders take perceived risks more than the others.

H2b: Perceived Risk affects innovative customers less than the others.

H2c: Market mavens are less prone to perceived risks.

Relationship Between Customer Demographics and Information Sources

 H3 : Consumer Demographics differ significantly with respect to different information sources.

Relationship Between Financial Risk Perception and Price Sensitivity

H4 : There is a significant positive relationship between financial risk perception and price sensitivity

Relationship Between Online Information Search and Customer Demographics

H5 : Consumer demographics differ significantly with respect to online search behavior.

Relationship Between Customer Information Levels and Consumer Demographics

H6 : Customer innovativeness, opinion leadership and market mavenism differs significantly with respect to customer demographics.

Relationship Between Perceived Risk and Customer Demographics

H7 : Customer demographics differ significantly with respect to perceived risks.

4   Analyses and Results

Hypotheses Tests Results

4.1 Relationship Between Cognitive Dissonance and Customer Information Levels

Bi-variate analysis of test results proved strong inverse relationships between customer cognitive dissonance and customer information levels   at $\square$<0.01 significance level as shown on the following table:

Table 2. Relationship Between Cognitive Dissonance and Customer Information Levels

a. *I feel uneasy for some time after purchasing an expensive product for my personal use thinking that I make an unnecessary spending*

Customer Information Level	Opinion Leadership			Innovativeness			Market Mavenism		
Statement	**A**	**B**	**C**	**A**	**D**	**E**	**A**	**F**	**G**
My friends think of me as a good source of information when it comes to new products or sales.	36.4 39.1	59.1	62.0						
I know more about new fashions and other novelties before other people do				36.4 39.1	68.0	47.7			
People ask me for information about products, places to shop, or sales.	36.4 39.1	62.5	56.7						
In general I am the first in my circle of friends (colleagues, relatives, family members, etc.) to know about the features and usage of the new product.				36.4 39.1	61.6	60.7			
I have much more information on prices and stores than my friends.							36.4 39.1	60.0	57.6
I am successful to convince those people around me to buy products which I have profound knowledge upon	36.4 39.1	40.7	69.2						
I recall immediately which product is sold and at which price that enables mer to make a comparison among products.							36.4 39.1	50.7	44.5
I know where to find the necessary information before I purchase a product or service.							36.4 39.1	52.4	31.3 (*)
b. When I make a purchase, I have a suspicion that I have been taken advantage of									
My friends think of me as a good source of information when it comes to new products or sales.	43.2 31.2	72.7	55.2						
I know more about new fashions and other novelties before other people do				43.2 31.2	66.0	38.6			
People ask me for information about products, places to shop, or sales.	43.2 31.2	73.0	40.0						
In general I am the first in my circle of friends (colleagues, relatives, family members, etc.) to know about the features and usage of the new product.				43.2 31.2	70.0	46.4			
I have much more information on prices and stores than my friends.							43.2 31.2	74.0	48.4
I am successful to convince those people around me to buy products which I have profound knowledge upon	43.2 31.2	70.9	69.3						
I recall immediately which product is sold and at which price that enables mer to make a comparison among products.							43.2 31.2	60.3	53.5
I know where to find the necessary information before I purchase a product or service.							43.2 31.2	63.9	25.1 (*)

A = Average Rejection Level (Strongly disagree + disagree) % / Average Acceptance Level (Strongly agree + agree) %

B = Rejection (Opinion Leaders) %   **C** =Acceptance Rate (Followers) %

D= Rejection Rate (Innovators) %   **E** = Acceptance Rate (Laggards) %

F = Rejection Rate (Market Mavens)   %   **G** = Acceptance Rate (Uninformed) %

(*) = Below Average

Figure   Distribution of Opinion Leadership

My friends think of me as a good source of information when it comes to new products or sales.
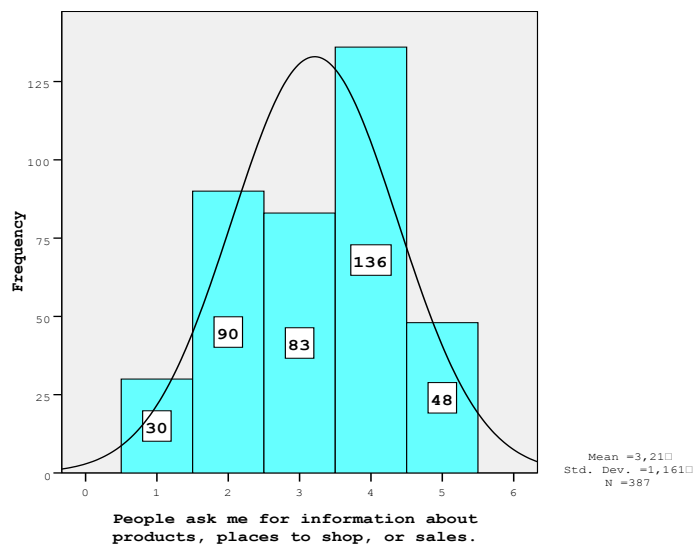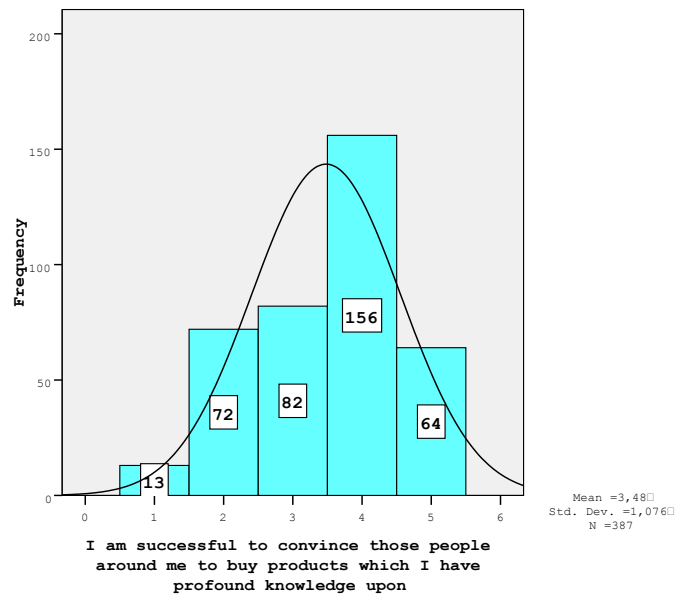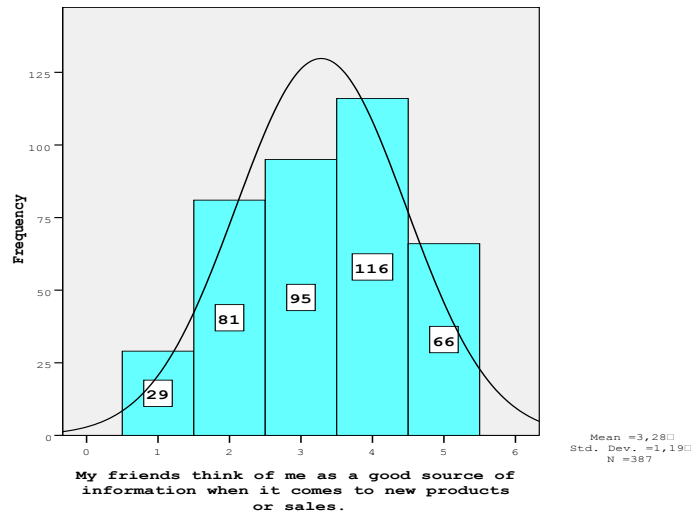
Figure . Distribution of Innovativeness

In general I am the first in my circle of friends (colleagues, relatives, family members, etc.) to know about the features and usage of the new product.

I know more about new fashions and other novelties before other people do
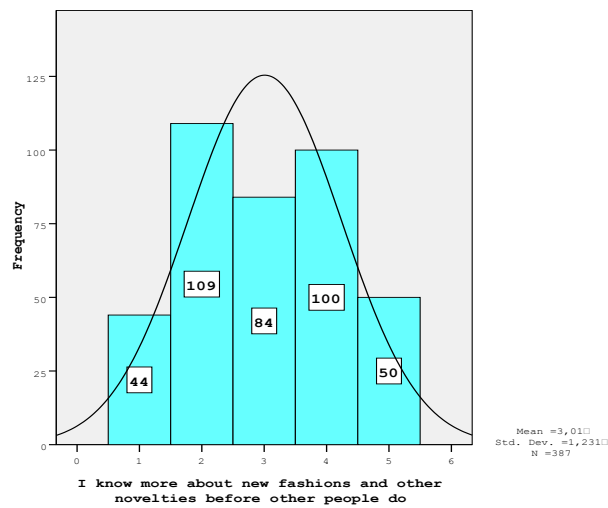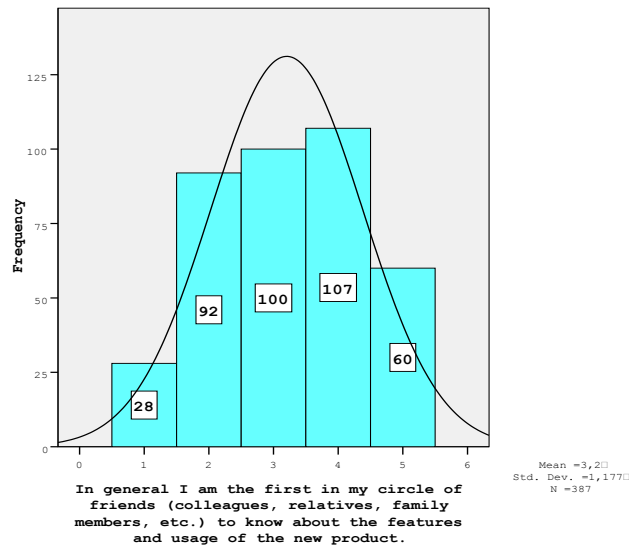
Figure . Distribution Market Mavenism

Frequency

104

92

108

33

50

Mean =3,1
Std. Dev. =1,183
N =387

I have much more information on prices and
stores than my friends.

Frequency

142

84

60

73

28

Mean =3,44
Std. Dev. =1,171
N =387

I recall immediately which product is sold
and at which price that enables mer to make
a comparison among products.

Frequency

171

105

52

43

16

Mean =3,79
Std. Dev. =1,087
N =387

I know where to find the necessary
information before I purchase a product or
service.

Figure . Distribution of cognitive dissonance
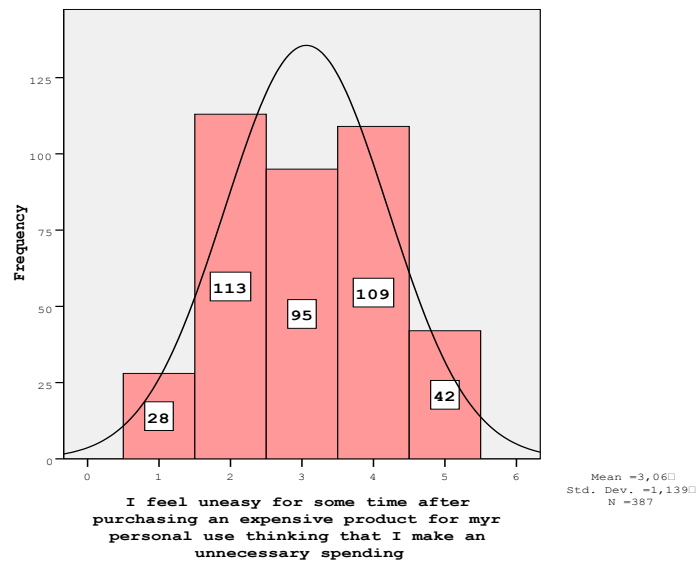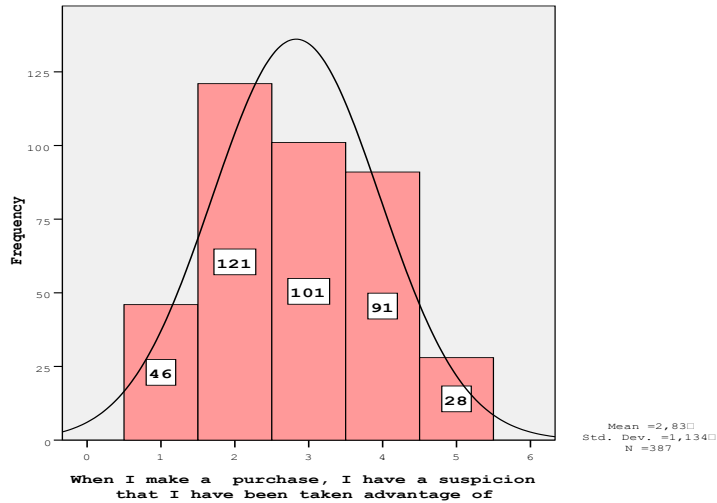
4.2 Perceived Risk Types and Customer Information Levels

Table 3. Relationship Between Perceived Risk Types and Customer Information Levels

Customer Information Level	Monetary Risk I			Monetary Risk II			Functional Risk		
Statement	**A**	**B**	**C**	**A**	**D**	**E**	**A**	**F**	**G**
My friends think of me as a good source of information when it comes to new products or sales. **OPINION LEADER**	(*)			28.1 55.3	43.9	82.7	46.5 39.0	77.3	86.2
I know more about new fashions and other novelties before other people do **INNOVATOR**	26.1 56.1	36.0	40.9	28.1 55.3	54.0	70.5	46.5 39.0	76.0	63.6
People ask me for information about products, places to shop, or sales. **OPINION LEADER**	26.1 56.1	37.6	53.3	37.1 55.3	52.1	78.7	46.5 39.0	72.9	73.3
In general I am the first in my circle of friends (colleagues, relatives, family members, etc.) to know about the features and usage of the new	(*)			28.1 55.3	45.0	75.0	46.5 39.0	71.7	75.0

Statement									
product. **INNOVATOR**									
I have much more information on prices and stores than my friends. **MAVEN**	(*)			28.1 55.3	48.0	75.8	46.5 39.0	74.0	75.8
I am successful to convince those people around me to buy products which I have profound knowledge upon **OPINION LEADER**	(*)			28.1 55.3	32.8	77.0	46.5 39.0	65.6	76.9
I recall immediately which product is sold and at which price that enables mer to make a comparison among products. **MAVEN**	(*)			28.1 55.3	32.9	85.8	46.5 39.0	67.1	81.1
I know where to find the necessary information before I purchase a product or service. **MAVEN**	(*)			28.1 55.3	41.0	56.3	46.5 39.0	64.7	50.0

Customer Information Level	Psychological Risk			Social Risk			Physical Risk		
Statement	A	H	I	A	j	K	A	L	M
My friends think of me as a good source of information when it comes to new products or sales. **OPINION LEADER**	37.3 39.3	54.5	51.7	21.4 58.2	37.9	65.5	7.2 82.2	1.5 (*)	58.6
I know more about new fashions and other novelties before other people do **INNOVATOR**	37.3 39.3	54.0	45.5	21.4 58.2	44.0	68.1	7.2 82.2	0.0 (*)	53.6
People ask me for information about products, places to shop, or sales. **OPINION LEADER**	37.3 39.3	64.6	60.0	21.4 58.2	35.4	63.4	7.2 82.2	0.0 (*)	50.0
In general I am the first in my circle of friends (colleagues, relatives, family members, etc.) to know about the features and usage of the new product. **INNOVATOR**	37.3 39.3	53.3	57.6	21.4 58.2	26.7	64.0	7.2 82.2	1.7 (*)	67.9
I have much more information on prices and stores than my friends. **MAVEN**	37.3 39.3	50.0	48.5	21.4 58.2	38.0	72.7	7.2 82.2	2.0 (*)	63.6
I am successful to convince those people around me to buy products which I have profound knowledge upon . **OPINION LEADER**	37.3 39.3	39.1	90.3	21.4 58.2	30.3	38.5	7.2 82.2	3.1 (*)	38.5
I recall immediately which product is sold and at which price that enables mer to make a comparison among products. **MAVEN**	37.3 39.3	53.4	67.8	21.4 58.2	26.1	71.4	7.2 82.2	1.4 (*)	71.5
I know where to find the necessary information before I purchase a product or service. **MAVEN**	37.3 39.3	43.8	31.3	21.4 58.2	24.7	75.0	7.2 82.2	5.7 (*)	56.3

A = Average Rejection Level (Strongly disagree + disagree) % / Average Acceptance Level (Strongly agree + agree) %

B = Rejection Rate (Perceive Less Monetary Risk I) %   **C** =Acceptance Rate (Perceive More Monetary Risk I) %

D= Rejection Rate (Perceive Less Monetary Risk II) %   **E** = Acceptance Rate (Perceive More Monetary Risk II) %

F = Rejection Rate (Perceive Less Functional Risk) %   **G** = Acceptance Rate (Perceive More Functional Risk) %

H = Rejection Rate (Perceive Less Psychological Risk) %   **I** = Acceptance Rate (Perceive More Psychological Risk) %

J = Rejection Rate (Perceive Less Social Risk) %   **K** = Acceptance Rate (Perceive More Social Risk) %

L = Rejection Rate (Perceive Less Physical Risk) %   **M** = Acceptance Rate (Perceive More Physical Risk) %

(*) = Not Sustained

Figure   Distribution of Perceived Risks

Functional Risk

I often avoid to purchase too complicated
(sophisticated) goods since I cannot trust
myself

Mean =2,91
Std. Dev. =1,294
N =387

Monetary Risk

It takes pretty long before I give my final
purchase decision on expensive goods and
services.

Mean =3,36
Std. Dev. =1,186
N =387

Psychological Risk

Possessing too much information about a
product often confuses my mind and makes me
difficult to give purchase decisions.

Mean =2,98
Std. Dev. =1,134
N =387

Social Risk

I avoid to buy an extremely expensive item
(jewelery, paintings, fancy handbags,
antiquity, etc.) since no reliable
information is attached to such items.

Mean =3,53
Std. Dev. =1,19
N =387

Psysical Risk

I try to be fully equipped with the
information (usage, service, failure etc.)
about a product which might endanger my
life and my health.

Mean =4,2
Std. Dev. =0,933
N =387

The graphs above reveal the fact that, the respondents of this survey as a whole perceive strongly all these risks except the functional risk. On the other hand as far as social and psychological risks are

concerned, 'high-level information customers' (Opinion leaders, innovators and mavens) perceive risk less than the others.

4.3 Relationship Between Consumer Demographics and Information Sources

Table 4. Relationship Between Consumer Demographics and Information Sources

Demographics Information Sources	Age	Gender	Occupation	Educational Level	Income Level
impersonal advocate	(*)	Females 34.6 %	Housewives 60.4 %	Elementary 43.2 %	$ 0-600 37.4
impersonal independent	26-40 63.0 %	(*)	Tradesmen-Businessmen 84.7 %	College-University 63.3 %	$ +4800 94.8 %
personal advocate	26-40 81.3 %	(*)	Tradesmen-Businessmen 92.8 %	College-University 72.4 %	$ +4800 89.5 %
personal independent	18-25 68.3 % (**)	(*)	Students 71.3 %	(*)	$1201-2400 67.9 %

Mod Values for customer groups who differ significantly from others at □□< **0.01** level

(*) = Not Sustained   (**) = Accepted at □□< **0.05** significance level.

impersonal advocate TV commercials are the best sources of information for my purchase decisions.

impersonal independent Particular TV programmes and some artiicles in journals are my main sources of information in my purchase decisions..

personal advocate I can communicate easily with the company or the dealer about a product which I am planning to purchase.

personal independent I seek brand related knowledge and experience from my close environment

Figure . Distribution of Customers According to the Sources of Information

Impersonal Advocate

Impersonal Independent

**Particular TV programmes and some articles
in journals are my main sources of
information in my purchase decisions.**

Mean =3,33
Std. Dev. =1,234
N =387

Personal Advocate

**I can communicate easily with the company
or the dealer about a product which I am
planning to purchase**

Mean =3,57
Std. Dev. =1,146
N =387

Personal Independent

I seek brand related knowledge and experience from my close environment

Mean =3,53
Std. Dev. =0,985
N =387
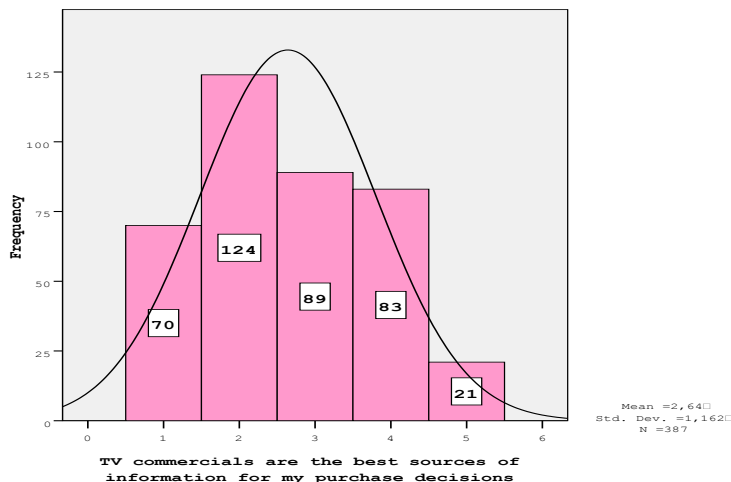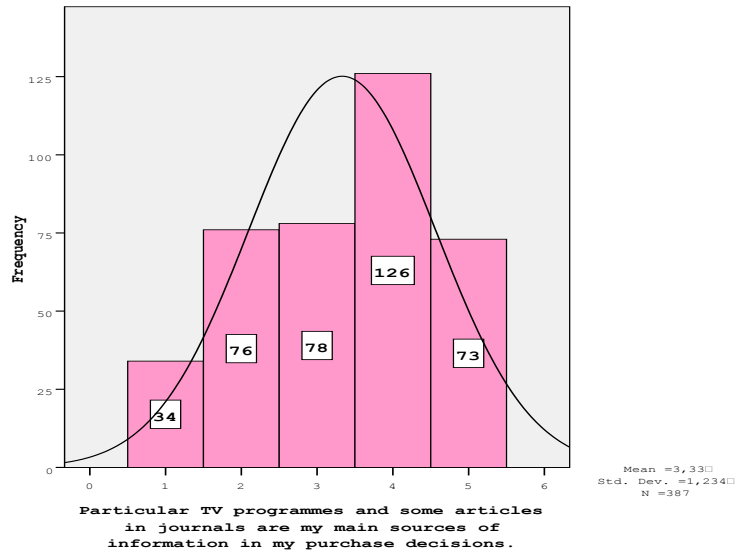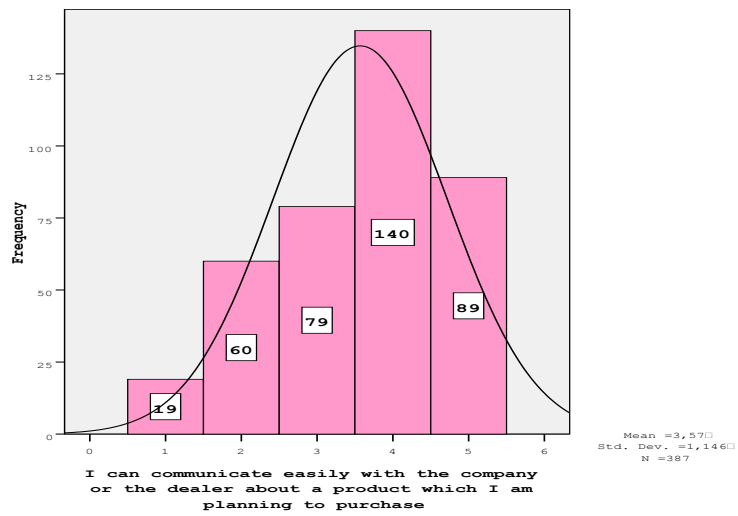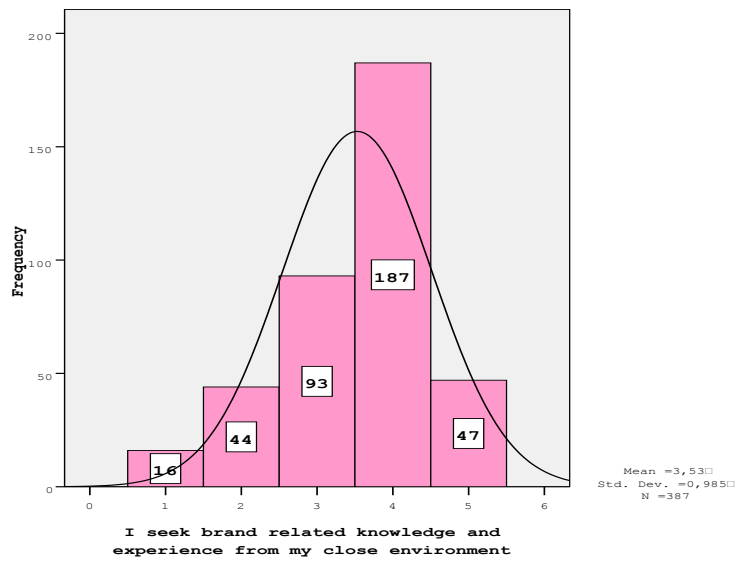
4.4 Relationship Between Financial Risk Perception and Price Sensitivity

Table 5 *Relationship* **Between Financial Risk Perception and Price Sensitivity**

	Financial Risk Takers	**Financial Risk Avoiders**
Price Sensitivity	12.0 %	76.0 %
Price Insensitivity	58.9 %	19.7 %

4.5 Relationship Between Online Information Search and Consumer Demographics

Table 6 Consumer Demographics and Online Search Behavior

Demographics *Online Information Search*	*Age*	*Gender*	*Occupation*	*Educational Level*	*Income Level*
Internet provides me all the necessary information and help me in my purchase decisions.	18-25 78.3 %	(*)	Students 79.9%	College-University 75.6 %	$ 2401-4800 80.4 %
I feel confident understanoing ühe information given about a new product on Website.	18-25 79.1 %	(*)	Selfemployed Professional or Manager 87.8 %	College-University 77.8 %	$ 2401-4800 85.2 %

(*) = Not Sustained

4.6 Relationship Between Customer Information Levels and Consumer Demographics

Table 7 Relationship Between Customer Information Levels and Consumer Demographics

Customer Information Levels	Age	Gender	Occupation	Educational Level	Income Level
Opinion Leadership					
My friends think of me as a good source of information when it comes to new products or sales.	26-40 53.3 %	(*)	Tradesmen-Businessmen 79.6 %	College-University 60.3 %	$ 4800 84.2 %
People ask me for information about products, places to shop, or sales.	26-40 55.5 %	(*)	Tradesmen-Businessmen 77.5 %	College-University 58.8 %	$ 4800 89.5 %
I am successful to convince those people around me to buy products which I have profound knowledge upon	18-25 70.9 %	(*)	Tradesmen-Businessmen 79.6 %	College-University 68.4 %	$ 4800 89.4 %
Innovativeness					
I know more about new fashions and other novelties before other people do	18-25 48.3 %	(*)	Tradesmen-Businessmen 67.4 %	College-University 51.1 %	$ 4800 84.1 %
In general I am the first in my circle of friends (colleagues, relatives, family members, etc.) to know about the features and usage of the new product.	18-25 50.8 %	(*)	Tradesmen-Businessmen 73.5 %	College-University 64.8 %	$ 4800 100.0%
Market Mavenism					
I have much more information on prices and stores than my friends.	26-40 49.1 %	(*)	Tradesmen-Businessmen 65.3 %	College-University 51.1 %	$ 4800 100.0%
I recall immediately which product is sold and at which price that enables mer to make a comparison among products.	41-62 62.9	Females 60.3 %	Selfemployed Professional or Manager 73.8 %	College-University 64.7 %	$ 4800 89.5%
I know where to find the necessary information before I purchase a product or service.	18-25 80.0 %	(*)	Tradesmen-Businessmen 65.3 %	College-University 85.6 %	$ 2401-4800 94.5 %

4.7 Relationship Between Perceived Risk and Customer Demographics

Table8a Risk Avoiders Where Perception of Risk is High

Demographics Perceived Risk	Age	Gender	Occupation	Educational Level	Income Level
Financial (monetary) I ;	(*)	(*)	(*)	(*)	*$ 0-600 68.6 %*
Financial (monetary) II ;	(*)	Females 57.0%	Housewives 79.0 %	Elementary 76.1 %	$ 601-1200 66.9 %
Performance (functional);	+62	(*)	Housewives	Elementary	*$ 0-600*

	64.0 %		78.8 %	61.6%	*63.9 %*
psychological risk	(*)	(*)	Housewives 65.2 %	Elementary 56.7%	*$ 0-600* *49.4 %*
social;	+62 75.5 % (**)	(*)	Retired 78.8 %	(*)	*$ 0-600* *66.6 %*
physical;	(*)	(*)	(*)	College-University 77.1 %	$ 4800 100.0%

(*) = Not Sustained   (**) = Accepted at r < 0.05 significance level

Table 8b Risk Takers Where Perception of Risk is Low

Demographics *Perceived Risk*	*Age*	*Gender*	*Occupation*	*Educational Level*	*Income Level*
Financial (monetary) I ;	(*)	(*)	(*)	(*)	$ 4800 52.7%
Financial (monetary) II ;	(*)	Males 29.4	Selfemployed Professional or Manager 46.5 %	College-University 37.1 %	$ 4800 47.4%
Performance (functional);	26-40 51.8 %	(*)	Tradesmen-Businessmen 69.4 %	College-University 46.6 %	$ 4800 73.7%
psychological risk	(*)	(*)	Selfemployed Professional or Manager 57.4 %	College-University 42.1 %	$ 4800 63.2%
social;	26-40 30.1 %	(*)	Tradesmen-Businessmen 40.8 %	(*)	$ 4800 54.6 %
physical;	(*)	(*)	(*)	Elementary 11.9 %	*$ 0-600* *18.1 %*

Perceived Risks:

I often need expert advice on my financial decisions to minimize my risk. **(monetary)**

I often avoid to purchase too complicated (sophisticated) goods since I cannot trust myself **(Functional)**

It takes pretty long before I give my final purchase decision on expensive goods and services. **(Monetary)**

Possessing too much information about a product often confuses my mind and makes me difficult to give purchase decisions. **(Psychological)**

I avoid to buy an extremely expensive item (jewelery, paintings, fancy handbags, antiquity, etc.) since no reliable information is attached to such items. **(Social)**

I try to be fully equipped with the information (usage, service, failure etc.) about a product

which might endanger my life and my health. **(Physical)**

4.8 Factor Analysis

Exploratory Factor Analysis reduced 30 Variables (Likert statements) into six basic components as:

- innovativeness-opinion leadership-mavenism;

- cognitive dissonance;

- online information search;

- external information needs;

- perceived risk; and

- price consciousness.

Table 9 Components of the Analysis

Rotated Component Matrix(a)

	Component					
	1	2	3	4	5	6
I know more about new fashions and other novelties before other people do	,844	-,185	,058	,062	-,035	,003
People ask me for information about products, places to shop, or sales.	,839	-,162	,106	-,013	-,085	-,071
In general I am the first in my circle of friends (colleagues, relatives, family members, etc.) to know about the features and usage of the new product.	,838	-,189	,098	-,078	-,132	-,062
I am successful to convince those people around me to buy products which I have profound knowledge upon	,820	-,201	,099	,010	-,009	,015
My friends think of me as a good source of information when it comes to new products or sales.	,793	-,216	,117	-,168	-,009	,023
I recall immediately which product is sold and at which price that enables mer to make a comparison among products.	,764	-,060	,162	-,190	,008	-,160
I feel uneasy for some time after purchasing an expensive product for myr personal use thinking that I make an unnecessary spending	,746	-,056	,069	-,076	,034	-,142
I believe that some of the specialty items I buy would impress other people.	,681	-,177	,167	,060	-,050	-,005
Possessing too much information about a product often confuses my mind and makes me difficult to give purchase decisions.	,627	-,110	,320	-,274	,123	-,117
I usually throw away mail advertisements without reading them.	,612	-,100	,350	,087	,276	-,136
I think myself as a competent investor and able to make profitable investment decisiorns	,608	-,144	,159	-,343	,116	-,061
I know where to find the necessary information before I purchase a product or service.	,560	-,065	,362	-,088	,227	-,116
I like to go window shopping and find out about the latest styles.	,519	-,157	,422	,006	,275	-,209
I feel uneasy for some time after purchasing an expensive product for myr personal use thinking that I make an unnecessary spending	-,084	,747	-,218	,110	,029	,081
I like to experience novelty and change in my daily routine.	-,117	,709	,089	-,121	-,154	,049
It takes pretty long before I give my final purchase decision on expensive goods and services.	-,210	,682	-,144	,083	,051	-,148

When I make a r purchase, I have a suspicion that I have been taken advantage of	-,256	,620	-,231	,175	-,020	,054
I often avoid to purchase too complicated (sophisticated) goods since I cannot trust myself	-,412	,581	-,118	,191	-,157	,090
I try to be fully equipped with the information (usage, service, failure etc.) about a product which might endanger my life and my health.	-,158	,468	-,013	,180	-,073	,299
Educational level is an important factor in online information search	,121	-,057	,747	,040	-,291	-,103
I feel confident understanoing ühe information given about a new product on Website.	,444	-,304	,594	-,090	,188	-,026
Internet provides me all the necessary information and help me in my purchase decisions.	,394	-,208	,563	-,007	,092	,058
I knew that a new kind of product is likely to be more expensive than older ones, but that doesn't matter to me.	,234	-,291	,488	-,139	-,168	,175
TV commercials are the best sources of information for my purchase decisions	-,123	,131	-,073	,781	-,247	,081
I believe that the majority of the TV commercials are insufficient to be persuasive and information producing.	,325	,109	,307	-,604	,179	,198
I often ned expert advice on my financial decisions to minimize my risk.	,117	,215	,049	,539	,296	,241
I seek brand related knowledge and experience from my close environment	-,041	,286	,320	,482	,148	-,056
The most advertised brands are usually good brands.	,073	,167	,115	,084	-,788	,008
I have much more information on prices and stores than my friends.	-,154	,140	,063	-,031	,089	,782
I avoid to buy an extremely expensive item (jewelery, paintings, fancy handbags, antiquity, etc.) since no reliable information is attached to such items.	,257	,081	,259	-,187	,269	-,495

Extraction Method: Principal Component Analysis.

 Rotation Method: Varimax with Kaiser Normalization.

a Rotation converged in 10 iterations.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,925
Bartlett's Test of Sphericity	Approx. Chi-Square	5766,236
	df	435
	Sig.	,000

Reliability Statistics

Cronbach's Alpha	N of Items
,794	30

5   Findings

Some important conclusions are obtained from the analyses of research data as follows:

1. Customers who stand at high information levels (opinion leaders, innovators and market mavens) succumb to cognitive dissonance significantly less than the other people where the feeling of "*When making a purchase, he/she has a suspicion that he/she been taken advantage of*" has a higher level of rejection than "*I feel uneasy for some time after purchasing an expensive product for my personal use thinking that I make an unnecessary spending*".

2. From '*perceived risks*' point of view, opinion leaders, innovators and mavens perceive *physical risks* more than any other type of perceived risks. Amongst these functional risk has the highest score of rejection (i.e. higher informed customers perceive functional risk much less than the others). On the other hand social and psychological risks are also rejected but at a lower rate.

3. Information sources imply that females, housewives, elementary school graduates and lowest income group members regard TV commercials are their best sources of information for their purchase decisions (***impersonal advocate***).

4. Young adults (26-40 years old), tradesmen and businessmen, college and university graduates and highest income group members (+$4800) think that Particular TV programmes and some artiicles in journals are their main sources of information in their purchase decisions (***impersonal independent***); *and* they can communicate easily with the company or the dealer about a product which they are planning to purchase (***personal advocate***).

5. Youngters (18-25), students, and lower-middle incme group ($1201-2400) seek brand related knowledge and experience from their close environment.

6.   For those people with low financial risk, price consciousness is also low.

7. Online information search is significantly frequent for youngsters, students, self-employed professionals and managers and higher-middle income group ($2401-4800).

8. Opinion leadership is mostly adopted by youngsters, young adults, tradesmen and businessmen, and college and university graduates, and highest income group.

9. Innovativeness is a common trait for youngsters, tradesmen and businessmen, college and university graduates and highest income group.

10. Market mavens are those people as all age groups except the senior citizens, females, tradesmen and businessmen, self-employed professionals and managers, college and university graduates, higher and highest income groups.

11. High perception of financial risk is practiced by females, housewives; elementary school graduates and lowest income group whereas males, self-employed professionals and managers, college and university graduates and highest income group perceive financial risk at lower degrees.

12. Performance or functional risk is highly perceived by elder people (+62); housewives, elementary school graduates, and lower income group ($601-1200). On the other hand, young

adults, tradesmen and businessmen, college and university graduates and highest income group perceive performance risk less.

13. Housewives, elementary school graduates and lowest income group succumb to psychological risk more than self-employed professionals and managers, college and university graduates and highest income group.

14. Social risk is more effective on senior citizens, retired people and lowest income group than young adults, tradesmen and businessmen, and highest income group.

15. Physical risk perception results are completely contradictory to the above-mentioned four risk types. Here, college and university graduates and highest income group perceive physical risk at a higher degree than elementary school graduates and lowest income group.

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Educational Psychology: Innovating Learning Methods in Visual Arts

Abstract:

In this paper an attempt is made to discuss the innovation of educational psychology on teaching and learning visual art at the school level. We investigate the basic needs of students through visual art for teaching and educational purpose, which can be enhanced with the integration of current information technologies available. We are interested in the importance of learning visual arts in schools, thus came out with the idea of innovating the way of learning visual art trough, a) technology integration and b) effective way of teaching and learning. Realizing the importance of arts in brain development and societal unawareness towards the advancement of education in arts has driven us to innovate the usage of technologies, by focusing on Head Mounted Display (HMD) for teaching and learning purposes. The HMD will assist in facilitating teaching and learning process of art subject at various levels with the help of other technology such as digital pen, hand gesture recognition and speech detection. We also guide students in learning through the VARK model. VARK stands for visual, audio, reading/writing, and kinaesthetic. It is related to educational psychology, and gives us the advantage of creating an interactive learning environment that enhances student capability to learn effectively. The study also cultivates critical thinking among the students through this teaching and learning model. Additionally, we intend to focus on art as a subject for the preschool as it involves basic education. Meanwhile, for the higher education students, we focused on digital media subject as it is much related to the visual art, which uses art and technology. A total of 35 pre-schoolers and 136 foundation students in the University of Nottingham (Malaysia Campus) were randomly chosen for this study. The paper concludes with the implication for this innovation and the suggestions for teaching and learning.

Keywords: Arts, Critical Thinking, Educational Psychology, Head Mounted Display, Interactive Learning Style, Teaching and Learning, VARK

1 Introduction

The main concept in this paper is to innovate the learning process of arts in schools and universities that will help students to understand and learn in a better and effective way. Bringing up the topic of education, this paper attempt to review the literature that has emerged well in the field of education such as teaching and learning. The quality of education is very much influenced by the role of the teachers. According to current research and program experience, the most important of the many interdependent factors in establishing good quality of education is the quality of teachers (Boyle, 2002). Basically, the quality of teachers is defined in various definitions but most will likely agree that essential characteristics of a good quality teachers is that students can learn academically and in the

same time grow personally in a good manner. On the other hand, professionalism and the teacher's attitudes also play a very big role.

Meanwhile, Educational Psychology has a rich and wide-ranging history. In 1903 E. L. Thorndike published the first edition of Educational Psychology in which he described educational psychologists as "middlemen mediating between the science of psychology and the art of teaching". On the other hand, the study of Educational Psychology is actually the application of psychological principles to the sphere of teaching and learning. Nevertheless, the extensiveness of knowledge an individual must retain to do this proficiently is overwhelming. Nowadays educational psychology is a vital discipline that is contributing to the education of teachers and learners itself. For example, Jerome Bruner, an enduring figure in educational psychology, recently noted the need to rethink our ideas of development, teaching, and learning and the interactions among them. Precisely, educators and psychologists were urged to see children as thinkers, and stated: No less than the adult, the child is thought of as holding more or less coherent "theories" not only about the world but about her own mind and how it works (Olson, D. R., & Bruner, J. S, 1996). These naive theories are brought into congruence with those of parents and teachers not through imitation, not through moralistic instruction, but by dissertation, cooperation, and intercession.

In order to understand and innovate student's way of learning, it is best to know the basic need of the student in order for them to excel and achieve in their performance. This is because, students are more likely to behave and learn when their personal and psychological needs are met, particularly when they feel: harmless, recognized, valued, meaningful, involved, belonging, proficient, loved, free, powerful, satisfied, interested, independent, cooperative, collaborative, responsibility, supported, engaged, intelligent, warmth, entertained and self-actualized. Furthermore, any method of teaching that ignores the needs of teachers or students is bound to fail (William Glasser, 1990).

Meanwhile, a visual art is also a subject that includes in fine arts and will be dynamically touched in this paper. Fine arts engaged many areas of the brain and also have far-reaching effects on the learner's mind (Jensen, 2001). The arts endorse the understanding and sharing of culture. They encourage social skills that improve the attentiveness and respect to others. The fine arts enhance perceptual and cognitive skills. The Burton study of more than 2000 children found that those in the arts curriculum were far superior in creative thinking, self-concept, problem-solving, self-expression, risk-taking, and cooperation than those who were not (Burton et al., 1999). The arts have the capacity to engage everyone. All levels of society can participate in the fine arts, as there are no barriers of race, religion, culture, geography, or socioeconomic levels.

Briefly, one of the many reasons that education and engagement in visual arts is beneficial to the educational process is through the evidence from brain research. The arts cultivate neural systems that generate a wide spectrum of benefits ranging from fine motor skills to creativity and improved emotional balance. But one must also realize that this took years to develop. In a study conducted by Judith Burton, Columbia University, research evidenced that subjects such as mathematics, science, and language require complex cognitive and creative capacities (Burton, Horowitz, & Abeles, 1999). "The arts enhance the process of learning. The systems they nourish, which include our integrated sensory, attention, cognitive, motor capacities and emotional, are, in fact, the driving forces behind all other learning" (Jensen, 2001). The visual arts also provide learners with non-academic

benefits such as promoting self-esteem, motivation, aesthetic awareness, cultural exposure, creativity, improved emotional expression, as well as social harmony and appreciation of diversity. Thus the interceding relationship between psychologies, an art in perception and sense that contributes to every day's happenings and phenomena has lead us to complete more study regarding enhancement of educational psychology in the art subject.

2   Enhancement of Educational Psychology in the field of visual art

The ability for individuals to create visual images that deliver their ideas and experiences, and also appreciating artwork is enhanced through education (Thompson, 1995). The effort of innovating the current process of learning visual art requires us to comprehend and get involved with other literatures that are very much related to the enhancement of educational psychology in visual art. The National Council for Curriculum and Assessment (NCCA) had developed a guideline in facilitating and also enhancing the visual art curriculum for mild general learning disabilities that have the difficulties on analyzing, understanding and interacting. Students with disabilities do not develop at the same pace as their peers and have certain difficulties in some areas of learning. Teachers have to make identification on which stage they are in. Furthermore, the guidelines focuses on using thematic approach in teaching visual arts that enable the teachers to make clear connections between varied areas of learning, thus the learners are more exposed to the real world situation in a more structured manner (NCCA).

(Yenawine, 1998) had collaborated with Abigail Housen, a cognitive psychologist in proposing a teaching program for visual art, Visual Thinking Strategies (VTS). They focused on the open group discussion with a structured syllabus, in discussing about varies art objects. The two main purposes of focusing this section are a) to increase the aesthetic perceptive for the beginners and b) to develop their skill in solving problems cooperatively.

Most of psychology of art branches contends on priority of awareness. Some others though, emphasizes on the unconscious. Scholars and philosophers such as Aristotle have considered the subject of art for a long time and the professional relation of art works with psychology backs to thousands years ago to Catharsis times. Freud for example uses psychological application of art for the first time. It was after a short time that art and psychoanalytical benefit from their mutual influences. He defines art activities as a powerful instrument for psychoanalytic analysis of personality (Freud, 1955).

While (Seefeldt, 1995) had mentioned about the ways to enhance the learning of visual art by using the little-intervention orientation that generally will provide the learners an open-ended assignments. With this method, learners are able to explore and experience while the teachers provide the materials and the environment for them to learn visual arts. This learning method in enhancing the visual art syllabus had been criticized as it is lack of deliberation in the importance of instruction and the differences in each individual from their early childhood education (Bae, J. H., 2004).

3   Innovation in visual arts

In order to participate students into a very new experience of learning visual art, we proposed the integration of technologies available for the purpose of learning besides having various model of effective ways of learning. Learning experience can be enhanced by the emerging of education systems with the technologies tools as it can foster imaginative thinking and can serve as the creative outlets

that blur the lines of artistic expression between constitutes tools and media used (Dempsey, J. C., Harris, J., & Hofer, M., 2012). Besides, the effective way of how the students are guided throughout their learning process by using these technologies in visual art subject is proposed as it is the crucial basic structure from our main objective in this study.

3.1 Technology integration

HMD

We would like to propose the usage of a head-mounted display (HMD) for this project/learning system as the main technical elements. HMD is a device that forms a computer monitor but can be worn on the head. It was design to make easy for users to watch the Computer Generated Image (CGI), as it will not be a problem if their head is moving in any direction. The HMD that will be used in our project will have a small display optic in front of each eye (binocular HMD) and will use the technique of "reflective waveguide optic" that has the semi-transparent mirrors (Kato, H., & Billinghurst, M., 1999). The CGI will be superimposed on the real-world vision which called Optical See-Through will enhance the interaction of the users, both in the real and virtual world. Thus this HMD apply the concept of augmented reality, which is the immersion of real world environment with the augmentation of it by computer-generated sensory input (e.g. video and images) (Hagan, T., 2013). The HMD is able to display its CGI in a 2-dimensional (2D) and 3D form. When the CGI is viewed in 3D, the user is able to explore the image from 360-degree angle. We take a virtual image of an apple as the example; the user can choose the option of seeing the apple in 2D or 3D.

Camera

Our HMD will be installed with a small camera on its front side and also a loose camera that will not be attached to the HMD, both functioning as a sensor. The camera attached to the HMD will sense the encoded images on cards to identify the image that will appear inside the HMD display optic. Secondly, this camera will detect the movement of the digital pen that come up with this project that we will be explained further in the next point. While the camera that is not attached to the HMD, it is functioning as the sensor for the facial emotion of the user that will be explained further in the upcoming point.

Digital pen

A digital pen is proposed to be installed together to enable the user to interact with the CGI. The tip of the pen will have the element that can be sensed by the camera on the HMD. Thus, any movement made on the pen can be detected by the camera and will be interpreted in the processor of the HMD. With the same example of the image of an apple, among the activities that can be done by the user with this digital pen is, when the user set the image in 2D, they can colour the image by choosing the desired colour from a given virtual pallet and pointing the pen on the image to get the effect. The digital pen will detect the colour from virtual pallet will that had touched its pit. User can change the colour intensity, brush size, and much other option can be done base on the user's desire. For the user to set the image in 3D, the apple that can be seen by the user on the display optics is floating in front of them. They are able to drag, rotate, or change the orientation of the image of the apple so it can be looked at many different angles with this digital pen. The image can also be enlarged or reduced in its size.

Sensors

- **Speech detection:** speech detection software will be installed in the processor of the HMD to detect the user's voice. We will be using the large vocabulary continuous speech recognition software so that the processor may detect a large amount of words in one go instead of detecting just a simple speech (Rabiner, L. & Biing-Hwang Juang, 1993). With this software, the user is able to give command to the device to show things that they want to watch in the display optics.

- **Emotion detector:** the user can also interact with the image by showing their expression. The "Emotionally Responsive AR Art installation" will be install in the HMD that use the original method of combining the emotional input and the Augmented Reality tracking/display system that will produce a dynamic interactive image (Gilroy, S. W. et.al., 2007). It will react to the obvious emotion displayed on the user facial. For example, the user may smile indicating they are happy, thus the image in the HMD will respond to the user based on what had been set in the software. In the process of capturing the emotion of the user, there will be another camera that is not attach to the HMD. This will be functioning as the sensor for the facial emotion of the user that also will be explaining further in the upcoming point.

3.2 Effective ways of learning

VARK

Every individual in an educational settings have their own way of accepting and understanding information as each one have a unique learning styles. By identifying the learning styles of the individual, one can undergo their learning experience in the most effective way.

In Fleming's model which referred to VARK learning styles, learners are classified by their learning preferences that was categorized into four modes of learning which are visual learners, auditory learners, reading and writing learners, and kinaesthetic learners. Neil Fleming developed a questionnaire for students to take to identify their own learning preferences. For visual learners, they are best in learning through visuals. Any diagrams, illustrations, graphic displays and charts are learning tools that helps them in gaining knowledge. Thus, instead of learning from a written form material, they would receive information in visual form. While for aural learners, they can effectively gain information by hearing it. Listening to lectures and reading aloud things they are studying are the strength for them in learning. On the other hand, reading and writing learners are good in taking information that are displayed in words or writing out information as in notes to remember it. Lastly, for the kinaesthetic learners, they would prefer to learn from hands on activities where they can experience the subject learned by their own selves.

Therefore in our innovation, we would like to provide a learning system through the usage of technologies devices that applies all four learning mode where all types of students, whether they are a visual learners, auditory learners, reading and writing learners or kinaesthetic learners can get the most out of it when learning through this learning system. Our target is to cater the needs of all types of students with different learning preferences so that no one will be fall behind in the learning process.

Interactive learning Environment

Student-centred approach is more promising compared to the traditional teaching pedagogy. This approach applies the principles of constructivist learning which a building block of the interactive learning environment is. Students are encouraged to control their own learning pace and to construct meaning without any visible restrictions. Their understanding is shaped by their own experiences. This will make the students more exposed to the subject matter as they are actively participating in the learning process. To create the interactive learning environment, students must engage with teachers, participate in discussion and activities and have peer collaboration. These can be achieved dynamically by merging interactive teaching and interactive learning that are supported by technological tools. Having dual communication between the student and the teacher will definitely encourage the student to think out of the box based on the information that they have. With that, the student will also be able to explore the idea ingeniously in order for the student to pull out the content and results in a better way of learning. We would like to propose three interactive learning environments - problem solving, group discussion and debates out of the many variants available in the market.

Problem solving can be described from the view of educational theories in the context of behavioural, cognitive, and information processing. However, the problem solving method that we are going to touch in our study is actually to encourage students to search for creative outcomes to complex problems and result with a collective decision. Parker recommends teachers to create a problem that requires decision making or choosing a specific course of action (2001). The problem should be relevant to the field of visual art and teacher should describe the problem in detail to spur the student's interest. Meanwhile, for the discussion part, students are encouraged to present ideas and listen actively so that each of them will experience the brainstorming process. Teachers must contribute by raising questions. On the other hand, students will also rise to the occasion when their peers demonstrate a high level of reasoning (DeLoach and Greenlaw, 2005). Discussions may transform into debates among the students. Therefore, it is encouraged to ask students to debate issues related to the visual art classes. All of the proposed methods have the same purpose of facilitating our intention of providing the student a better way of learning visual art with the integration of technologies suggested.

Critical thinking in visual arts

Critical thinking and problem-solving can be defined in many ways, but P21 defines critical thinking as follows: Reason Effectively, Use Systems Thinking, Make Judgements and Decisions, and solve Problem (P21, 2011). Critical thinking are not only vital for students to perform well in school, but also needed in future workplaces, social and interpersonal contexts where sound decisions are made carefully and independently on a daily basis (Ku,K.Y, 2009). The connection between critical thinking and education is obvious: one can't learn well without thinking well. Ideally, teaching students how to think critically becomes an essential part of a teacher's approach, no matter what subject we teach, especially arts. Based on our study, understanding the learning styles and the interactive learning environment enable us to assess students' critical thinking skills in the classroom and beyond.

Visual Arts is an outstanding discipline to form and nurture critical thinking. We often don't acknowledge deep abstract and interpretational thinking that goes into the creation of a piece of art. Students had to use their critical thinking skills not only to connect and realize the details and nuances of an art, but also to produce an art piece that will convey a good message. By knowing their learning

style, one is free to explore and move to the next level and create art. They can also experiment and elaborate their work of art way beyond their imaginations by having effective interactive learning environment.

The VARK and ILE discussed earlier enable students to use the psychology in problem solving, decision making and learning new ideas as they improve their critical thinking. This will also create enthusiasm and creativity among them by nurturing lifelong learners and thinkers through visual art. Students learning visual art by cultivating critical thinking is not learning in a bubble but is about how honest a student can respond to the world, how they respond to a theme from their associations or from their experience and how they actually bring this are totally up to a student. They can also be more open to new suggestion, use cognitive skills, and solve problem from a broader perspective.

To produce critical thinkers through the ILE, we should teach students how to explore new materials, decision making and problem solving. There would be able to resolve problems while working on their art piece and reflect the relevant steps. Teachers should reinforce students' imagination by making them think out of the box with an emphasis that visual art is the venue for expression where we are all an artist. There is no right or wrong. This will give boost their confidence to express through visual arts.

4 Effective learning ways with integrated technologies

With today's technology, interactive teaching and learning are being supported by tools (hardware and software) which will actively engage interaction between teachers and students. It will also be able to fulfil the VARK. The technology integrated in this innovation can be used in many ways for teaching and learning process of visual arts, whether in classrooms, galleries, art exhibitions and others. Students are provided with dynamic visualization of content and also the ability to physically manipulate its content. In this section, we will explain our proposed way of effective learning with the technologies integrated in the classroom for the visual art subject and will encompass in the scope of kindergarten students.

In the classroom, each student will have their own HMD set together with the digital pen. Each time the session for visual art class started, the teacher will give each student an encoded image cards. Each visual art class sessions will have different encoded image card according to the topic they will learn for the day. For an example, if they will be learning about an apple, the encoded card will be detected by the camera on the HMD. The processor of the HMD will interpret the code and resulting for an apple to be displayed in the display optic. The student will see an apple whether it floats in front of them if they choose to make it in 3D or the apple will be looking flat on the table if they make it in 2D.

With the image of the apple displayed in the display optic, the kids can do much kind of activities with it. Example of a simple activity that can be done in the visual art class is colouring an apple. In a 2D image of the apple, the kids can set the image of the apple with no colour, leaving a black line of the shape of the fruit. Having the apple colourless, the kids are free to express their creativity by colouring the apple using the digital pen provided. This will cover the learning styles of VARK from two of its learning mode which is visual and kinaesthetic learner. The HMD will also provide audio together with it so that the kids can interact with the CGI. It is either by talking with it (commanding) or listening to it (receiving). They can give command to the HMD to enlarge the apple or listening to the instructions of the HMD for the activity that they are doing. With this, students with aural learning styles can also

benefits this learning system to the maximum. For students with preference of reading and writing learning styles would also have their needs being satisfied. The instructions may also being set to be in written form and also, the students may write anything they wanted by using the digital pen, and the HMD will detect it and interpret it.

If mistakes are done, they are free to erase it or undo it. This is the advantage of using the technology together with art as any mistakes are not permanent and everything can be corrected. Unlike using papers with colour pencil or water colour, if one had done mistakes on it, they will have to do it all over again and it will surely give a bad psychological effect to the students' confident level. On the other hand, the students are also able to learn in a more effective way when they do so in an interactive learning environment. Debate for example, are very much encouraged among the students in the art classes as debate will lead to higher quality in the end product of an art piece. Debates among students will allow the teacher to create an environment of discussion where students will critically think of the best points and arguments. Teachers also must rise up certain questions related to the problems in the visual art so that the students will try to solve it. For example, teachers may ask students why are there variant in apple colours so that students think scientifically and solve the problem.

The availability of the kids to express their own creativity with the augmented reality technology that we had proposed to be use in the HMD will get the student to enjoy their learning period. Whilst having VARK that identifies the best way of learning, together with an interactive learning environment in the classroom, the goal of achieving the highest peak of learning visual art effectively will surely be possible through these integrated technologies too.

5   Survey research on usage of technology in digital media subject

Before we proceed to study this innovation, we had made a random survey on 35 volunteers from pre-schoolers and 136 volunteers from Foundation students in University of Nottingham Malaysia Campus (UNMC) regarding the needs of current society especially students / learners on the innovation that we are proposing. We intend to focus on art as a subject for the preschool as it involves basic education. Meanwhile, for the higher education students, we focused on digital media subject as it is much related to the visual art, which uses art and technology. Before we made the survey, we had explained to the volunteers about our study and our idea of innovation. Especially to the pre-schoolers, we have explained thoroughly about the technology, we have showed them some pictures of the technology so that they can have a better understanding on what we are proposing.

Table 1 shows the summary of the interview and the questionnaire data. The volunteers had been interviewed with 11 questions in the questionnaire for this survey. From the result shown in Table 1, we can conclude that this idea of innovation is accepted by the students and will have a high demand in the education field wholly and in visual art curriculum specifically, as most of the volunteers had answered positively to our questionnaire. This shows that a further research on our study can be done so we can came out with the product in the future.

Table 1: Summary of interview and questionnaire data

Questions asked	Qualitative Score (volunteers number)	
	Pre- schoolers (N=35)	Foundation students from UNMC (N=136)
Clarity of criteria and purposes	Positive (35)	Positive (136)
Importance to user	Positive (35)	Positive (133) Undefined (3)
Knowledge of product or similar product	Positive (28) Undefined (7)	Positive (128) Undefined (8)
Learn-ability	Positive (30) Undefined (5)	Positive (130) Undefined (6)
Portability	Positive (35)	Positive (128) Undefined (8)
Secure mobility	Positive (27) Undefined(8)	Positive (131) Undefined (5)
Suitability to variety of ages	Positive (35)	Positive (135) Undefined (1)
Personal Compelling	Positive (33) Undefined(2)	Positive (130) Undefined (6)
Degree of ease of use (Usability)	Positive (25)	Positive (131) Undefined (5)
Costumer services	Positive (25) Undefined (10)	Positive (133) Undefined (3)
Recommendation	Positive (30) Undefined(5)	Positive (130) Undefined (6)

Beside the survey of the overall innovation, we have also conducted the survey on VARK learning style. We have distributed pre available VARK questionnaire version 7.1 to the volunteers. This actually helps us to see the learning styles and understand the need of the students. Moreover, we will be using these results for future comparison study. Hence, Figure 1 illustrates the entire spread of the VARK results.

From the result, we would like to conclude that learners are able to be classified into these four groups of Visual, Aural, Reading and writing, as well as Kinesthetic learning preferences as being proposed by Fleming's model. Thus, in the innovation that we are proposing, it is clearly shown that there are needs of inventing a new way of learning that may cater the need of learners with all four different types of learning preferences. Our proposed study will be an advantage, as all the students will get full benefits from this innovation and enjoy using it in their visual art classes. Besides, it is clearly shown that most

of the volunteers are visual learners. There are an equal distribution between the Aural and kinaesthetic learners and few on the reading and writing learners.

Fig 1: Illustrate the entire spread of VARK results.
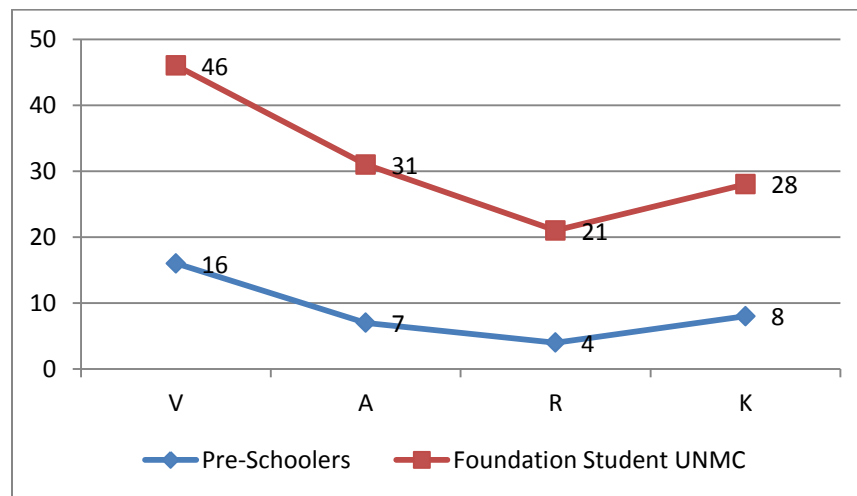
6   Conclusion

In conclusion, this idea of integrating technology and combining it together with the effective ways of learning will extend possibilities of catering wide range of needs within a lesson in art's education system. This is because, with the help of interactive learning environment, critical thinking within the learners imagination were triggered besides having them creatively contributing in arts in a more modern and technological way. The available function from the integration of technologies enable the learners to control certain aspects of the learning process, for example, to display arts, touches and colours. These interactive features are highly valued as it enables the learning to be very individualized according to each learner. Besides, it will also increase the efficient of learning visual art in the classroom, as the teacher does not need to actually prepare lots of things for their lessons. From this, the student will be able to have a better interaction with the art besides eases the learning process. In the other hand, arts will also be one of the important subjects. Therefore, our main suggestion in this paper is to actually integrate the usage of technology into education field and enhance student capability of learning with the help of VARK and interactive learning environment.

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Russian Trade Policy towards the USA, 1900-1917

Abstract:

Traditionally Russia in her trade policy was focused on the main European (including Scandinavian) and Asian countries, where she had seller`s markets of her goods. This fact was due to their convenient geographical position. Unlike the United States they were located not far from Russian boundaies in the West and East and it did not take much time for the imported and exported goods to reach their final destination. Moreover, Russian Empire had very strong political, economic, and trade ties with them and the circulation of commodities among the mentioned countries was much more significant than that with the United States of America. Indeed, the balance of trade between the Czarist Russia and the U.S. in the beginning of the 20th century was slack (not mentioning the previous periods). In the official publications of the Russian Ministry of Trade and Industry which were among others the Collection of trade agreements between Russia and other countries the United States were mentioned only once. This state of affairs and obvious insignificance of Russian-America trade relations can be explained partly by the fact that the United States did not have merchant`s navy sufficient enough to expand foreign trade with the overseas countries. What was more the possibilites of trade were little known to the business men in Russia and the United States. Finally, the unofficial position of some of the Russian members belonged to the political establishment could not promote Russian-American trade cooperation. The inexhaustible and diverse mineral and natural resources of the country, they thought, made her absolutely independent from others. This paper examines the evolution of the Russian trade policy towards the United States of America which had to be changed taking into account all the dramatic events that Russia passed through in the beginning of the 20th century. The World War I and three Russian revolutions shifted her position towards the overseas power.

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Pleasure and Agency: Women's Sexuality in Early America

Abstract:

This essay takes as its inspiration the classic 1981 piece by Joan Nestle (My Mother Liked to Fuck) which argued that her mother, the victim of sexual abuse and assault, through her life retained sexual agency and interest in men. This essay revisits the recent literature on the history of sexuality to examine women's independent sexual expression from the seventeenth century to the early republic across a range of cultures in the Atlantic world. The literature on the history of sexuality in early America may have skewed our view of women's sexuality with its over-emphasis of the risks and pains of childbirth, the ubiquitousness of sexual violence, and the view of women as passionless which developed through the eighteenth century. Our views are partly the result of reliance on diaries which have given us extensive reflections of men on sexual identities and practices and precious little information from women whose accounts reinforce the view of them as mothers and midwifes, as well as our over reliance on criminal cases such as sexual assault and sexual abuse. But there is an abundance of evidence to demonstrate the sexual lives of women in early America. Scholarship by Susan Klepp has shown that women controlled fertility as early as the Revolutionary era. Others have noted the sexual pleasures of Puritan women, of Native American women, of African American women, enslaved and free, of elite women who trysted with Americans abroad in Europe, including Thomas Jefferson and Gouverneur Morris, of the romantic desires of women, such as Abigail Adams but also of white women of lower status who found themselves in courts for fornication and bastardy or for pursuing relationships with black men, enslaved and free. This essay, therefore, takes existing scholarship and asks us to rethink our understanding of women's sexual desires, interests, and activities in the Atlantic world, to see early American women as sexual even in a broader cultural context that denied their desires, exploited their bodies, and nurtured a double standard for men and women.

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The Challenges of the British Diplomacy in Hungary:
Sir Patrick Ramsay as British Minister in Budapest (1933–1935)

Abstract:

In the interwar period the Foreign Office constantly kept a tab on the events of Central Europe. Although the British diplomacy had no direct interest in the area, they supported every initiation that facilitated the cooperation among the countries here. The aim was to maintain the balance in order to prevent the hostilities, therefore they took growing interest in the Hungarian foreign policy. The H. M. Legation staff in Budapest was supposed to provide first-hand information for the Foreign Office about the Hungarian home affairs, the financial and commercial situation and also the international relations.

After the initiation of an active Hungarian foreign policy in 1927 the British diplomacy had to cope with new difficulties in connection with Hungary in the first part of the 1930s. Although the British diplomats respected and approved the moderate and wise policy of István Bethlen, after Gyula Gömbös rose to power, on the contrary they became more anxious about the changes that appeared in the line of the Hungarian foreign policy. At this juncture Sir Patrick Ramsay was appointed to British Minister in Hungary. He was a proficient diplomat who served previously in Stockholm, Paris, Athens and St Petersburg.

Sir Patrick Ramsay was supposed to manoeuvre among the diplomatic imbroglios such as the revisionism, the assassination of the Yugoslavian King Alexander in Marseille, the question of establishment of Soviet-Hungarian diplomatic relation, the Italian-Austrian-Hungarian commercial agreement and the more intense German orientation. As regards the revisionism at the early 1930s Sir Robert Gower MP reformed the pro-Hungarian group in the British House of Commons and launched an active Hungarian revision campaign that caused flurry in the Successor States, in British diplomatic circles and in Hungary too. According to Sir Patrick's opinion the Hungarian revision campaign was 'inopportune and exaggerated'. Moreover 'General Gömbös has gone so far in his revision policy that it has eaten into the soul of the people'.

By the mid-1930s, the British-Hungarian relations began to lose their cordial nature which was influenced by the growing German commercial, ideological and later political pressure in Hungary

Keywords: Diplomacy, Hungarian foreign affairs, Foreign Office, British-Hungarian relations, Revisionism, Germany

1. The Staff of H. M. Legation at Budapest

Two scenes of the British diplomacy existed that formed their attitude towards Hungary. One of them was the H. M. Legation was headed by Hon. Sir Patrick William Maule Ramsay (1879–1962) between 1933 and 1935. His diplomatic career began in the early 1900s when he was appointed to

Constantinople, Peking, Paris and St. Petersburg. After the Firs World War he was transferred to Stockholm, Rio de Janeiro and later Madrid. In 1929 he promoted to be Envoy Extraordinary and Minister Plenipotentiary at Athens. On December 2nd 1933 he was transferred to Budapest until October 12th 1935 (Hertslet, 1934, p. 385).

At this period the members of H. M. Legation and Vice-Consulate staff were: W. E. Houston-Boswall 1st Secretary, C. Bramwell 2nd Secretary, Major H. F. Heywood Commercial Secretary, F. G. Redward Archivist, E. J. Gorst Vice-Consul, J. W. Thompson Pro-Consul, Brevet Lieut.-Col. Frank Noel Mason-Macfarlane Military Attaché (Hertslet, 1934, p. 67). A Hungarian doctor Dr Fiala was the honorary medical officer to the Legation (Foreign Office papers 369 2362/K4096/3108/221, p. 230).

The British Legation was situated in Verbőczy Street in the Castle District and the Vice-Consulate was located in Zoltan Street in Pest, in a flat which combined both consular office and the private residence of the Vice-Consul (TNA FO 369 2362/K4780/3512/221, pp. 267–274).

Another scene was the Southern Department. According to the regional division Hungary belonged to the Southern Department, such as Albania, Austria, Bulgaria, Czechoslovakia, Yugoslavia, Rumania, Greece and Italy. Its head was Sir Owen St. C. O'Malley who in 1939 became British Minister in Hungary, and the clerks were E. H. Carr, R. A. Gallop, J. H. U. Lambert, D. P. Reilly, N. J. A. Cheetham (Hertslet, 1934, p. 338).

During his tenure of office Ramsay transmitted more than 559 despatches to London. Comparing it with Sir Colville Barclay's period (1924–1928) when more than 1400 despatches were sent, it can be found that the activity of the British diplomacy towards the Hungarian situation declined.

Figure 1. Analysing the subject of the despatches, were sent between 1933 and 1935, shows that the foreign affairs was in the majority (The National Archives, London).
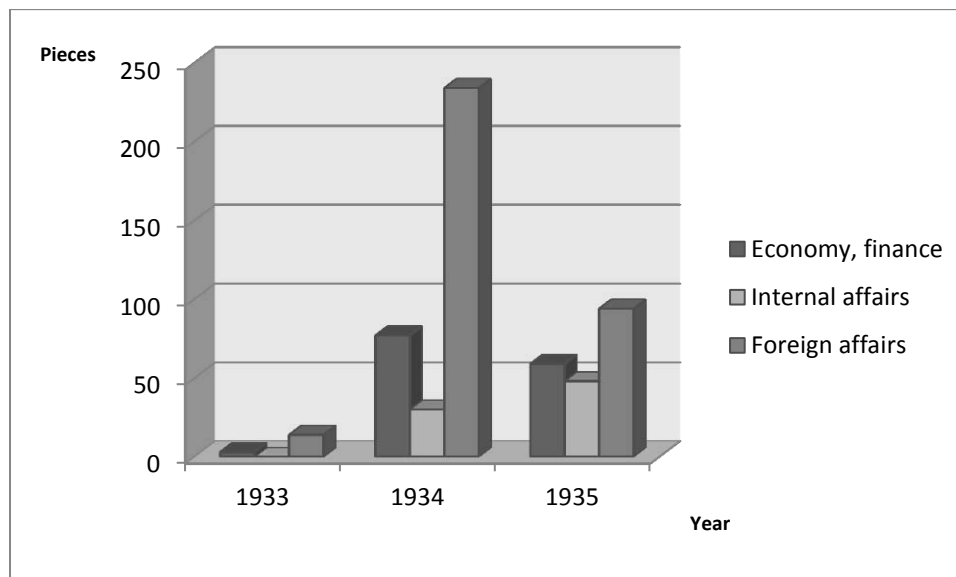
2. A Permanent Problem: Revisionism

In the 1930s the revisionist propaganda continued not only in Hungary but in London too. The Foreign Office kept Sir Patrick posted what happened in London. When István Bethlen former Hungarian Prime Minister visited to London in 1933, according to Allen Leeper diplomat, who listened to him at

Chatham House on the subject of Transylvania, a subject in which Leeper had always taken a rather close interest, Bethlen's account of the history of that land was full of "the most astounding misstatements and distortions of historical fact […] The doctrine he is preaching is that the Magyars are the only real Transylvanians". Leeper was convinced that the Hungarian statistics about the population of Transylvania was very doubtful and Bethlen's idea about an independent state should be set up on the Swiss model was "obviously absurd", because in Switzerland French, German and Italian Swiss lived almost entirely apart from one another in separate cantons, but in Transylvania Hungarians and Romanians were inextricably intermixed. Moreover, if revisionism in the case of Hungary was going to become a live issue, it would have become a live issue also in the case of Germany (Foreign Office papers 371 16783/C10897/395/21, pp. 173–176).

László Bárdossy, the Hungarian Counsellor in London, visited Owen O'Malley and enquired whether the three Little Entente Ministers had protested about Bethlen's visit in London. In the Foreign Office Sir Orme Sargent, who had wide knowledge about the Central European problems, privately remarked that "if we allow Count Bethlen to carry on revisionist propaganda in this country, the least the Hungarian Legation can do is to keep quiet when the Little Entente put in their inevitable caveat" (Foreign Office papers 371 16783/C10901/395/21, pp. 182–184).

As far back as the 1920s a pro-Hungarian group had been established in the British Parliament that was reformed in 1933. The news that 168 Members of Parliament signed a motion in favour of the revision of the Treaty of Trianon produced a "very painful impression" especially in Romania and resulted in a recrudescence of anti-revisionist and anti-Hungarian agitation. Nicolae Titulescu Romanian diplomat regretted it and asked what would have been thought in England if for instance the question of Ireland had been made the subject of a motion before the Romanian Parliament. He added that Geneva, not London, was the only proper tribunal for questions relating to the revision of treaties. Titulescu himself realised that members of the British Parliament could not all be expected to be familiar with the question of Transylvania but he reminded that Englishmen should not forget that the new frontiers of Romania had been drawn up by an International Commission, on which Great Britain had been represented. The British diplomacy in Romania warned that the Hungarian propaganda in England had overreached itself, its exaggerated claims had merely aroused hostility in Romania (Foreign Office papers 371 16783/C10931/395/21, pp. 185–187). Because of the pro-Hungarian lobby in the British Parliament it was to be feared that the Hungarians continue to hope on believe that British are Revisionists at heart (Foreign Office papers 371 19521/R2991/653/21, p. 177).

This false hope was cherished by several visits of British MPs to Hungary. On December 1933 two British MPs arrived in Budapest. Sir Patrick tried to damp their ardour and he had not responded to various attempts of Hungarian Revisionist League to involve His Majesty's Legation in their activities (Foreign Office papers 371 16786/C10955/7429/21, pp. 150–151). The two politicians were Sir Robert Gower and William Mabane and they had travelled all the way from England in the company of Count Bethlen. Sir Robert Gower was warned as soon as he called at the Legation to beware of the Revision League. Both of them were at pains not to embarrass His Majesty's Legation, therefore Gower expressed that he was anxious to do the correct thing and in particular, as one of its supporters, not to inconvenience His Majesty's Government. He explained, moreover, that his visit was a purely private one, namely, to receive a degree conferred on him by the University of Budapest. A speech made by

Gower at a dinner given in his honour by the Revision League been reproduced by the League's organ, the Pesti Hírlap, with the sense of certain remarks distorted. Sir Robert had accordingly made arrangements with the paper to publish no statement of his of which he had not previously had the opportunity to check the text. Ramsay warned them that their revisionist group in the House of Commons had not only raised false hopes among the Hungarians but could not have helped provoking their neighbours of the Little Entente to make counter-propaganda and the result would be further to embitter relations. Ramsay's impression was that Gower had left Hungary somewhat shaken in his views on revision as practical politics, but "Mr. Mabane on the other hand struck me as obviously fanatical and penetrated with the idea of forcing His Majesty's Government by agitation to submit in matters of foreign politics to the whims of the House of Commons with whom he repeated the last word lay" (Foreign Office papers 371 16786/C11357/1429/21, pp. 156–162).

On August 1934 the Pesti Hírlap published an article to the effect that John W. Broome, "British Delegate to the League of Nations", and Major Harry C. Julian arrived in Hungary for the special purpose of studying the injustices brought about by the Treaty of Trianon. The two Englishmen were invited to inspect part of the Yugoslav-Hungarian frontier close to Barcs. The two visitors expressed their conviction of a justice of the Hungarian claims which, they said, were being very earnestly studied in England. They advised the Hungarians to have patience and to continue their ceaseless efforts for a just solution of their claims which they said ought to be rewarded with success. In the Foreign Office the diplomats had never heard of this particular member of their delegation, non of his friend. Moreover they did not appear to be even MPs (Foreign Office papers 371 18406/R4729/50/21, pp. 187–189).

On November 1935 Frederick Llewellyn-Jones MP arrived in Budapest as the representative of the University of Wales at the celebrations of the third centenary of the Budapest University (Foreign Office paper 371 19521/R6532/653/21, pp. 189–191).

The Foreign Office appreciated István Bethlen's wise and moderate policy. His speech on the occasion of a dinner of the Hungarian Review Society on January 4th 1934, he insisted that Hungarian claims must have some limit, and that he was careful to remind his audience that Great Britain's primary interest was peace and that she could not be expected to break with France for the sake of satisfying Hungary's aspirations. In the Central Department diplomats said, that "Count Bethlen seems to have learned something during his visit to England" but his claims were "very far-reaching" (Foreign Office papers 371 18406/R206/50/21, pp. 21–22).

The revision problem was closely linked with the kingship question. Ramsay acquainted the Foreign Office with a statement alleged to have been made by the Archduke Otto to an American journalist. According to Otto restoration of the Habsburgs could not mean the complete restoration of the past and must take place on the basis of the situation as it existed at that time and not as it existed twenty years ago. London remarked that the Legitimists looked to the restoration of the monarchy as a means of achieving frontier revision (Foreign Office papers 371 18407/R2672/52/21, pp. 6–7).

On July 1934 Ramsay had a conversation with Kálmán Kánya Minister for Foreign Affairs who said that a king could not be set on the throne of Hungary without the consent of the Little Entente, which he could not hope to obtain without renouncing all Hungary's claims to lost territory, and no king who

renounced Hungary's claims to revision was acceptable to Hungary, so it was a vicious circle (Foreign Office papers 371 18410/R3982/1550/21, pp. 234–235).

Development of the Hungarian Foreign Affairs

The main guideline of the Hungarian diplomacy remained the rapprochement to Italy and Germany, but at the same time trying to widen her connection network towards the USSR.

In 1934 the Italian-Hungarian-Austrian agreement was assessed by the British diplomacy that an economic union with Hungary, whether amounting to a full customs union or not, would probably assist the economic position in Austria very substantially. But it would involve a sacrifice of the agricultural interests of Lower Austria, since in any kind of agreement between Austria and Hungary, the "quid pro quo" for opening the Hungarian market to Austrian manufactured products must be the admission of Hungarian cereals to Austria. O'Malley considered that the British interest was a successful negotiation (Foreign Office papers 371 18410/R1084/600/21, pp. 82–83).

From Rome a well-placed but outside source had confirmed to the Foreign Office the fact that Hungary was rather anxious as to the suggestion of "other power" joining in a multilateral agreement as she feared that economic agreements might end in enforced political agreements which would not take Hungarian claims into account. The informant added that so far as economic agreements went, an extension to Germany (of which there had been rumours in Rome) would not make much difference, since Germany and Hungary already had a satisfactory commercial arrangement (Foreign Office papers 371 18412/R6335/2092/21, pp. 49–52).

"Fantastic and unscrupulous" scandals also appeared about an Italian-Hungarian rapprochement. Nevile Henderson the British Minister at Belgrade was informed by the Yugoslavian Ministry for Foreign Affairs that the Yugoslav Government had reliable information to the effect that the Italian Government made an offer to the Hungarian Government. Accordingly Hungary ought to convert itself into a Fascist state, to destroy social democracy, to enter into a customs union with Austria and a political agreement with Italy and Austria on the lines of the Little Entente. In return for the above Italy would offer Hungary a military alliance and guarantee a revision of her frontiers at the expense of Czechoslovakia and Yugoslavia, but not of Romania. In this event Hungary would recover most of the Voivodina and all Slovakia. The Trieste-Fiume hinterland would also be assured to Hungary, but exactly what this implied was not made clear, though presumably this would have meant Slovenia and most of Croatia and implied the idea of a Catholic block (Foreign Office papers 371 18412/R2092/2091/21, pp. 30–32).

Kálmán Kánya informed Ramsay about Gyula Gömbös Prime Minister's visit to Rome who was well satisfied with his conversation with Mussolini. There had been a plot to make French-Italian rapprochement dependent on Italy sacrificing her small friends. Italian-Hungarian relations were now closer than ever. In the Foreign Office Gömbös' statement were found "surprisingly naive" (Foreign Office papers 371 18412/R6299/2092/21, pp. 47–48).

In the 1930s the German influence more and more increased. Ramsay remarked that it was widely realized in Hungary, that she, although she feared Germany as an immediate neighbour, was very dependent on that country as a market for her agricultural products.[i] Hungary was, therefore, reluctant to antagonize Germany to whom she looked for material help some day but, at the same time, she did

not want to sacrifice the moral support which her revisionist aspirations had derived so far from friendship with Italy. Hungary was therefore in a rather delicate position and it might be a hard task for the Government to keep "their hand free" and to remain friends with everybody which had been their policy (Foreign Office papers 371 18410/R5160/1550/21, pp. 247–252).

As regards Gömbös' proposed visit to Warsaw Ramsay was said that it was only to encourage cultural relations in various ways such as by arranging for an interchange of professors and students, though some improvement might be found possible in the economic relations of the two countries and an effort would be made to encourage Polish tourist traffic to Hungary. Any intention of discussing new orientation of Hungarian policy or new political pact was denied (Foreign Office papers 371 18412/R5890/5665/21, pp. 240–242).

The increasing personal connection between Germany and Hungary also made anxious the Foreign Office. On October 1934 Hermann Göring, on his way to Berlin from Belgrade, where he had gone to attend the funeral of His Majesty the late King Alexander of Yugoslavia, visited to Budapest. He met with Stephen de Bárczy who represented the Hungarian Government (Foreign Office papers 371 18412/R5978/3142/21, pp. 182–183).

Moreover when Adolf Hitler became Chancellor of Germany in 1933, Gömbös Prime Minister became the first head of a foreign nation to visit the Nazi leader. In 1935 Gömbös travelled to Germany again. While Hungarian press continued to deny foreign press rumours of political importance of Prime Minister's visit there was some speculations in diplomatic and journalists circles as to the real objects of visit at that juncture. It was reported by Reuters agent that the Prime Minister recently met Ribbentrop secretly at Zakopane in Poland. Furthermore when German experts had inspected Hungarian aerodromes, suspicion of Little Entente aroused that their mission was to arrange eventual cooperation of German and Hungarian Air Forces against Czechoslovakia and Russia (Foreign Office papers 371 19524/R5834/5767/21, pp. 138–139).

The British Military Attaché made a conversation with Baron von Hahn, the head of the Deutsches Nachrichten Bureau, a German press official on the subject of the visit of General Gömbös to Berlin. In the Foreign Office on the one hand Hahn was judged as a generally well informed person who was on the other hand extremely temperamental and his information was generally coloured by his own personal predilections. They considered that the visit of Gömbös to Berlin had for its object the working out of German-Polish-Hungarian plans for cooperation. It would have been the natural reply to the Czechoslovak-Soviet Pact which was equally disliked by Germany, Poland and Hungary and would have been still more disliked if it was followed up by a Romanian-Soviet Pact. The re-entry of Russia into Central European politics after 18 years absence (i. e. by means of the French-Russian, Czechoslovakian-Russian and Romanian-Russian treaties) was bound to cause a general reorientation of positions in Central Europe itself, and this process had now been hastened, on the one hand by the growing attractiveness of Germany, and on the other by growing doubts as to what Italy's future in Europe was to be (The Foreign Office papers 371 19524/R5931/5767/21, pp. 149–155).

In the 1920s it failed, but in 1934 it succeeded renewing diplomatic relations with the USSR. Kálmán Kánya explained the Hungarian point of view that all the Great Powers, such as Great Britain, France, Italy, Germany and the USA were in relations with the Soviet Government and there was less to fear from Bolshevik propaganda and it was possible to deal drastically with any Bolshevik propagandists in

their territory without affecting the official relations with Russia. Moreover Hungary hoped to sell horses and some machinery to Russia and perhaps to buy Russian petroleum (Foreign Office papers 371 18410/R951/762/21, pp. 103–105).

For Hungary the Soviet relation would have meant more advantage in the 1920s when the USSR had also rejected the peace treaties. In the 1930s, however, the Soviet diplomacy's aim was to make approaches to the Western Powers in order to control Germany (Romsics, 2000, p. 244). Furthermore the Hungarian press misinformed the public opinion by stating that the USSR was on the side of revision. The Foreign Office warned that "the Hungarians are much mistaken if they think that the Soviet Government are still revisionists" (Foreign Office papers 371 18410/R1039/762/21, pp. 115–117).

As in the 1920s the British diplomacy did its utmost to settle the Hungarian diplomatic imbroglios between 1933 and 1935 too. For instance in 1934 a fresh case of smuggling of arms into Hungary from Italy had come to light which surpassed the Hirtenberg and the St. Gothard cases as regard the quantity of war material involved.[ii] The consignment reached Hungary on the 9th March. A train containing two truck-loads of gas-masks, four tanks and twenty six field guns, coming from Italy, crossed the Austrian frontier on the 8th March and was identified at Friesach station. On the same day the train accompanied by members of the Heimwehr, continued its journey to Hungary via Keiserbergdorf. On the 14th March it was observed that both Austria and Hungary possessed a considerably greater quantity of arms than that allowed them by the Peace Treaty. So far as The British diplomacy was aware there were no definite proofs of this alleged case of arms smuggling (Foreign Office papers 371 14811/R1830/1551/21, pp. 6–8).

The assassination of the Yugoslavian King Alexander and the French Foreign Minister Louis Barthou at Marseilles also caused diplomatic chaos as Hungary was accused that the terrorists were trained in Hungarian territory. As in the 1920s now again the British diplomacy helped to clear the situation in order to prevent the hostilities. The part played by Anthony Eden in allaying the dispute between Hungary and Yugoslavia before the League of Nations in connexion with the murder met with the warm and grateful recognition of Hungarian public opinion.

Hungarian-Yugoslavian frontier incident

The British diplomacy kept an eye on the Hungarian-Yugoslavian quarrel which could have jeopardized the peace. Ramsay was informed by Alexandre Vouktchévitch Yugoslavian Minister at Budapest that the Hungarian Government not only tolerated on Hungarian territory certain Yugoslav political refugees who were engaged in active conspiracies against the Yugoslav Government but even assisted them with false passports to cross the border in order to create by means of outrages the impression that the Yugoslavian Government would not maintain order in their newly acquired provinces particularly Croatia. He also said that "if the Hungarians encouraged outrages in Yugoslavia he considered the only thing to do was for the Yugoslavs to encourage outrages in Hungary". Some days ago an incident had already happened, a patrol of two Hungarian guards near the frontier were attacked by Yugoslav frontier guards, one Hungarian was shot and the other was carried off into Yugoslav territory (Foreign Office papers 371 18411/R1845/21, pp. 24–26).

Nevile Henderson, the British Minister in Belgrade added that "such an issue is not likely to be furthered by the old Ballplatz methods of Kálmán Kánya, which appear to-day to be anachronistic and dangerous". Henderson suggested to instruct Ramsay that he should give to Kánya a "little good advice in the matter" because it was not merely a question of frontier incidents and the shooting, murder of a few harmless smugglers and the investigation of each case on the spot by experts. According to Henderson a successful issue could only be achieved by the straightening out of a series of questions involving the satisfactory administration of a frontier stretching for some 620 kilometres. Moreover goodwill and patience on both sides were consequently indispensable and goodwill must be mutual. The Foreign Office admitted that "we have little or no influence at Budapest in a matter of this kind, as we are assumed to be supporter on principle of the Little Entente against Hungary and if we had any influence, it would be wiser to keep it for some most important or critical occasion". For London it seemed to be especially dangerous to intervene for the purpose of trying to prevent the question being brought back to the League of Nations. If they took this line they would have inevitably found themselves having to adopt the role of mediator and arbitrator, and their experience with the Hirtenberg affair ought to have been a warning to them not to prevent questions finding their way to the League of Nations. On that occasion, although their intentions were of the best, they got "all the kicks and none of the thanks for the eventual settlement". In the Hirtenberg affair they were trying to prevent the Little Entente from bringing the dispute to the League but in the present case they would be preventing Hungary from doing so. Sir Orme Sargent's opinion was that in Central Europe the League was supposed to exist largely for the benefit of the Little Entente, whereas Hungary felt that she got very little good out of it. If, therefore, they intervened to prevent her from availing herself of the League on one of the few occasions where it was likely to benefit her, they would have only confirmed the already existing suspicion that the League was intended merely for the use and benefit of the victorious Powers (Foreign Office papers 371 14811/R3619/1571/21, pp. 140–144).

On July 1934 the frontier incidents were almost concluded. Kálmán Kánya informed Ramsay that the Yugoslavs had agreed to the appointment of a joint commission to deal with frontier incidents but they had made difficulties about allowing the commission to visit and cross the frontier, which they alleged was a humiliating request such as had been contained in the Austria-Hungarian ultimatum before the war. Kánya had finally agreed to limit to 500 metres the distance to which the commission would be allowed to go on the Yugoslav side of the frontier. He added that Hungary had not even asked for any compensation for the Hungarian victims of the Yugoslav frontier guards as he knew the Yugoslavs would reject any such request (Foreign Office papers 371 18411/R4187/157/21, pp. 162-164).

Connection Network

The British Ministers at Budapest had always good connections with the leading Hungarian politicians, therefore they managed to gain first-hand and confidential information.

On July 3rd 1934 Sir Patrick visited Miklós Horthy, the Regent at his country seat, Kenderes near Szolnok. After Horthy remarked that he harboured no hostile feelings towards the Serbs who had been brave and straight-forward enemies in the war, he regretted the frontier incidents because he had been about to propose to King Alexander a slight rectification of the frontier to establish friendly relations. The Danube was the natural geographical frontier and in the past the Serbs had only been allowed to cross it originally in small numbers to escape from the persecution of the Turks. They had since

multiplied and created the present Serb population north of the Danube. Horthy also formulated his views on the future regime in this country. He was convinced that it was essential for Hungary to maintain the regime and declared with great emphasis that in Hungary there must be a central point above party politics and personal ambitions. The Hungarian character was such that if that central point were lost and the regime were replaced by anything like a republican form of Government, there would at once be fifty leaders each with a government of his own and it would not be long before they were shooting at each other. His idea was to indicate his own successor, perhaps in a list of three names for election by Parliament and he mentioned Count Gyula Karolyi former Prime Minister as the man in whom he had absolute confidence though he admitted he was rather old (Foreign Office papers 371 18407/R3917/52/21, pp. 55–58).

After a dinner Horthy explained Ramsay that he would like to send Minister for Foreign Affairs to London. The reason he gave was to explain present situation of Hungary. He was also rather vague about date. Ramsay was inclined to doubt whether Kálmán Kánya would be willing to go in which case Gömbös might propose Tibor Eckhardt. He hardly like to mention Regent's idea to Kánya unless the latter raised it. The British diplomacy thought that Foreign Minister would almost certainly wish to discuss the liberation of Hungary from the military clauses of the Treaty of Trianon. Such a visit in that nervous state of the Little Entente might prove most embarrassing and could hardly fail to involve them directly in a question in which they did not wish to be drawn if they could possibly help it. This was a case for temporising as it was really impossible to give an answer one way or the other in the present confused state of affairs. Sir Patrick Ramsay was instructed not to say anything until and unless either the Regent or the Minister for Foreign Affairs reverts to the question, and then merely to reply that he would submit the matter to the Secretary of State (Foreign Office papers 371 19521/R2089/705/21 pp. 226–231).

Besides the visit of several British MPs, other members of the British public circles travelled to Hungary. On October 24th 1934 Ward Price, Special Correspondent of the Daily Mail arrived in Budapest for a three days visit. During his stay he was entertained to lunch by Gömbös and received in audience by Horthy. Price gave interviews to various Hungarian journalists. An article recalled the scenes at Szeged in 1927, when Esmond Harmsworth, representing his father Lord Rothermere[iii], received the homage of over one hundred thousand Hungarians, Price had been present on that occasion and Hungarians were convinced of his sincere friendship for Hungary. In connection with Price's visit a member of the Legation staff was informed by a responsible official in the Hungarian Press Department of the Ministry for Foreign Affairs that an embarrassing situation had arisen because although the Ministry had politely refused to support a French correspondent's application for an audience of the Regent – as it was considered inadvisable at the present juncture for Horthy to make any statements to foreign press representatives or politicians – nevertheless he had received Ward Price. The French journalist complained to the Ministry about the matter and they had been at a loss to find an excuse. The actual fact was that when the Prime Minister had entertained Price to lunch Gömbös asked him whether he had seen the Regent and when the latter replied in the negative, Gömbös immediately caused an audience to be arranged. The French journalist was told that the audience had been purely of a private nature as Price was an old friend of Horthy (Foreign Office papers 371 18412/R6397/6397/21, pp. 253–256).

Sir Patrick Ramsay and the Legation staff often participated in social events which provided possibility to widen their connection network, for instance every year the Hungarian Parliament was officially opened by the Regent in the presence of the Archdukes, Members of the Upper and Lower Houses, the Diplomatic Corps and Hungarian notabilities (Foreign Office papers 371 19520/R2990/167/21, p. 195).

The British diplomats supported the English colony in Hungary and the various guests arrived from Great Britain. On January 20th 1935 Ramsay became the patron of an English concert was conducted by Constant Lambert (MTI, 1935a). Moreover in 1933 Houston Boswall gave a party for the more than 500 boy scouts from the British Commonwealth of Nations who arrived in Gödöllő. The aim of the party was that the scouts could get acquainted each other (MTI, 1933b).

On April 1st 1935 the London-Budapest direct flight was opened to traffic which strengthened the connection of the two nations. The first direct airplane took off at Croydon airport to Budapest. Besides passengers post and newspapers for the British Legation were also transported (MTI 1935c).

An extremely important occasion was the visit of His Royal Highness the Prince of Wales in 1935 who travelled as the Earl of Chester. Ramsay suggested that one of his employees Frank Gann Redward who had good command of Hungarian language should be act the secretary to His Royal Highness during his stay. The Prince was very popular in Budapest, therefore Redward had to take care that the huge enthusiasm not to disturb the Prince. He stayed at Hotel Ritz where huge crowd of the Hungarian upper classes represented themselves in order to meet with the Prince. Redward was astonished to see that some noble asked him to tell them confidentially where the Prince of Wales was going for lunch or dinner. According to Redward „it was disgusting to see the way these snobs organized Prince Hunts". Admiral Horthy's personal detective, Péter Hain – a Swabian, hanged after World War II as a war criminal – ably cooperated with Storrier His Royal Highness's personal detective in „evading these pests". They made arrangements with the police that, after the Prince's cars had passed, the traffic lights would be turned red, thus holding up the followers until the party had got well on its way to the chosen restaurant. As the Prince travelled incognito, therefore no official functions had been arranged. Nevertheless at least four thousand letters of welcome and greeting, and some begging and others demanding help, were sent to the Royal visitor. They had all to be answered which was Redward's job. About six hundred gifts were sent to the hotel but it was a royal principle not to accept presents. He was exceptionally popular and his visit roused the Hungarians to greater admiration for the Prince and for Great Britain. A number of restaurants and bars gave themselves new names connected with the Prince of Wales and Great Britain, for instance the manufacturers of Peach Brandy introduced special bottles marked „Prince of Wales Brandy". The Hungarian press was also loud in its praises of His Royal Highness. On a later occasion, the Prince passed through Budapest by train when he was King Edward VIII (Redward, 1956, pp. 90–97).

Ramsay had also good relations with other member of the Diplomatic Corps in Budapest. For instance he often played golf with the U.S. Minister John Flournoy Montgomery (Frank, 2002, 21.)

The balance of the years

In several cases the diplomats of the Foreign Office found Ramsay's dispatched bad and boring. They often commented them as "there are nothing new in it" and "there is not very much of interest in this long despatch". Furthermore Ramsay made no comments, he just transmitted the dispatches. But the

Annual Reports, in which Ramsay summarized the events of the previous year about the Hungarian agricultural, economic, internal and foreign situation, were found "well written" and "excellent" reports.

According to the Annual Report of 1933 the "relations between Great Britain and Hungary maintained their customary cordiality […] The year witnessed an especially vigorous drive on the part of Hungarian revisionist propagandists to win over Great Britain public opinion, and the smallest symptom of interest in Great Britain in Hungary's plight was invariably exploited to the full. The growth of the revisionist idea in the House of Commons encouraged in Hungarians of all classes an attitude of mind of which it may be said that the wish was the father to the thought" (Foreign Office papers 371 18410/R824/824/21, pp. 130–156).

In the Annual Report of 1934 Ramsay confirmed again that British-Hungarian relations remained cordial, nothing of any consequence occurring to disturb their serenity. The Hungarians persisted the belief, often spontaneous but to a large extent artificially fostered, that British opinion was sympathetic to revisionism and, with the help of the elaborate propaganda machinery which the Hungarian Government continued to maintain in London, might eventually be brought to the point of insistence on a revisionist initiative by His Majesty's Government in Great Britain. The latter for their part preferred, as hitherto, to keep an entirely open mind on the subject. The motion initiated in 1933 by Sir Robert Gower and subscribed to by some 200 of his colleagues in the House of Commons, proposing that His Majesty's Government should raise the question of revising the Treaty of Trianon before the League of Nations.

With one eye on Germany the Hungarian Government continued during 1934 to keep the Italian friendship in the forefront of their foreign policy. While an important section of Hungarian opinion remained critical and suspicious when not actually hostile towards the Third Reich and its methods, the official policy of the Hungarian Government towards Germany during 1934 continued to be one of friendship inspired by wholesome respect. This policy was based on the recognition of three realities: 1) Hungary cannot in any circumstances afford to ignore and least of all be on bad terms with a vigorous and powerfully organised nation of 70 million that might at any moment absorb Austria and be at Hungary's door 2) that both countries possessed a common interest in shaking off the fetters of the peace treaties, 3) Germany, whatever the present impediments due to tariffs and the general effects of the economic depression, must always be the largest and most natural customer for Hungarian agricultural produce.

As regards Czechoslovakia the year brought no improvement in relations between Hungary and Czechoslovakia, Hungarian revision policy remaining, as ever, the chief obstacle to a better understanding. There was no improvement in Hungary's relations with Romania during 1934. The Government, Count Bethlen and the Revision League persisted in making the most of the real or alleged grievances of the Hungarian minority in Romania. Hungary's relations with Yugoslavia, already bad in 1933, grew worse during the year under review (Foreign Office papers 371 19523/R1917/1917/21, pp. 189–217).

The cordiality of the British-Hungarian relations was proved by Gömbös's inquiry whether about 5 young officers on leaving the Ludovica each year could be allowed to come to England for the purpose of studying English. The War Office said that while they had "no quid pro quo" especially in mind and

have no particular reason for wishing to attach British officers to Hungarian units, they felt on the whole that any move likely to promote friendly relations between the Hungarian and British Armies would be all to the good. The War Office was quite prepared to welcome the proposed attachment (Foreign Office papers 371 18412/R4847/4847/21, pp. 231–233).

For the Foreign Office the conclusions was about the economic situation that Hungary was regarded by Germany and Italy as a potential source of foodstaffs, aluminium and manganese in war. Provided it was kept supplied with raw materials the Hungarian armament industry was capable of supporting a much larger army than that which Hungary was at present allowed to have under arms (Foreign Office papers 371 19521/R2057/578/21, p. 59).

The Hungarian diplomacy tried to reassure London about its peaceful purposes and the Hungarian government had no intention of imitating Germany's example (Foreign Office papers 371 19521/R1975/705/21, pp. 222–223).

In 1935 the Foreign Office thought that Hungary will take no step which might adversely affect her relations with Germany, and will enter into no commitments which might diminish her hopes of revision. Ramsay asked the Minister for Foreign Affairs what was the present position with regard to Hungary's adherence to the projected Danubian Pact. Kálmán Kánya replied that Hungary was ready to join a pact of non-aggression and non-interference provided her right to equality, as regards armaments, were recognised. But Hungary would on no account join a pact which involved any mutual assistance, or guarantee of the existing frontiers, not even with Austria or Italy. Ramsay asked Kánya whether there was any new development in the relations of Hungary towards Germany, with reference to General Göring's recent visit. Kánya said Hungary's policy was to maintain good relations with Germany without undertaking any commitments, and he volunteered the statement that Hungary had no military alliance with Germany as he had recently informed an enquirer, whom Ramsay had since ascertained to have been the French Chargé d'Affaires. Although it was presumably a fact that Hungary had undertaken no commitment towards the German Government in the form of a regular military alliance, it was difficult to exclude the suspicion that in view of the close relations existing between the two War Offices they probably have got an unofficial cut and dried plan for common action in Czechoslovakia in certain eventualities, and that the recent Czech-Russian Pact had affected it in such a way as would account for the recent visit of the Hungarian Chief of Staff to Berlin (Foreign Office papers 371 19522/R4656/705/21, pp. 30–31).

Summarizing the various factors above, the more the German orientation increased in Hungary, the more the activity of the British diplomacy towards the Central European and Hungarian problems decreased. While in the 1920s the Foreign Office showed friendly neutrality in connection with Hungary, in the 1930s they were indifferent and the only purpose was to maintain the peace in Europe. By the mid-1930s, the British-Hungarian relations became more and more stressful. The despatches were sent by Sir Patrick to London between 1933 and 1935 and now are held by The National Archives UK, express clearly the changing attitude of the British diplomacy towards Hungary. The growing German commercial, ideological and later political influence in Hungary was a definite sign for the British diplomacy that Hungary will be sooner or later a German satellite state.

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[i] The commercial negotiation between Germany and Hungary was signed on the 21st February 1934 (Foreign Office papers 371 R1282/117/21, pp. 16–17).

[ii] In 1928 a diplomatic scandal broke out when smuggling of arms discovered at St. Gotthard and a similar case occurred in 1933 at Hirtenberg, although arming was forbidden for Hungary on the ground of the Treaty of Trianon.

[iii] In 1927 Lord Rothermere a British Press owner launched an active pro-Hungarian press campaign in the Daily Mail with the title of „Hungary's place in the sun'. The Hungarian public opinion showed their admiration in various ways, for instance they send gifts and letter of thanks, invited him to Hungary and put up statues for his honour.

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Understanding Elections and Voting Behavior

Abstract:

In this article, I argue that the electoral behavior of voters in Armenia is an important criteria of democracy consolidation, assimilated by individuals and social groups of values and norms of political culture. In Armenia much effort has been put into analysing voting behaviour and patterns in previous elections - be they national, state or local elections etc. in an effort to predict their own voter base and those social groups they could concentrate their efforts on and those groups that would appear to be a lost cause and therefore a waste of time in terms of money spent and time invested in targeting as potential voters. Specifically, I show that for Armenia, the peculiarities of voting behavior are a new issue. Moreover this article reviews the main theoretical models that explain the electoral behavior— sociological model of voting behavior, psychosocial model of voting behavior and rational choice theory, stressing the continuity and theoretical complementarity between them.

Keywords: Elections, Electoral behavior, Partisanship, Self-categorization, Voting

Elections in Armenia:

The electoral behavior of voters in Armenia is an important criteria of democracy consolidation, assimilated by individuals and social groups of values and norms of political culture. Competitive elections have rather short-term tradition in Armenia that causes instability of institutes and sociocultural components of electoral behavior. For the last twenty years it led to the deep transformations of social stratification in the Armenian society, its political system and valuable orientations of citizens. Stages of historical evolution in Armenia include such concepts, as political processes, structure and actors in making political state, historical preconditions of emergence and features of political system, and also a social base of political reforms, development of the state institutes, a role of social, ethnic and confessional groups in political process.

On February 18 2013 incumbent candidate Serzh Sarksian was elected by a popular vote to his second five-year term as president of Armenia. At first, the election appeared to have been marked by apathy and disillusionment, but since the announcement of Sarksian's victory, large protests led by second-place candidate Raffi Hovhannisian have taken place at Liberty Square in central Yerevan (Presidential Elections, 2013). The official election results indicate that Sarksian received about 59 percent of the vote and Hovhannisian received about 37 percent.

After the CEC announced the preliminary results, Mr. Hovannisyan disputed the election results, organized protest rallies in Yerevan and visited several cities outside the capital. He demanded that all election-related violations be prosecuted and that a second round of the presidential election be held.

Alternatively, he demanded the resignation of the government and the holding of early parliamentary elections. The police announced through media that these rallies were illegal and could imply administrative liability. Meanwhile people in Armenia do not have any hopes because they see the government and the opposition both have their own life, while the society lives a different one. The reason for this is in the core understanding that whatever goes on in the political life in Armenia has nothing to do with people and that is the reason so many people leave and those who stay try to solve their issues on their own.

The electoral framework is comprehensive and conducive overall to the conduct of democratic elections, and election commissions administered the process in a professional manner, the statement said. It also noted that, while several candidates alleged that voter lists were inflated and raised concerns about possible impersonation of out-of country voters, no evidence of this had been provided prior to election day. The mission assessed positively the efforts that had been made to improve the accuracy of voter lists, although further work in this area remains to be done. The campaign remained peaceful, although one candidate was shot and injured early in the campaign under circumstances that are under investigation, the statement said. While election day was calm and orderly, it was marked by undue interference in the process, mainly by proxies representing the incumbent, and some serious violations, including cases of pressure on voters, were observed(Organization for Security and Cooperation in Europe (OSCE), 2013).

Although there are various records and reports of election fraud, including ballot-stuffing and attempts to vote more than once, international observers indicated that the fraud was not of a magnitude that would have changed the results of the election.

The Organisation for Security and Cooperation in Europe's observer mission reported on February 19 that the election was "generally well-administered and was characterized by a respect for fundamental freedoms, including those of assembly and expression". The same report, however, pointed out that the distinction between the state and Sarksian's party seemed blurred and that perceptions of an uneven playing ground were widespread throughout the pre-election campaign. Sarksian's party was expected and predicted to win well before the election, even when faced with the possibility of a united opposition. Pre-election polls showed the incumbent President would likely win about 60 percent of the vote. However, the campaign and election periods were hardly uneventful. On January 31, Paruyr Hayrikian, a onetime Soviet dissident and a marginal candidate, was shot in the shoulder in what is thought to have been an assassination attempt. In early March, another presidential candidate, Vardan Sedrakian (who received about .4 percent of the vote), was detained in connection with the shooting. He will be held in custody while the investigation proceeds but denies the allegations. Several other candidates, even relatively popular candidates, boycotted the election claiming it would be unfairly skewed in Sarksian's favor. More cynical observers, however, questioned whether the boycott was a means to avoid the certainty of total defeat to the ruling party.

Since the election, opposition parties and leaders have become increasingly vocal about their dislike for Sarksian's de facto single party rule. Hovhannisian planned a rally beginning in late February to protest unfairness in the election and has even accused the Central election committee of making a "false calculation" when counting votes. Thousands attended these rallies, continuing for several weeks, agreeing that the election was rigged and some claiming that Hovhannisian was the real winner. In

March, Hovhannisian announced a hunger strike in protest of the results. Sarksian agreed to meet with Hovhannisian, but Hovhannisian refused to meet the President anywhere except for Liberty Square where the protests were being held. While Hovhannisian recently ended his hunger strike, he has vowed to continue the political struggle against Sarksian and has announced a wave of nationwide protests. These demonstrations have been met with varying levels of receptiveness, but substantial protests are expected on Sarksian's April 9 inauguration day.

The 2013 election results suggest a continuation of the status quo. Relations between Iran and Armenia, Russia and Armenia, and the West and Armenia will likely remain largely unchanged under Sarksian's continued presidency. For Armenia, this will mean maintaining some cautiously pro-Western policies while ultimately remaining within Moscow's sphere of influence, largely due to its heavy reliance on Russian energy and remittances.

Armenia's unemployment rate in 2012 was 16 percent and 30 percent of the population lives below the poverty line - making the economy a major issue in this election along with continued tension with Azerbaijan over the disputed territory of Nagorno-Karabakh. Despite these complications, this election cycle is at least something of an improvement from the 2008 election, after which ten people were killed in violent clashes. When casting his own ballot, Sarksian said, "I voted for the future of Armenia, for the security of Armenia, for the security of our citizens".

The 2013 Armenian election cycle was far from perfect and in many ways warrants extensive criticism, particularly the manner by which the ruling party was able to manipulate the mechanisms of government to preserve power.

Theoretical models of voting behaviour

This article reviews the main theoretical models that explain the electoral behavior— sociological model of voting behavior, psychosocial model of voting behavior and rational choice theory, stressing the continuity and theoretical complementarity between them. It also proposes a reconceptualization of the concept of partisanship in order to integrate all relevant contributions of the three main models of voting behaviour in a holistic approach to electoral behavior. According to democratic theory, elections accomplish two tasks: they select the policymakers, and they are supposed to help shape public policy. In the hypothetical world of rational choice theory and the Downs model, elections do in fact guide public policy. Social science research on the question has produced mixed findings. Elections do affect public policy to some degree, and public policy decisions also partly affect electoral outcomes.

The scientific study of voting behavior is marked by three major research schools: the sociological model, often identified as School of Columbia, with the main reference in Applied Bureau of Social Research of Columbia University, whose work begins with the publication of the book The People's Choice (Lazarsfeld, Berelson, & Gaudet, 1944) and focuses on the influences of social factors;The psychosocial model, also identified as School of Michigan, which has its major reference in the work of Campbell, Converse, Miller and Stokes (1960) —The American Voter — and assumes that party identification is the main factor behind the behavior of voters; and rational choice theory, also referred to as a model of economic voting, or even as School of Rochester, whose landmark work is the work of Anthony Downs (1957) — An Economic Theory of Democracy — and that puts emphasis on variables such as rationality, choice, uncertainty and information (Rui Antunes, 2008).

In this article we present the main theoretical assumptions of these three models, emphasizing the continuity and theoretical complementarity linking the psychosocial model to sociological model and the rational choice theory.

1. Sociological model of voting behavior

The theoretical assumptions of the sociological model of voting behavior are defined in three essential works: The People's Choice (Lazarsfeld, Berelson, & Gaudet, 1944), Voting (Berelson, Lazarsfeld, & McPhee, 1954) and Personal Influence (Katz & Lazarsfeld, 1955). The research conducted by Lazarsfeld et al. (1944) at Ohio State, using questionnaire as a technique of investigation for the first time in the study of a U.S. presidential election — one which opposed Franklin Roosevelt to Wendell Willkie in 1940 — cuts away from the type methodological approach that hitherto characterized the study of voting behavior (Barnes & Kaase, 1979). Paul Lazarsfeld, whose previous interests had focused on the study of the psychological mechanisms involved in the processes of choice and in the effects of publicity, advertising and mass media on consumer behavior had two main objectives in this research: to study the effects of exposure to the media, that is, to know how voters arrive at their decisions and the role of media in this process;

and to test a new methodology of successive interviews with a panel of subjects and a control group (Rossi, 1964). The study, whose report was published under the title The People's Choice (Lazarsfeld, Berelson, & Gaudet, 1944), begins by characterizing the supporters of the two main political parties in the U.S. using a panel of 600 subjects who were interviewed seven times over the seven months of campaign, to then identify the voters who changed their position during the campaign period, comparing three groups: those who decided their vote before beginning the campaign, those whose decision was taken during the party convention and those that decided their vote only at an advanced stage of the campaign.

The central hypothesis of Lazarsfeld et al. (1944) was that the act of voting is an individual act, affected mainly by the personality of the voter and his exposure to the media. The results, however, contradict the main thesis, suggesting that the effect of the media in electoral decision was minimal and that the decisive influence was the social groups to which they belonged. In the final two chapters of his book — "The Political homogeneity of Social Groups" and "The Nature of Personal Influence" — the focus is exactly on the theoretical elaboration of these conclusions, which are presented as revealed by news research: "The significance of this area of political behavior was

highlighted by the study but further investigation is necessary to establish it more firmly" "(Lazarsfeld et al., 1968, p. 69).

When voters try to come to a decision for which candidate or party to vote in major political elections they draw on their attitudes toward these candidates, parties, and current political issues. Such political attitudes are often well-elaborated for several reasons: Individuals are frequently confronted with the major political parties and their general positions throughout their lifetime, the candidates are heavily represented in the public media in the run-up to major elections, the current issues are intensively debated. On a basic level, the majority of the electorate can confidently and stably place themselves on a political left-right continuum and this self-placement accounts for a major part of the variance in later voting decisions. Even for undecided voters it is plausible to assume substantial elaboration of political

attitudes that may not be as high as for decided voters, but still quite high as compared to other attitude domains for which the attitude objects are not as common in the media and daily conversation across the life span and, in particular, during the run-up to major elections.

> TV programs on the elections are the most important source of information and more than $^2/_3$ of Armenians discuss politics with their friends and family. As in the April 2012 poll, printed media and the internet are less important sources of information.

Q2. We are currently in the campaign phase ahead of the elections. In this context, how often did you do any of the following during the last 1 month?

Activities to seek political information

Activity	Never	Sometimes	Often
Watched a TV program about campaign or election related issues.	16%	36%	47%
Talked to friends or family members about campaign or election related issues.	33%	38%	29%
Checked news and updates on internet websites and social platforms about campaign or election related issues.	73%	17%	10%
Read about campaign or election related issues in the printed press and newspapers.	84%	11%	6%
Attended a public meeting or rally about campaign or election related issues.	92%		6%

■Never ■Sometimes ■Often

Political homogeneity of social groups

The main finding of Lazarsfeld et al. (1944) was that the majority of voters voted according to their original political predisposition. Of the 600 subjects who were included, only 54 changed their position throughout the process. The association between electoral behavior and the social groups to which they belonged was so strong that it was possible to explain the electoral choices using only the three factors that defined the Index of Political Predisposition used in research: socio-economic status, religion and area of residence.

There is a familiar adage in American folklore to the effect that a person is only what he thinks he is, an adage which reflects the typically American notion of unlimited opportunity, the tendency toward self-betterment, etc. Now we find that the reverse of the adage is true: a person thinks, politically, as he is, socially. Social characteristics determine political preference.(Lazarsfeld et al., 1968, p. 69)

The effect of conversion and modification of the voting option identified in the study is primarily distributed among voters who were previously classified by investigators as independent, i.e., those who had initial predispositions opposed to candidates — crosspressures — which according to the authors, were mostly social in nature and linked to divergent policy preferences associated with one or more social groups to which the subjects belonged. However, contrary to initial expectations, these

voters are persuaded to vote for a candidate, not as the result of an analysis of the proposals submitted by each candidate or the issues under discussion in the campaign but following pressure from members of their community.

For our society, if you start an election campaign, you have to be familiar with the local way of thinking and make PR moves that won't be mocked by society, to say the least of it. Political parties in Armenia spend large amounts of money on posters and videos during their election campaign, with only some voters, however, following the media reports.

> Whereas rallies and face to face interaction played a prominent role in the parliamentary elections campaign, flyers are so far the main method of campaigning for the 2013 presidential elections.

Q14. Have you ever been contacted by a candidate or his representatives during the election campaign in any of the following ways?

Methods of campaigning

Method	Apr 2012	Feb 2013
Flyers (through the post, in front of doors, etc.)	20%	20%
Rally, demonstrations, public notifications, concerts	16%	5%
Face to face (home or workplace visits or in the street)	13%	4%
Charity, donation	5%	1%
Other means	2%	1%
Internet networking contact (e.g. Facebook, Twitter, email, etc.)	1%	0%
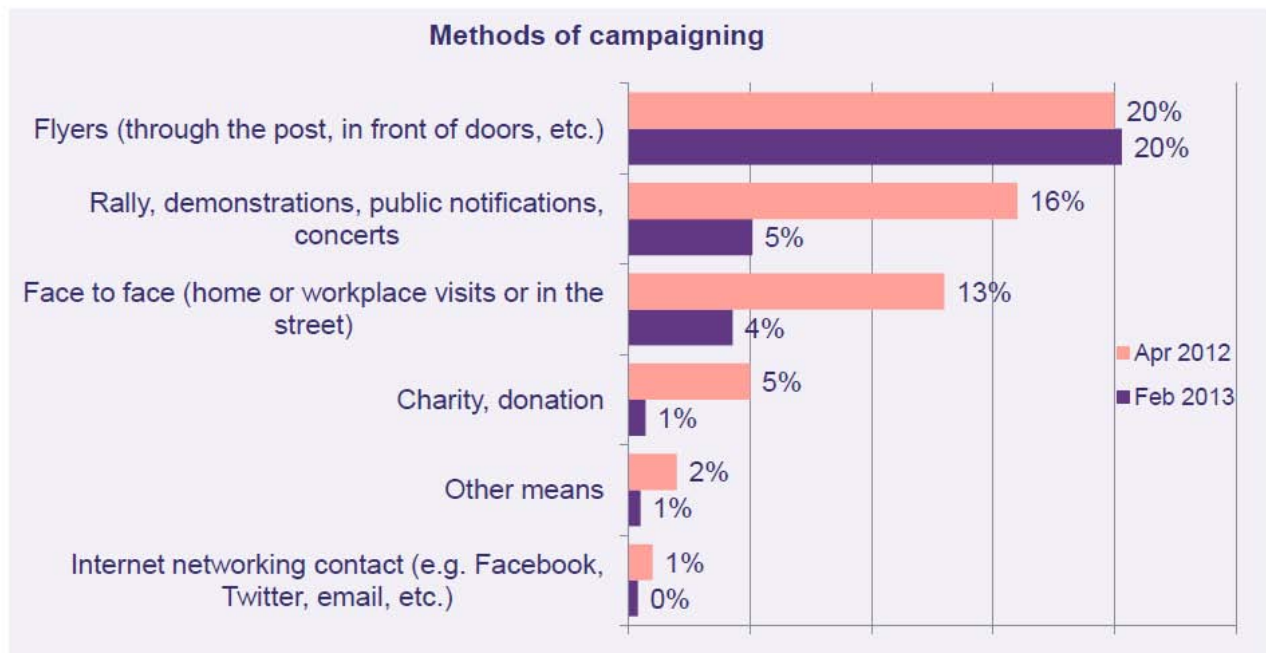
In short, the party changers — relatively, the people whose votes still remained to be definitely determined during the last stages of the campaign, the people who could swing an election during those last days — were, so to speak, available to the person who saw them last before Election Day. The notion that people who switch parties during the campaign are mainly the reasoned, thoughtful, conscientious people who were convinced by issues of the election is just plain wrong. Actually, they were mainly just the opposite. (Lazarsfeld et al., 1968, p. 69)

Activation, reinforcement and conversion

With regard specifically to the role of electoral campaigns and communication processes associated with them, the study identifies three types of possible effects: activation of the indifferent, strengthening the link to the political party, and conversion of the undecided. It was found that the greatest impact of the campaign is focused on voters who are already predisposed to vote for the

candidate backed by this party, strengthening and / or activating that prior predisposition. Only 8% of voters changed their initial position following the election campaign: ""In sum, then, this is what the campaign does: reinforcement (potential) 53%; activation 14%; reconversion 3%; partial conversion 6%; conversion 8%; no effect 16%."(Lazarsfeld et al.,1968, p.103). These results do not mean, however, that the authors conclude that electoral campaigns are considered useless. Its effect is not living up to initial expectations, since the role seems to be more to solidify the cohesiveness of party supporters around their electoral proposals than to convince voters of other parties to change their position. This result seems to be linked to a phenomenon of selective attention of voters on the election campaign, which was reflected in the fact that those who had more interest in politics and had already set his option to vote are also those who paid more attention to the campaign on radio and in newspapers: "In other words, the group which the campaign manager is presumably most eager to reach — the as-yet undecided — is the very group which is less likely to read or listen to his propaganda" (Lazarsfeld et al., 1968, p. 124).But also with regard to the role of the election campaign, it was found that the influence of social groups to which the individual belongs is crucial for the results, since it identified a mediation process — starring members of those groups who were committed to opinion leaders — between communication conveyed by mass media and voters. This process was called two-step-flow of communication: A special role in the network of personal relationships is played by the 'opinion leaders'. In Chapter V, we noted that they engaged in political discussion much more than the rest of the respondents. But they reported that the formal media were more effective as sources of influence than personal relationships. This suggest that ideas often flow from radio and print to the opinion leaders and from them to the less active sections of the population. (Lazarsfeld et al., 1968, p. 151).

These results clearly contradict the initial hypothesis that the act of voting is an individual act. The relationship between social groups to which subjects belong, their political choice and the decisive role of personal contacts in the definition of electoral choices indicate that the decisions of voters are processes of group cohesion, rather than individual acts: "In a way, the content of this chapter can be summarized by saying that people vote, not only with their social group, but also for it" (Lazarsfeld et al., 1968, p. 148).

This first study, conducted in Erie County (Ohio), was criticized because it is a study unsupported by previous theoretical options, which translated into explanations constructed later to give intelligibility to the findings (Rossi, 1964). One example of these explanations is the subsequent use of the concept of two-step-flow of communication in this work that appears as a hypothesis developed to explain the role of opinion leaders in mediating the communication flow between the media and voters. Lazarsfeld et al. (1944) only refer to it for the first time in the last chapter of the book The People's Choice - titled "The Nature of Personal Influence" - by giving it only three short paragraphs. The concept was subsequently developed by Katz and Lazarsfeld in "Personal Influence: The Part Played by People in the Flow of Mass Communications" (1955), considered one of the most influential works in research of mass communication, where the authors reaffirmed and developed the idea that the subjects' responses to media messages are mediated through interpersonal relationships and their groups to which subjects belong, and that some individuals act as opinion leaders, building and rebuilding the meaning of the messages of media in their social circles.

> **Whereas rallies and face to face interaction played a prominent role in the parliamentary elections campaign, flyers are so far the main method of campaigning for the 2013 presidential elections.**

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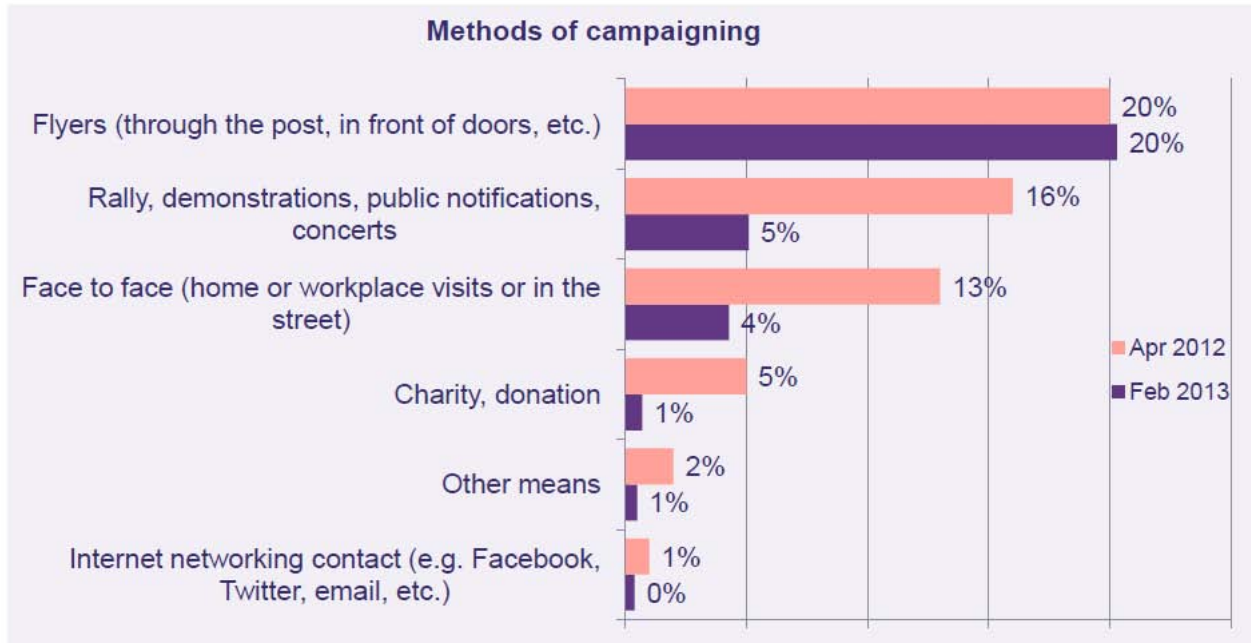
Social transmission of political choices

The insufficiency of the study conducted in Erie County led these authors to replicate it, with some changes, in the presidential elections of 1948, which opposed Harry Truman, incumbent President, to Thomas Dewey, governor of New York. The results were published by Berelson, Lazarsfeld and McPhee (1954) in "Voting: A Study of Opinion Formation in a Presidential Campaign". As the authors themselves point out, this research, now held in a small community in upstate New York — Elmira —, aimed not only to be a result of the previous study, but also to be an opportunity to correct problems pointed to the methodological and conceptual research conducted earlier.

In Armenia, we have such results:

The certainty to vote in the presidential elections is high. The number of people who are certain that they will turnout to vote is almost the same as in the very competitive elections in May 2012.

Q3. You probably know that presidential elections will be held in Armenia on 18 February 2013. In these presidential elections, are you certain to vote, likely to vote, likely not to vote, certain not to vote? *(The option "Have not decided yet" was not read out)*
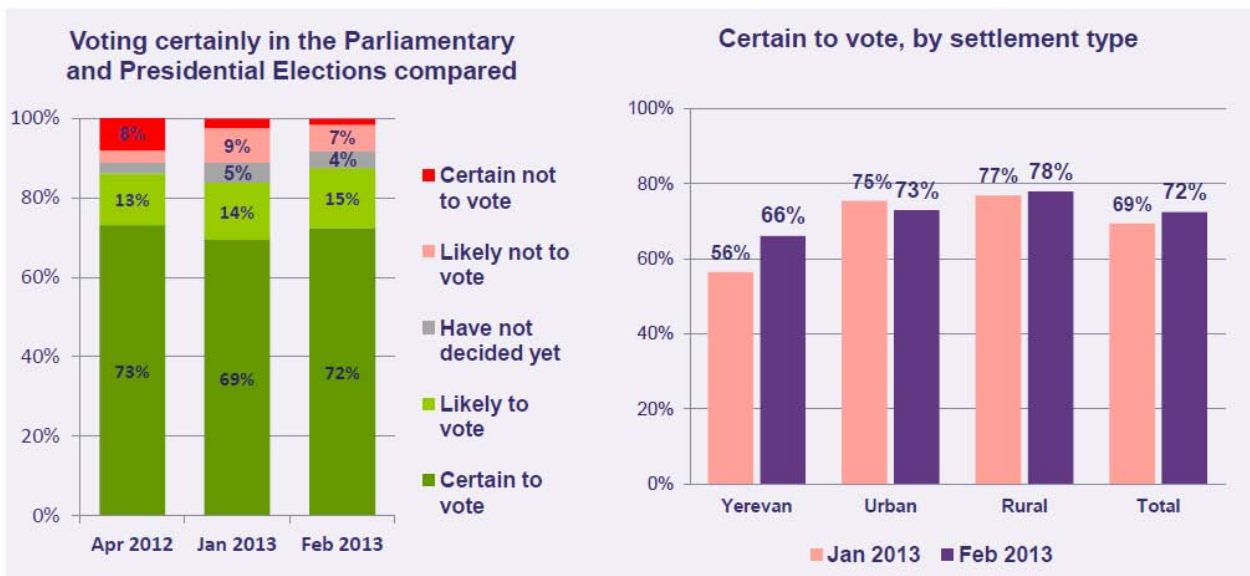
 The findings of this study, as in Erie County, indicate that (1) the social differentiation — based on socio-economic status, religion, race and place of residence — is a precondition for political dissent and subsequent electoral cleavage; (2) there are conditions of transmissibility which ensure the maintenance and persistence of this differentiation from generation to generation; (3) and that the conditions for greater social and physical proximity between members of a group, as opposed to less closeness with members of other groups, facilitates and maintains electoral cleavage. These three processes — differentiation, transmission and contact — guarantees the social transmission and political choices, as the authors have written: "In contemporary America these conditions are best met in class, in ethnic and in ecological divisions of the population. They continue to provide, then, the most durable social bases for political cleavage." (Berelson, Lazarsfeld, & Mcphee, 1954, p. 75). The results again showed that the political predisposition of the subjects, established on the basis of their

socioeconomic status, race, religion, area of esidence, correlated markedly with his voting option and even those subjects initially move away from this initial position end, mostly, by "returning" to it. The electoral proposals that fit with a dominant position in the social group of voters are more likely to materialize in the voting choices of these voters at the end of the campaign. This return to the 'natural' position of the voters in their social group — explained by the fact that the subjects make use of people from their social relationships to expose their doubts and ask for advice, which leads them to obtain advice that leads back to electoral position of the majority of their social group — is considered the most interesting psychological phenomenon, and simultaneously the most relevant in the political point of view. The authors refer to this psychological phenomenon as reactivation (Berelson, Lazarsfeld, & McPhee, 1954).

Perception and political differentiation

 Among the changes introduced by this second study, we emphasize the analysis of the role of campaign themes that, in the initial study, was done only on basis of materials produced by radio and press, and that now was the subject of a different methodological approach, since the authors also evaluate the position and perception of the subjects in relation to these issues and how they were treated by the two campaigns. The analysis of this topic was done by dividing the campaign themes into two types of information: position issues, focused on domestic policy, and political themes, focused on international politics. The results showed a division among the subjects in the evaluation of economic issues, based on socioeconomic status, party affiliation and interest in elections, and a consensus in the evaluation of political issues. In the latter group, Republicans and Democrats agreed among themselves in defining the important campaign issues, as well as in some criteria used to evaluate candidates and had similar expectations about future political events, but disagreed in the assessment of who the best candidate to deliver the policies they agreed with (Berelson, Lazarsfeld, & McPhee, 1954).However, despite the importance attached to economic issues, the authors found that only half of the subjects was in line with the position of his party in relation to the economic proposals, though they tended to assess the position of their candidate as being congruent with his and the opposing candidate's as being contrary. Likewise, the subjects tended not to perceive the differences in relation to their candidate or the similarities with the candidate opponent. That is, the voters, while seeking to maintain a consistency between their positions and the candidate they supported, did not solve the inconsistencies by changing their voting option, but by changing their perception of the candidate.

Both top candidates are strong in their own camps, but R. Hovhannisyan's campaign also reaches more than half of the voters of S. Sargsyan.

Q16. Could you tell us which candidates' campaigns you think are the most convincing in Armenia? *(Up to 2 options)*

Q4. If presidential elections were actually held next Sunday, which politician would you vote for? *(Official list of candidates shown)*
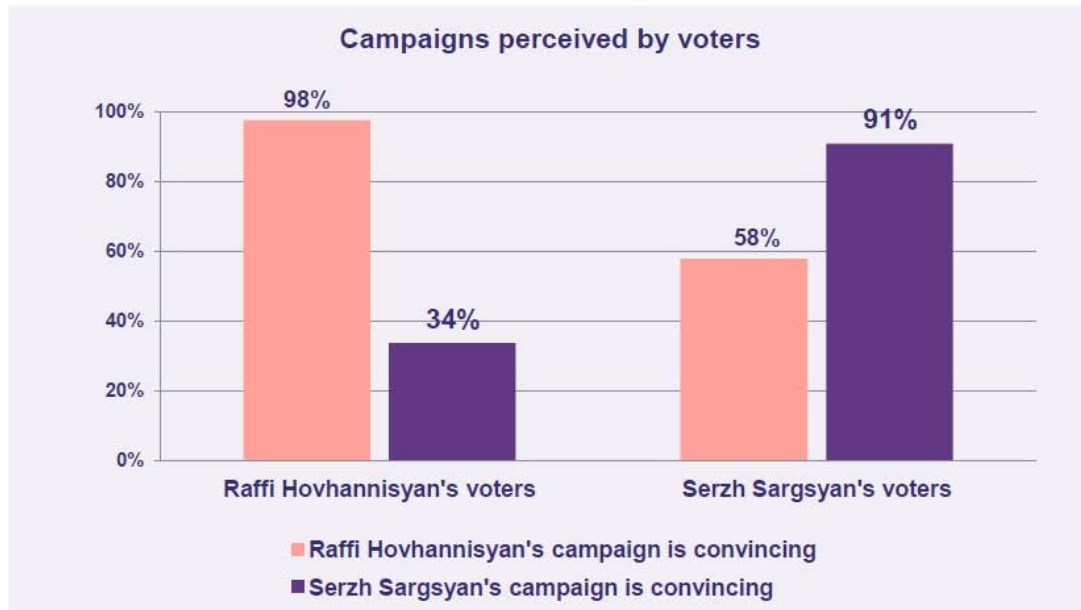
Under the increased pressures of a campaign, people have an increased tendency toward consistency, in all relevant aspects. As times goes on as we compare materials collected early in the campaign with those obtained at later stages, we find that people abandon deviant opinions on specific issues to agree with the position taken by their party (or at least to perceive such agreement); (…) In 1948, focusing on primary groups, we found that disagreements between friends and families disappear and make way for a homogeneity of attitude within various social groups. The tendency for a "strong Gestalt" within individuals — and analogously within groups — certainly receives support in our material (Berelson, Lazarsfeld, & Mcphee, 1954, p. 285).

Democratic practice and theory

From the theoretical point of view the most relevant contribution of this second study is the conceptualization of electoral behavior in a sociological model that attempts to reconcile the assumptions of the democratic organization of society and the electoral behavior of the subjects, which is considered to be in apparent contradiction with these assumptions. The authors identify the political features of voters that we would expect find in a democratic system — interest, discussion and motivation, knowledge, principles and rationale — to conclude that, in reality, according to data from their investigations, most subjects have no interest or motivation on matters of political nature: "(…) it is a curious quality of voting behavior that the large numbers of people motivation is weak if not almost absent" (Berelson, Lazarsfeld, & Mcphee, 1954, p. 308); have a limited and poor knowledge of political affairs: "He is supposed to know what the issues are, what their story is, what the relevant

facts are, what alternatives are proposed, what the party stands for, what the likely consequences are. By such standards the vote falls short" (p. 308); have not decided their vote on the basis of principles: "many voters vote not for principle in the usual sense but "for" a group to which they are attached — their group" (p. 309); and do not support their electoral decisions on reason: "In short, it appears that a sense of fitness is more striking feature of political preference than reason and calculation (p. 311).

Against this backdrop in which voters do not seem to satisfy the conditions necessary in a democratic regime, the authors argue that democracies have not collapsed and, instead, have become stronger because the logic of a democracy works in an aggregate and not individual level. If all voters had a high degree of interest and political motivation that would also be reflected in greater division among voters in a climate of greater political cleavage and antagonism that could endanger the system itself. Rather than require individuals who are highly interested and motivated by political, democracy needs that society is composed of heterogeneous groups to ensure the plurality of ideas and political proposals (Berelson, Lazarsfeld, & McPhee, 1954, p. 314).

Social cleavage

Although the work of Lazarsfeld and Berelson are associated with sociological models of electoral behavior, it is important to note that the micro-sociological approach they use in their research identifies several processes of psychological nature, ranging from perception, social identity and ingroup preference, through the use of Gestalt principles to explain the propensity of voters to choose "good form" ─ in this case, the "natural" position of their social group ─ which, though not theorized as such, are anticipations of later psychosocial approaches . In fact, although these authors do not draw theoretical relevant conclusions from a psychosocial point of view, opting instead for explanations that emphasize the sociological approach, they pioneered the research generated by the school of Michigan and what is known as psychosocial approach to voting behavior.The extension and further development of the sociological model of voting behavior, as such, are associated with the book "Political Man" (Lipset SM, 1960) and the publication of "Party Systems and Voter Alignment: Cross-National Perspectives" (Lipset & Rokkan, 1967) focused on development of the party system in Western Europe. Unlike Lazarsfeld et al. (1944) and Berelson et al. (1954), Lipset and Rokkan (1967) start from a historical and macro-sociological approach that understands the party system in the countries of Western Europe as reflecting historical divisions with origins in national revolution — divisions between center and periphery and state / church — and industrial revolution — cleavages between urban / rural and capital / labor. These become important political cleavages when social groups develop perceptions of these differences and, in consequence, it becomes institutionalized in the political system (Manza & Brooks, 1999). The link between social cleavages and political system is revealed when social divisions are felt in three different levels: as empirical components rooted in the social structure, as regulatory components that result in conflicting forms of social consciousness, and as institutional components that are expressed in individual interactions or in interactions between organizations and/or institutions (Bartolini & Mair, 1990). Deschouwer & Luther (1999) separate everything that refers to different types of individual behavior that results of the previous components from the institutional and organizational component, which they see as a fourth component — behavioral — and includes, among other examples, the voting behavior.

The consequences of voting behavior are applied by the voter's verbal community, i.e., by those social others proximal enough to reinforce or punish voting behavior without substantial delay (e.g., family, friends, peers, co-workers, campaign workers, neighbors, etc.). In addition to proximal influences, reinforcing contingencies may arise from more distal social sources. One may think of dominant "climates" or fashions of public opinion, made relevant for the individual voter through the mass media. These climates specify probabilities of social reinforcement or disapproval among (certain identifiable segments of) the mass public (Noelle-Neumann, 1984).

The sociological model has, however, limitations in explaining the variations that occur in voting due economic factors specific to each election. Social factors may explain the long-term stability of voting behavior, but do not explain the variations that occur in the behavior of voters in different elections, just as they do not explain why individuals who belong to certain social groups vote according to what one would expect of individuals belonging to different social groups. Although there are attempts to overcome these difficulties within the sociological approach, for example investigations that argue that the study of voting behavior should not be done from the voter's perspective but valuing contextual factors as the political programs of parties, the role of media, the countries' economic structure and the context in which the relationship between voters and parties becomes stronger.
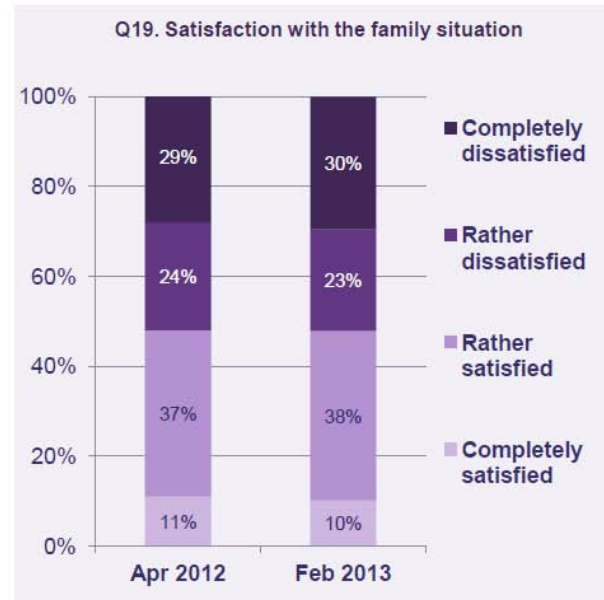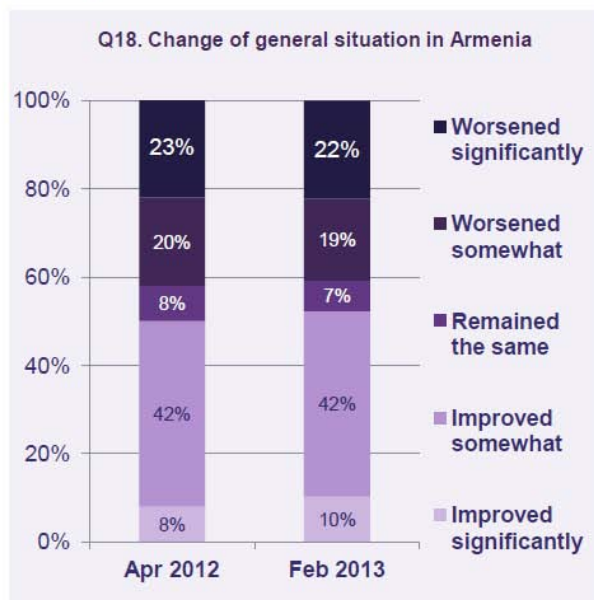
These limitations have led to the Michigan psychosocial model that attempts to overcome them using the concept of partisanship, with which it seeks to link the influence of sociological and historical long-term factors, identified in the sociological model, and the social and political short-term factors that characterize each election.

2 Psychosocial model of voting behavior

For along time the study of voting has been dominated by normative considerations, scribing to the average voter a strong sense of rationality with regard to political matters. The first psychological investigations of electoral behavior quickly shattered this optimistic vision, but they replaced it by a form of semi-rationality, according to which the voter's choices at the voting booths are determined by more or less stable set of mental constructs (political beliefs, attitudes, values, etc.) (Visser,1994).

The psychosocial model has its origin in studies conducted by the Survey Research Centre at the University of Michigan during the 1948 U.S. presidential elections, its results analyzed by Campbell and Kahn in The People Elect a President; the elections of 1952's report was presented by Campbell, Gurin and Miller in The Voter Decides; and elections in 1956, where results, combined with those obtained in previous investigations, have led to the book The American Voter, written by Campbell, Converse Miller and Stokes.

Partisanship

The central concept of this model of voting behavior is partisanship, which is designed as a psychological affinity, stable and lasting relationship with a political party that does not necessarily translate into a concrete link, namely registration, or consistently voting and systematically militancy with this party: In characterizing the relation of individual to party as a psychological identification we invoke a concept that has played an important if somewhat varied role in psychological theories of the relation of individual to individual or of individual to group. We use the concept here to characterize the individual's affective orientation to an important group-object in his environment. Both reference group theory and small-group studies of influence have converged upon the attracting or repelling quality of the group as the generalized dimension most critical in defining the individual-group relationship, and it is this dimension that we will call identification (Campbell, Converse, Miller, & Stokes, 1960, p. 121).

The notion of partisanship, introduced in the study of voting behavior by Campbell et al. (1960), was influenced by the concept of reference group (Hyman & Singer, 1968) and has similarities with the idea of anticipatory socialization introduced by Merton and Kitt (1950) to define the situations in which individuals choose a reference group to which they do not belong and begin to act according to what they perceive as the rules of that group. According to these authors, partisanship is acquired through a socialization process, influenced by the values and attitudes of family, colleagues and peers, a process that Miller and Shanks (1996) considered similar to that which leads subjects to identify with a religion. This emotional link the subject to "their" political party can be achieved with varying degrees of involvement in a process analogous to what happens with the connection of individuals to a religion, manifested in ways as different as going from non-religious to deeply religious. In this perspective, partisanship is a genuine form of social identification in which "citizens have an enduring sense of what sorts of people belong to various parties and whether they identify with these social groups" (Green, Palmquist, & Schickler, 2002, p. ix).

Notably, the model also does not match partisanship with the voter's choice. This separation between the psychological nature of partisanship and the objective nature of voting behavior is reflected, in methodological terms, in the option of not measuring this variable from the actual voting of the subject,

but through their self-positioning: "Generally speaking, do you think of yourself as a Republican, a Democrat, an Independent, or what?", followed by another which asks the subject to classify the strength of this identification: "Would you call yourself a strong (Republican, Democrat) or a not very strong (Republican, Democrat)?". Those who classify themselves as Independents are also asked whether, despite their independent status, they consider themselves close to any of the parties "Do you think of yourself as closer to the Republican or Democratic Party?" (Campbell, Converse, Miller, & Stokes, 1960, p. 122).

In this perspective, partisanship is not seen as a variable that tells us directly and unambiguously which is the vote option of an elector. Campbell et al. (1960) described partisanship as a perceptual filter through which the voters appreciate that which is favorable to the orientation of his party and ignore or devalue that which is unfavorable. Taking into account that political life in democratic societies is almost exclusively focused on parties and considering that the evaluation of policy proposals requires, in most cases, knowledge and information that citizens do not have, partisanship becomes then a central variable in the political experience of the subjects functioning as an instrument of "reading" of the election and the candidates' proposals.

Not surprisingly, questions have been raised about the natire of party identification, the key variable in the partisan voter models. For example, party identification has been found to be unstable over the long and short term, varying directly with presidential popularity and the performance of the economy, and to fluctuate greatly throughout campaigns. Partisanship has also been found to vary considerably among adults, responding to issues as well as life experiences (Franklin, 1984). Even more important are the findings that party identification does not function as a "tribune" among other variables but is determined simultaneously with issues, past behavior and vote choice in particular elevtions (Franklin and Jackson, 1983; Page and Jones, 1979; Markus and Converse, 1979). Finally, party identification has been found to be intransitive (Petrocik, 1974), multi-dimensional (Weisberg, 1980), and the proportion of identifiers is declining in the electorate (Wattenberg, 1984). All told, actual vote behavior has been more consistent than the predispositions that presumably underlie such behavior (nie, Verba and Petrocik, 1979).

Funnel of causality

The explanatory model of relations between the variables involved in the definition of electoral behavior is called a funnel of causality. This metaphor represents the chain of events that contributes to the vote of the subjects, distinguishing distal factors (socio-economic and historical factors, values and attitudes and membership groups) and proximal factors (issues, candidates, election campaign, political and economic situation, the government action, influence of friends). At the entrance of the funnel are the sociological and social characteristics that influence the next element of this sequence that is partisanship. Partisanship has, in turn, a decisive role in evaluating candidates, the issues, the incidents of the campaign that are reported in the media and the conversations that voters have with family and friends about the election. The output of this funnel is the vote. This scheme clarifies the central role of partisanship as a result of the combination of dispositional and long-term factors and as a factor moderating the effect of short-term variables on voting behavior. To think of a funnel in this way greatly enlarges our explanatory chore, for in the ideal case we want to take measurements that refer to states not at one cross section alone, but at a great number. Each cross section contains all the elements

that will successfully predict the next, and so on, until we have arrived at the final act (Campbell et al., 1960). Although the model encompasses all these factors, it focuses its attention on the relationship of partisanship, candidates and issues and less on social factors and communication systems (Niemi & Weisberg, 2001).

Proximal and distal factors

Causal model outlined above shows that changes in long-term factors that can lead to changes in party identification of voters. In general the factors considered by the model are those the sociological approaches conceptualize as determinants of voting behavior. According to Campbell et al. (1960) changes in party identification are rare and occur as reactions to events of great impact. Study findings suggest that changes in party identification occur at the individual level when there are adjustments in the social status of the subjects (e.g., entry into an institution of higher education, marriage, change of area of residence, change of job, etc..) or when changes occur in the broader field of social and political organization, (e.g., the end of the fascist regime in Portugal, entry into the European Union; the end of the Soviet Union, etc.). As we can see, in both cases these changes are relatively rare and, although changes in the social status of individuals occur in greater numbers and with more diligence, the effect on change in partisanship is faster and has more electoral impact when they occur in the political and / or social structure, such as the repercussions of the end of the Soviet Union in electoral expression of the communist parties of southern Europe. If changes in social factors can produce long-term changes in partisanship, the short-term factors are seen as just being able to change the electoral choice of subjects in a given election, without affecting their partisanship (Campbell, Converse, Miller, & Stokes, 1960, Green & Palmquist, 1990). The relationship between partisanship and short-term factors is manifested through attitudes toward policy proposals, candidates and group benefits (Harrop and Miller, 1987). However, while partisanship influences the perception of situational variables, it is also possible that the proposals, the speech, or the candidates are so totally against the expectations, values or interests of voters, that this situation is unlikely to be shaped by this perceptual filter and bring the subject to not vote or even vote for another party. According to the assumptions of the model, this would not affect the partisanship that would continue, despite this circumstantial disloyalty, to maintain their prior identification.

In general, the criticismsof the psychosocial model focus on the difficulty that this theoretical approach shows in explaining the reasons why some voters who identify with a party ― a process that has an underlying emotional relationship in nature and consequently, loyalty is of crucial importance ― vote for another party or to refrain from participating in an election. For these researchers it is the proximal factors that play a decisive role in misalignment of the voters and the consequent volatility that characterizes the Western democracies since the early 1960s. In this perspective, voters adjust their connection to political parties according to the evaluation they make, in every election, of economic conditions and how the parties and their leaders deal with them. Party identification works, at best, merely as a cognitive shortcut ― and not as a social identity ― that allows voters to cope with the extra information required to review all proposals, without implying the existence of an affective and emotional link between these voters and political parties.These criticisms are, in general, presented by authors who argue that the explanation of changes in voting choices of voters should be sought not through the use of a psychosocial variable but by considering factors related to information processing

and the rationality of voters and the political and electoral system. In the following section we present the theoretical model that led to these approaches.

3 Theory of rational choice

The theoretical background for an economic explanation of voting behavior has been submitted by Anthony Downs (1957) work on "An Economic Theory of Democracy." This theory is commonly referred to as rational choice theory. This is an attempt to explain electoral behavior taking as its starting point the work done within the political economy by Kenneth Arrow (1951, 1986) that relate economic parameters — resources, goods and technology — with a political outcome or choice. The premise is simple: if the assumptions of rational choice are able to explain the market, then they can explain the political functioning. It establishes a direct analogy between consumers and voters and between enterprises and political parties. If companies seek to maximize profits and consumers act to maximize the utility, we can, then, theorize in the sense that voters seek to maximize the utility of their vote as the parties act to maximize electoral gains obtained from their political proposals. Our main thesis is that parties in democratic politics are analogous to entrepreneurs in a profit-seeking economy. So as, to attain their private ends, they formulate whatever policies they believe will gain the most votes, just as entrepreneurs produce whatever products they believe will gain the most profits for the same reason. In order to examine the implications of this thesis, we have assumed that citizens behave rationally in politics. This premise is itself a second major hypothesis(Downs, 1957, pp. 295-296).

The operation of the model is based on three fundamental premises: (1) all decisions — those that are made by voters and political parties — are rational, guided by self interest and enforced in accordance with the principle of maximization of action's utility; (2) the democratic political system implies a level of consistency that supports predictions about the consequences of decisions made by voters and political parties, their agents — voters, parties and government — are responsible and trustworthy, which makes it possible to make predictions about the consequences that result from different choices, and (3) the democratic system assumes — despite the consistency stated in the previous point — a level of uncertainty, sufficiently important to allow different options.

Maximizing the action's utility

The concept of rationality is of key importance in understanding the theory of rational choice and it is important to clarify that in Downs' economic theory, rationality is the assumption that voters and political parties act directly according to the their own interests. From this perspective, the term rationality is applied in the sense that the means used are appropriate to the goals. This follows from the definition of rational as efficient, maximizing output for a given input, or minimizing input for a given output. Thus, whenever economists refer to a 'rational man' they are not designating a man whose though processes consist exclusively of logical propositions, or a man without prejudices, or a man whose emotions are inoperative. In normal usage all of these could be considered rational men. But the economic definition refers solely to a man who moves toward his goals in a way which, to the best of his knowledge, uses the least possible input of scarce resources per unit of valued output (Downs, 1957, p. 5)

According to this understanding of rationality, elections serve to choose a government and, consequently, rational behavior in an election is one that is oriented towards this objective and not to

any other. The axiom of self-interest applies equally to activities of political parties. According to rational choice theory, political parties seek to win elections, not by any altruistic motive relating to the application of a political program, but to gain prestige for itself and the gains inherent to being in power. Since the prestige and profits that political parties pursue is concretized by electoral victories, then we can say that the main objective of parties is winning elections. The rational objective is materialized if they can get more votes than any other party. Namely, the activities of political parties is itself guided by the principle of utility maximization of action: "Upon this reasoning rests the fundamental hypothesis of our model: parties formulate policies in order to win elections, rather than win elections in order to formulate policies."(Downs, 1957, p. 28)

Consistency

The rationality of the political system derives from the fact that voters, political parties and government have always several interconnected options available to choose from, ordered from most to least favorable. The order of preference is transitive so that if the subject prefers A to B and B to C then also prefers A to C (Downs, 1957). Under this approach, when faced with two alternatives, the rational subjects compare the expected benefits of each option. In cases of electoral choice, they compare the expected results for the election of the party in government, with the expectation of earnings in case of winning the opposition party. If the difference between these two values is positive, they vote for the governing party. If the difference is negative, they vote for the opposition. If the value is zero, they will abstain from voting. The rational choice presupposes, therefore, not only the possibility of making predictions about the behavior of other individuals, political parties and government, but also the possibility to compare them. The question that arises is how that subjects calculate the expected value in each of the alternatives. In relation to the government party, they may calculate the expected value according to the previous action of that party, assuming there will be continuity of policy pursued while in government, however, the opposition party does not have an indicator of the same nature. Once the hypothesis is that the rational comparison is one that uses the same time unit as a benchmark, ie, the mandate that expires, then the voter compares the performance of the government party to what is supposed that each opposition party would have done if they had still been in government. Of course, calculating this differential can only be done if we assume that parties are responsible and reliable, ie that there is consistency in their behavior. If there is any consistency in the behavior of political parties and government, this situation leads to the impossibility of rational choice and consequently the collapse of the democratic system.

Uncertainty

We saw earlier that the rational choice theory argues that the rationality of political behavior leads voters and parties to act according to their own interests. According to Downs (1957) the diversity of societies and social conflicts introduce levels of uncertainty that lead both to the emergence of ideologies and ambiguity in relation to social groups that may be more useful for the electoral victory, and consequently, the differentiation of the proposals submitted by political parties. The dynamism of democratic societies also highlights the uncertainty about the electoral effects that can be obtained with proposals that appeal to some social groups but displease others. According to the model, the parties define their ideologies in order to maximize support among the largest possible number of social groups. We have, once again, a perfect analogy with the economic explanation for the functioning of

the markets. If the electoral market (political system) is dominated by one brand (political party), other brands only can grow if they bet on strategies that enhance the specific needs of a market niche (social minority groups) not satisfied with the products (policy proposals) provided by the big brand (dominant party) and/or the specific needs of a significant fringes of consumers (voters) of this dominant brand (party).

For example, let us assume that three parties form and appeal to three different social groups, and one of these parties consistently wins by overwhelming votes. In order top 'get back in the swim', the other two parties must revise their ideologies to attract votes from the same groups as perennial winner. Them each party will be trying to combine a specific segment of the predominant group with parts of minority groups for electoral votes (Downs, 1957, p. 101).

The rational choice theory considers that what matters to voters is not ideology but concrete actions that governments take. However, voters do not know in detail all government decisions and it takes effort to fully understand and evaluate all the consequences. Thus, the ideologies of parties allows them to focus their analysis on only a few variables and making generalizations from this sample for all other proposals of that party: "With this short cut a voter can save himself the cost of being informed upon a wider range of issues" (Downs, 1957, p. 98).

The rational choice theory argues that the comparison between ideologies is only used if the voter already has previously concrete indicators relating to actions carried out effectively. If the voter does not have any previous data on the concrete actions of the parties and they are only able to distinguish them by their ideology, this means in practice that they are equal with regard to the interests of the voter.

Spatial representation

Downs (1957) represents the relative positioning of political parties and voters using a spatial analogy build on the work of Harold Hotelling (1929) and Smithies (1941) that consists in representing the political preferences of voters on a linear scale numbered from left to right, from zero to one hundred. Voters and political parties have a certain place on the scale according to their political position. As mentioned above, voters tend to choose the parties that are closest to their position and the parties will tend to position themselves at a point on the scale that maximizes the number of electoral votes. If a voter is placed in the position 35 of the scale, we can deduce that when he have to choose between a party located at position 30 and another located in the position 25, he will choose that one that is in the position 30. Likewise, he will prefer a political party in the position 40 for another in position 45. This means that if voters are scattered in the range according to a distribution with only a mode, parties tend to put themselves also on this mode and, therefore, to approach each other. If voters are spread to create multiple modes over the scale, that fact will lead each of the political parties to put up near one of these mode which will cause a breach between them.

Strategic vote

According to the model, the decision to vote in an election is supported by an irrational belief about the effectiveness of such action. As the elections are aimed at choosing the government and not the expression of preferences, the voter will evaluate the chances of that party winning the election: "Each citizen uses his forecast to determine whether the party he most prefers is really a part of the relevant

range of choice. If he believes it is not, then rationally commands him to vote for some other party""""(Downs, 1957, p. 48).

This decision by strategic voting depends not only on the assessment of the chances of the favorite party winning, but also the risk of the elections being won by a political party considered undesirable. The decision by strategic voting will depend largely on the importance that the subject goes to the need to keep a certain party out of government.(Downs, 1957, p. 49).

According to the model of rational choice, the likelihood of citizens to vote is higher if their expectations regarding the critical importance of their vote and the expected benefits from voting are larger than the costs. Likewise, if the voters realize that their vote will not have decisive importance for the election result, the probability of not voting increases.

Research conducted by Blais allowed him to conclude that the rational choice model has a very low explanatory power of voting behavior. In fact, the results of their study show that about half of voters vote without making any calculation of costs and benefits, but being driven by duty to vote. Given the initial estimates of the model, he found that voters are more likely to vote if they feel that their vote can make a difference, but overestimate its importance. What seems to work is not the perception that one vote can make a difference, but that the result can be very close: Some people may reason that they decide not to vote, that decision would imply that others with similar political attitudes will also abstain that is each citizen may regard his or her single vote as diagnostic of millions of votes, which would substantially inflate the subjective probability of one's vote making a difference (Blais, 2000, p. 139).

This same criticism had been made previously by Uhlan (1989), who concluded that the rational theory has difficulty in explaining individual participation in collective action, which in the case of voting behavior, was tantamount to finding that "Unfortunately for theory, people do vote "(p. 300). Green and Shapiro (1994) took this and other arguments of a methodological nature in what is one of the most important critics of rational choice theory. Voter turnout, which the authors analyze in detail in his book, is used to illustrate the methodological weaknesses that link to rational choice theory: For our purposes, the case of voter turnout is interesting not because it is a failure but because it illustrates the characteristic ways that rational choice theorists have reacted to discrepancies between theory and observation. In their resolute determination to declare some variant of rational choice theory victorious over evidence rational choice theorists have trotted out an astonishing variety of conjectures about the costs and benefits of voting, in the process generating an enormous literature, possibly larger in terms of academic citations and sheer bibliographic length than any other rational choice literature in American politics. (Green & Shapiro, 1994, pp. 47-48).

This underlying requirement that voters have accurate and detailed information about their interests and parties proposals is the main weakness of this model. The proponents of this approach try to overcome this weakness using the concept of heuristics and cognitive shortcut to explain how voters would able to make decisions based on little information (Lupia, McCubbins, & Popkin, 2000; Popkin, 1994; Simon HA, 1955, Sniderman, Brody, & Tetlock, 1991). It is argued that voters, unable to cope with the complexity and information overload, used indicators such as the positions taken in relation to candidates and electoral issues by certain media, public figures, organizations or entities, heuristics for reasoning about the interest of the electoral proposals. What we are talking about is not, however, information about political issues and electoral proposals, but the trust that voters have in sources of

heuristic reasoning. Lacking information on the issues and electoral proposals, voters believe the position of a candidate is favorable or unfavorable to their interests according to the trust they place in a medium of mass communication, in an organization, an entity or a personality. That is, voters decide, in fact, based on trust, not based on the information. Then we returned to the proposals of the sociological model — that people vote according to their social group —, and psychosocial — that people vote according to their partisanship. This brief presentation of the main explanatory models of electoral behavior allows us to identify a complementarity between them. The sociological models value the contribution of social and historical contexts that gave rise to the emergence of political parties and that, according to this view, justify the party political divisions and the resulting behavior of voters; the rational or economic models that considers the crucial role in shaping the voting behavior is played by the evaluation of political and economic factors that characterize each election; the psychosocial models put emphasis on the relationship between these two types of factors (distal and proximal), a relationship that is mediated and moderated by the psychological link established between voters and political parties, ie, partisanship. Antunes (2008), in a study into the reasons that lead individuals to change their vote from one election to another, argues that studies which take as a theoretical reference to the sociological model (Berelson, Lazarsfeld, & McPhee, 1954; Lazarsfeld , Berelson, & Gaudet, 1944; Lipset & Rokkan, 1967) or psychosocial approach (Campbell, Converse, Miller, & Stokes, 1960, Miller & Shanks, 1996) provide a consistent explanation for the stability of electoral choices, but show to be quite fragile in clarifying the reasons why some voters to vote differently in consecutive elections. In turn, the approaches in the framework of rational choice theory (Buchanan & Tullock, 2001; Downs, 1957), although they provide interesting clues for understanding the fluctuations in voting behavior, are insufficient when it comes to explain the fact that a considerable majority of voters vote with a remarkable stability. To bridge this gap and integrate the contributions of all these approaches Antunes (2008) proposes a revision of the central concept of the psychosocial approach ― partisanship ― in the light of current studies of social identity, trying to show, theoretically and empirically, that the reconceptualization of the concept of partisanship helps to explain situations where changes in electoral behaviour occur, maintaining the potential of the psychosocial model in understanding the stability of voting options. As we have seen, in its traditional sense, the concept of partisanship was modelled from the concept of reference group (Hyman & Singer, 1968; Merton & Kitt, 1950) ― paradigm of research groups led by social psychology in the middle of last century ― that emphasized subjective belonging to a group. Also relevant in this adaptation of research from social psychology to the study of voting behavior was the idea of anticipatory socialization, introduced by Merton and Kitt (1950) to define the situations in which the subjects chose a reference group to which they did not belong, acting according to what they perceive as being the standards of that group. The importance of this perspective of partisanship as a subjective belonging to a group is better understood if we consider that the psychosocial model of electoral behavior has emerged as a response to difficulties of the sociological model (Berelson, Lazarsfeld, & McPhee, 1954; Lazarsfeld, Berelson, & Gaudet , 1944) to effectively articulate the influence of belonging to social groups with the intervention of proximal factors. The sociological model, although it provides a plausible explanation for the fact that most people from one social group vote a certain way, can not explain, equally plausibly, the reason why people belonging to certain social groups do not vote according with the majority choice among members of these groups. By shifting the focus of the

membership belongs to the subjective lens, placing the definition of partisanship on the interaction between distal social factors and proximal economic variables, Campbell et al. (1960) solved this theoretical problem quite effectively. However, the decisive role of partisanship in the definition of the options to vote is challenged, because it appears that, contrary to the psychosocial model advocated, in each election a significant number of voters vote for a party other than that they identify with. In general, these critics use arguments which are based on rational choice theory (Downs, 1957), an approach focusing only on the influence of electoral proximal variables, namely economic factors.It is therefore in this context that Antunes (2008, 2010) reconceptualised the concept of partisanship using the actual approach that the social psychology make to the social identity to support the general hypothesis that the changes that occur in the electoral choices of voters are not unpredictable but likely to advance according to their partisanship. It is argued that the limitations of the traditional concept of partisanship rooted in its conception as a stable cognitive entity and not as a process of selfcategorization, dynamic and responsive to changes in the context, in which different levels of the same electoral identity coexist and are mutually interconnected (Oakes,1987, 2003, Reynolds, Turner, & Haslam, 2003; Turner, Hogg, Reicher, & Wetherell, 1987).

In this scheme, the categories available to the subject, ie, political parties, would be organized in each voter — what Antunes (2008) has called the subjective political field — depending on their ability to describe reality and its emotional significance and relevance to the subject. The category which became more frequently used, due to its.

More generally, it may be concluded that voting behavior is subject to the same contingencies as others important classes of behavior. Therefore, from a behavior analytic perspective, there are no valid reasons to accord voting behavior a privileged position among human actions, contrary to the views expressed by certain normative political scientists. In electoral as well other social situations, important deeds may have small causes (Max Visser, 1996).

Conclusion

Although it has received only paltry attention in sociological literature, survey attachment helps to explain support for voting behavior among Armenian citizens. These theories of voting behavior, however, fail to provide empirical support for some article's hypothesis.

Finally, the findings I report suggest that, this brief presentation of the main explanatory models of electoral behavior allows us to identify a complementarity between them. The sociological models value the contribution of social and historical contexts that gave rise to the emergence of political parties and that, according to this view, justify the party political divisions and the resulting behavior of voters; the rational or economic models that considers the crucial role in shaping the voting behavior is played by the evaluation of political and economic factors that characterize each election per se; the psychosocial models put emphasis on the relationship between these two types of factors (distal and proximal), a relationship that is mediated and moderated by the psychological link established between voters and political parties, ie, partisanship.

Acknowledgements

Notes

1. In this article I use the reports of the Institute for political and sociological consulting: **Armenia on the Eve of Presidential Elections, February 2013.** http://www.ipsc.am/en/reports?start=6

2. For several reasons, we do not believe that this article can totally explain the apparent differences in results between the studies.

3. We use also armenian newspaper articles.

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Polish Public Debt in 2000-2010

Abstract:

Public debt is currently one of the biggest economic issue in Poland. In the last few years, its proportions systematically increased. The debt of government as well as local government sector grew. The ministry of finances made various efforts to reduce the public debt by prior buying of liabilities and accounting manipulations.

Keywords: Public Debt, Government Sector, Local Government Sector, Demography

1   Introduction

In the first decade of XXI century, the permanent growth of Polish public noted was noted (see diagram 1). Already in 2000, it amounted to slightly more than 280 mld PLN only to reach 747,9 mld PLN (52,8% of national gross product).

In accordance with the European Union methodology (ESA 95), that is together with the debt of National Road Fund, public debt steadily remained at the level of 776,8, which amounted to 54,9% of national gross product

Diagram.1. Polish public debt within 2000-2010 (in mld PLN)
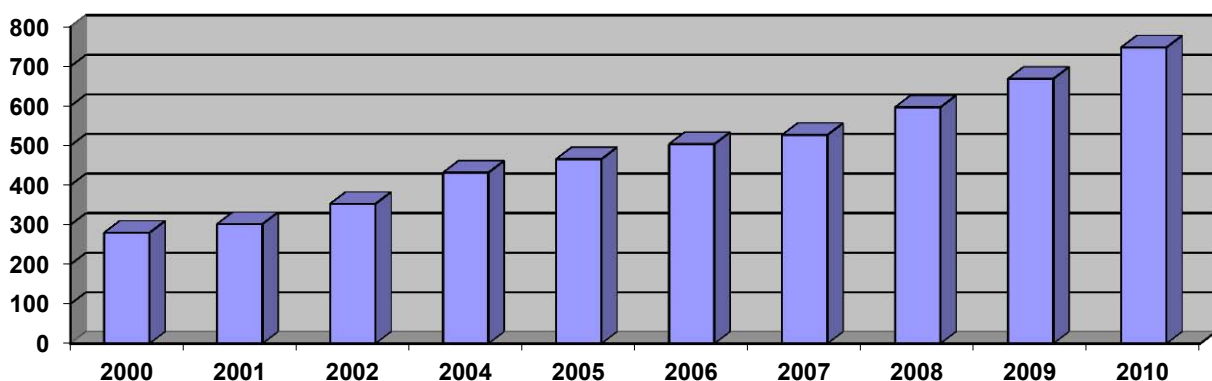
Source: Rocznik Statystyczny Rzeczypospolitej Polskiej 2003, GUS, Warszawa 2003, s. 535 - 536; Rocznik Statystyczny Rzeczypospolitej Polskiej 2005, GUS, Warszawa 2005, s. 628 - 629; Rocznik Statystyczny Rzeczypospolitej Polskiej 2007, GUS, Warszawa 2007, s. 626 – 627 oraz Rocznik Statystyczny Rzeczypospolitej Polskiej 2009, GUS, Warszawa 2009, s. 644.

In the recent years, the relation of public debt to national gross product (see diagram 2) deteriorated. At the end of 2010 it amounted to 54,9% exactly, that is only 0,1% less than the acceptable limit.

Diagram 2. Relation of Polish public debt to gross national product (in %)
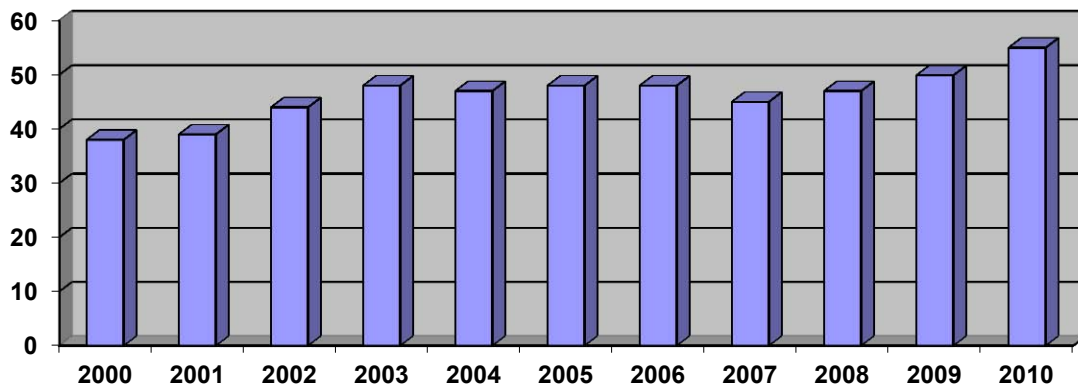
Source: my own work on the basis of the data by Eurostat and the Ministry of Finances

According to the data of Eurostat, among post-socialism countries being member countries of European Union, only Hungary had more disadvantageous relation of public debt to national gross product in 2010. Pain-staking details are presented in the following diagram.

Diagram. 3. Relation of public debt to national gross product in post-socialism countries which joined European Union
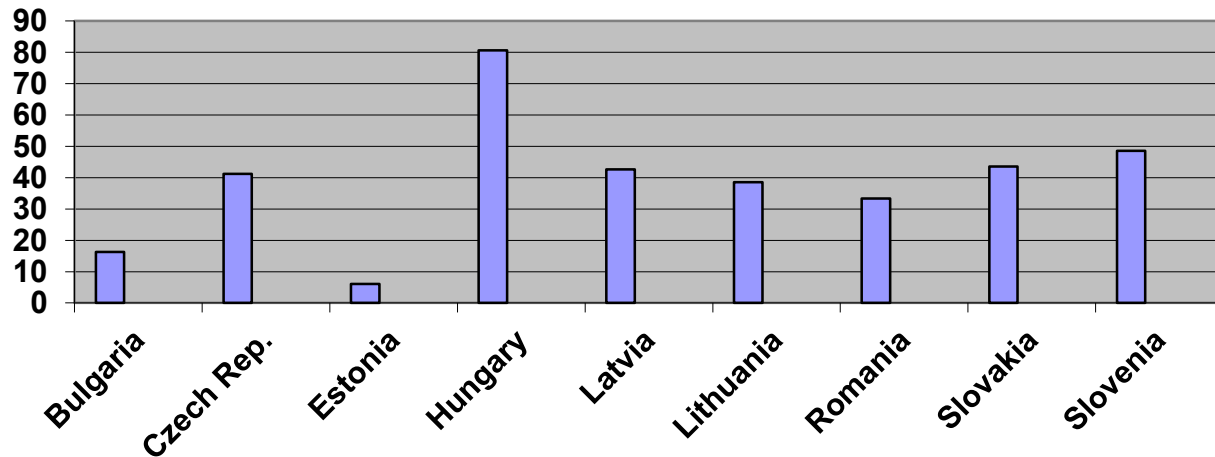
Source: my own work on the basis of the data by Eurostat.

In the whole analyzed period, in the structure of public debt, it was government sector debt that dominated. That debt amounted to over 94% of the whole debt. Furthermore, the public debt comprises the local government debt and the social insurance sector. The details are presented in the table 1.

Tab. 1. The public debt in Poland within (in mln PLN)

Particular years	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total	**280322**	**302106**	**353843**	**408631**	**432282**	**466591**	**504991**	**527442**	**597797**	**669881**	**747906**
I.government sector detb	**271096**	**291320**	**338572**	**392083**	**413887**	**439335**	**481708**	**500214**	**566907**	**623596**	**692362**
Treasury debt	265888	*282617*	*326770*	378505	402233	439335	476552	498963	565461	623390	691211
1.national debt	145053	183708	218213	250727	291031	313727	352328	377841	415718	453617	507011
1.1. SPW total	132985	176048	21237	245979	286888	311966	350354	380169	419423	462484	506984
SPW short-term	23442	35215	42030	48067	46900	24400	25800	22586	50403	47545	27966
SPW middle-term	79825	108050	130871	151335	145416	165800	157729	15168	139760	197810	243450
SPW long-term	29718	32782	39468	46577	94572	121766	167005	204415	229260	217129	235569
1.2. remaining debt	12997	8980	6995	5187	4771	3513	5156	240	779	460	27
2. Zagraniczny	120835	98909	108557	127778	111202	124689	126198	121122	149744	168773	194839
2.1. Treasury bonds issued onto international capital market	22537	23366	29187	44267	48462	83862	90639	92254	121156	134065	155468
2.2.foreign bonds	4463	7229	18829	39804	44894	79970	88878	90935	120148	133218	154588
2.3. bonds of the type Brady	18074	16136	10358	4463	3568	3892	1761	1319	1008	847	880
2.4. credits and loans in convertible currencies	98298	75542	79369	83511	62740	40827	35559	28868	28588	34708	39371
2.4.1. Paris Club	87725	64987	65960	67122	50255	25154	17941	10526	3173	326	307
2.4.2. European Investment Bank	1915	-	-	-	-	9340	11365	13042	19266	20846	22361
2.4.3. World Bank	7260	6934	7215	7477	4390	4735	4812	4093	4661	12386	15683
2.4.4. remaining	1398	3620	6193	8912	8095	1598	1441	1207	1488	1150	1020
II. government sector debt	**9225**	**10786**	**15270**	**16548**	**18393**	**20172**	**23283**	**24483**	**28115**	**39325**	**53525**
III. social insurance sector debt	**3125**	**-**	**-**	**-**	**-**	**7084**	**5060**	**2745**	**2775**	**6960**	**2019**

Source: my own work on the basis of: Mały Rocznik Statystyczny Polski 2010, GUS, Warszawa 2010, s. 441 – 442; Mały Rocznik Statystyczny Polski 2011, GUS, Warszawa 2011, s. 442- -444; Rocznik Statystyczny Rzeczypospolitej Polskiej

2003, GUS, Warszawa 2003, s. 535 - 536; Rocznik Statystyczny Rzeczypospolitej Polskiej 2005, GUS, Warszawa 2005, s. 628 - 629; Rocznik Statystyczny Rzeczypospolitej Polskiej 2007, GUS, Warszawa 2007, s. 626 – 627 and Rocznik Statystyczny Rzeczypospolitej Polskiej 2009, GUS, Warszawa 2009, s. 644.

Public Finances Committee ratified 20 October 2010, the changes being about to hold in 2011 the level of debt below the threshold of 55% in relations to national gross product. These changes comprised:

- The growth of VAT (value added tax) to 23 and 8% and determining the common rate for food at the level of 5%

- The reduction of funeral payment

- Abolishing the right for the free-of-charge transfer of property of the Agricultural Property Agency (among others to the State Forests, Polish Academy of Sciences, public shools, local government and those governing special economical spheres).

According to the estimates by the government, the increase of VAT will bring the additional 5 mld PLN of revenues and the concomitant changes should bring the amount of similar value[1].

Furthermore, from 2011, a few public institutions will be obliged to deposit all their disposable financial resources to the account of the Minister of Finances. According to the predictions, that action will decrease by 1,3% the relation of debt to national gross product. That consolidation is bound to decrease the crediting needs[2].

The Polish government also attempted other moves aimed at the reduction of the debt or at least the improvement of its statistical appearance. In September 2010, Poland appealed to European Commission with the claim that the assets collected in Open Pension Funds should not be included in the debt amount. Such a classification of public debt would allow for- in the case of Poland- reducing it by about 15% of national gross product as well as it would allow for easily satisfying the criterion of convergence from Maastricht, being one of the preconditions to join the Euro zone[3]. Polish claim was supported by 8 countries- including the remaining countries belonging to the so-called Visegrad group (Czech Republic, Slovakia and Hungary). One of the main opponents of the claim was Germany, which feared any softening of the rule of calculating the debt lest the precedent which could be taken advantage by the representatives of other countries in the future[4].

Polish claim was rejected. 22 October, 2010, The Minister of Finances got the refusal letter concerning the issue of not including the cost of the pension reform in the public debt[5]. However, Polish party did

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[1] G. Górniewicz, Dług publiczny. Historia, teraźniejszość, przyczyny i perspektywy, Oficyna Wydawnicza Mirosław Wrocławski, Bydgoszcz 2012., s. 206.

[2] A. Glapiak, Ograniczyć tempo przyrostu długu, „Rzeczpospolita" 2010, nr 254, s. B7.

[3] G. Osiecki, Albo OFE, albo strefa euro, „Dziennik Gazeta Prawna" 2010, nr 177, s. A4.

[4] A. Słojewska, Polska twardo walczy o lepsze statystyki, „Rzeczpospolita" 2010, nr 218, s. B2 – B3 oraz R. Woś, Czechy, Słowacja i Węgry razem o OFE, „Dziennik Gazeta Prawna" 2010, nr 204, s. A9.

[5] Nie będzie zmian w liczeniu długu, „Rzeczpospolita" 2010, nr 249, s. B3.

not resign from the claim. ...” Poland will show its stand in relation to the issue of public debt at the forthcoming summit of EU. The answer by European Commission to our claims does not satisfy us”…, the spokesman for the department of finances, Magdalena Kobos, said to PAP[6].

A few weeks later, the Polish government managed to achieve some success. In accordance with the agreement dating back to the first months of 2011, European Commission was to present the rules on the basis of which the costs of pension reform shall be included in the estimate of the budget situation not only of Poland but also of the remaining member countries of EU[7].

Half way through March, there was the ultimate decision taken. European Commission will not take into account the cost of the pension reform while judging the public debt but th e budget deficits shall be mildly treated. If in a given country the deficit in relation to national gross product slightly exceeds 3% but there is a considerable pension reform conducted, then there will be no excessive deficit procedure conducted. Yet, it was not determined which amount is meant[8].

According to International Monetary Fund, if Polish government genuinely wanted to reduce budget deficit, the actions taken in the second half of 2010 should have been extended. The continuation of the pension reform was necessary as well as the introduction of the fixed rule regulating government spendings[9].

Despite the critical judgment International Monetary Fund provided Poland, in December 2010, with the increased Flexible Credit Line- from 21 to 29 mld USD. That Line is a financial instrument preventing the spread of financial crisis in the countries having solid economical basis. Besides Poland, only two countries got the access to such a kind of credit

(Columbia – 3,5 mld USD i Mexico – 47 mld USD). The Ministry of Finances ensured that Poland- as in the case of previous Lines- does not intend to make use of acquired financial means but regards tchem as a precautionary measure against the external economic risk. It is to be emphasized that having Flexible Credit Line is not free of charge. In the case of the previous Line (21 mld USD), Poland had to pay 52 mln USD to International Monetary Fund. The new rate was not revealed[10].

At the beginning of 2011, the number of Flexible Credit Line increased to 13 countries[11].

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[6] http://biznes.onet.pl/polska-przedstawi-stanowisko-dot-liczenia-dlugu-na,18543,3742039,1,news-detal

[7] A. Fandrejewska, Dług i deficyt bez zmian, „Rzeczpospolita” 2010, nr 290, s. B2.

[8] A. Słojewska, Ulga za OFE tylko w deficycie, „Rzeczpospolita” 2011, nr, 62, s. B5.

[9] E. Glapiak, MFW zachęca rząd do głębszych reform, „Rzeczpospolita” 2010, nr 255, s. B7.

[10] E. Glapiak, Większa polisa z MFW, „Rzeczpospolita” 2010, nr 300, s. B2 – B3.

[11] Największą elastyczną linię kredytową w MFW posiadały: Meksyk (119 mld USD), Grecja (43,5 mld USD), Irlandia (32,6 mld USD) i Polska 29,7 mld USD). Ponadto linie tego rodzaju miały następujące kraje: Węgry, Rumunia, Kolumbia, Ukraina, Egipt, Islandia, Jamajka, Jemen i Kosowo. D. Walewska, Trwa wyścig do sterów w MFW, „Rzeczpospolita” 2011, nr 111, s. B4.

At the end of 2011, the Ministry of Finances announced that from the following year public debt should be calculated in a different manner to the one before. Annual average rate of exchange will be taken into consideration- not the rate valid 31 December- as it happened before. If those rules had been valid already in 2011, the debt would have decreased by about 23 mdl PLN. The Ministry of Finances was also planning the reform in the rules of calculating net debt. It would involve the exclusion from the debt of the borrowed money which is deposited onto the account and has not been used at a given period[12].

The plans by the Ministry are to be regarded as the next additional precautionary measure against the debt exceeding the threshold of 55% of national gross product. According to the former Minister of Finances, Mirosław Górnicki, it was a typical accountancy moves.

On the other hand, other experts- including Janusz Jankowiak (the major economist of the Economic Interest Group) posit that the changes might be useful because of the reduction of Polish currency speculation[13].

The table below presents the changes in external debt of the public finances sector in Poland according to the so-far method and to the method suggested by the Ministry. It transpires that if the latter form of calculation had been used so far, it would have been profitable from the point of view of the relation of debt to national gross product. The only exception would be year 2008.

In the first half of December 2011, the Ministry of Finances conducted the transactions of the purchases of foreign Treasury bonds and they were remitted. On the secondary market, the bonds with the maturity date in 2012 were purchased.:

- Foreign currency bonds in USD of the maturity age 3 July 2012 r. – the purchase of the value 37,1 mln USD,

- Foreign currency exchange in Euro of the maturity age 12 March 2012 r. the purchase of the value 6,0 mln EUR[14].

At the end of 2011, the rating of Polish bond had quite a healthy appearance. All the rating agencies regarded the prospects as stable.

In the second half of December 2011, Treasury bonds amounting to 2,25 mld PLN were purchased before their maturity date. Their maturity date was February, March and May 2012. The Ministry of Finance decided to make use of the financial means it had at its disposal and thus reduce at the end of the year the amount of public debt. The purchase reduced the debt by 0,15% of national gross product[15]. A similar operation was conducted 27 December. On that day the Ministry of Finance

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[12] E. Glapiak, Rząd inaczej policzy dług, „Rzeczpospolita" 2011, nr 274, s. A1.

[13] E. Glapiak, Inna metoda liczenia, niższy dług państwa, „Gazeta Giełdy Parkiet" 2011, nr 272, s. 10.

[14] Komunikat o odkupie obligacji zagranicznych zapadających w I poł. 2012 r. (http://www.mf.gov.pl/dokument.php?const=5&dzial=207&id=278655&typ=news)

[15] A. Fandrejewska, Polski sposób na dług, „Rzeczpospolita" 2011, nr 295, s. B2.

purchased the Treasury bond with the maturity date in February and March 2012, the bonds being tantamount to 2,49 mld PLN. The result of both tenders was the reduction of public debt by slightly more than 0,3% of national gross product[16] and thus putting away the danger of exceeding the prudence threshold at the level of 55% of national gross product. Also the economic growth in the last quarter of 2011 being bigger than preliminarily expected could have saved the situation.

To summarize, in the last four analyzed years (2007 – 2010), the gigantic increase of public debt was noted in Poland. Nominally, it was 4 times as big as during the decade in which E. Gierek ruled the country. Its relation to national gross product equaled 21% and it would have amounted to even 40% but for privatization and European Union aids. In the seventies, the relation of the increase in debt to national gross product equaled 24%[17].

The particularly disturbing is the fact that the increase in debt occurred even in spite of the selling of national property (the financial means acquired due to privatization of national enterprises should have resulted to the lesser national needs for credits). The government's actions aimed at reducing the rate of public debt increase are to be treated as accounting operations hiding the debt before the citizens of Poland and not as genuine reforms. The example of such operations is the debt of National Road Fund, which debt is included in public debt calculated by the European Union methodology. However, when we assume Polish law, that very debt is not included in the public debt. Another example is other suggested changes in the method of calculating the debt, which includes taking into consideration the annual average currency rate instead of the currency rate from the end of the year. It seems that in that very situation, one could at least consider some untypical solutions. Some part of economists[18] proclaim the opinion that some resource of the National Bank of Poland should be used to cover some part of public debt. It would require the common decision by the government, parliament, the president and central banks as well as not calling such an operation into question by the Constitutional Tribunal. However, such an idea does not appear realistic for political reasons.

For the future debt situation in Poland, demographic issues can be of utmost importance. As the data from the table below shows, in the nearest two decades, the number of inhabitants of Poland will systematically shrink and it will have reached the level of less than 36 mln people by 2035. The number of young people will drastically decrease (in the pre-working age) and so will the number of people in working age. Throughout the predicted period however, there will be a grow in the number of people in post-working age, that is the people taking advantage of pensions and disability pensions. That very phenomenon, also referred to as aging of societies, is going to lead to either the increase of Treasury debt or to the decrease of (anyway low) transfer payments or to both. The increasing share of elderly people in the number of all the inhabitants in a given society also raise suspicions as for their health and thus the necessary growth in spendings for medical and care services.

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[16] A. Kamińska, Dług Polski mniejszy, ale balansuje na granicy, „Rzeczpospolita" 2011, nr 301, s. B1.

[17] K. Rybiński, Zmarnowana dekada, „Forbes" 2010, nr 11, s. 10.

[18] G. Kołodko, Rezerwy na ciężkie czasy, „Gazeta Finansowa" 2011, nr 50, s. 4-5.

Another factor additionally weakening the demographic situation is and still will be in the nearest future the exodus of Poles abroad. According to the report „Polska 2030", Poles are the most mobile nation in the European Union. In the peak of those migrations (2007), the number of emigrants amounted to 2,3 mln people. Despite the fact that the economic crisis forced many people to return to their native country, 1,9 mln people still live abroad (the end of 2010). What is worse, it is usually young people that emigrate, while it can be immigrants that can be of some value to Poland. Yet, to attract them, the radical decrease of taxes on labour is needed.

The demographic situation is connected with the hidden debt, including also pension system, which is highly indebted in Poland. In the first half of 2001, more than 2 bn PLN was on the account of the National Insurance Company[19]. Actually, that money was already non-existent as it was spent to pay out the current pensions. Therefore, the payment of pensions in the forthcoming years will be severally threatened- even more when the number of people paying premiums will fall. On the other hand, one can count on the growth of gross national product, the revenues and the contributions paid.

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[19] A. Marczuk, Wielki dług ukryty w ZUS, „Dziennik Gazeta Prawna" 2011, nr 177, s. A1.

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Impact of Foreign Direct Investment on Exports-A Case Study of Pakistan

Abstract:

During past two decades Foreign Direct Investment (FDI) has become a key element of growth strategies of many developing countries around the world. In many respects flow of foreign capital in terms of FDI, as compared to foreign aid, has been much more effective as a source of transfer of technology, modern managerial skills and creating international marketing linkages. In view of the extended role of FDI in the economic growth, an analysis of impact of FDI on different economic variables has received global attention. The analysis of impact of FDI on exports of a host country is one such aspect being widely explored by the research scholars as well as different economic organizations. This paper examines the impact of FDI on exports of Pakistan at macro level using standard econometric techniques. In the study special attention has been paid to select the most appropriate time series data to minimise the likely distortions resulting from political and economic instabilities in the country. The results provide statistically significant evidence of positive impact of FDI on exports of Pakistan.

Keywords: FDI, Exports, Current Account Deficit, Granger-Causality, Cointegration, OLS Regression

JEL Classification: F210

INTRODUCTION

Foreign Direct Investment (FDI) has, to a large extent, replaced foreign aid as a source of finance for developing countries to bridge the conventional two gaps i.e .savings-investment   export-import gap. In the process FDI, instead of confining the production only to home country (or few developed countries), has globalised the production. As a result the total production by multinational is now significantly contributing towards the Gross Domestic Product (GDP) at world level. Currently, multinational corporations also dominate the world trade because of   their preference for intra multinational forms of trade. This trend might change over the years as enterprises of developing countries also attain technological and managerial maturity.

While growing and stable economies could attract multinationals to invest without much incentives, most of developing countries have to attract, at least at initial stage, by offering a number of incentives (particularly tax holidays) besides having conducive investment environment for FDI such as political and macroeconomic stability; liberal market driven trade, investment, and exchange rate policies and an overall friendly attitude towards foreign investors. FDI, in turn, is expected to bring the much desired investment, introduce new management and labour skills, better marketing techniques

(particularly linkages with world markets), introduction of new production techniques, introduction of new products, promoting exports, generating revenue by paying taxes to the government, creating employment opportunities etc.etc.

A somewhat failure of foreign aid at and other modes of transfer of capital from developed to developing countries to achieve the objective of sustained high GDP growth rate have also motivated the developing countries to attract FDI. As a result of friendly FDI policies in many countries during 1990s FDI growth around the world was over three times higher than trade (see for further discussion Meyer, 2003). It is important to mention that flow of foreign capital (including FDI) has also been considered a major cause of aggravating in many developing countries the current account deficit of balance of payments. The explanation for is most often very simple. While loans have to be repaid along with interest, FDI is associated with repatriation of profit. Interest payment on foreign loans and profit repatriated by the foreign firms certainly aid to current account deficit. In the context of FDI Thrilwall (1983 : 306) ,with the help of very simple example, argued that how with a 20 percent rate of return on investment the net outflow of profit would exceed the inflow of FDI by the end of fifth year. His hypothetical case shows that the accumulation of foreign assets exponentially increases the repatriation of profit. However, this is an over simplification of impact of FDI on current account balance of payments. It does not take in to account the likely savings of foreign exchange by way of import substitution and increase in exports directly as well as indirectly and likely increase in imports. (The impact of FDI on exports only is being investigated for Pakistan in this study). Calov et.al (1996) in his empirical study has observed that in many developing countries current account deficit has coincided with the inflow of FDI. Similarly, UNCTAD (2002) unambiguously mentions that an unregulated inflow of FDI could lead to serious balance of payments problem primarily because of excessive imports by multinationals and repatriation of profit. Despite these kind of apprehensions, FDI has now almost universally considered as an important instrument for rapid economic growth and transfer of technology. Moreover, instead of comparing only with repatriation of profit the impact of inflow of FDI is investigated on a much wider scale, such as GDP growth, transfer of technology, employment, distribution of income, government revenue, exports, imports, current account deficit, and integration with global economy etc.etc.

Pakistan has historically heavily relied on foreign aid to fill the conventional two gaps i.e. exports-import and savings-investment gaps. In fact for a number years the outflow of capital on this account has exceeded the inflow. Moreover, the flow of foreign aid from donor counties (particularly the major donor USA) has been highly politically motivated rather than guided by the economic growth strategies of Pakistan. As a result the objective of achieving long term sustainable economic growth with the foreign assistance could not be achieved.

In view of uncertainty in flow of foreign aid, rising external debt servicing, low domestic savings and persistence current account deficit, Pakistan started in late 1980s an aggressive policy of attracting Foreign Private Investment (FPI). It is, however, important to mention that FPI has been coming to Pakistan even in 1950s and 1960s though there was some concern as the repatriation of profit was exceeding with a big margin from inflow of FPI (see Griffin 1965: 616-617 and Planning Commission, Government of Pakistan's Fourth Five Year Plan document : 69). It was, however, in

1997 when Board of Investment. Government of Pakistan prepared for the first time a comprehensive foreign investment policy package to attract FDI. Salient features of this policy are as following:

a) Almost all the sectors (including agriculture, services, infrastructure, and social sectors) were opened for foreign investment allowing full repatriation of profit and investment.

b) Manufacturing sector prioritised in terms of ; (i) Value Added or Export Industries (e.g. exporting more than 80 percent of the product or having minimum value addition of 40 percent; (ii) High-Tech Industries (including solar, aeronautical, space, defence and information technology); (iii) Priority Industries (i.e. engineering, capital goods, chemical); and (iv) Agro Based Industries such as edible oil, seed production, livestock, poultry, feed, milk processing etc.

c) Change in labour laws favouring investors.

d) Relaxation in visa policy for foreign investors.

e) Rationalisation and reduction in taxes.

Successive governments have maintained these policies except a temporary restriction imposed on foreign exchange accounts during 1998 when sanctions were imposed on Pakistan after it it exploded nuclear devices. These policies did achieve the desired result and FDI increased many fold in the coming years. (For a very good and comprehensive overview of FDI policies of Pakistan see Khan and Khan, 2011).

The impact of FDI is multidimensional. A lot of literature is continuously emerging in this area. Initially, in view of success stories of some countries, a major thrust was to see the impact of FDI only on GDP growth. However, now it has been realised that the impact of FDI is much more complex with significant difference in its impact on different economic variables in different countries and FDI coming from multinationals of developed (e.g. Japan, Germany, USA) and newly emerging economies (e.g. South Korea, Taiwan, China). (This issue would be further discussed under Literature Review). As a result a number of studies have been conducted (and are being conducted) to analyse the impact of FDI on a much broader scale as productivity, current account deficits, exports, imports, different sectors of the economy, employment, distribution of income etc. etc. This paper attempts to analyse the impact of FDI on Exports from Pakistan. For this purpose the paper has been organised as following:

- Literature Review

- Data and Data Analysis

- Conclusion

LITERATURE REVIEW

As already noted research to analyse the impact of FDI on different economic variables has expanded exponentially during past decade. Jayachandran and Seilan (2010) provide a brief review of a number of studies discussed under following three categories:

(i)   FDI inflows Trade and Economic Growth;

(ii)   FDI inflows and Economic Growth; and

(iii)   FDI inflows and Trade

While a kind of consensus is emerging that FDI has a causal relationship with a number of economic variables, interestingly there is a very visible variation in terms of the extent of impact, direction of impact and in some cases having positive or negative association with the same variable in different countries. This clearly shows that it would take some time to have an appropriate and acceptable theory of impact of FDI on different economic variables.

Zhang (2005) in a comprehensive study, based on full sample of different kinds of industries, indicates that FDI contributed about 57 percent in export from China. According to him 'FDI have the predominant influence on China's export performance,………... In all cases, the FDI variable has relatively large and statistically significant coefficients [as explanatory variable for exports from China] (p/1)'. This is a very convincing recent evidence of positive and strong impact of FDI on exports. However, there is a need for further investigation to see whether FDI could be considered as the sole factor for increasing exports by such a big margin. It is well known that China has traditionally used its undervalued currency to promote exports (and FDI is benefitting from the policy). In addition undervalued currency has a positive impact on FDI as it reduces the cost of FDI in foreign currency and protects it from external competition in the host country. China is also experiencing a very high GDP growth for more about two decades and its export sector is a kind of leading sector for achieving this high GDP growth rate. In other words China would be dependent on rest of the world for its high GDP growth on two accounts i.e. FDI and exports. It would, however, require a much more intensive investigation to find out the real contribution of FDI. The dependency of China's export (and GDP growth) on FDI to such an extent might become a sign of weakness rather than strength. Moreover, foreign firms might be investing in China to use its export led growth policies as an incentive for investment to export rather than producing for domestic market. China has intelligently guided foreign firms to export rather than to concentrate on domestic market. In other words it would be misleading simply to conclude that FDI in itself is a major policy instrument of China for promoting exports. Despite these observations, the study clearly demonstrate that FDI could be a powerful instrument for strengthening the export sector of an economy if it is provided a supportive and friendly export oriented long term policy package.

Sharma (2000), using annual data (1970-1998), in a simultaneous equation model, did not observe a statistically significant relationship between inflows of FDI and exports of India. The study indicted other factors (e.g. exchange rate) are more important in promoting exports. In other words, FDI in India has primarily met domestic demand rather than exporting. Interestingly, in another study by Kuntluru et al.(2012) observed a negative relationship between FDI inflow and Pharmaceutical Exports from India. There is, however, no further explanation in the study for this rather unconventional negative relationship. One possible explanation could be that the raw material exported by the pharmaceutical industry is now being consumed by the foreign firms for production final products consumed locally. As a result there is decline in export of raw pharmaceutical products. There is a possibility that after meeting domestic demand of final pharmaceutical products these foreign firms will also export the surplus and gradually eliminate the observed negative association between FDI and export of pharmaceutical products from India. Moreover, there is a need to conduct a study at enterprise level,

find sources of raw material of FDI in pharmaceutical industry and investigate any change in the structure of exports of pharmaceutical products from India. A hasty conclusion of negative relationship between FDI and exports of pharmaceutical products, without adequate explanation, could be misleading. Anyway, such a result is another indicator of complex nature of impact of FDI on different economic variables in different economies making it more difficult to develop a common policy package for all the countries and all the sectors of the economy.

In case of Pakistan, Siddiqui et al. (2007) found a long term unidirectional negative relationship between inflow of FDI and current account of balance of payments (CAB). In the short run inflow of FDI has, however, shown no relationship with CAB. The long term negative effect is obviously could be the result of repatriation of profit arising from cumulative FDI. However, the study has not examined the impact separately on major elements of CAB e.g. exports, imports. Yousuf et al. (2012) empirically analysed the impact of FDI and found a negative relationship between FDI and exports. Uzmah et al. (2012) also indicated a statically weak but positive relationship between FDI and exports. A common weakness of these studies is neglecting the major economic disruptions taking place in Pakistan during the period for which the data has been analysed.

In over all terms the results of various studies examining the relationship between inflow of FDI and external sector (and its components) of Pakistan are not symmetrical. The results are widely different in different studies. Following seems to be the reasons for these variations:

(i)   Firstly, the difference in the size of sample and the period for which data has been analysed.

(ii)   Secondly, none of these studies, as already mentioned, have made an effort to select a 'normal' period which is free from major economic disruptions such as strong inward looking government policies, overvalued exchange rate, breakup of the country, nationalization of private sector enterprises etc.etc.

There is, therefore, a need to analyze the impact of FDI on exports of Pakistan by explicitly taking into account these factors or selecting a period where such disruptions minimal. This important aspect has been fully explained in the present study and discussed in sufficient detail in Data and Data Analysis section.

DATA AND ANALYSIS

FDI inflow has started soon after creation of Pakistan. However, during the period 1950 to 1980 the country has confronted major economic and political disruptions. It is unlikely that data for this entire period would provide a realistic economic relationship between FDI and exports. As already discussed, a randomly selected data in different studies, despite using same analytical methodology, did not produce consistent and identical results. Therefore, the rationale of not including the period before 1980 has been briefly explained below/

Though somewhat arbitrary, but based on some common features and events, the economic history of Pakistan could be classified for the periods:

-   1950 to 1959;

-   1960 to 1970 ;

- 1971 to 1979; and

- 1980 onwards.

After independence in 1947 the initial three years were primarily devoted to rehabilitation and overcoming the basic distortions of the economy caused by the partition of sub-continent as Pakistan and India. The decade 1950 to 1960 was the period of economic consolidation with heavy emphasis on Import Substitution Industrialization (a very popular economic growth strategy that time for rapid industrialisation and economic growth). Consumer goods industry was the target sector for starting the process of industrialization. During this period little attention was paid to manufacturing exports. A trade surplus of about $339 million was achieved during 1950 to 1955 by strict control on imports further boosted by the Korean War resulting significant high prices for raw cotton and jute exported from Pakistan. Under the Import Substitution Industrialization (ISI) policy of the Government, implemented with the help of strict control on imports and overvalued exchange rate, it was more attractive to invest and produce goods for domestic market rather investing in export oriented industries. There was hardly any role of FDI during this period in the economic growth strategies of Pakistan. The inflow of foreign capital (in terms of official foreign aid and not FDI) for increasing domestic investment had just started. Power (1963) provides an excellent analysis of the process of industrialisation for this period.

As a result of regime change (army take over in 1959) and flow of Foreign Aid from USA resulted in a significant increase in investment and GDP growth (above seven percent per annum) from 1960 t0 1965. Private sector with the support of direct government intervention, foreign aid and rigorous planning (Second Five Year Plan, 1960-1965) was used as an engine of growth. Exports during this period were encouraged through a mechanism of Export Bonus Scheme which was a kind of multiple exchange rate. Pak Rupee was, otherwise, highly over valued and discouraging all kinds of exports. Thus increase in exports was more dependent on government targeted promotion policy rather on some fundamental economic relationships. As against 1950s there was a major shift in investment policy .During 1960 to 1965 the share of foreign capital (as bilateral and multilateral aid) in total investment reached to 40 percent as against only about 14 percent during 1954-55. But despite this heavy reliance on foreign capital, FDI was not in picture as a tool for economic growth. War with India in 1965 brought a major disruption in flow of foreign aid and also forced the government to re-allocate its resources during Third Five Year Plan (1965-1970). The GDP growth was still impressive (about six percent per annum) during this period. However, the destruction of war significantly changed the growth momentum and also resulted in massive public unrest which ultimately ended with the separation of East Pakistan (now Bangla Desh) after another war with India in 1971. The separation of East Pakistan and cost of war fundamentally changed the whole economic fabric of Pakistan. The decade of 1960s for Pakistan was very abnormal and without significant inflow of FDI. Therefore, directly linking exports with FDI for this period would certainly produce unreliable results and misleading conclusion.

The decade of 1970s was also not a normal period. The separation of East Pakistan (now Bangla Desh) had totally changed the basic economic structure of Pakistan built during 1950s and 1960s. The regional trade between East and West Pakistan was a major instrument of economic growth strategies. East Pakistan (now Bangla Desh) producing Jute (a major export item (and a major source of foreign

exchange for financing imports), and with half of Pakistan's total population , a big market for the textile industry established behind the protective walls of Import Substitution Industrialisation policy during past two decades. The separation of East Pakistan forced the textile sector to look for other external markets for its survival.   The incoming government of Pakistan Peoples Party went for massive nationalization of almost all industrial and financial enterprises of domestic private sector. This was another big blow to the private sector. It is, however, important to mention that no foreign enterprise was nationalized. This could be considered a friendly gesture towards FDI, though it was because of danger of reprisal from the courtiers of origin of these enterprises. Despite this, somewhat, positive attitude the nationalization halted the momentum of growth of private sector and strongly discouraged both domestic and foreign firms to invest.   Another important policy change was a devaluation of Pak Rupee by 56 percent and abandoning the instrument of Export Bonus Scheme used for promotion of manufacturing exports from 1959 to 1971. The devaluation significantly changed the volume and structure of exports. The diversion of two major items (i.e. textile manufactured and rice sold in domestic market of 'East Pakistan' before disintegration of the country) to international market was made possible by the devaluation.   The takeover by another Military Regime in 1977 and policy of privatization, (of units nationalized in early 1970s) was a kind of complete reversal and   major change of economic policy of the past government. Thus the whole decade of 1970's was plagued with economic uncertainties for private sector. There was hardly any incentive and attraction for foreign investors to bring major investment in Pakistan during this period. The domestic private sector was also much interested to regain its control of the nationalized industrial units rather than to make further investment and bring FDI as joint venture. Apparently there is hardly a rationale to investigate (and expect) linkages in FDI and exports for this period.

It is important to mention that a number of studies have been conducted about Pakistan exploring the impact of foreign capital on different economic variables (e. g. GDP growth, savings, investment) for the period 1950 to 1980. All these studies have analysed only the impact of foreign economic assistance and not FDI. This is an indicator of insignificant and very little inflow of FDI. (See for example, Griffin 1965, Islam 1972, Brecher and Abbas 1972, Baqai and Brecher 1973, Awan, 1980, and Noman, 1997 /pp135-166).

In order to avoid the influence of the events briefly described above, for the present study data has been, therefore, used from 1980 to 2012. During this period, despite political changes (and a military takeover in 1999), consistency and continuity in policies towards private sector (particularly FDI) have been maintained by successive governments. (For a brief review of FDI policies of Pakistan see Khan and Khan, 2011). This is, to a large extent, a normal economic period over which foreign investors are expected of taking long term view to invest in Pakistan. A substantial increase in FDI inflow during this period supports this hypothesis. Government of Pakistan is now firmly committed to its FDI policies prepared and implemented by Board of Investment, Government of Pakistan. Moreover, the sample period of 32 years is also large enough for a meaningful statistical and econometric analysis.

For data on FDI and exports the study has basically relied on official documents of State Bank of Pakistan, Ministry of Finance and Board of Investment of Government of Pakistan. All the data is in current Million US $. Table-1 (and figure-1) provides an overall inflow (net) of FDI and volume of exports. It would be seen that net FDI has been continuously growing since 1980 and peaking during

2006-2007 (crossing $ 5 Billion per annum). A downward turn after 2007 seems to be the result of poor law and order situation and power shortage in the country. Exports, despite showing a long term upward growth, have never been impressive on trade account of balance of payments. On yearly basis coefficient of correlation between FDI and exports is 0.73 (also see Figure-1 for movement of two variables). Data, with little further simple descriptive analysis is presented in Tables 1 and 2 and Figures 1 and 2 .

FDI is highly concentrated in three sectors (i.e. Oil and Gas, Communication and Financial Sectors) of the economy (see Table-2 and Figure-2). These three sectors have attracted 67 percent of total FDI during 1980 to 2012. It is important to note that none of these sectors have a significant direct contribution in exports of Pakistan.

Before explaining the methodology of data analysis it is important to understand that how FDI could possibly affect exports. Blomström (1996) provides a brief but comprehensive review of the theoretical rationale of the effect of FDI on host countries (including exports). One linkage is explained in terms of standard theory of international trade where FDI increases marginal productivity of labour along with reducing marginal productivity of capital (a natural outcome of increase in supply of capital). FDI is thus a potential source of supplying modern capital intensive technology for developing countries like Pakistan, to produce better quality and kinds of products for international market. Thus FDI could simultaneously accelerate GDP growth and exports. Moreover, FDI also add to competition for domestic firms and force them to adopt efficient methods of production of international standards. The second approach (linking FDI with exports) emphasise the peculiar nature of multinational corporations (MNCs) possessing better managerial and organisational skills which are used more profitably in the host country (as compared to their own country) and exporting the product(s) in the already established markets. In the context of these two theoretical approaches Blomström (1996) concludes that while these theories are not mutually exclusive and ultimate impact of FDI in both cases would be the same, the transmission mechanism of impact is, however, different as following:

a) Trade related theories provide rationale to see direct impact of foreign private investment (both FDI and portfolio investment) on factors productivity, employment, capital flow etc.

b) Industrial organizational approach seeks indirect impact of FDI through creating forward and backward linkages, diffusion of technology, bringing new skills and knowledge, changing market structures and increasing competition in the host economy.

As discussed in Data section above, the focus of present study is to find the impact of FDI on exports broadly in a macroeconomic frame work where FDI is taken as independent and exports as dependant variable. In view of the limited scope of the study other possible variables such as real exchange rate, world GDP and GDP growth etc. have not been included in the econometric model explained below.

As already discussed, whatever is the rationale and explanation of impact of FDI (explained as 'a' and 'b' above) normally it is expected to have a positive relationship between FDI and exports. There might be, however, exceptions as revealed by a study for India (see section on Literature Review). And if such investment is too large (or there are many such cases) then the overall resulting impact of FDI on exports could be negligible/zero or even negative. Thus macro level studies should not be taken as final and only way to study the relationship between FDI and exports despite the fact that these do

provide important and useful information about the overall impact of FDI on exports. Therefore, besides investigating macroeconomic relationship, studies at sector, subsector and micro enterprise level are required for a complete picture of the relationship between FDI and exports of a country.

Before going for of ordinary least square (OLS) regression analysis to estimate the impact of FDI on exports, standard Granger-causality and cointegration tests have been applied on FDI and exports. The rationale of these tests is briefly explained below.

It is now well-established that without a Granger-causation OLS estimated parameters would be 'simply' a kind of correlation between two variables rather than explaining dependency of one variable on other. Granger-casualty tests the hypothesis whether one variable is useful in forecasting the change in other variable. In our case the time series variable 'FDI' would Granger–cause time series 'X' (exports) if it could be statistically established as explained below.

The test of Granger-causality works as illustrated in equation (1) and (2).

$$FDI_t = \alpha_1 + \sum \beta\, FDI_{t-i} + \sum \gamma\, X_{t-i} + u_1 \qquad (1)$$

$$X_t = \alpha_2 + \sum \beta\, FDI_{t-I} + \sum \gamma\, X_{t-i} + u_2 \qquad (2)$$

Results of the analysis indicate causality in both directions (i.e. 'X' depends on 'FDI' and 'FDI' depends on 'X'). It may be noted that the prime objective of this study is related to equation (1) only. However, equation (2) also provides useful information for further research in that direction. Results of the analysis are given in Table-3.

The results reject the null hypothesis (of no causality) and statistically prove causality between FDI and X (exports) in both directions.

Despite a statistically significant Granger-causality between FDI and Exports, this test alone is not that powerful to fully establish dependence of one variable on other. It, infact, only establishes that explanatory variable precedes the dependant variables- a necessary (but not sufficient) condition for an explanatory variable. For unbiased estimation of regression parameters another necessary condition is that the explanatory and dependent variables should be 'cointegrated'. (concept developed by Engle and Granger in 1987 and widely accepted). 'Granger-causality' and 'cointegration' together are considered sufficient and statistically powerful to establish that at least one variable depends on other. The concept of cointegration is briefly explained below.

A necessary condition for 'cointegration' is that the variables of equation estimated be integrated of same order. DF and ADF statistics are estimated to see if series are integrated of the same order. (See Dicky D.A and Fuller W.A., 1979 and 1981 for further explanation. Moreover, the concept of 'cointegration' is extensively discussed almost in all standard econometric books).

A very simple and straight forward explanation of cointegration is that if there is a relationship between two non stationary series of order one [I(1)], (say Y and X), and the residual of the regression equation

$$Y_t = \beta_0 + \beta_1 X_t + u_t \qquad (3)$$

are <u>stationary</u>, then the variables in question are cointegrated. The residual u_t are checked for stationarity by estimating equation (4).

$$\Delta u_t = \varphi u_{t-1} + e_t \qquad (4).$$

If the parameter 'φ' is significantly different from zero, only then 'u_t' would be stationary of order zero [I(0)] and the two series cointegrated. The OLS regression parameter will be accordingly unbiased. The central idea behind cointegration test is to find if a long-run relationship among the test variables exists.

Results of cointegration test between FDI and X (exports) are tabulated in Table-4

There is strong statistical evidence that FDI and X (exports) are cointegrated. The Granger-causality and cointegration tests together have provided statistically significant evidence that there exists a relationship between FDI and exports of Pakistan.

In order to further investigate and see the extent of dependence of export on FDI following different OLS regression equations have been estimated:

- Method: Ordinary Least Squares (OLS)

- Dependent Variable   X (Exports)

- Explanatory variables of Regression Equation-1   C   FDI

- Explanatory variables of Regression Equation-2   C   X(-1)   FDI   FDI(-1)

- Explanatory variables of Regression Equation-3   C   X(-1)   FDI(-1)

- Explanatory variables of Regression Equation-4   C   X(-1)   FDI(-1) FDI(-2)

- Explanatory variables of Regression Equation-5   C   X(-1)   FDI

 (C stands for constant and subscripts (-1) (-2) represent time lags)

The estimated parameters and important statistics are tabulated in Table-5 (full details of all Regression Equations are placed at Appendix):

Data analysis of the study consists of:

- A simple descriptive analysis;

- Granger-causality and Cointegration Tests; and

- OLS Regression Analysis.

Results and findings of the above analysis are discussed (in the same order) in this section, followed by a brief conclusion of the study.

A coefficient of correlation of 0.73 and the graph   (Figur-1) indicate a broad association between FDI and Exports. It is, obviously not enough to prove dependence of on variable on other and might spurious. The percent share of FDI under different economic group is of special significance. As discussed in Data Section, FDI in Pakistan is concentrated in Oil & Gas, Financial Sector and Communication not directly contributing towards exports of Pakistan. However, this kind of investment could be instrumental in promoting exports indirectly by reducing power shortage and providing efficient financial and communication services. Moreover, this could also be the result of scattered FDI in almost all other sectors of the economy; though relatively small in volume but might

have significantly improved quality of goods produced along with bringing modern marketing and management skills in the traditional export sector of Pakistan. As whole it seems that FDI has been mostly in areas where domestic investment is limited because of limited technical knowhow particularly the communication sector. Investing in power is primarily the result of opening the electricity generation to foreign investor with guaranteed price and purchase and a number of other lucrative incentives. Similarly Oil and Gas exploration have been a traditional area where many foreign firms are interested to invest. The domestic market is big enough to fully consume the output at a price linked with the international price.

The result of Granger-causality Test in both directions is of special significance. Despite statistical limitations (being viewed 'mere' as a proof that independent variable precedes the dependant variable) most often is considered necessary for further econometric analysis. The positive impact of FDI on export as indicated by the Granger-causality Test is rational and logical. This is line with the theme of study and fundamental hypothesis duly supported by the theory. The statistical evidence that two variables are also cointegrated has further strengthened the existence of this relationship, besides providing an evidence of long term equilibrium between FDI and exports. However, Granger-causality in other direction (that FDI depends on exports or exports precede FDI) is somewhat difficult to explain. One could argue that there might be instances that when a foreign firm starts exporting after meeting domestic demand, would need to expand its capacity by further investment. Another possible explanation for such linkage could be through GDP growth which also results in higher level of exports. A sustained high GDP growth associated with export growth attract FDI which further strengthen the GDP growth. Thus exports as a factor for attracting FDI is possible via GDP growth process. Extensive research studies have been conducted to develop a theory for motivation of MNC's decision to invest in foreign countries. It may, however, be noted that there is hardly any study linking FDI (as a dependent variable) with exports of a host country. The economic rationale of MNCs decision to invest abroad is much complex depending upon a number of economic, social and political factors. (See Bellak etl,2008 for an econometric model taking a number factors motivating MNCs to invest abroad.). Therefore, this little explanation that how export could attract FDI should be taken only as a 'hunch' to provide some reason for statistical evidence of Granger-causality.

The existence of cointegration between FDI and exports (along with positive Granger-causality) is much significant. This is a statistically strong evidence that FDI plays an important role in promoting exports from Pakistan though about two-third FDI is certainly producing goods and services for domestic market. This also suggests that FDI in Pakistan is mostly promoting exports indirectly by reducing power shortage and providing efficient communication and financial services.

The OLS regression analysis is the final analysis to precisely measure the impact of FDI on exports. As already mentioned, keeping in view the scope of the study, no attempt has been made to develop a full structural equation for exports including all relevant explanatory variables (and FDI as one such possible explanatory variable). Instead an effort has been made to evaluate a number of possible alternatives while focusing on FDI as the major explanatory variable.

Equatin-1 is a simple model to see dependence of exports on FDI (with intercept C). Both parameters are statistically significant with 't' *ratio* above the critical values at five percent significance level. Similarly the overall equation is statistically significant with very high *'F' ratio.* and *Adjusted R-*

Square of 0.52 indicating that the overall predictive power of equation is satisfactory. As such FDI is explaining more the 52 percent variation in exports. But a very low D.W. statistics (0.29) is indicating alarming level of positive serial correlation. As a whole the model is, therefore, not satisfactory.

In order to overcome the problem of serial correlation in equation-2, besides the previous two variables (FDI and Constant), FDI and exports (X) with one year lag are included in the model. As expected explanatory variable 'X' with lag has substantially improved D.W. statistics. D.W. statistics of 2.89 is, however, indicating some negative serial correlation. accordingly *'F' rati,* and *Adjusted R-Square* have also significantly improved the explanatory power as compared to Equation-1. But the coefficients for FDI and FDI(-1) are not statistically different from zero even at 10 percent significant level. A high and statistically significant parameter for export with a lag   (X(-1)) as explanatory variable is indicative of 'demonstration' effect of 'export culture' and might also be capturing the likely effects of other missing relevant explanatory variables such as real exchange rate, world (or trading partners) GDP growth etc. (In all other equations discussed below export with a lag has been included as explanatory variable having same rationale and explanation).

In Equation-3 only FDI and exports (removing FDI of Equation-2) have been used with a lag as explanatory variables. In terms of all the important statistics this model has produced comparatively much better and satisfactory results. A very high value of *'F' ratio (587)* and about 0.98 *Adjusted R-Square* are indicating that model as whole has significant predictive capability. The parameters for FDI (-1) and X(-1) are also significant at 10 percent and one percent significant respectively. Similarly, this specification has further reduced the problem of serial correlation with D.W. statistics of 2.66 (still suggesting little negative serial correlation). According to this model an investment of $ One Million, with a lag of one year, on average, would increase exports by about $0.42 Million.

Results of Equation-4 and Equation-5 have not been discussed as their results are statistically not much satisfactory (see Table-5 and Appendix).

CONCLUSION

The present study, as against a number of previous studies, has provided adequate and statistically significant evidence of positive linkage between FDI and exports of Pakistan. As a whole, if different studies are taken together, the results are somewhat conflicting and ambiguous. As elaborated in sufficient detail, a possible reason (in case of Pakistan) is the selection of time series data used for analysis. Moreover, the determinants of exports are much more complex and FDI could not be assumed as the only explanatory variable for predicting variations in exports. In view of conflicting results of different studies for Pakistan, a different approach is also required to analyse the impact of FDI on exports. For example, in a comprehensive structural equation for exports, FDI should also be used as an explanatory variable. Moreover, besides macro level studies, the linkage between FDI and exports should be examined at sector, subsector and micro enterprise level with full elaboration of both direct and indirect channels of transmission. Present study, therefore, be considered as a broad evidence of positive impact of FDI on exports of Pakistan.

Table1:   FDI and Exports of Pakistan

Year*	FDI [Million $]	Exports [Million $]
1980-81	35.00	2395.5
1981-82	98.00	2986.40
1982-83	42.10	2528.50
1983-84	48.00	2729.00
1984-85	70.30	2790.50
1985-86	146.20	2539.50
1986-87	108.00	3120.60
1987-88	162.20	3784.00
1988-89	209.00	4508.80
1989-90	216.20	4738.70
1990-91	246.00	5020.80
1991-92	335.10	6218.20
1992-93	306.40	6958.70
1993-94	354.10	6853.40
1994-95	442.40	6839.70
1995-96	1101.70	8172.60
1996-97	682.10	8707.14
1997-98	601.30	8388.60
1998-99	472.30	8704.00
1999-00	469.90	7849.40
2000-01	322.50	8635.70
2001-02	484.70	9265.10
2002-03	798.00	9204.70
2003-04	949.40	11210.60
2004-05	1524.00	12729.20
2005-06	3521.00	14494.50

2006-07	5139.60	16580.30
2007-08	5410.20	17138.30
2008-09	3719.90	19779.70
2009-10	2205.70	17951.30
2010-11	1739.00	19547.00
2011-12	812.60	22600.00

Source: Handbook of Statistics of Pakistan Economy,2012   and various issues of Economic Survey of Pakistan.

Table 2: Distribution of FDI by Economic Groups

(1980-2012)	
Oil & Gas Exploration	16%
Communication	31%
Financial Business	20%
All other Sectors	33%
Total	100%

Source: *Handbook of Statistics of Pakistan Economy, 2012   and various issues of Economic Survey of Pakistan*

Table-3   Causality Test FDI And X

Pairwise Granger Causality Tests

Sample: 1980 2011

Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
X does not Granger Cause FDI	30	6.84236	0.0043
FDI does not Granger Cause X		6.43284	0.0056

Table-4 Cointegration Rank Test				
Sample (adjusted): 1982 2011				
Included observations: 30 after adjustments				
Trend assumption: Linear deterministic trend				
Series: FDI X (i.e. exports)				
Lags interval (in first differences): 1 to 1				
Unrestricted Co integration Rank Test (Trace)				
Hypothesized		Trace	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.716109	38.82846	15.49471	0.0000
At most 1	0.034508	1.053535	3.841466	0.3047

Trace test indicates 1 cointegrating eqn(s) at the 0.05 level

* denotes rejection of the hypothesis at the 0.05 level

**MacKinnon-Haug-Michelis (1999) p-values.

Table-5 Summary Results of OLS Regression Analysis

Equation-1 Variables and Parameters:

Constant   5526.321   6.732823- t Statistic

FDI   2.683   5.717351- t Statistic

Ad-R Squared 0.521440   F- Statistic 32.6880   D.W. Statistic 0.29

Equation-2 Variables and Parameters:

Constant   449.0663   1.391264 - t Statistic

FDI   0.252519   1.083885- t Statistic

FDI(-1)   0.174907   0.621234- t Statistic

X(-1)   0.956665   18.93214- t Statistic

Ad-R Squared 0.975210   F- *Statistic* 394.3931   D.W. Statistic 2.89

Equation-3 Variables and Parameters:

Constant   520.5854   1.642515- t Statistic

FDI(-1)   0.416480   2.413386- t Statistic

X(-1)   0.949851   18.88561- t Statistic

Ad-R Squared 0.975056   F- *Statistic* 587.3354   D.W. Statistic 2.66

Equation-4 Variables and Parameters:

Constant   425.1027   1.133500- t Statistic

FDI(-1)   0.562817   2.300091- t Statistic

FDI(-2)   -0.242891   -0.830986- t Statistic

X(-1)   0.974347   15.55173- t Statistic

Ad-R Squared 0.973771   F- *Statistic* 359.8806   D.W. Statistic 2.84

Equation-5 Variables and Parameters:

Constant   364.4637   1.259321- t Statistic

FDI   0.367090   2.607446- t Statistic

X(-1)   0.974861   23.93902- t Statistic

Ad-R Squared 0.975754   F- *Statistic* 604.6574   D.W. Statistic 2.96

Note: For econometric analysis Eview-7 Econometric Software used

Figure1:   FDI and Exports of Pakistan
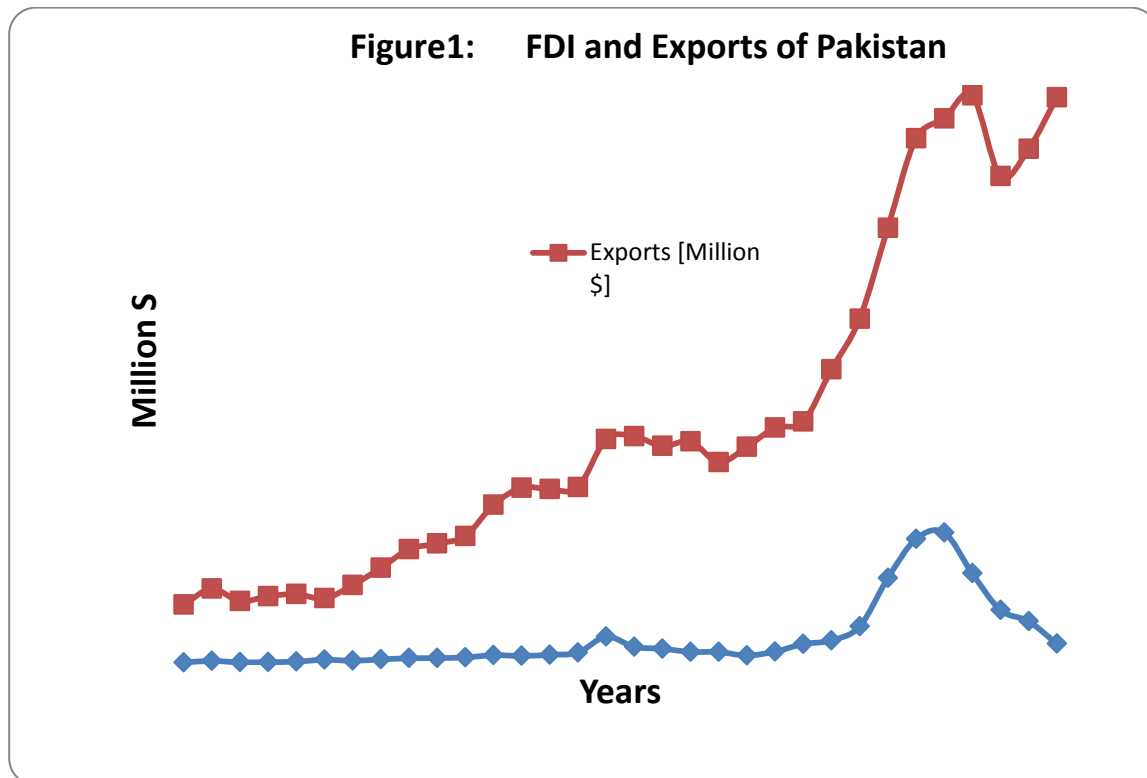
Figure 2: Distribution of FDI by Economic Groups

- Řady1; Oil & Gas Exploration; 16%; 16%
- Řady1; Communication; 31%; 31%
- Řady1; Financial Business; 20%; 20%
- Řady1; All other Sectors; 33%; 33%
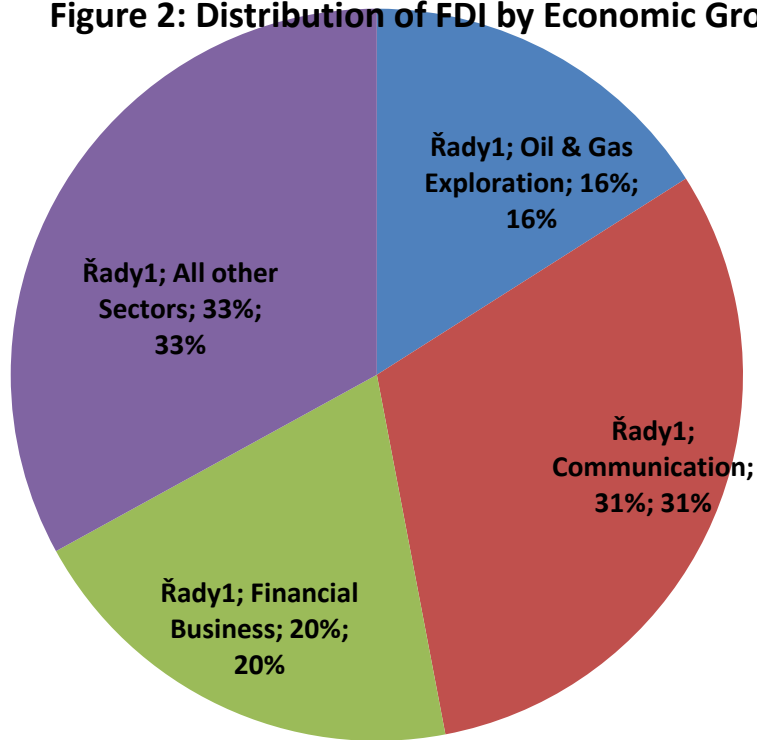
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Appendix

REGRESSION ANALYSIS

Equation-1

Dependent Variable: X

Method: Least Squares

Included observations: 32

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5526.321	820.8029	6.732823	0.0000
FDI	2.682816	0.469241	5.717351	0.0000

R-squared	0.521440	Mean dependent var	8273.936
Adjusted R-squared	0.505488	S.D. dependent var	5352.707
S.E. of regression	3764.106	Akaike info criterion	19.36487
Sum squared resid	4.25E+08	Schwarz criterion	19.45648
Log likelihood	-307.8379	Hannan-Quinn criter.	19.39524
F-statistic	32.68810	Durbin-Watson stat	0.295905
Prob(F-statistic)	0.000003		

Equation-2

Dependent Variable: X

Method: Least Squares

Sample (adjusted): 1981 2011

Included observations: 31 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	449.0663	322.7758	1.391264	0.1755
X(-1)	0.956665	0.050531	18.93214	0.0000
FDI	0.252519	0.232976	1.083885	0.2880
FDI(-1)	0.174907	0.281549	0.621234	0.5397

R-squared	0.977689	Mean dependent var	8463.563
Adjusted R-squared	0.975210	S.D. dependent var	5330.807
S.E. of regression	839.3222	Akaike info criterion	16.42298
Sum squared resid	19020469	Schwarz criterion	16.60801
Log likelihood	-250.5562	Hannan-Quinn criter.	16.48330
F-statistic	394.3931	Durbin-Watson stat	2.892850
Prob(F-statistic)	0.000000		

Equation-3

Dependent Variable: X

Method: Least Squares

Sample (adjusted): 1981 2011

Included observations: 31 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	520.5854	316.9441	1.642515	0.1117
X(-1)	0.949851	0.050295	18.88561	0.0000
FDI(-1)	0.416480	0.172571	2.413386	0.0226

R-squared	0.976718	Mean dependent var	8463.563
Adjusted R-squared	0.975056	S.D. dependent var	5330.807
S.E. of regression	841.9381	Akaike info criterion	16.40106
Sum squared resid	19848075	Schwarz criterion	16.53983
Log likelihood	-251.2164	Hannan-Quinn criter.	16.44629
F-statistic	587.3354	Durbin-Watson stat	2.663694
Prob(F-statistic)	0.000000		

Equation-4

Dependent Variable: X

Method: Least Squares

Sample (adjusted): 1982 2011

Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	425.1027	375.0356	1.133500	0.2673
X(-1)	0.974347	0.062652	15.55173	0.0000
FDI(-1)	0.562817	0.244693	2.300091	0.0297
FDI(-2)	-0.242891	0.292293	-0.830986	0.4135

R-squared	0.976484	Mean dependent var		8665.831
Adjusted R-squared	0.973771	S.D. dependent var		5299.565
S.E. of regression	858.2860	Akaike info criterion		16.47132
Sum squared resid	19153026	Schwarz criterion		16.65814
Log likelihood	-243.0698	Hannan-Quinn criter.		16.53108
F-statistic	359.8806	Durbin-Watson stat		2.842716
Prob(F-statistic)	0.000000			

Equation-5

Method: Least Squares

Sample (adjusted): 1981 2011

Included observations: 31 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	364.4637	289.4128	1.259321	0.2183
X(-1)	0.974861	0.040723	23.93902	0.0000
FDI	0.367090	0.140785	2.607446	0.0145

R-squared	0.977370	Mean dependent var		8463.563
Adjusted R-squared	0.975754	S.D. dependent var		5330.807
S.E. of regression	830.0676	Akaike info criterion		16.37266
Sum squared resid	19292343	Schwarz criterion		16.51143
Log likelihood	-250.7762	Hannan-Quinn criter.		16.41789
F-statistic	604.6574	Durbin-Watson stat		2.967303
Prob(F-statistic)	0.000000			

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Cultural Impact on Internal Auditors' Ethical Decision Making

Abstract:

A comparative study of India and United Kingdom Auditing, like other professions, requires its members to make impartial and objective judgments. However, there has been consistent criticism about the quality of audits. Critics have documented numerous instances where auditors fell short of fulfilling their obligations to the society. A branch of the auditing profession that has strived for professional status in its own right is internal audit. Like other branches of the profession, the Institute of Internal Auditors (IIA) has a code of ethics which is designed to promote an ethical culture within internal auditing. The internal auditing profession is also affected by culture. Differing cultures and levels of economic development are likely to cause auditors to question the technical competence since a wide gap may exist in the sophistication of auditing standards and accounting principles between developed and developing countries. The recurrent non-compliance with international auditing standards may be attributed to cross-cultural factors. Cultural differences in financial disclosures, which should play a pivotal role in the formulation of international accounting standards, are not given enough consideration. The impact of the cultural environment in financial statements indicates that cultural differences within economically developed countries will dictate differences in the development of accounting and auditing principles in these countries. Western management systems may not work well in Asian cultures, and norms of ethical business behaviour vary widely across capitalist nations. Whistleblowing, in particular, may be affected by culture since perceptions of right and wrong, justice, morality and loyalty can differ across countries. Similarly, the effectiveness of a code of conduct may be influenced by cross-cultural differences that shape perceptions about ethical dilemmas. What may be considered legitimate in one culture may be considered corruption in another culture, and this lack of common understanding makes combating international corruption difficult. For example, what is thought of as a gift in Japan could be construed as a bribe in the USA. Despite the critical importance of ethics to the internal audit function, little has been published in this area. Hence, the objectives of the present study are to explore internal auditors' sensitivity to ethical dilemmas and to examine whether culture can in fact impact their ethical decision-making. The data included in this study will be collected by means of a survey of Internal Auditors working in the India and UK in the public sector, using a cross-sectional design. Only a few studies have focused on the ethical decision-making of internal auditors and none of these examines the cultural issues in the context of internal auditors' ethical decision making ability. As a first step in this direction we contribute to the extant literature by examining if culture has an effect on internal auditors' ethical decision making abilities in Indian and UK environments. It would be really interesting to see which of the cultural dimensions have the most impact on internal auditors' ethical decision making.

Keywords: Culture, Ethics, Internal Audit

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The Views of Teachers Who Change Their Fields in 2012 on Their New Fields and Implementation

Abstract:

The purpose of this study is to investigate the views of the teachers who change fields and be implemented in new locations. In 2012 - 2013 academic year, planned to be implemented gradually as 4 +4 +4 model of education has brought many problems with it. Excess of classroom teaching, especially at the beginning of these problems, branch staffing, the number of hours per week and have increased the number of elective courses with the formation of the need for additional teachers. For this reason, the Ministry of Education made a decision to let teachers change their branches and change locations depending these change. In this study qualitative research methods, the interview and the interview in the standard open-ended interview style was used. In 2012, in the province of Elazig there were 48 teachers who worked there changed branches. Data collection tool in the universe as volunteer participants who want to answer and / or parts of the task can be collected from 31 teachers interviewed, and research is needed. The research conclusions include: The first of the major causes of change in the field of teachers or administrators still desire to be doing to keep their stewardship, and the latter, teachers, graduate students in the areas that they think they would be more useful. The teachers of 2/3 percent sufficient in themselves to new areas of their choice. The other 1/3 does not see the adequate level. Half of those surveyed in the wrong half of assessing the application considers positive change. Positive reviewers are administrators and they will continue to do so for the stone they have graduated from high school programs in the fields of teaching voluntarily and they will be sent to the area for the demobilization of the graduates of the class teacher, the students are interested in training and education at a next (current branch teachers, because this is the biggest deficiency) stated that they were satisfied; the negative reviewers who are except from located in their graduation branches are not strictly true either to the change in a few hours training course and go right to the low quality of the students bring passers-side areas are indicated.

Keywords:

Field, the change in field, satisfaction, 4 +4 +4 model of education, qualitative research, Ministry of National Education

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Examining the Dimensions of Organizational Learning in Primary Schools

Abstract:

Purpose: The purpose of the current research is to investigate the dimensions of organizational learning and to see whether there is a significant difference between public and private primary schools according to the teachers' perception. Research Method: The quantitative study was conducted employing a survey design in 24 public and 6 private primary schools which were selected by employing a stratified sampling technique from the European part of Istanbul in 2012. The surveyed participants were 606 teachers from these schools. In order to investigate the dimensions of organizational learning in primary schools, the Dimensions of Learning Organizations Questionnaire' (DLOQ) by Watkins ve Marsick (1996, 1997) was utilized as a data collection instrument. The quantitative data were analyzed in SPSS 17.0 by administering means, standard deviations, independent samples t-Test as well as factor analysis of the scale. Findings: Findings illustrated that, in both public and private primary schools, the highest level of organizational learning was found in team level; however, the lowest level of organizational learning occured in individual level. Findings also indicated that there is a significant difference between public and private primary schools, in favor of private schools, in all four levels of organizational learning. Conclusion and Discussion: One of our research findings that €in both public and private primary schools, the lowest level of organizational learning was found in individual level' overlapped with the previous research findings (TÄ¶remen, 1999), and (TÄĽrkoÄźlu & GÄĽÄ§lÄĽ, 2003). Moreover, there is a significant difference by school type in all four dimensions of organizational learning. This finding also supported the findings of the previous research by TÄ¶remen (1999) and Kale (2003). On the theoretical side, our research findings also proved the robustness of our research as they mostly concurred with the existing literature and they are also invaluable in extending the existing sparse literature of organizational learning in Turkish context. On the practical side, we recommend that especially in public schools, the principals should support teachers' personal development and individual learning. In the macro level, the Ministry of National Education should consider organizational learning as an educational policy in order to transform the schools into learning organizations as a requirement of the knowledge society.

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The Effects of Spousal Bereavement in Middle and Old Age on Depression

Abstract:

This study examines: (1) the effect of transition to spousal bereavement in middle and old age on depression, (2) the effect of living arrangement and parent-children relationship on level of depression and (3) whether the effect of spousal bereavement on depression is moderated by coresidence with children and parent-children relationship. Analyses are based on data from the first and second wave of KLoSA(Korean Longitudinal Study of Ageing), a stratified multi-stage probability sample of people aged 45 and over. Widowed persons reported higher levels of depression. Coresidence with children did not exert a significant main effect on levels of depression. But widowed persons' perception of parent-children relationship was associated with depression. Coresidence with children did not have a significant moderating effect, whereas parent-children relationship was a significant moderator. Findings suggest that working with widowed persons and their children to maintain good relationship may reduce bereaved persons' levels of depression, even if widowed persons do not live with their children.

Key words: Spousal bereavement, depression, coresidence with children, parent-children relationship, main effect, moderating effect
JEL Classification: I (Health, Education, and Welfare)

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The Impact of Foreign Direct Investment on Socio-economic Development in the Regions of the Czech Republic

Abstract:

This study analyses the impact of foreign direct investment (FDI) on socioeconomic development in the regions of the Czech Republic. The aim was to find reliable data for the years 2008-2012 in different economic and social areas and set ranking of all 14 regions. Altogether twelve indicators were chosen in order to assure the reliability of the study. The second step was to analyze the inflow of FDI coming from abroad to different regions of the Czech Republic. Then the socioeconomic development was assessed and the list of regions was made for each indicator, moreover it was ordered according the progress these regions have attained. Next overall rankings were created. Similar ranking was done for FDI as well. The values of each region are accompanied by short characteristics. Three regions proved to have rapid socioeconomic development. They are Ustecky, Liberecky and Moravskoslezsky regions. These regions are economically underdeveloped as well, which suggests that the weaker regions are in the process of convergention to the economically and socially stronger ones. Nevertheless rating of other regions proves the contrary. These results indicate the difficulty of highly developed regions to reach any significant progress compared to less developed ones. Finally, a positive impact of inflow of FDI on socioeconomic development to a certain extent was identified.

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Authentic Leadership and Proactive Behavior: A Moderated Mediation Model

Abstract:

This study developed a moderated mediation model to explore the effect of authentic leadership on employees' proactive behavior. Using 460 leader-employee dyadic samples in Taiwan, the results showed that both authentic leadership and identification with leader positively related to proactive behavior; meanwhile, the relationship between authentic leadership and proactive behavior was mediated by identification with leader as well as moderated by regulatory focus fit (a dyad both in high promotion / prevention focus) between followers and their leader. Specifically, the relationship between identification with leader and proactive behavior is moderated whenever both leader and follower were in high promotion or prevention focus orientation. Our data demonstrated that the positively direct and indirect relationships among authentic leadership, identification with leader, and proactive behavior were stronger for those employees who have high promotion or prevention focus fit with their leader. Finally, theory and managerial implications of these findings are discussed.

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Taksim Gunner Quarter Located at the Center of Gezi Park

Abstract:

The protests began on June 1, 2013 at Taksim that is one of the most important squares of Istanbul which is the biggest city of Turkey against to building Topçu Kışlası (Gunner Quarter) again to its previously same place in Gezi Park located into agenda of the country within a short time and continued either in domestic and overseas agenda for a long time. Construction of this building was begun in period of Selim 3 for gunner and transporter troops in 1803 and completed in 1806. It was fundamentally changed in period of Sultan Abdülaziz.

In this study, we will provide information about history of Taksim Topçu Kişlasi (Taksim Gunner Quarter) located at the center of Gezi Park Events and important features of the Quarter regarding to architectural and Arts of History will be provided.

Keywords: Taksim Gunner Quarter, Gezi Park, Gezi Park Events, Art History

1 Introduction

Taksim Pedestrianization Project was approved on 15 September 2011 with a unanimously accepted decision of İstanbul Metropolitan Municipality's City Council. This project was one of the campaign pledges of Ak Parti and the aim of the project is pedestrianization of an area in an amount of 98 thousand square meters by transferring the Tarlabaşı Boulevard and the Cumhuriyet Boulevard's vehicle traffic, and the roads in forefront of Atatürk Cultural Center and the roads around Taksim Cumhuriyet Monument to the underground. Also the Artillery Barracks of which there are no ruins today were once there in the same region and it is deemed suitable to construct a true copy of it for historical purposes.

The wall in a length of 3 meters along Asker Ocağı Street at Gezi Park was pulled down by İstanbul Metropolitan Municipality workers on 27th of May within the works of having historical Artillery Barracks regained by İstanbul under Taksim Pedestrianization Project. During these works, some of the trees in the park needed to be replaced. Thereupon, a group of protesters including approximately 50 people from Taksim Solidarity Group staged a sit-in in Gezi Park. Some groups put up tents in the park and decided to stay the night there. These groups were intervened at 5 o'clock towards morning. In the forthcoming days, due to the rigid intervention of police and due to the support of some members of parliament from opposition, the works done in the park were stopped and the number of protesters increased.

In the following days, the park was taken out of service and some modification works in the landscape were started by İstanbul Metropolitan Municipality. The works to be made were announced as the

expansion of park area, modernization of sitting equipment together with the garden equipment for children, and demolishing of the shops along the street to be able to prepare an expansion area for the park.

Human rights Foundation of Turkey expressed that 3 thousand 584 people were detained, 121 people were arrested due to their protests in favor of Gezi Park, and 5 people and one police cop had been died during demonstrations.

2   ARTILLERY BARRACKS IN TAKSIM AND ORIENTALIZM

Artillery Barracks in Taksim was constructed for artillery and transport troops then but nowadays there are no ruins there. It was a unique building surveyed under Orientalist Architecture.

Orientalism is a trend in Western European Architecture and it may briefly be defined as a concern or interest for exotic eastern. This interest at first hand provided some material for the painters in France, United Kingdom, Germany, and Austria.(Inankur, 1994:1389) Impressive colors and sun, abstract reflections and the delicacy of Islamic Architecture, liveliness of palaces, streets, and markets, attractive clothing of Islamic world, out-of-step behaviors of the people, ceramics, carpets, cages, and glittering surfaces of the material around were very attractive for the painters and the main aim of the painters were to be able to document all of these in detail. In time, this trend spread in literature and architecture. Orientalism in architecture played an active role with the transform of trade relation into stylistic relation.(Saner, 1988: 6-7,32,40,41,44-46) The orientalistic trend born in Western European Architecture developed with reciprocal visits and global exhibitions and came into view in the capital city of Ottoman Empire within second half of 19th century.

Orientalism found its own sense within western or westernized frame of the Ottoman Architecture. This new trend had been using patterns from eastern and western Islamic countries architecture although its origin was Western Europe. The contribution of Far East to the Ottoman Architecture is limited. Indian impact is limited with characteristic domes and towers. The impact of Persian or Memluks cannot go beyond a few patterns. There are also some anonymous Orientalist patterns not relating to a definite Islamic trend. Apart from all these, the Moresque patterns that are mainly identified with patterns of the Al-Hambra Palace in Granada-Spain within European Eclecticism are predominantly observed. Mainly the frontage and the indoor styles of the Orientalist patterns in İstanbul were influenced with the styles of al-andulus.

Orientalistic trend finds its own sense in the western frame of the Ottoman Architecture and the orientalistic building elements mainly include column caps and arches. Two column caps are characterized one of which is decorated with herbal patterns and the other one is decorated with muqarnas patterns. The arches may be categorized mainly as horseshoe arch, bulbous arch, and cusped arch. The horseshoe arch is formed like a hemicycle that abutments continue with the same or different bevels and ends with a sharp key point. Cusped arch is formed by filling its arch scan with nesting arches. Other elements of an Orientalist building are the lacy network decoration and the tower. The surfaces are decorated with patterns that arouse the feeling of a cage at lacy network decoration. The inner parts of the "baklava shaped" gaps that are in unique sizes are also divided into parts with the same sense.

The monumental buildings are constructed with towers or tower shaped elements in this orientalistic trend to underline the monumental effect. The towers are constructed only at two sides of front part of the building and not at four sides of the building. The bulbous domes at the upper part or at the cap of these towers are the common design nearly in all patterns and they support Orientalist affect in design.

Eremya Çelebi mentions about cemeteries along two sides of the road from Taksim to Pangaltı. The Latin Cemetery that is named as "Champ de Morts" by Latin oriented people is a place where the dead people due to plague had been buried since 1561. (Kömürciyan, 1988:242) This cemetery in which the dead people were buried between 1615 and 1852 was one of the places where Catholic Armenian citizens had buried their dead people until the first half of the 19th century since they did not have a cemetery in the region and the other cemetery for them was the Pangaltı Armenian Cemetery where many of their burials had taken place. As can be seen from the narrations of Eremya Çelebi above, the place where the Gezi Park is placed today was used as an Armenian Cemetery before. In 19th century, since new functional buildings and urban areas were needed, the region was expropriated, then dwindled and disappeared in time.(Alioğlu, 2013:3-4)

The Artillery Barracks in Taksim was built to serve artillery and transport troops. The construction was started in 1803 and completed in 1806 during the period of III.Selim. The Barracks were destroyed during Kabakçı Mustafa Revolt at II.Mahmut period and reconstructed by Architect Hafız Mehmed Emin Ağa in 1812.(Kubilay, 1994:274) The Barracks were radically and comprehensively reconstructed during Abdülaziz period. The Orientalist patterns were added during this reconstruction. Thereafter, the Barracks ever lost their functions and its yard was used as a stadium between 1921 and 1939 and the Barracks were demolished in 1939 and transferred into a park with the name of "İnönü Gezisi".(Bilsel, 2010:356)

Artillery Barracks comprises a quadrangle. The corners are highlighted with juts and concretized by holding them high and the center of sides are highlighted with monumental doors. The lower parts between the towers and the doors are plain in terms of decoration. The horizontal window lines are divided into vertical and symmetrical parts. Furthermore, the vertical elements are glutted higher over the decorative eaves fascia and the decorative effect of them is highlighted. Corner towers are built in triplex and the medium part of it is constructed longer so that it is surrounded with eaves fascia. Corner points are decorated with small towers having bulbous caps.

Monumental entrance comes to the forefront with its octagonal tower in two sides and with a gate decorated with a pediment in stages. The entrance-gate comprises two flats and the ground flat is lower than the upper flat. There are one each lancet window at free sides of octagonal towers and there are plates over them. The gate is placed behind a porch with seven spans. The biggest span in the center is a plain pass span although it shaped as an arch since the sides are rounded. There are horseshoe arches within little spans on both sides of the main span and there are lancet arches for the bigger spans. All arches supported with the corbels but not with column caps. There is a cornice decorated with muqarnas between the ground and upper flats.

There are lancet windows on each side of the towers at first flat. The surface above window is decorated with a cloverleaf and a round-arched window is placed there. There are columns between windows and there are perpendicular elements over their caps reaching to the eave. There are high

niches decorated with lacy network on the surface above the windows. There are sultanate emblems over the niches of center windows.

The wide span at the entrance and the two narrow spans in two sides of it is a design that is never met in Ottoman Architecture. The perpendicular elements over the column caps and the horseshoe and bulbous imitational arches are the "exotic" elements that take care of one at first sight.

The lacy network decorations over the niches above each window at first flat have been chosen and used from the decorations used at the buildings of Moresque and Spain. The vertical castellated ending elements at the eave level of first flat and the towers are only the patterns of Moresque and Andulus style. (Saner, 1988:79-81)

3   CONCLUSION

As a conclusion, Orientalism is a western trend originating from east and there are interesting traces of it left in a period of half century at the Ottoman Architecture. This new trend resulted in a new distinctive architectural style in the Ottoman Architecture and the most prominent and unique pattern of it is the Artillery Barracks.

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IPO Underpricing: evidence from Poland and Russia

Abstract:

In this paper the statistical procedures and techniques are presented for analysis of the variations in the East European countries concerning the impact of the pricing mechanism on IPO excess returns. A depiction of data and attributes for sample selection is exercised. The regression model includes five firms' specific variables such as offer price, equity value, sales, leverage, and total assets. The offer price remains, normally, lower than the stock's average closing price of five day when a company delivers public equity for the first time. There are several under-pricing theories like agency theory, asymmetric-information models and signaling one, by which different studies attempt to make clear these excess returns. It is concluded that some investors react excessively for the excess returns and this behavior is actable for emerging other theories. These studies detect the factors and confirm their effect.

1. Introduction

Initial public offering (IPO) is an important decision for any company which determines a new stage of its development. IPO allows the company to obtain plenty of advantages and preferences and, at the same time, requires refusing from those benefits and convenience that private companies have. IPO is one of the ways to raise funding for acquisitions, expansion or product development at low rates due to deserved reputation that public companies normally have.

IPO is usually characterized by high initial returns. Many researches investigate this phenomenon and in the recent year attention to initial excess return has been only increased. Ibbotson (1975) and Jaffe (1975) were one of the first who tried to find the key factors and realize why this happens and finally found some useful correlations. Later on Ritter (1984) advanced the research outcomes of Ibbotson and Jaffe and proves that the main impact on underpricing has the winner's curse problem.

In the modern research three main theories which explain IPO underpricing are stranded out: asymmetric information, agency and signaling ones. As a number of participants work in IPO process and each of them possess different degrees of information, A-symmetric information problem occurs. This theory was explored by such researches as Baron (1982), Rock (1986), Beatty and Ritter (1986) and others. The agency theory in IPO underpricing implies that underwriters and issuing companies have different objectives. Among authors who contributed significantly to studying this theory are Benveniste and Spindt (1989), and

Cornelli and Goldreich (2001). Loughran and Ritter (2001) examine the IPO underpricing in the internet bubble of 2000 invent the theory of lust hypothesis which elaborates the agency theory in some ways. The signaling theory explains underpricing as a means of transmitting the quality of shares to the market. The most contribution towards this hypothesis was made by Welch (1989).

This thesis investigates the impact of the pricing mechanism on IPO excess returns. Russian and Polish markets as ones of the most advanced in term of IPO in Eastern European region are selected for the analysis of this effect. The regression is conducted on the sample of 56 IPOs in Russian and Poland between 1988 and 2008. The average return of the 56 IPOs is 0.77286 and average initial return is 0.2121. The initial return for Poland is 0.2542 and for Russia is 0.1157. Therefore, it is concluded that the initial return of Polish companies is higher than Russian companies. Average offer price for the two countries taking together is 0.27 and average offer price of Polish companies are 0.1128 and average offer price of Russian companies is 0.6628 that is higher than the average.

In the regression five firms' specific factors such as offer price, equity value, sales, leverage and total assets are used. Further, it is discovered that out of two variables are not significant together and the size of offer is statistically significant. As a result it is concluded that offer price is not significant variable in the model.

From the output and regression analysis it is shown that the age of the companies, country of origin and the type of industry is less significant for IPO underpricing in the explored countries. As these two countries have the maximum frequency of IPOs among East European countries, it could be assumed that this result is applicable to others.

2. Literature review

The roots of Initial Public Offering sprout from the period of the Roman Republic. At that time publicani, legal bodies similar to modern joint-stock companies, issued shares and sold them at the over-the-counter market in the Forum. Since that time plenty of things at the IPO market have been changed, however the main concept left the same. In the 20th century a new wave of IPOs went round the world and many researchers have brought to notice this topic. As a result, much research has been done on IPO issues and this chapter will review the literature on them.

Initial Public Offering

The first sale of share by a private firm to the open market denotes as an Initial Public Offering or IPO. The initial step of this long process is a selection of an underwriter who will sell the shares. Underwriting firm helps the company to define the best offering price and the period to sell shares to the public. Companies choose to go public instead of issuing debt or going tick because the capital raised through IPO does not have to be repaid. However, at the same time IPO has many drawbacks such as losing a part of ownership, for example. Besides, IPO is a quite expensive procedure because issuers have to incur plenty of various direct and

indirect costs. Consequently, it is a disputing question why a company decides to go public and if advantages of being public overweigh existing drawbacks.

Decisions to go public

Many reasons why companies become public exist. Researchers distinguish different motives of going public based on their evidence and analysis.

First, there is a desire for value-maximizing of initial owners (Zingales 1995, Ritter and Welch 2002) before selling the company. IPO allows firms to change cash flow and control rights when the owner will be in the process of bargaining with potential buyers. As the corporate control market could not be characterized as perfectly competitive, the owner can extract benefits while selling the company publicly. Likewise, Mello and Parsons (1998) argue that after going public an active secondary market will maximizes the price that the owner can receive. According to Black and Gilson (1998), IPO is one of the most effective ways of exit strategy for venture capitalists.

Second, public companies are able to raise capital at a lower cost to finance current and future projects. This motive was explored by Ringdvist and Hogholm (1995) and Roell (1996). They underline the issue that stock financing is the most flexible way to finance future growth comparing with banking loans which require allocation defined in the loan applications. Therefore, selling equity offers opportunity to attract investments at low cost and without financial intermediaries such as venture capitalist and banks (Holmstrom and Tirole, 1993). In addition as Roell (1996) emphasizes IPO allows the company to mitigate the problem of debt overhang because selling shares increases its net worth and decrease the size of debt. Rajan (1992) evidences that with the help of IPO the company can diversify sources of financing and heighten the bargaining power in the loan processing.

Third, an important motivation to go public for firms is to obtain public shares for future mergers and acquisitions. Brau and Fawcett (2006) did research and surveyed 336 chief financial officers (CFOs) in terms of motivation to become public. Their result shows that the primary reason for going public is to advance mergers and acquisitions while reducing the cost of capital is not an essential motivation at all.

Fourth, Pagano, Panetta, and Zingales (1998) use the database of Italian companies and learn the IPO determinants to parallel the ex ante and ex post IPO features with those of private companies. From this research the authors conclude that companies decide to go public with the purpose of rebalancing accounts after investments and growth.

Fifth, an interesting theory why companies decide to become public is presented by Ritter (1991). He describes the motive for IPO is as the "window of opportunity". According to this theory at the time of low prices at the market equity issuance is low. Companies go public at the moment when other companies in the industry are overvalued and optimistic investors valuate companies higher than fundamental value. Ritter and Welch (2002) develop this concept and infer that a high IPO activity follows high underpricing. It is explained that underwriters foster companies to issue shares in the situations when market valuation must be

higher than anticipated before and, conversely, dissuade companies to run IPO in the moments of low market valuations.

IPO process

The IPO process is very complicated long term activity consisting of a number of steps. It begins with the selection of underwriters to consult and execute a set of operations. Companies usually have very thorough attitude toward choosing the right underwriter because it can mainly determine the success of IPO. Investment banks offer three standard types of underwriting (firm, complete and partial ones) and the company can choose one of them based on its preferences. IPO can be run by one investment bank or a group of multiple banks. In the latter one underwriter is chosen to be leading or book-running manager who takes responsibility for a syndicate of underwriters and facilitate in selling equity to the market. All member of the syndicate get compensation or spread depending on the chosen type of underwriting.

The important part of IPO process is running due diligence where the underwriter investigates the company and verifies the information of the company which will be presented to the investors. In the due diligence, the firm and investment bank concentrate mostly on the registration statements. In addition to inspecting the registration statement, the underwriters examine firm's top management. This usually comprises scrutinizing firm's environment, strategies, investment plans, cash flows forecasting, market competition and others. In addition, due diligence includes the communication with counterparties.

From the road show, the investment bank investigates the interest and demand for shares from the market. The signals of interest from investors are distinguished through some dimensions. For instance, retail investors subscribes by applying a "market order" where the quantity is reflected. Institutions, on the other side, apply limit orders with the demanded quantity. Normally investment banks assure that to run successful IPO, it is required to have an offer from investors two or three times oversubscribed (Ritter, 1991).

After negotiating final terms, the underwriting agreement is signed and the distribution of shares begins. After selling shares to the market investment banks provide after-market stabilization and analyst coverage on the shares. It is an important stage in case when imbalances at the market arise.

Finally, we can conclude that the actual process of going public is time-consuming and requires following plenty of necessary procedures and undertaking certain unique challenges.

IPO valuation

A number of methods are used to value an IPO stock. Reflecting the results of research done on the topic of the valuation, we can stand out three the most spread approaches: discounted cash flow (DCF), comparable firms and asset-based one.

The Discounted Cash Flow method (DCF) is still the most popular means to value an IPO stock. It comprised in deducting from firm's cash flows the cost of capital and arriving, finally, at the equity value of the firm. The main disadvantage of DCF approach is that in some cases it is complicated to project cash flows and to set the right discount rate.

The comparable firm's method works better when comparable groups exist within a particular industry. This method is mostly executed through capitalization of the earning per share of the company under the consideration of median price per earnings ratio of comparable firms. Sometimes, other multiples, such as market-to-book or price-sales, are employed. Within the comparable firms method Boatsman and Baskin (1981) explore two models which use different samples. One is based on a random from the same industry and another is on the same industry firm with the closes ten-year average earnings growth rate. Boatsman and Baskin conclude that the latter model gives greater accuracy.

The asset-based method looks at the worth of a company's assets to determine the value. For many IPOs this method can provide little relevance because most value of the company comes from growth opportunities. The asset-based approach is mostly relevant for the firms which can be sold readily at the market prices if it is required.

IPO underpricing

Many economists focus their attention on the issues of excess returns. Ones of the firsts were Ibbotson (1975) and Jaffe (1975). They invented the concept of "hot issue" markets that happening at the moments of the offering prices growth to the level greater than market average one. Ibbotson and Jaffe analyzed the sample of unseasoned shares sold between January 1, 1960 and October 31, 1970. They discovered "the relationship between shares performance in particular months; the correlation between new issue premiums and aftermarket performance; the association between the number of monthly new offerings and simultaneous new issue premiums".

In the 2000s Ritter (1984) continued the research of Ibbotson and Jaffe and concludes the winner's curse problem and dynamic information acquisition are the prominent factors that influence underpricing that averaged 7% in the US. However, he argues that during the internet bubble it was not the main reason for underpricing and emphasizes that analyst coverage, side payments to top management and venture capitalist played the most important role.

The most common explanation to the initial excess returns is the underpricing of the company that going public. Usually, the offer price is a bit lower than the first-day closing price. Since 1980 plenty of researchers have tried to develop theories explaining IPO underpricing. Some of them we will review below.

A-symmetric information theory

Because many participants are involved in IPO process and some of them have more information than others, A-symmetric information problem arises between them.

One of the first research on A-symmetric information as the factor of underpricing was done by Baron (1982). In his paper he presents a theory implying that the demand for underwriting advising and offering services in cases when investment banks know about the market more than the firms do.

Another model for the underpricing of IPO is developed by Rock (1986). He argues that a pool of investors exist which have more thorough information than the company has along with all other investors. In case of new stock is priced at the expected values, this pool of investors push out the others and, conversely, leave the market in case of bad issues are offered.

Beatty and Ritter (1986) make an attempt to develop the model of Rock and demonstrate that relations between the underpricing of IPO and the uncertainty of investors exist at the market. They show that there is a positive relationship between the ex ante ambiguity the anticipated underpricing. Pricing less than the equilibrium amount results in decreasing the number of potential clients for investment banks and pricing above equilibrium provokes losing interest in IPO for uniformed investors.

Michaely and Shaw (1994) contribute to the Rock's model. They test empirical IPO underpricing implications and find out that the reputation of investment banks play important role in IPO underpricing, Finally, Michaely and Shaw conclude that when underwriting is performed by well-known investment banks, IPOs are less underpriced and have much better perspectives in the long term.

Agency theory

The agency theory in IPO underpricing implies that underwriters and issuing firms have different objectives. Some researchers who work on this problem elaborate different models and hypotheses to explain it.

Thus, the Dynamic Information Acquisition (DIA) model is built by Benveniste and Spindt (1989). This model presumes that there are investors who have good and bad information about the business and state of the issuing company. Investment banks, in ones turn, stimulate investors to share their information about the company and promise them in reward to set lower offer prices.

Cornelli and Goldreich (2001) amplify the DIA model and reveal that underwriters truckle for shares bids from investors before IPO pricing is begun. They analyze 39 equity issues from different countries and discover that underwriters provide bidders who possess information in their bids with more shares.

Hanley (1993) in his research find that the relation between offer prices and final price can be applied to predict initial returns. He concludes that in case of final offer prices exceed offer range limits, IPO is more underpricing than others. Furthermore, in his paper he proves that the adjustment of the price is consistent with the DIA model outcomes.

Loughran and Ritter (2001) examine the IPO underpricing in the internet bubble of 2000 and invent the theory of lust hypothesis founded on the results of their analysis. This theory explains great impact of the analyst coverage on the IPO underpricing. Besides this, they find the corruption evidence in cooperation between venture capitalist, CEOs of issuing companies and investments banks where the latter oblige to contribute to purchasing "hot" IPOs shares in the future.

Signaling theory

Through the signaling theory of underpricing is envisaged as a means of passing quality of shares to investors. According to this theory, losses of underpricing are compensated in the following offerings.

Welch (1989) presents a signaling hypothesis which implies that well-known and reputable companies intentionally underprice their IPO to get high prices at seasoned offerings. He makes some prominent assumptions: bad firms simulate investments to demonstrate themselves as good firms and this simulation of investments is usually revealed in the subsequent offerings. Furthermore, Welch's paper proves through empirical analysis that plenty of companies sell essential stakes of equity in the next several years after IPO.

Allen and Faulhaber (1989) give empirical evidence that in particular industries and periods IPOs are underprices and rationing arises. They prove that companies know their business and perspectives much better than investors and in cases of positive perspectives they consider it is favorable to use underpricing as a signal to the market. These companies are ready to allow underpricing because they believe signaling cost will be redeemed through the future offerings.

Grinblatt and Hwang (1989) construct the model that comprises several signals, underpricing degree and percentage of offering shares. In this model firms are better informed about future cash flows than investors and signal to the market through offering shares with a discount. Finally, Grinblatt and Hwang come to conclusion that project variance and discount of underpricing have a positive relation, while reserves and project variance are negatively related.

Pham, Kavel and Steen (2003) scrutinize the relation between underpricing, ownership and IPO post-listing liquidity. They prove that underpricing encourage investors to deepen in the firms' business and influence on changing the ownership structure. The researches analyze the sample of IPOs in Australia and discover that there is relation between ownership allocation and underpricing. This relationship helps them to explain that high underpricing results in reducing the number of investor at the market.

3. Empirical framework

Data description and variables

First, the collection of IPOs carried out in East European countries is exercised. From WRDS database those will be acquired. The period of time is selected from 1st April1988 to 31st March 2008 In the chosen time period all IPOs carried out in European countries are selected. The original sample is of 176 IPOs. The IPOs which are carried out in Poland and Russia are selected and the sample consists of 57 IPOs. Seeing that the traits of IPO are same, only one is chosen for several entries. Offer, market, and firm attributes are acquired from these IPOs.

For gaining firm-specific information SEDOL code is used and the firm attributes of IPO sample are acquired from WRDS utilizing SEDOL.

The aim of the research is to seek the effect of the pricing mechanism on IPO underpricing, that is why the issues having unknown underpricing level are left out together with outliers. When the underpricing level of an issue differs from the sample's mean underpricing over three times (outside of 99% observations) an outlier comes into exist. Outliers observed in the dependent variables of the regression have been adjusted to the 99 percent deviation level to prevent any loss of data.

A considerable fall in the size of public offerings was there at the end of 2000 because of bubble burst of the internet. In 2003 with the improvement of economy the companies are embracing the path of offerings through equity market.

Return Calculation

It is to be noted that the difference between the IPO price and the equilibrium price after the issue denotes the initial return of an IPO. The post-IPO equilibrium price denotes following the IPO the initial trade price, or the primary closing price or a closing price watched after some days of the IPO date. As per definition the IPO price denotes the price of purchase of the shares at issue by fresh shareholders. The listing firm and its underwriter together determine the IPO price towards the end of the IPO procedure in proportion to the demand of the issue and valuations of financial analysts. Usually, the definitive offer price remains under the first equilibrium price which is recognized as IPO underpricing (Degeorge and Derrien, 2001).

Raw initial returns

For the purpose of measurement of initial performance, the post-listing equilibrium price (EP) is subtracted by the final offering price (OP) which is divided by the offering price. The selection of the equilibrium price (EP) is difficult. The agreement of the trading price with the offer and the demand for the stake after the IPO is major problem. The equilibrium price (EP) usually characterizes the first-day closing price when the market is adequately liquid. It also

happens that few days following the IPO the equilibrium can be achieved. That is why some experts calculate initial returns on more than five day or one week perspective. A measure of underpricing is the raw initial return with the assumptions that the equity risk is equal to the market risk and the normal return under efficiency will be 0. There exist other procedures which relax these suppositions and amend raw returns (Deloof et al, 2002).

Adjusted initial returns

Mainly in the literature, three adjustment processes are applied. In first process, on the first trading day the market index closing price is denoted by *I1* and *I0* denotes the index closing value of the day before with adjustment of the initial return for a market index return. In the second process β denotes the systematic risk with adjustment of the initial return for systematic risk. Last process is where for the return of a control portfolio the raw initial return is adjusted (Ritter, 1991).

Keloharju, in his study (1993), computes the return receivable by an unaware investor taking part in ever IPO. Different studies quantify IPO underpricing through net returns reflecting on the closing price as equilibrium during the closure of the very first day of quote where the impact of market movements are considered less important in initial return earning. The adjusted return is acceptable in case of late in the date of IPO and fixing the equilibrium price at the very first day (Périer, 1996).

Quality of firm

According to Allen and Faulhaber (1989), the reason behind firms keeping the price low at the beginning is to encourage investors to perceive greater advancement out of the secondary operations in terms of Signalling models proposition. This leads firms to accumulate low volume of money so that only firms with better eligibility can take resort to underprice which enables investors to recognize prospective firms for investing.

A short description is noted here before further analysis in depth along with basic explanations of the various factors those have effect on IPO returns and related to firms and market.

Figure 1: *IPO Returns (RET)*
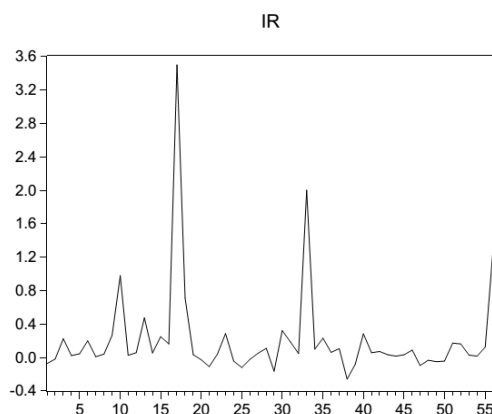
IPO return is calculated using the first 5 day's closing and offer price. The formula for initial return is calculated as below.

$$IR = \frac{First\ 5\ day's\ Closing\ Price}{Offer\ Price} - 1 \qquad\qquad\qquad 1$$

Log is used to get RET for normalization.

$$RET = ln(1 + \frac{First\ 5\ day's\ Closing\ Price}{Offer\ Price}) \qquad\qquad\qquad 2$$

Underpricing is calculated using the RET or IR formula for each firm using the dataset.

The following IPO related factors have been researched well in past as we find in literature review to find an effect on the level of underpricing. The factors are size of IPO, the time between IPO and inception of company, maturity of the company, total asset at the time of IPO, total revenue earning at the time of IPO, leverage and industry type and volatility.

OFER: Lower offer price sometimes result in uncertain future to IPO. Earlier researchers found that the negative relation between IPO discount and offer price. Below equation shows a natural logarithm of the offer price is considered for calculation.

OFER=ln(1+1/offer price at time of IPO)   *3*

Figure 2: *Offer Price*
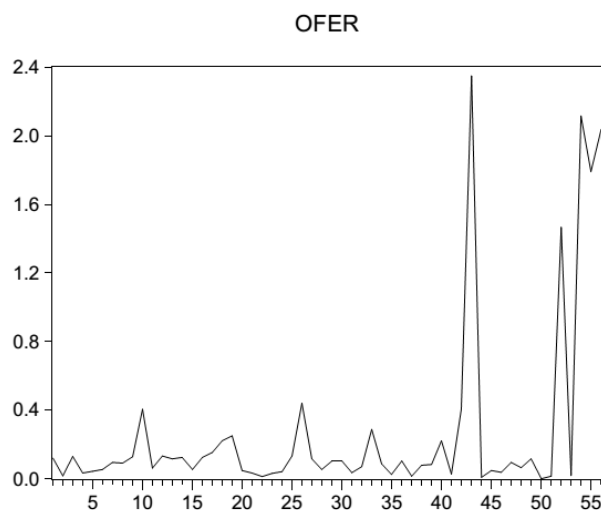
PROCD: Proceedings of IPO is calculated by multiplying the number of shares with offer price and from previous research it is found the relation is negative with underpricing. More established firm generally has higher proceeds reducing the chance of the observed risk and as a result it is having the underpricing discount.

$$PROCD = ln(1 + (Equity\ capital\ at\ IPO)) \qquad\qquad\qquad 4$$

Figure 3: *Proceedings of IPO*

PROCD
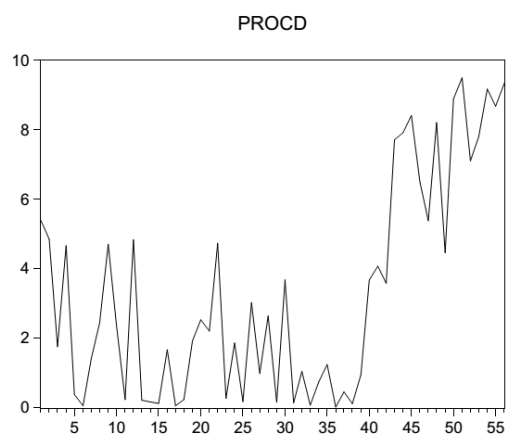
AGE: A company goes through different stages and it can conduct an IPO in any phase. The underpricing level can be increased or decreased by the age. Fresh companies are likely to be more risky in general and associated with higher underpricing (Ritter 1984). The calculation of age is performed by computing the age from the starting year of the company to the year of the IPO.

$$AGE = ln(1 + (Year_{IPO} - Year_{inception}))$$ 5

TA: The firm's size can be indicated by the total assets of a firm before the IPO. As larger companies are believed to be less risky, the bigger companies are likely to have lower underpricing. The book value of the assets is applied. Log transformation is made to correct the Skewness of the data

$$TA = log(1 + Total\ Assets_{t-1})$$ 6

SLS: The researchers used another value which appears as a proxy for firm size is before IPO sales volume of the firm. Here also the book value is applied. Log transformation is made to correct the Skewness of the data.

$$SLS = ln(1 + Total\ Sales)_{t-1}$$ 7

Figure 4: *Sales volume*

SLS
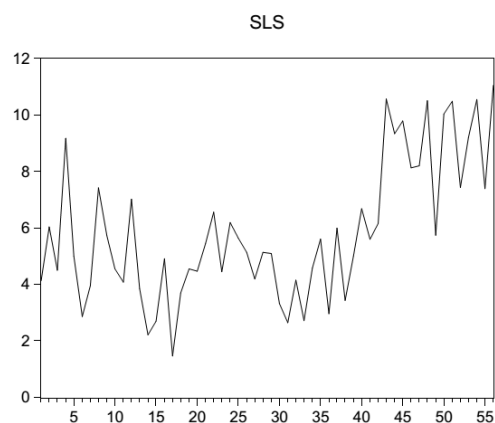
LEV: Level of the debt divided by the level of the total capital is the leverage of the firm which acts as a proxy for the liquidity of the firm. The calculation is as below:

$$LEV = \frac{Log\ term\ debt\ Debt_{t-1}}{Long\ term\ debt\ Debt_{t-1} + Equity_{t-1}} \qquad \qquad 8$$

Figure 5: *Leverage of firm*
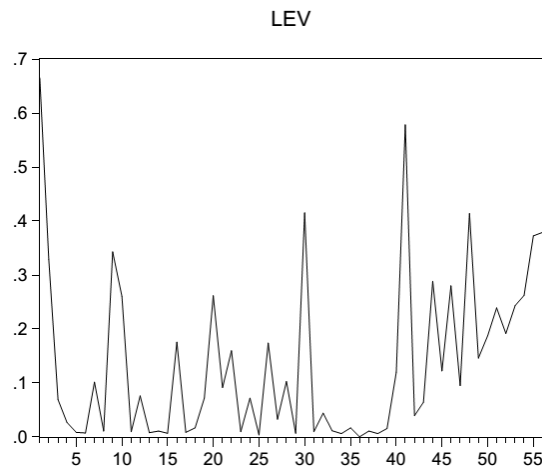
IND: The firm type is active and influences the underpricing level. There exist industries which are cyclical. Some rely on the risk level, opportunity and development. In order to differentiate the industries SIC codes of the firms are acquired which are entered in appendix A (see TABLE 2).

Country: Here two countries from the East European countries are considered for research. These two countries Poland and Russia have maximum frequency than other countries and to find the effect of country in IPOs. Here Poland is denoted as POL and Russia is denoted as RUS for the model, are dummy variable.

Multicollinearity

Whether the variables uttered earlier with each other are extremely correlated or not are to be analyzed as it is essential before the formation of outline of the regression equations. The outcome from the regression may be deformed if there is multicollinearity. A correlation matrix and VIF test are performed with the purpose of detection of multicollinearity

The greater extent of correlation between many independent variables is referred to as multicollinearity. When several independent variables are included in a regression model this phenomenon of multicollinearity occurs as few of these may hold same ideas. However, the assumptions of OLS are not thwarted by the presence of multicollinearity. There are a number of situations when evidence of multicollinearity can be found. One of these is when the estimation of parameters faces greater fluctuations due to minute alterations in the data and another situation can be when coefficients include greater level of standard errors and lower extent of significance in spite of the presence of greater combined significance along with a higher regression in terms of R square. A third situation can be when coefficients possess a wrong sign or improbable significance. In order to estimate the presence of multicollinearity

in a linear regression model there is no such rigid parameter present and existence of greater value of coefficient may not signify multicollinearity. Verification of statistics related to Eigen value, condition number and the value of tolerance or the variance inflation factor or VIF can help in drawing a conclusion (Greene, 2000).

The reciprocal of value of tolerance gives the outcome of VIF or the variance inflation factor leading to a correspondence of lower level of tolerance value to the higher degree of VIF. This VIF reveals the rise in swing of approximation of coefficient due to multicollinearity (Freund and Littell, 2000).

Figure 6: Correlation Matrix

Correlation t-Statistic Probability	IR	LEV	SLS	TA	PROCD	OFER
IR	1.000000					

LEV	-0.075248	1.000000				
	-0.554527	-----				
	0.5815	-----				
SLS	-0.258324	0.357905	1.000000			
	-1.964977	2.816631	-----			
	0.0546	0.0068	-----			
TA	-0.245623	0.410681	0.967029	1.000000		
	-1.861997	3.309881	27.90370	-----		
	0.0680	0.0017	0.0000	-----		
PROCD	-0.148992	0.639736	0.882339	0.930772	1.000000	
	-1.107220	6.116456	13.77740	18.70834	-----	
	0.2731	0.0000	0.0000	0.0000	-----	
OFER	0.117473	0.206505	0.427394	0.435590	0.480701	1.000000
	0.869266	1.550927	3.473964	3.556006	4.028373	-----
	0.3885	0.1268	0.0010	0.0008	0.0002	-----

Above table shows the correlation between the return and other micro variables. Above table is important to find out the relation between the independent variables. The correlations between the micro variables like leverage, sales, total asset, proceeding value and offer price are high enough and their relation is also statistically significant. Leverage has significant and 64% correlation with proceed, even the correlation with others except return is valid ($p < 0.05$) at 95% confidence level. This note is also applicable to other variables. This high correlation can be explained theoretically, like leverage is ratio between equity and debt and proceeding value is related to equity so there should be a relation. Same as higher asset is also related to debt and equity so there must be some relation, again sales is also related to asset as we get from ROCE.

Heteroscedasticity

The error term has a constant variance (homoscedasticity). Lack of error terms with a constant variance is known to be heteroscedastic which have differing variance. The term is originated from the Greek words 'hetero' which means different and 'skedasis' which means dispersion. heteroscedasticity can be present due to erroneous measurement. Even variation in

subpopulation and other impact of interactions can cause heteroskedasticity. Faulty model specifications can also be the reason.

It is noteworthy that encroachment of assumptions can give birth to heteroskedasticity which is a by-product of this. Heteroskedasticity never generates prejudiced estimation of parameters. However, in the presence of it the standard errors are prejudiced resulting in influenced test statistics and intervals that is confidence in nature. A heteroskedasticity in a linear form can be identified by the Breusch-Pagan test. Also park tests and white tests are popular for this purpose.

4. EMPIRICAL RESEARCH

In this chapter the output of the research methodology which is expressed in last section will be presented here. The descriptive statistics of the sample will be stated in the chapter. The results of the regression will be conveyed and after that discussion of these results will be conducted. The ending of the chapter will be with a conclusion extracted from the regression results.

Descriptive Statistics

Figure 7: *Distribution of offer price*
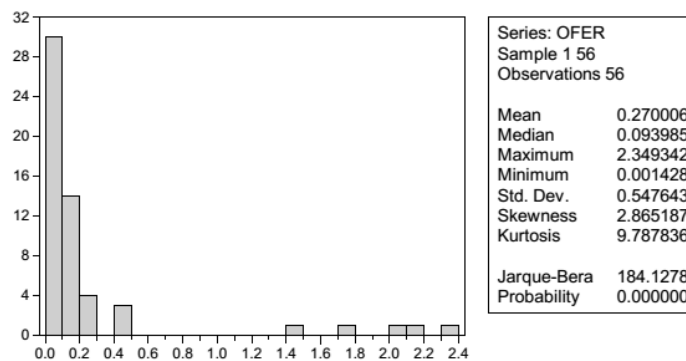
Figure 8: *Distribution of leverages among the firm*
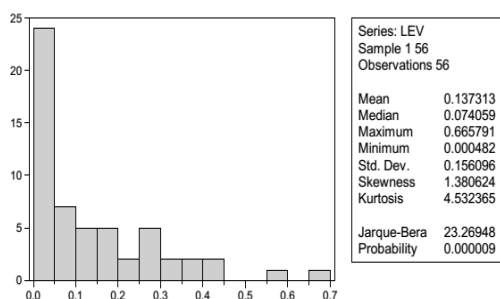
Figure 9: *Distribution of proceedings*
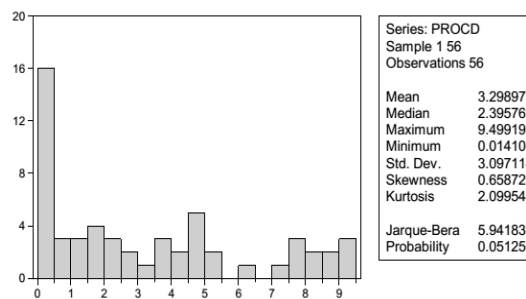
Figure 10: *Distribution of sales*
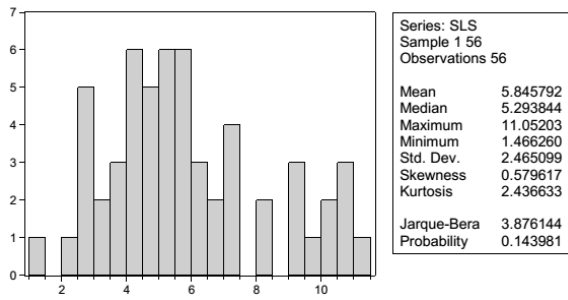
Figure 11: *Distribution of total assets*
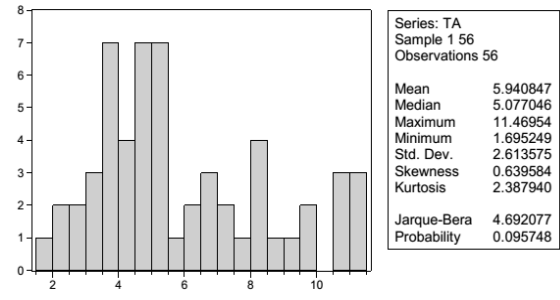
In this study the sample contains 56 IPOs from Poland and Russia. In the regression simply the issues ranging from 1998 to 2008 are taken as data set regarding many IPOs cannot be obtained.

Figure 12: *Average value of different variables*
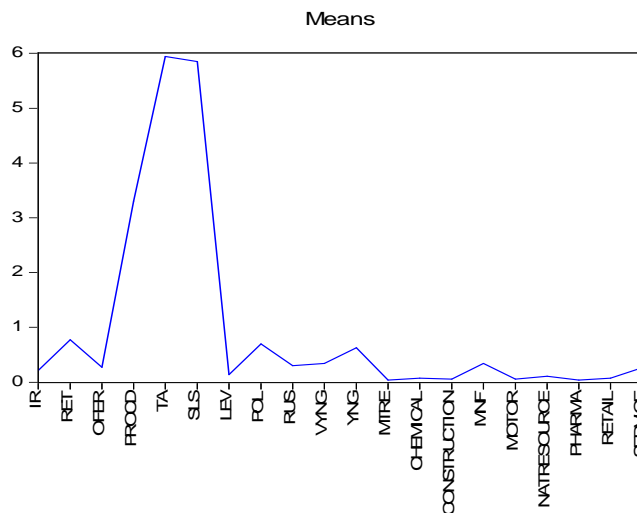
The average return (RET) of the 56 IPOs is 0.77286 and average initial return (IR) 0.2121. The IR for Poland is higher than the average is 0.2542 and for Russia is 0.1157. Hence the initial return of Polish companies is higher than Russian companies (see appendix B).

Figure 13: *Distribution of initial returns*
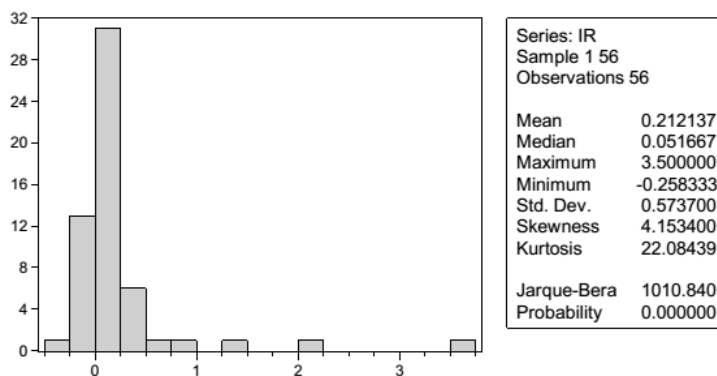
Above figure shows, the maximum frequency of initial return is distributed from 0.0 to 0.4 but this distribution is different for these two countries as shown below.

Figure 14

Figure 15

Histogram of IR in Polish IPOs

Histogram of IR in Russian IPOs
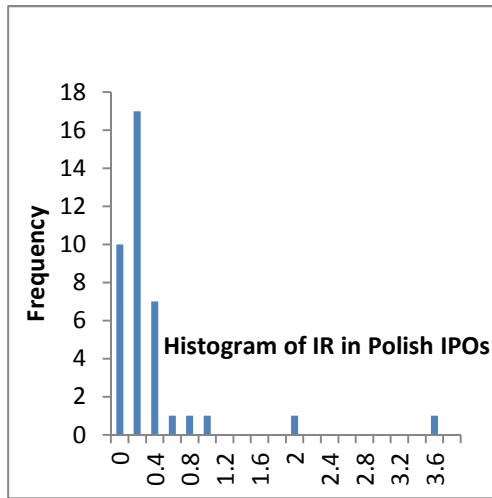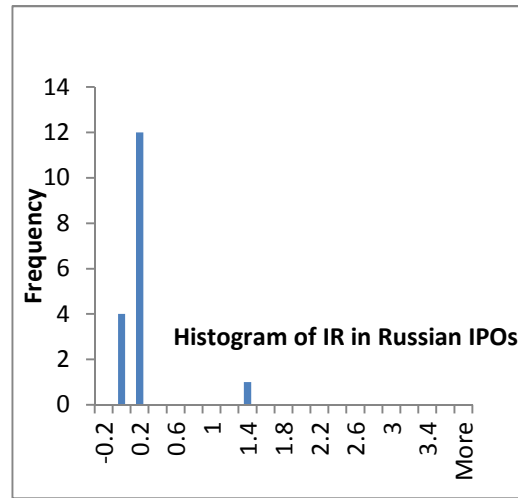
This difference in return can be proved by the hypothesis below which shows:

First null hypothesis: The mean return is equal for all countries

First alternative hypothesis: The mean return is equal for all countries

From the Appendix C, the output of t test with variable variance shows that the initial return are not different or first null hypothesis cannot be rejected. This conclusion is also matching with the previous regression output that Poland and Russia has no significant difference in underpricing.

Figure 16: *Distribution among countries*
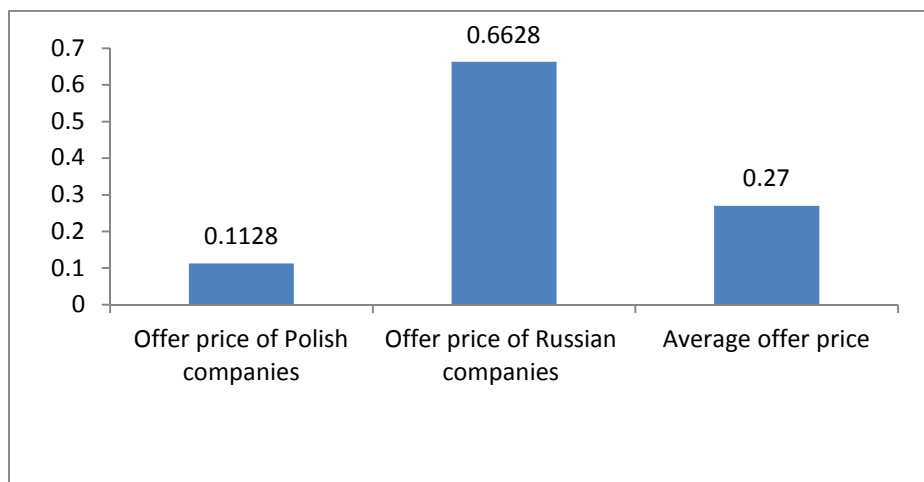
Average offer price for the two countries taking together is 0.27 and average offer price of Polish companies are 0.1128 and average offer price of Russian companies is 0.6628 that is higher than the average.

Descriptive statistics of industry specific variables

From the appendix C, the distribution of 5 companies specific variables along the 8 industries are shown below.

Figure 17: *Distribution among different industries*
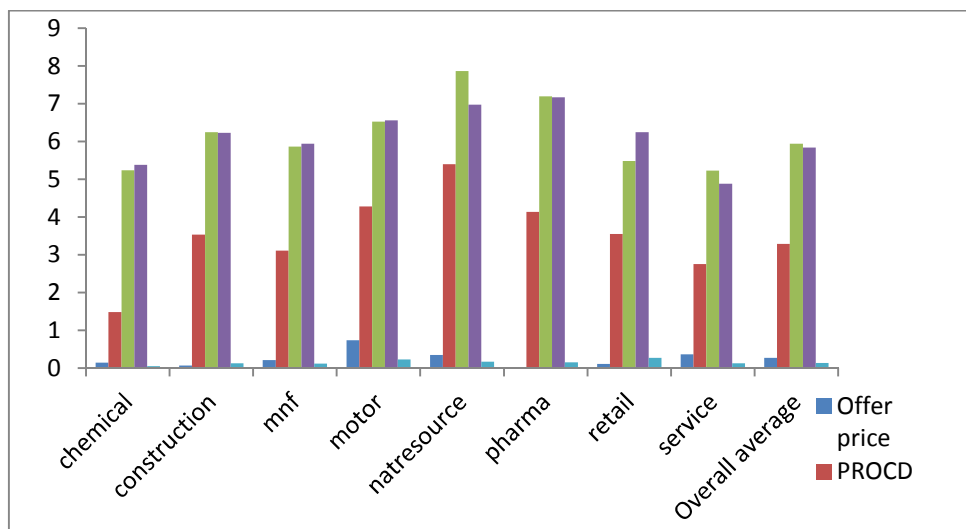
Here out of the data, the companies in natural resource sector have maximum total asset, total sales and have maximum proceedings value of IPOs. Companies in the motor sector have highest offer price but lower asset and sales. In this case the correlation calculation is better option to find out any relation.

Correlation of offer price and IPO proceeding value with the three variables total asset, sales and leverage are shown below.

TABLE 1

	IR
RET	0.985634
OFER	0.117473
PROCD	-0.14899
TA	-0.24562
SLS	-0.25832
LEV	-0.07525

Above table shows (see table1) that the internal return is positively correlated to offer price but negatively correlated to other variables. Lower correlation shows that these variables are less explanatory to underpricing. Further analysis technique of regression can light more on this matter and is used in next section.

Above lower correlation between the return and leverage shows the lower risk and underpricing relation and is negatively related like higher risky firm gives more underpricing

opportunity. Same statement can be noted for the sales and total asset with underpricing but relation is stronger.

Above descriptive statistics and correlation (here mean is used) have helped to find the differences and distribution of independent variables value along the different industries.

Regressions Analysis

An Ordinary Least Squares (OLS) regression analysis is conducted to test whether in East Europe a major disparity of the effect of the pricing mechanism on the underpricing of IPOs exists or not on the scrutinized initial returns against the explanatory variables mentioned in previous paragraph. Studies exhibit that initial returns are heavily impacted by the aforementioned variables but in the regression model all variables will not be entered as all needed data on the variables cannot be obtained from WRDS. The effects of the independent variables all together are regressed against initial returns. This leads to the following formula:

$$RET = \alpha + \beta_1(OFER) + \beta_2(PROCD) + \beta_3(SLS) + \beta_4(LEV) + \beta_5(TA) + \beta_6(Poland + \beta_7(Very\ Young) + \beta_8(young) + \beta_9(Mature\ company) + \beta_{10}(chemical) + \beta_{11}(construction) + \beta_{12}(manufacturing) + \beta_{13}(motor) + \beta_{14}(natural\ resource) + \beta_{15}(pharmaceutical) + \beta_{16}(retail) + \beta_{17}(Service) + \mathcal{E}$$

9

Here β_6 to β_7 the two categories of the variable country and used as dummy variables. Same points can be noted for β_8 to β_{10} for the three categories of variable AGE (very young, young and mature) and β_{11} to β_{18} for the 8 categories of industry.

Selection of significant variables

Selection of micro factors

$$RET = \alpha + \beta_1(OFER) + \beta_2(PROCD) + \beta_3(SLS) + \beta_4(LEV) + \beta_5(TA) \qquad 10$$

Here 5 company specific factors are used for modeling as shown above. These factors are related to offer price, equity value, sales, leverage and total asset of any company. But using the t test and p value the significance of each variable can be tested.

$$RET = \alpha + \beta_2 * OFER + \beta_3 * PROCD \qquad 11$$

Figure 18: *Eviews Output*

	Coefficient	Std. Error	t-Statistic	Prob.
OFER	0.077512	0.164110	0.472314	0.6386
PROCD	0.115239	0.022077	5.219753	0.0000

Above table shows that out of 2 variables related to equity are not significant together and the size (PROCD) of offer is statistically significant (p<0.5). Hence offer price is not significant variable in this model.

Figure 19: *Eviews Output: t-test*

Included observations: 56				
	Coefficient	Std. Error	t-Statistic	Prob.
PROCD	-0.190219	0.027177	-6.999166	0.0000
TA	0.199799	0.067525	2.958875	0.0046
SLS	0.000941	0.062593	0.015028	0.9881
LEV	1.208523	0.317992	3.800484	0.0004

Above table shows that the company specific variables like total asset (TA), sales (SLS) and leverage (LEV) are not significant together. Sale of company is not right variable to indicate the size rather the total asset can be rightly selected as factor for the model. Leverage is also valid factor as proxy of the risk nature of the company. Hence risk, size of company and size of IPO are valid factors for underpricing.

Effect of any Country

$$RET = \alpha + \beta_1(OFER) + \beta_2(PROCD) + \beta_3(SLS) + \beta_4(LEV) + \beta_5(TA) + \beta_6(country) \qquad 12$$

From previous studies it can be found that the IPOs underpricing have different nature in different country. Here country variable is introduced to find the effect of countries to the dependent variable RET as proxy of underpricing. Here two countries are selected and considered as dummy variable in the model.

Figure 20: *Eviews Output: t-test*

Included observations: 56				
	Coefficient	Std. Error	t-Statistic	Prob.
PROCD	-0.017212	0.048167	-0.357346	0.7223
TA	0.078680	0.032864	2.394091	0.0203
LEV	0.281992	0.358145	0.787367	0.4346
POL	0.427959	0.104967	4.077065	0.0002

Russia and Poland have different effect on IPO underpricing. Considering both countries or being unspecific to any country the risk, size of company and size of IPO are valid factors but for Poland size of company is sole important factor for underpricing.

Henceforth for further building up of model country variable as dummy is not considered.

Effect of Maturity of company

Different companies go for IPOs in different phase few companies go for IPO after 1 or 2 years and few go beyond 8 years or more after inception. Here the maturity of company has

different impact on IPO underpricing. This effect can be captured in the regression model through introducing new variable AGE.

$$RET = \alpha + \beta_1(OFER) + \beta_2(PROCD) + \beta_3(SLS) + \beta_4(LEV) + \beta_5(TA) + \beta_6(AGE) \qquad 13$$

Here the maturity of company before IPO process is used as proxy by considering the three types very young (IPO is placed before 3 years age), young (IPO is placed at 3rd or 4th year of age) and mature (placed at 5th or onward of age). From t test and probability value the significant maturity level can be identified.

Figure 21: *Eviews Output: t-test*

	Coefficient	Std. Error	t-Statistic	Prob.
PROCD	-0.184241	0.026624	-6.920092	0.0000
TA	0.194038	0.016879	11.49571	0.0000
LEV	1.157397	0.319421	3.623425	0.0007
VYNG	0.079345	0.081179	0.977412	0.3329

Figure 23: *Eviews Output: t-test*

	Coefficient	Std. Error	t-Statistic	Prob.
PROCD	-0.190012	0.026036	-7.297932	0.0000
TA	0.201963	0.015613	12.93527	0.0000
LEV	1.184971	0.319311	3.711027	0.0005
MTRE	-0.125510	0.209007	-0.600507	0.5508

Figure 22: *Eviews Output: t-test*

	Coefficient	Std. Error	t-Statistic	Prob.
PROCD	-0.172812	0.028188	-6.130614	0.0000
TA	0.183022	0.019381	9.443156	0.0000
LEV	1.102613	0.319588	3.450110	0.0011
YNG	0.106749	0.072068	1.481231	0.1446

Above tables show that, any type of age is not significant to IPO underpricing because t value of very young, young and mature types are very low along with p value higher than 0.05. In the 95% confidence level these variables are insignificant.

Effect of Types of Industry

Earlier researcher found that IPOs underpricing is different over the different industries. Hence a regression model can be formed like below:

$$RET = \alpha + \beta_1 * OFER + \beta_2 * PROCD + \beta_3 * LEV + \beta_4 * TA + \beta_5 * SLS + \beta_6 * IND \qquad 14$$

Industries are selected for each company from SIC code and later segmented in 8 types (see appendix A). Those industrial categories are chemical, construction, mnf, motor, natresource, pharma, retail and service. Chemical category is self explanatory even other categories like construction, retail and service. Here mnf is denoted for manufacturing companies, pharma is for pharmaceutical companies and natresource is for petroleum, oil and gas related companies.

Figure 24: *Eviews Output: t-test*

Included observations: 56				
	Coefficient	Std. Error	t-Statistic	Prob.
PROCD	-0.104378	0.037173	-2.807917	0.0073
TA	0.109581	0.033922	3.230382	0.0023
LEV	0.659300	0.335871	1.962954	0.0557
CHEMICAL	0.237228	0.188250	1.260179	0.2140
CONSTRUCTION	0.327226	0.190887	1.714236	0.0932
MNF	0.349904	0.129692	2.697967	0.0097
NATRESOURCE	0.321403	0.163302	1.968154	0.0551
PHARMA	0.253889	0.227943	1.113827	0.2711
RETAIL	0.455758	0.176871	2.576779	0.0132
SERVICE	0.456621	0.125640	3.634350	0.0007

In the above table it can be found that chemical, construction and pharmaceutical companies are not significantly present for IPO underpricing.

Figure 25: *Eviews Output: t-test*

	Coefficient	Std. Error	t-Statistic	Prob.
PROCD	-0.175634	0.025523	-6.881387	0.0000
TA	0.187272	0.015781	11.86724	0.0000
LEV	1.109829	0.304447	3.645395	0.0006
SERVICE	0.191082	0.079478	2.404212	0.0198

Above table shows only service is significant sector for IPO underpricing. The final regression model has fitting like below:

Figure 26: *Residual test*
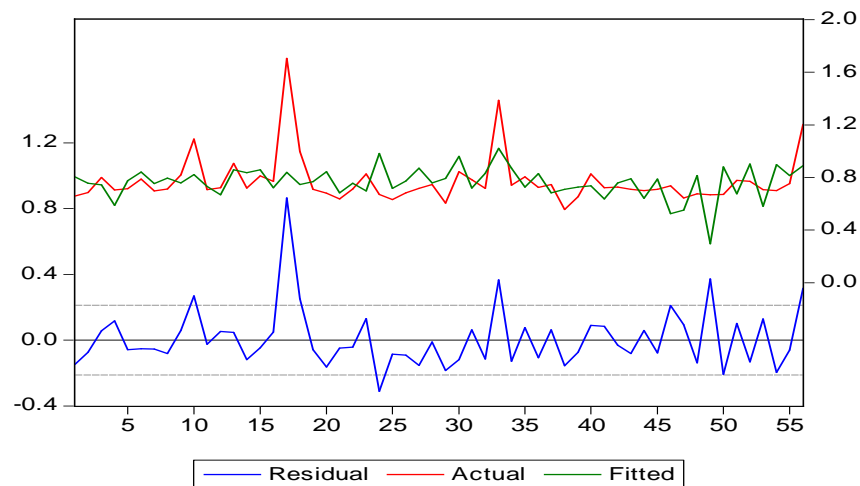
The regression model has good fitted curve through the actual data shows the goodness of fit and quality of the model.

Figure 27   Figure 28

Heteroskedasticity Test: White			
F-statistic	0.762941	Prob. F(15,40)	0.7078
Obs*R-squared	12.45761	Prob. Chi-Square(15)	0.6441
Scaled explained SS	118.2631	Prob. Chi-Square(15)	0.0000

Test Equation:
Dependent Variable: RESID^2
Method: Least Squares
Date: 07/28/13   Time: 19:46
Sample: 1 56
Included observations: 56

	Coefficient	Std. Error	t-Statistic	Prob.
C	2.513083	0.742130	3.386310	0.0016
LEV^2	-4.496525	11.66010	-0.385633	0.7018
LEV*SLS	0.746279	2.782980	0.268158	0.7900
LEV*TA	-6.902188	4.971373	-1.388387	0.1727
LEV*PROCD	6.978337	4.609607	1.513868	0.1379
LEV*OFER	13.15034	11.92838	1.102441	0.2769
SLS^2	0.010266	0.574646	0.017864	0.9858
SLS*TA	-0.000102	1.204585	-8.50E-05	0.9999
SLS*PROCD	-0.014511	0.349960	-0.041463	0.9671
SLS*OFER	-0.481930	2.366328	-0.203662	0.8397
TA^2	-0.180017	0.628520	-0.286414	0.7760
TA*PROCD	0.425183	0.445192	0.955056	0.3453
TA*OFER	1.504478	2.244706	0.670234	0.5066
PROCD^2	-0.261951	0.200961	-1.303491	0.1999
PROCD*OFER	-2.070547	1.279687	-1.618011	0.1135
OFER^2	1.740283	4.296796	0.405019	0.6876

Dependent Variable: RET
Method: Least Squares
Date: 07/27/13   Time: 21:27
Sample: 1 56
Included observations: 56
White Heteroskedasticity-Consistent Standard Errors & Covariance

	Coefficient	Std. Error	t-Statistic	Prob.
OFER	0.069413	0.058446	1.187630	0.2417
PROCD	0.038952	0.057354	0.679148	0.5008
TA	0.011178	0.064883	0.172273	0.8641
SLS	-0.020137	0.049361	-0.407952	0.6854
LEV	-0.355570	0.476237	-0.746622	0.4595
POL	0.292318	0.098324	2.973014	0.0049
VYNG	0.471859	0.152778	3.088532	0.0036
YNG	0.442114	0.155977	2.834476	0.0070
CONSTRUCTION	-0.053955	0.060655	-0.889552	0.3788
MOTOR	0.142041	0.143622	0.988991	0.3283
NATRESOURCE	0.206118	0.109898	1.875543	0.0677
PHARMA	0.073059	0.070845	1.031246	0.3083
RETAIL	0.267793	0.209143	1.280429	0.2074
SERVICE	0.106317	0.085857	1.238297	0.2225

R-squared	0.009118	Mean dependent var	0.772868
Adjusted R-squared	-0.297583	S.D. dependent var	0.186626
S.E. of regression	0.212588	Akaike info criterion	-0.046601
Sum squared resid	1.898138	Schwarz criterion	0.459737
Log likelihood	15.30483	Hannan-Quinn criter.	0.149705
Durbin-Watson stat	1.983449		

Above result shows that this model has no heteroskedasticity problem.

Regression result:

IR = 1.05082888904 * CHEMICAL + 1.19247154893 * CONSTRUCTION - 1.86532856352 * LEV + 1.21838075589 * MNF + 1.54240931569 * MOTOR + 1.0790569225 * NATRESOURCE + 0.200535435058 * OFER + 1.42649417284 * PHARMA + 0.193416734118 * POL + 0.241472242521 * PROCD + 1.75719890898 * RETAIL + 1.25614638992 * SERVICE - 0.183197176095 * SLS - 0.0997034457737 * TA + 0.00635064363041 * VYNG - 0.19132410472 * YNG   15

IR = 0.689866860795*LEV - 0.0409946875768*SLS + 0.0989332672176*TA - 0.107415959364*PROCD + 0.289407529168*OFER   16

IR = -0.515985607625*LEV - 0.0533185700117*TA - 0.063211181766*SLS + 0.80492393804*VYNG + 0.639572700221*YNG + 0.202657603435*OFER + 0.0667838368398*PROCD   17

5. Conclusions and recommendations

It is concluded that IPOs have increased in year 2006, 2007 and 2008 in both Poland and Russia. The maturity of company may be a reason for this. But from regression analysis it is observed and tested that the maturity is not a valid variable to prove the increase in IPOs number. Macroeconomic factors may be good explaining variables in this context.

Here retained shares is not considered in calculation may be kept sometimes by shareholders. Auditor reputation as underwriter reputation may be in prospectus but are not compiled due to few constraints. These three variables are omitted and not considered in the regression model.

From the output and regression analysis it is tested that the age of the companies, country of origin and the nature of industry is less important for IPOs underpricing in Poland and Russia. These countries have maximum frequency of IPOs among East European countries hence may be this result will applicable to others.

Here the hypothesis of the mean return is equal for all countries, is tested along with the regression to test the different variables and its importance in underpricing.

Conclusions

The paper scrutinized two East European countries the impact of pricing mechanism which acted on initial returns at offering date. First, the recognized and reputed literature is studied, considering the variables which influence the IPO excess returns with the help of contemporary theories. Secondly, a regression, on a sample of 56 IPOs is conducted having the time range from 1988 and 2008.

The offer price remains, normally, lower than the stock's average closing price of five day when a company delivers public equity for the first time. There are several underpricing theories like agency theory, asymmetric-information models and signalling, by which different studies attempt to make clear these excess returns. Some investors react excessively for the excess returns and this behaviour is actable for emerging other theories. These studies detect the factors and confirm their effect.

Shortcomings and recommendations

In initial public offerings the impact of the pricing mechanism is perceived well from the literature review and the empirical results. In this paper a lot of information is missing; the samples are downsized and the variables and factors which are in model are reduced. For the time constraints and the WRDS database is deficient in certain information obtaining more data was not possible. It is to be noted that the results lack the explanatory power and IPO underpricing is influenced by a lot of factors. To gain better insights it is straightforward for advance research to include more factors in the model.

Here two countries are considered out of East European countries and found less different in IPOs underpricing performance. And also the consideration of variables have resulted lower R square value. Hence few macroeconomic variables, few proxy variables can improve the goodness of fit. Even some improvement on microeconomic variables can reduce the multicollinearity problem along with consideration of more countries from this zone. Here the industry categories are also insignificant except service sector. May be future research on companies from service sector can give important output for understanding the underpricing better.

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Appendices

Appendix A

TABLE 2

IND	Details
chemical	SOAP, DETERGENTS, CLEANG PREPARATIONS, PERFUMES, COSMETICS
chemical	AGRICULTURAL CHEMICALS
chemical	PERFUMES, COSMETICS & OTHER TOILET PREPARATIONS
chemical	WHOLESALE-CHEMICALS & ALLIED PRODUCTS
chemical	BEVERAGES
construction	HEAVY CONSTRUCTION OTHER THAN BLDG CONST – CONTRACTORS
construction	HEAVY CONSTRUCTION OTHER THAN BLDG CONST – CONTRACTORS
construction	HEAVY CONSTRUCTION OTHER THAN BLDG CONST – CONTRACTORS
mnf	STRUCTURAL CLAY PRODUCTS
mnf	ELECTRIC LIGHTING & WIRING EQUIPMENT
mnf	LUMBER & WOOD PRODUCTS (NO FURNITURE)
mnf	OFFICE MACHINES, NEC
mnf	FOOD AND KINDRED PRODUCTS
mnf	SERVICES-COMPUTER INTEGRATED SYSTEMS DESIGN
mnf	GENERAL INDUSTRIAL MACHINERY & EQUIPMENT
mnf	HEARING EQUIP, EXCEPT ELEC & WARM AIR; & PLUMBING FIXTURES
mnf	FABRICATED PLATE WORK (BOILER SHOPS)
mnf	ORTHOPEDIC, PROSTHETIC & SURGICAL APPLIANCES & SUPPLIES
mnf	INDUSTRIAL PROCESS FURNACES & OVENS
mnf	STEEL WORKS, BLAST FURNACES & ROLLING & FINISHING MILLS
mnf	FOOTWEAR, (NO RUBBER)
mnf	INDUSTRIAL INSTRUMENTS FOR MEASUREMENT, DISPLAY, AND CONTROL
mnf	ELECTRIC & OTHER SERVICES COMBINED
mnf	STEEL PIPE & TUBES
mnf	STEEL WORKS, BLAST FURNACES & ROLLING MILLS (COKE OVENS)
mnf	STRUCTURAL CLAY PRODUCTS
mnf	FOOD AND KINDRED PRODUCTS
motor	MOTOR VEHICLES & PASSENGER CAR BODIES
motor	MOTOR VEHICLE PARTS & ACCESSORIES
motor	WHOLESALE-MOTOR VEHICLES & MOTOR VEHICLE PARTS & SUPPLIES
motor	MOTOR VEHICLES & PASSENGER CAR BODIES
natresource	NATURAL GAS DISTRIBUTION
natresource	BITUMINOUS COAL & LIGNITE MINING
natresource	GOLD AND SILVER ORES
natresource	PETROLEUM REFINING

natresource	PETROLEUM REFINING
natresource	PETROLEUM REFINING
pharma	PHARMACEUTICAL PREPARATIONS
pharma	PHARMACEUTICAL PREPARATIONS
retail	RETAIL-GROCERY STORES
retail	RETAIL-CONVENIENCE STORES
retail	RETAIL-COMPUTER & COMPUTER SOFTWARE STORES
retail	RETAIL-EATING PLACES
retail	RETAIL-MISC GENERAL MERCHANDISE STORES
service	COGENERATION SERVICES & SMALL POWER PRODUCERS
service	TRANSPORTATION SERVICES
service	ARRANGEMENT OF TRANSPORTATION OF FREIGHT & CARGO
service	COMMUNICATIONS SERVICES, NEC
service	SERVICES-CONSUMER CREDIT REPORTING, COLLECTION AGENCIES
service	SERVICES-COMPUTER PROGRAMMING, DATA PROCESSING, ETC.
service	SERVICES-COMPUTER PROCESSING & DATA PREPARATION
service	SERVICES-COMPUTER PROGRAMMING, DATA PROCESSING, ETC.
service	TRANSPORTATION SERVICES
service	ARRANGEMENT OF TRANSPORTATION OF FREIGHT & CARGO
service	SERVICES-COMPUTER PROGRAMMING, DATA PROCESSING, ETC.
service	SERVICES-PREPACKAGED SOFTWARE

Appendix B

TABLE 3

IR		RET	
Mean	0.21213684	Mean	0.772868015
Standard Error	0.076663873	Standard Error	0.024938924
Median	0.051666667	Median	0.718652141
Mode	0.16	Mode	0.770108222
Standard Deviation	0.573699891	Standard Deviation	0.186625818
Sample Variance	0.329131565	Sample Variance	0.034829196
Kurtosis	21.02011631	Kurtosis	12.69126884
Skewness	4.268598934	Skewness	3.279518992
Range	3.758333333	Range	1.149905583
Minimum	-0.258333333	Minimum	0.554842509
Maximum	3.5	Maximum	1.704748092
Sum	11.87966304	Sum	43.28060883
Count	56	Count	56
Largest(1)	3.5	Largest(1)	1.704748092
Smallest(1)	-0.258333333	Smallest(1)	0.554842509
Confidence Level (95.0%)	0.153637833	Confidence Level (95.0%)	0.04997872

Appendix C

TABLE 4

t-Test: Paired Two Sample for Means		
	IR_POL	*IR_RUS*
Mean	0.415079825	0.115704824
Variance	0.706452146	0.10365524
Pearson Correlation	0.14749256	
Hypothesized Mean Difference	0	
t Stat	1.444423285	
P(T<=t) one-tail	0.083958934	
t Critical one-tail	1.745883669	
P(T<=t) two-tail	0.167917869	
t Critical two-tail	2.119905285	

Appendix D

TABLE 5

	Offer price	*PROCD*	*TA*	*SLS*	*LEV*
chemical	0.143	1.48	5.24	5.38	0.047
construction	0.07	3.536	6.25	6.23	0.124
mnf	0.209	3.11	5.863	5.942	0.116
motor	0.734	4.28	6.53	6.56	0.224
natresource	0.35	5.396	7.866	6.976	0.168
pharma	0.026	4.14	7.198	7.17	0.149
retail	0.106	3.551	5.487	6.25	0.269
service	0.366	2.757	5.227	4.886	0.124
Overall average	0.27	3.29	5.94	5.84	0.137

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Economical and Social Aspects of Photodynamic Therapy of Skin Cancer

Abstract:

This paper deals with an estimation of the cost effectiveness of photodynamic therapy (PDT) with new drug (sulphonated porphyrin (TSPP)) in skin cancers: actinic keratoses (AKs), basal cell carcinoma (BCC) and Bowen disease (BD). Different therapeutic options are currently available, e.g. topical treatments, cryotherapy, curettage, excision and radiotherapy, but none is perfect. The paper will compare the existing drug 5-aminolaevulinic acid (ALA) 160 mg g^{-1} cream (2 g per tube) which, with a cost of €290 per 2-g tube cream ex-factory, with a new one –TSPP 20 mg.g^{-1} cream - cheaper (100 euro per 2-g tube), applying photodynamic therapy for the above mentioned skin diseases, comparing the literature data with our group experience. **The economic analysis** includes physician billings, hospitalization costs, costs of services, cost comparisons of new technology in comparison to standard technology.

1. Introduction

1.1.Definition and mechanism

Photodynamic therapy is a method that provides a reasonable alternative to other treatment modalities for patients with some forms of cancers, in some cases being the preferred treatment. The therapy involves the intravenous administration of a light-sensitive substance, the photosensitizer. Photodynamic therapy is a process during which a photosensitizing agent is topically or systemically administered. After an incubation time during which the photosensitizer specifically accumulates in the tumour, the tumour is irradiated with laser light of a photosensitizer-specific wavelength. The irradiation process will induce a cascade of photochemical reactions, as a result of which the tumour will die due to vascular and cellular damage, induced by singlet oxygen photochemically produced [1]. Although the injected sensitizer results in patient photosensitivity lasting 4 to 8 weeks, there have been no reports of permanent side effects. The used sensitizer must absorb at long wavelength (i.e. low energy). It has been shown that red porphyrins (as found in blood, longest weavelenghth λ_{max} 630 nm). To perform this therapy, spectrally adapted chromophores are injected into the body, the most used being porphyrins and related compounds [2].

The photochemical interaction occurs at very small power densities (0.01 - 50 W/cm^2) and plays significant role during the PDT. A variety of light sources can be used for PDT, if the intensity is adequate and the wavelength is in the appropriate range for the chosen photosensitiser. In particular, lasers and optical fibers permit light delivery to deep-seated tumors through endoscopic, interstitial or

intracavitary techniques. Light dose or fluence is expressed in joules per unit length or area (J/cm or J/cm^2) and fluence rate is expressed in power (Watt) per unit length or area (W/cm or W/cm^2). The wavelength of radiation should correspond to an absorption peak in the PS's spectrum. Usually, the most used lasers are: He-Ne laser ($\square$= 632 nm, power 300 mW); Ar ion laser ($\square$ =514.5 nm and fluence rate less 100 mW/cm2); Ar ion laser $\square\square$=488 nm) and the excimer laser ($\square$=248 nm pulsed with 50 mJ /pulse) and a diode lasers or a ´´light-emitting diode array´´(LED array) [3]. Depending on the power density, light and laser light in particular causes different effects in biological tissues like photochemical reactions, coagulation, photo- and thermal ablation, plasma formation and photodisruption. Irradiation with a suitable wavelength may trigger selective photochemical reactions, resulting in desirable biological transformations. For these purposes, the carbon dioxide laser, He-Ne and the argon laser are particularly suitable.

Generally, the photoreactive species responsible for the PDT effects is the lowest triplet state of the photosensitizer, formed by intersystem crossing from the originally formed excited singlet state. Subsequently, this triplet photosensitizer can directly interact with biological targets in its immediate surroundings by proton or electron transfer, leading to the formation of radicals, which in turn interact with oxygen to form oxidized products – a process known as a type I reaction. The triplet state can also transfer its energy directly to molecular oxygen, resulting in the formation of singlet oxygen, which is highly cytotoxic. This process is known as a type II reaction. The presence of oxygen is a prerequisite for both type I and type II reactions, though [4]. The mechanism of action of PDT is thereby mainly focused on cellular membranes. The damage caused by a photodynamic effect is oxidative in nature and aims to damage the endothelium and blood cells causing vessel thrombosis.

1.2.Clasification of skin diseases

Skin cancer is among the most rapidly increasing cancers among the populations worldwide and very recently, recognized as a significant cause of illness and death [5]. Non-melanoma skin cancers (NMSC), i.e. basal cell carcinoma (BCC) and squamous cell carcinoma (SCC), are the most malignant skin cancers among the Caucasian population. A skin lesion is any kind of skin patch which presents modified characteristics when compared to its surrounding area. Examples can be found in Figure 1 showing five classes of major interest: Actinic Keratosis (AK), Basal Cell Carcinoma (BCC), Spinocellular Carcinima (SCC), Melanocytic Nevus, and Bowen disease (BD).

AK	BCC	SCC
Melanom	Bowen disease	

AKs are considered a pre-malignant condition, while BCCs, SCCs and melanomas are malignant forms of skin lesions. Melanoma is the most dangerous causing the majority of skin-disease related deaths despite being one of the less common cutaneous cancers. BCCs and SCCs are less dangerous than melanoma, but are still considered malignant lesions. They rarely metastasise, especially BCCs, but they both need treatment because of their tendency to expand to nearby tissues. Even SCCs, BCCs are growing slower, if not treated while in their early stages, can cause significant damages possibly extending beyond the skin of the patient. Basal cell carcinoma (BCC), is the most frequent cutaneous cancer among white people, representing 75% of all non-melanoma skin cancers [6].

1.3.Markov model in health care

The Markov process, named after the Russian mathematician A.A. Markov, 1865-1922, is a special case of a more general category of processes called stochastic processes. As with all multi-stage decision processes, the Markov process is distinguished from other stochastic processes by the characterization of six basic attributes: states, stages, actions, rewards, transitions, and constraints [7].

The economic evaluations in health with new technologies, are based on an analytic decision model under conditions of uncertainty [8-12]. This model follows the following decision making process: structure (reflect the possibility of prognosis that individuals may undergo, and the impact that treatment and health programs have on said prognosis), evidence (relevant evidence for the study),

evaluation (cost estimates and comparison of the impact of the options under comparison), uncertainty and variability (evaluation of numerous types of uncertainty, including those related to the model and the entry parameters), future research (for identifying the priorities for future research).

The cost-effectiveness of treatments was assessed using a decision analytic Markov model based on systematic review evidence.

Actinic keratosis (AK) is the most common skin lesion with malignant potential, most frequently 11% to 25% in the Northern Hemisphere and from 40% to 50% in Australia [13, 14]. The main factors responsible are UV light and ionizing radiations. AK clinically shows ill-defined macules, papules or plaques different colored: pink to red, brown, with dry, adherent scales. Lesions may be solitary or, multiple, and the individual size may vary from few millimeters to 1-2 centimeters, on face, ears, neck, bald scalp, extensor surface of the extremities and lower lip. Some patients with AK's report burning or a splinter-like sensation in the affected skin area. A clinical classification for grading AK was developed: grade 1 describes an erythematous macule, grade 2 shows a palpable reddish-brown, scaly lesion, and grade 3 is a reddish-brown plaque with an hyperkeratotic surface [15].

The men are more susceptible than women for AK [16]. In time, these lesions could remain unchanged, could spontaneously regress or could progress to SCC and further developing on the support of pre-existing actinic keratosis. 5 to 20% of AK will transform in to SCC within 10 to 25 years, with reported annual transformation rates ranging widely, from 0.25% to 16%. [17,18]. This statistic data suggest the powerful impact of actinic keratosis in health population even this lesions are in most cases ignored or wrong diagnosed. The common therapy could be surgical (cryotherapy, removing with or without cauterization or laser therapy) or medication based on topic drugs like 5-flourouracyl, imiquimod, diclofenac gel or PDT.

PDT works as a selective targeted treatment with high cure rates. The advantage of porphyrins-PDT is no general cutaneous photo sensibility. For example, ALA-PDT (aminolevulinic acid- photodynamic therapy) obtained in 2000 the United States Food and Drug Administration (US FDA) approval for the treatment of skin premalignant (actinic keratosis), malignant (basal cell carcinomas- complete response (CR) rate: 86-100%, squamous cell carcinomas in situ) and non-malignant (acne vulgaris) lesions (pigmented malignant melanomas are excepted due to limited light penetration in pigment-rich tissues). In skin cancers, PDT is a very atractive option, being as effective as conventional treatments but with better cosmetic results (less scarring) [19].

This paper deals with the estimation the potential cost effectiveness of photodynamic therapy (PDT) with new porphyrin drug (sulphonated porphyrin (TSPP)) in skin cancers, by comparison with the existing drugs from the market (ALA), and offer the cost effectiveness calculus for these drugs-sensitizers for applications for actinic keratosis, basal carcinoma and Bowen disease. Also, some reference to the social implications on PDT applications on human skin pre-cancers will be discussed.

2. Material and methods

Type and concentration of the photosensitizer: 20% ALA and TSPP 20 microg/100 g gel. Exposure of the lesion (very broad): from 4 to 24 h. Light sources: coherent (lasers) and non-coherent [lamps and

light-emitting diodes (LEDs)] with the wavelength corresponding to the maximum absorption of the porphyrins. The fluence has been set in a large domain (10–240 J/cm2) and the irradiance was 0.23–100 mW/cm^2. In the majority of cases, a simple irradiation scheme was used with the possibility of treatment repetition of 1–4 times at different time interval.

AKs were classified in to 3 grades, [20]: 1=mild, 2=moderate, 3=severe. Only isolated 1 and 2 grade AKs were chosen for the study in order to warrant accurate comparison. Grade 3 AKs were excluded from the study comparison because they are known to respond less to PDT treatment. A clinical score was used for assessing erythema, hyperkeratosis and thickness of the lesion on a scale between 0 and 3 (0=absent, 1=slight, 2=moderate and 3 =severe). Complete response was defined as a sum score of 0. On the left side of the scalp and face was applied 20% ALA and on the right side TSPP dissolved in an oil-in-water cream, both for 2 hours incubation time under occlusion. Identical irradiation protocol was used: one session of irradiation 130 J/cm^2 fluence at 635 nm wavelengths. Pain during treatment was quantified by the patient on a 0 to 10 analog scale

3. Results and discussion

3.1. ALA/MAL cases

Skin cancers are induced more generally by the sun radiation, and UV radiation, especially.

The radiation with the wavelength in the range: 200-400 nm is divided into UVA (320-400 nm), responsible for photo ageing, UVB (290-320 nm), responsible for DNA damage and UVC (200-290 nm), with a germicidal action.

Skin cancer incidence is growing rapidly worldwide. 15% of UK, 40% of American, 75% of Australian population are affected by this disease. Incidence of skin cancer is doubling every ten years. 50% - 90% from skin cancers are due to UV exposure, where from 2.8 milions are squamous cellular carcinoma and 10 milions of basal cellular carcinoma. For a complete cure of different skin diseases, are known: curretage, criotherapy and sometime, radiotherapy.

As a new and revolutionary method, photodynamic therapy involves three stages, as follows:

administration of sensitizer, biodistribution, when the sensitizer becomes localized preferentially in the tumor, and phototherapy, when the tumor area is irradiated with light of the appropriate wavelength for a predetermined time and after several weeks the tumor disappears.

Up to now, both ALA and MAL are the most used because they are approved in several countries, including the United States (U.S. Food and Drug Administration) for the treatment of actinic keratoses. ALA is applied only for the treatment of actinic keratoses, followed 14 to 18 hours after irradiation with blue light source with a dose of 10 J/cm^2. In phase III studies, the lesions of 243 patients were treated with ALA photodynamic first and then re- treated to 8 weeks if not completely answer the first application [21]. Complete clinical response of individual lesions at week 12 was 91 %. Complete clinical response of patients who had a complete response to all lesions was 73 % at week 12. However, in clinical practice, many physicians using incubation times of only 30-90 minutes for small KA treatment, although this short time is not approved or recommended. In the use of MAL, the cream is applied to the skin lesions after preparation.

Skin preparation consists of removing crusts, treated with MAL. After incubation period of 3 hours, is applied to a red light source of 37 J/cm^2 or 75 J/cm^2. European norms suggest using a single session of MAL application, although it may be repeated every 3 months for lesions that do not respond fully to treatment. Clinical experience has shown that the application of a single session (without re - treatment) may not be sufficient actinic keratoses in the case of moderate thickness.

A recent study showed that MAL induce fewer harmful effects than ALA, and in some cases required analgesics. Application of the eutectic mixture of local anesthetics such as lidocaine / prilocaine before irradiation general is not recommended because of the possibility of interaction of the sensitizer agent during the incubation period. After exposure to light, localized erythema and edema in the treated area may occur, followed by dry necrosis in the tumor area for several days. After 10-21 days, blistered crusts formed and there is a complete re- epithelialization. During this phase, most patients complain a slight discomfort. Due to selective photosensitivity, applied to the epithelial cells or fibers with scattered dermal fibroblasts usually not observed ulcers. Pigment changes are rare or only of short duration. Irreversible alopecia was not observed so far in any of the patients treated, even if because of pilo- seborrheic awareness, there is that risk. In addition patients with known history of porphyria or allergic reaction to the active ingredients of sensitizers applied, no severe limitation ALA / MAL-PDT has been recorded.

There are numerous studies that demonstrate the utility of PDT in the treatment of actinic keratosis including 4 randomized phase III trials with MAL- PDT and 2 trials with ALA -PDT [22]. By comparison the results obtained from MAL- PDT with cryotherapy treatment, from a total of 202 patients with 732 lesions treated with MAL -PDT session one or two applications of liquid nitrogen, a complete response at 3 months showed no statistically significant differences: 69% with MAL- PDT and 75 % with liquid nitrogen instead cosmetic outcome was significantly better for MAL -PDT: 96% versus 81 % with cryotherapy [23]

A complete response of 91% was observed in 200 patients with 855 lesions treated by MAL- PDT. 81 % have been partially cured with MAL -PDT compared with 51 % for cryotherapy [24]. The photodynamic therapy is approved for the treatment of actinic keratosis, basal cell carcinoma and Bowen 's disease in 26 European countries, USA, Australia and New Zeeeland, due to its several advantages: it is a non- invasive technique, no bleeding, no local anesthetic can be applied on an outpatient basis, minimal side effects, can be repeated, with no cumulative toxicity, short healing time, better compliance, excellent cosmetic results. It is useful for the treatment of multiple or extensive lesions in patients with lesions in areas difficult surgical approach (periorificial or central area of the face) [25-30].

A total of 400 lesions treated 198 once and 202 twice treatment were assessed at 3 months after treatment, the conclusion of this study was that a single treatment with MAL- PDT is effective in thin lesions, while in hyperkeratotic lesions or nonresponsive retreatment is necessary. In a study conducted on a multi- number of 243 patients (patients 4-7 lesions), Piacquadio et al [31] have shown that the response to 8 weeks was 75 % of lesions treated and the response at 12 weeks was 77 % . The application of the second treatment considered unhealed lesions improved response rate in photodynamic therapy. Favorable outcomes assessment must take into account that this finding is in most cases only clinic. A study by Calzavan - Pinton [28] showed that under the appearance of lesions

can be clinically cured relapses. Thus in a study of 50 lesions were treated in 17 cases achieved complete healing. Of these three cases there was histological confirmation. The same group of authors have sought treatment outcomes compared to 699 actinic keratosis treated with PDT and cryotherapy. Response rates at three months were 69 % for PDT and 75 % for cryotherapy. In terms of cosmetic outcome was superior for photodynamic therapy. Similar results were obtained by comparing the results obtained with the application of photodynamic therapy with 5-fluorouracil . When using a halogen lamp with a red filter, 300 J/cm^2, 81 % of the dose response codus to 3-20 months after treatment [32] PDT treatment with 20% ALA solution (14-18 hours incubation), blue light (10 mW/cm^2, 10 J / cm^2) , and two successive treatments resulted in 78 % response at 12 months [33]. Another study reported success rate of 89 % at three months after treatment using a similar protocol [34]. Using 20% ALA cream (3 hours incubation), red light (30 mW/cm^2, 100 J/cm^2), and one treatment achieved a success rate of 89 % in two months, even with the lowered fluency [35]. A similar protocol but with two radiation doses with red light (70 mW/cm^2, 70 J/cm^2) resulted in 85 % complete response [36].

PDT treatment with 16 % MAL (3 hours of incubation), red light (75 J/cm^2), and two successive treatments at the rate of 89 % -91 % at 3 months of treatment [37,38]. In the treatment of AK, it was found that a single treatment using MAL is sufficient, although two treatment sessions are recommended for hiper-keratosis lesions [39].

3.2. TSPP case

If keratosis with 5- ALA photodynamic shows a moderately reduced (only 45%) tumor volume, TSPP photosensitizer shows a higher thermal and photochemical stability than ALA, and has a temporal effect of up to two years. In addition, following treatment with 5- ALA, there is adverse effects such as local swelling, erythema, ulcerations, and skin photosensitivity reactions for about 1-2 weeks. However, 5 -ALA exhibits low skin penetration and moderate tumor selectivity. During exposure to radiation, patients may experience burning, stinging or itching on the enlightened feeling disappears after cessation of irradiation. Occasionally, severe pain may occur, paradoxically more frequent and more intense in patients with small lesions, superficial than those with extensive lesions that occur more than mild discomfort. Local anesthesia or premedication with benzodiazepines may help control pain. The most common side effects are redness and moderate swelling of irradiated areas, actions that can be controlled with medium potency topical corticosteroid. Normal clinical response after PDT is characterized by crusting, scaling, itching. Epithelialization occurs at 2-8 weeks, depending on the histological characteristics and extent of lesions. Severe reactions occur as extensive necrosis, massive edema, ulceration occurring at doses of light. Generalized cutaneous photosensitivity in the long term is the main side effect of PDT. Its duration depends on the type and dose of the drug used. Clinical manifestations consist of erythema, edema, burning, bubbles, photophobia and ocular discomfort may occur.

3.3. Cost-effectiveness ratio (Markov models)

In order to implement a drug in clinical practice is important to obey all the necessary steps: from conceptual scientific research, to preclinical studies, to clinical trials and finally, implementation into clinical practice. Markov model helps to solve clinical problems that involve risk over time, or over timing of events [40].

Markov models consist in a set of health states, where a cohort of simulated patients resides over time. Markov model also is a tool for calculating life expectancy, as that is often an outcome in interest in medical decision making. A simple Markov model can extend the time for a decision by calculating the life expectancy based on a two - state model ("alive" and "dead" states). A Markov model can be computed in order to obtain the expected values of the outcomes in order to obtain a measure of variability in health outcomes in addition to the expected value, Figure 1.

The advantage of using a Markov model consists in its modeling approach which takes into account many of the features present in a clinical process, such as risk of disease in time, changing health states over time.

The primary disadvantage is the assumption that the probability of moving from one health state to another does not depend on past history.
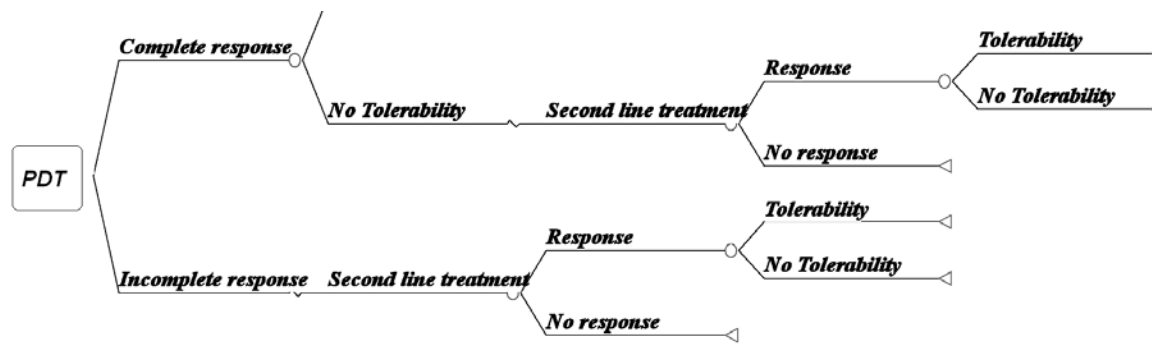
Figure 1. A simplified Markov model for TSPP – PDT

Results suggest that TSPP is the most cost-effective over-the-counter treatment examined in the model and that it is more cost-effective for general practitioners to prescribe it than to administer other drugs.

A complete comparison between treatment results of AK with ALA and TSPP is shown in Figure 2.

60% total cured with ALA, 70% with TSPP;

40% partially cured with ALA, 60% with TSPP;

40% women patients and 90% men;

40% BCC cases, 80% AK and 10% SCC

The clinical results are shown in Table 1.

Table 1. Complete results of the patients treated with ALA and TSPP

No.	Diagnosis	Size	Drug sensitizer	Time/dose	Result	Secondary effect	Tolerance
1	Basal Cell epithelioma	$1cm^2$ 2mm	5-ALA/10%	20′ $126J/cm^2$	Complete cured	-	good tolerance
2	Basal Cell epithelioma	$1cm^2$ 2mm	TSPP/10%	20′ $126J/cm^2$	Complete cured	perilesional pigmentation	good tolerance
	Basal Cell epithelioma	$1,5cm^2$ 2mm	5-ALA/20%	20′ $126J/cm^2$	Complete cured	spot pigmentosa	good tolerance
4	Basal Cell epithelioma	$1,8cm^2$ 2mm	TSPP/20%	20′ $126J/cm^2$	Complete cured	spot pigmentosa	Moderate pain
14	Superficial basal cell epithelioma	$2 cm^2$ 2 mm	TSPP	20′ $126J/cm^2$	Complete cured	spot pigmentosa	Good, no secondary reactions
15	Superficial basal cell epithelioma	$1,8 cm^2$ <3 mm	5-ALA	20′ $126J/cm^2$	Complete cured	=	Good, no secondary reactions
16	Superficial basal cell epithelioma	$1,5 cm^2$ 2mm	TSPP	20′ $126J/cm^2$	Complete cured	spot pigmentosa	Good, no secondary reactions
17	Superficial basal cell epithelioma	$1,7 cm^2$ <3 mm	5-ALA	20′ $126J/cm^2$	Complete cured		Good, no secondary reactions
18	Superficial basal cell epithelioma	$1,7 cm^2$ 2mm	TSPP	20′ $126J/cm^2$	Complete cured	spot pigmentosa	Pain during exposure
19	Superficial basal cell epithelioma	$2cm^2$ 2mm	5-ALA	20′ $126J/cm^2$	Complete cured	spot pigmentosa	no secondary reactions
20	Superficial basal cell epithelioma	$2,2 cm^2$ 2mm	TSPP	20′ $126J/cm^2$	Under observation	spot pigmentosa, prominent areas	Pain during exposure
21	Superficial basal cell epithelioma	$2,5 cm^2$ 2mm	5-ALA	20′ $126J/cm^2$	Complete cured	spot pigmentosa	No secondary reaction
22	Superficial basal cell epithelioma	$7 cm^2$ 3mm	TSPP	20′ $126J/cm^2$	Not cured	-	Feeling the heat
23	Superficial basal cell	$8 cm^2$ 3mm	5-ALA	20′ $126J/cm^2$	Not cured	-	Feeling the heat

	epithelioma						
24	Superficial basal cell epithelioma	7cm^2 3mm	TSPP	20$^{'}$ 126J/cm^2	Not cured	-	no secondary reactions
25	Superficial basal cell epithelioma	6cm^2 3mm	5-ALA	20$^{'}$ 126J/cm^2	Under observation	-	no secondary reactions

From economic point of view, need to be met following steps: general physician consultation (x 1 or more), dermatologist consultation (x 3 or more), transport to and from hospital, local anaesthetic (if pain experienced), hospital cubicle / day patient bed space, nurse time, health and safety on laser equipment, eye protection goggles, air coolers for skin, PDT cream cost and PDT light source.

The cost-effectiveness results have been shown in Table 2. Where from could be concluded a higher efficiency of TSPP with a lower clinical costs.

Table 2. Main steps of PDT treatment and the cost of every phase vs. the used drug

Step	€		%	
	ALA	TSPP	ALA	TSPP
Phase I: Desquamation or Removal of crusts	17	17	6	6
Phase 2: Cream application and bandage	180	120	68	58
Phase 3: Bandage removal	8	8	3	3
Phase 4: light exposure	17	17	6	6
Total	222	162	83	78
Additional costs for the structure	44	44	17	22
Total costs	267	206	100	100

4. **Conclusions**

This paper deals with the estimation the potential cost effectiveness of photodynamic therapy (PDT) with new porphyrin drug (sulphonated porphyrin (TSPP)) in skin cancers, by comparison with the existing drugs from the market (ALA), and offer the cost effectiveness calculus for these drugs-sensitizers for applications for actinic keratosis, basal carcinoma and Bowen disease. Also, some reference to the social implications on PDT applications on human skin pre-cancers will be discussed.

Results suggest that TSPP is the most cost-effective over-the-counter treatment examined in the model and that it is more cost-effective for general practitioners to prescribe it than to administer other drugs.

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Poverty and Tuberculosis

Abstract:

Introduction

Poverty is recognized as an important risk factor for tuberculosis (TB). Studies have shown that TB is more common among poor people, having bad living conditions, such as overcrowded and poorly ventilated housing. The aim of the study was to investigate economic characteristics of TB patients and compare it with the general population of Latvia.

Design

The research - a quantitative study was carried out from August, 2011 to December, 2012 in the Tuberculosis and Lung Disease Center of Latvia. The self-administered research questionnaire contained questions about patients' income, daily nutrition, living conditions and employment. 304 completed questionnaires were included in the analysis. Obtained results were compared with the results of nationally representative studies. Chi-square test was used to evaluate differences in the nominal research data.

Results

TB in Latvia is more widespread among persons with lower income per one household member. Higher unemployment ratio is characteristic of TB patients. In case of employment TB patients commonly have lower-skilled jobs with lower salary level. TB patients are also marked out by lower education level and poor living conditions without central heating, sewerage, and amenities. Due to malnutrition underweight and lower Body Mass Index (BMI) are more prevalent for TB patients.

Conclusions

Comparing to the general population, economic status of TB patients is lower. TB control strategies should be targeted to the poorest populations

Keywords

Tuberculosis, socio-economic differences

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The Foreign Policy of the United States In theTwenty-First Century

Abstract:

The foreign policy of the United States is the way in which it interacts with foreign nations and sets standards of interaction for its organizations, corporations and individual citizens. The global reach of the United States is backed by a $15 trillion economy approximately a quarter of global GDP, and a defense budget of $711 billion, which accounts for approximately 43% of global military spending. The U.S. Secretary of State is analogous to the foreign minister of other nations and is the official charged with state-to-state diplomacy, although the president has ultimate authority over foreign policy; that policy includes defining the national interest, as well as the strategies chosen both to safeguard that and to achieve its policy goals. The current Secretary of State is John Kerry. The officially stated goals of the foreign policy of the United States, as mentioned in the Foreign Policy Agenda of the U.S. Department of State, are \"to create a more secure, democratic, and prosperous world for the benefit of the American people and the international community. In addition, the United States House Committee on Foreign Affairs states as some of its jurisdictional goals: \"export controls, including nonproliferation of nuclear technology and nuclear hardware; measures to foster commercial intercourse with foreign nations and to safeguard American business abroad; international commodity agreements; international education; and protection of American citizens abroad and expatriation. U.S. foreign policy and foreign aid have been the subject of much debate, praise and criticism both domestically and abroad. In the 21st century, U.S. influence remains strong but, in relative terms, is declining in terms of economic output compared to rising nations such as China, India, Russia, Brazil, and the newly consolidated European Union. Substantial problems remain, such as climate change, nuclear proliferation, and the specter of nuclear terrorism. It is important to mention here, that there are many reviews that went on to say that the century atheist twenty witness the rise of the poles of a new international alongside the United States Kourba consolidated, Japan, China, and we agree with those views, which is expected to be a world-century atheist twenty multipolar world whereit is expected to be the period of time required for the rise of these powers to the top of the international political hierarchy may exceed the second decade of the new century, and accordingly, the United States will remain an active and influential role and a dominant position in the international arena in the near future. Indicates where the objective reality, that the United States has the largest balance of power and influence international depending on the standards force the various political, economic, military, technical, and occupies the United States the lead in the current period in the international arena and do not forget desire for American global leadership and its attempt to Americanize the world.

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Arab Gulf cities: 'Late' vs. 'Great' cities

Abstract:

The Middle East has long boasted many 'Great Cities', such as Cairo, Istanbul, Damascus, or Baghdad, which have dominated the region culturally. In the late twentieth century, a number of post-oil Gulf cities underwent rapid and massive urban transformation. Cities such as Kuwait City, Doha, Dubai, and Muscat have grown to represent the national identity of countries in the Gulf, as the Gulf itself assumed growing importance in the Middle East. Sometimes dubbed 'Late Cities', they are often assumed to be essentially modern creations constructed with oil money using modern, often Western, urban planning. As such, they supposedly contrast greatly with the long historical and cultural traditions of the 'Great Cities'. However, this understanding of Gulf urbanism disconnects the modern Gulf cities from their historical and geographic context. City is not merely a rigid model, but rather an ongoing process that continuously shapes and re-shapes the urban socio-spatial landscape. This paper examines characteristics of Gulf cities to demonstrate that post-oil urban formation in the Arabian Gulf builds upon historical and geographic characteristics, which are simply variants of the same set of conditions that shaped the 'Great Cities' of the Middle East. Much of the variation can be seen as due to somewhat different geographic context, which shifts the traditional interactions between nomads, settled populations, and the city. Most Gulf cities have little real agricultural hinterland capable of supplying the city; food has long been imported through long-distance trade, rather than sourced in local hinterlands. Traditional nomad-city interaction has always taken place, but without much of a settled village structure, nomads who settled tended to do so in cities, rather than agricultural villages. Urbanites themselves have been mobile at times in history. Natural causes or oppressive government made major ports unviable occasionally, and merchant families moved their trading houses to new ports. The workforce involved in trade and local industry (such as pearling) moved with them. Oil has altered Gulf cities greatly, physically and socially, but their current form is not a-historical, and not substantially different from the 'Great cities', other than having shorter history. A number of continuing themes underlie the new urban faÇade. To some extent, the historical port functions remain, although diminished in importance due to the modern oil economy. On the other hand, the cosmopolitanism of traditional Gulf port cities has been enhanced. Urban and social structures continue to show several traditional themes, notably the shifting balance between inclusion and exclusion of various factions in Gulf city populations.

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Using Appreciative Inquiry in Designing and Implementing a Learning Intervention for Building Coaching Team for Creating Coaching Climate: A Case Study of Siam Cement Groups, Lampang, Thailand

Abstract:

Coaching has been widely used as a tool for organization development in many organizations. However, to sustain effective coaching outcomes in any organization, coaching climate has to be created appropriately. Appreciative Inquiry is a process that focused on positive aspect of how people perceive about their organization through 4-step cycle, namely, Discover, Dream, Design and Destiny. This study had a main objective of designing and implementing a learning intervention using AI process in order to build a coaching team for creating coaching climate. STICK TOGETHER was designed as a learning intervention and was implemented to the target group of this study which was two hundred employees working at Siam Cement Group at Lampang Plant where the coaching program called C-Leader Program had been implemented.

Four workshops were conducted to collect data from the sample. Each workshop required 50 employees who had participated in the C-Leader Program as coach and/or coachee. They were asked to reflect upon their shared values, concerns, as well as a plan for developing coaching climate and culture via AI process. After participating in the learning intervention, the results indicated most participants viewed coaching as a good tool which can be used to develop business sustainability. They brainstormed their ideas as how to create coaching climate and had strong intentions to be coaches. During AI process, some of them showed their coaching skills accordingly. However, they also had some concern about time limitation when practicing coaching with their subordinates.

Keywords: Appreciative Inquiry, Coaching, Learning Design

Introduction

Coaching has been recognized as an organization development tool to unleash potential and leadership of people in organizations. Orth, Wilkenson and Benfari (1987) stated as follows:

"If managers in an organization would adopt a coaching style, thereby creating an organizational culture that reflected their coaching relationships, the probable result would be stronger management teams at all levels, enhances management performance, and a less stressful environment for all employees"(p,67)

Likewise, the survey reporting on Learning and talent development in 2012 conducted by Chartered Instituted of Personnel and Development indicated that line managers perceive coaching as effective

tools of learning and development and the number of coaching used by line manager had increased consistently since 2009. (CIPD, 2012)

SCG Lampang is one of those organizations that used coaching as an organization development tool to improve individual and team performance as well as to shape organizational behavior. In the past five years, Siam Cement Group has been implementing coaching program throughout organization so called "C-Leaders" in order to develop leadership starting from the top management to middle management. Managers has to play role as coaches , some of them may be assigned to coach one on one with his or her coachee while others might coach more than one subordinate.

Once a number of coaches develop coaching skills, they have to convey the value of coaching to their subordinates and their colleagues throughout the organization. However, due to a large numbers of employees, the organization development team in collaboration with HR team has to find an appropriate approach to communicate and sustain coaching in the most effective way. Anderson (n.d.). performed a research title "The line manager as Coach: An assessment of coaching characteristics reported by line managers" and found that coaching key characteristics of coaching style of management included development orientation; performance orientation; feedback process, and planning as well as goal setting.

PriceWaterHouseCooper conducted a study on "Managing tomorrow's people" and forecasted that in the year 2020, the organizations will be categorized into three worlds including green world, orange world, and blue world. Green world will use coaching as a tool for guiding behavior of employees in organization. (PriceWaterHouseCoopers, 2007)

Even though coaching is beneficial to organization, implementing successful coaching is not an easy task. Furthermore, creating a coaching climate has become a challenging task for all stakeholders including coaches, coachees, HR, as well as managers. Homan and Miller (2008) defined coaching climate as follows:

When an organization has a coaching climate, interactions and conversations are different from those without this environment. The emphasis is on development and growth. Instead of being reluctant to admit that something didn't go well, people are willing to "tell on themselves" suggest solutions, and share what they've learned .....a coaching climate is a culture where people have the skills, and are given permission, to have timely, relevant conversations about growth, development , performance, tasks, and goals. It's a feedback culture…(p,16)

As abovementioned, coaching climate can enable coaching culture in a positive and effective way. Consequently, the management team calls for an approach to communicate and create climate that enable coaching.

Appreciative Inquiry was selected as a tool for designing and implementing a learning intervention for building coaching team for creating coaching climate. Fitzgerald, Murrell and Newman (2002) stated that "AI reflects the core values of organization development (OD) practice and theory developed over the past century. At a minimum, it encourages us to rethink and enlarge how OD professionals approach this work, possibly leading to reinventing of OD itself."

Similarly, Whitney (2004) conducted a study on how Appreciation Inquiry (AI) can be used to examine the organization climate and organization culture, as well as increase organization consciousness.

AI and Learning Design

Appreciative Inquiry was developed by David Cooperrider (quoted in Cooperrider & Srivastva, 1987) at Case Western Reserve University. He and his colleague completed their work in a doctoral program in the area of organizational behavior. Instead of diagnosing the problem of an organization, he focused on the positive perspectives of people in organization. It contains four-step cycle of process which includes the following steps:

Discover: Appreciate "The best of what is"

Dream: Imagine "What could be"

Design: Determine "What should be"

Destiny: Destiny "Create what will be"

In terms of applying AI for designing learning intervention for building coaching climate, Lilja & Richardsson (2012) described in their study as follows:

"Applying AI at the start of a design process then gives you a process that is very different from traditional design approaches. Simply put, you obtain a design process that has as its point of departure identified strengths: "the best of what is". (p,7)

Avital (2005) described distinct features of Appreciative Inquiry in 7 dimensions including, orientation (appreciative thinking), method archetype (generative inquiry), drive (gap opening), focus (what is best), tactical objective (enable success), actors (whole systems) and guiding paradigm (voluntaristic). His study applied Appreciative Inquiry to design experiential learning projects for alternative teaching information systems analysis. Participants were undergraduate and graduate students who took system analysis class. A series of workshops were conducted to assess student's learning outcome.

Objective of the study

This study had a main objective of designing and implementing a learning intervention using AI process in order to build a coaching team for creating coaching climate

Methodology

Stick Together program was developed using the concept of appreciative inquiry which first discovered by David Copperender. Each character of the word STICK stands for "Synergetic Team Integrates Coaching Knowledge. 4D cycles of AI included Discovery; Dream; Design; and Destiny as can be showed in the following picture.

Four workshops were designed in order to examine how the value of coaching and coaching climate through C-leaders were conveyed to all employees. The samples of the study were all employees at SCG Lampang.

Formula for Stick Together

Results

The results of the study can be divided into two parts, the learning intervention itself (Stick Together program) and the results from the implementation of the learning intervention.

The Stick Together program is shown in the following picture.
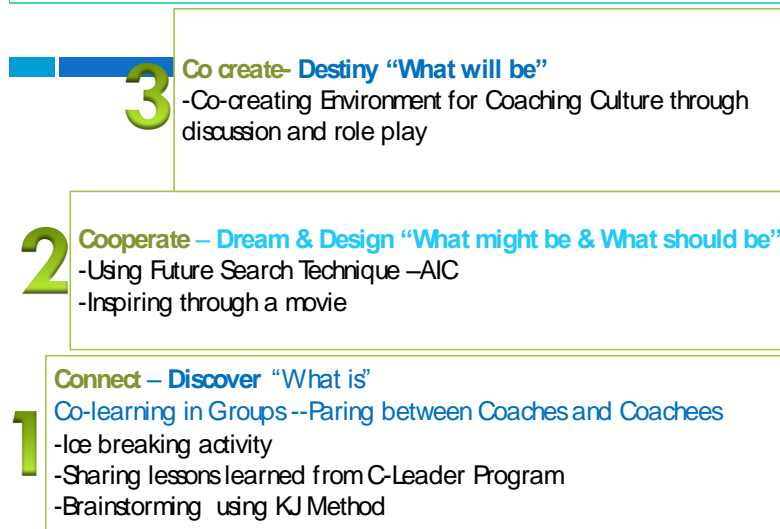
According to the picture, the program was designed as a 2-day and 3-step learning intervention aiming to create shared understanding of coaching program and vision of coaching climate. The first step involved the first D of AI step which is Discover. During this step, participants were involved in ice-breaking activity and a sharing session of their learned lessons from their experience in participation of C-Leader Program. Moreover, at the end of the first D session, participants were asked to share their ideas and concerns in a brainstorming session. For the second step, the program implemented the concept of 2 D's of AI, Dream and Design.

AIC (Appreciation, Influence, and Control) technique was used to involve all participants in a vision creation session. In addition, they were shown a French movie titled "The Chorus" at night. Finally,

the third step involved the last D of AI step which is Destiny. All participants participated in a discussion and role play session which they had to discuss about the execution of their plans in creating environment for coaching culture and role play it to the group. The learning intervention ended with a reflective session where everyone had to share their thoughts with the whole group.

The results of the implementation of the learning intervention (Stick Together program) were:

☐ Stick Together" Learning Intervention had brought them together to share and learn as a team.

◼ The participants become more optimistic toward creating coaching climate. They changed their mindsets about coaching from perceiving coaching as a workload to coaching a way of learning and sharing in a team.

◼ The participants understood more about the concept and process as well as benefits of coaching. They also mentioned about the transfer of value of coaching

◼ The participants realized about how important an involvement of all stakeholders including line managers, subordinates as well of HR can become a key success factor in designing coaching culture

☐ Their coaching climate was reinforced and became an enabling factor toward organization's sustainability

◼ The outputs of building coaching climates through team learning were synthesized and communicate to all participants to build a solid understanding about organization's sustainability

◼ The results of learning become inputs in further step in coaching process at SCG Lampang

Conclusion

The learning intervention was designed using Appreciative Inquiry and was implemented in a 2-day development program. After participating in the learning intervention, the results indicated most participants viewed coaching as a good tool which can be used to develop business sustainability. They brainstormed their ideas as how to create coaching climate and had strong intentions to be coaches. During AI process, some of them showed their coaching skills accordingly. However, they also had some concern about time limitation when practicing coaching with their subordinates.

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Multicriteria CNC Machine Selection Using Type 2 Fuzzy AHP

Abstract:

CNC is a machine tool that uses programs to automatically execute a series of machining operations. CNC machines offer increased productivity and flexibility. Selection among CNC machines is a multicriteria problem including many conflicting criteria. Multicriteria methods like Analytic Hierarchy Process (AHP), TOPSIS, VIKOR, ELECTRE, PROMETHEE, DEMATEL and MACBETH can handle and solve these types of problems. AHP is the most used multicriteria method among these methods using pairwise comparison matrices. A consistency test for a pairwise comparison matrix is necessary. Fuzzy set theory can capture the vagueness in the pairwise comparisons. In the literature fuzzy AHP has been developed using Type-1 fuzzy sets. We develop type 2 fuzzy AHP considering the footprint of uncertainty. We apply the proposed method to CNC machine selection problem.

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An Econometric Estimation of Public Finances in Greece and its Effect on society

Abstract:

On this paper is conducted a study on the procedure of Greece's public finances, using three indicators that reflect the future fiscal condition of this country and the impact that will have on society. The indicators we used are: Public Debt (as percentage of G.D.P.), Current Account Balance (as percentage of G.D.P.) and Indirect Taxes (as share of G.D.P.). The estimations were made with the use of econometric models for the period 2013 to 2017.Along with the estimation of Public Debt (as percentage of G.D.P.), we proceed to an estimation of primary surplus/deficit of the country. Afterwards we present estimated data related to unemployment, direct taxes and inflation, presenting the relationship with the indicators that were estimated. The case of Greece has all the background makings for a complete experiment, presenting an economy with a large public debt. A small economy like Greece which has a relatively small manufacturing and industrial sector and deep recession, should address the big problems of debt accumulation. To accomplish this, Greece will not avoid the solution of the lending and finding revenue through increased taxation. In the end we make some useful conclusions Greece's next day and prospect for a sustainable and competitive economy.

Keywords: Public debt, current account balance, indirect taxes, primary deficit, social impact, debt sustainability

JEL codes: C02, C013, E62, H, H62, H68

Introduction

Greece is a self-contained case of study and conclusions. Firstly, the outlook for public finances was in very bad condition several years before the crisis. The reasons are too numerous and varied. One of the main reasons was the lack of courage shown by the political system of the country, serving the same guilds that nurtured. On the other hand another long-standing policy that was followed until 2009 was the falsification of balance sheets data that showed a completely different picture of the budget. The mild fiscal consolidations which were conducted for years led to the exactly opposite results. Since the year 2010 onwards, the picture is starting to change for the deficits and balance of payments which are decreased. But the policies that have been followed in order to succeed the reduction of fiscal deficit have

resulted in a continuous increase of debt. The causes are the failure of all the state's commitments to lenders due to inactivity and the guilds, and because of the structure that the economy took in recent decades. Also another reason has to do with the systematic failure of states ability to tax with efficiency and fair manner. The Greece is not just another victim of the crisis but a victim of long false political choices. For thirty years the political class sky-rocketed the public debt through an ongoing wave of customer-voter recruitment in the public sector, ample wastefulness and corruption. Additionally, the Greek economy was experiencing a continuous drop in competitiveness across the countries of the European continent but also the rest of the world. The state-control closed economy combined with the cases of corruption and lack of political courage on the liberalization and fiscal consolidation made this country inaccessible to investments. In fact the crisis was the vehicle for this country which highlighted the economic, political and social pathogens. The fiscal consolidation which is taking place right now is not accompanied by an impending reform policies aiming to remove the state from the control of economic activity, reduction of high taxes and a series of privatizations in order to come growth. The sad is that these reforms are even more difficult to achieve the country is a recessionary trend. The unfortunate is that politicians are not difficult shared equally and painful measures and insist on exercising austerity policies that led to social injustice and turn the world towards the extremes. Policies such as cuts in public spending, reduction of wages and pensions, cuts in social spending and raising taxes made an impact in several countries the emergence of social pathogens. The efforts to reduce deficits and public debt may have produced results but social inequalities swell day by day.

1. The case of Greece

Greece is considered a developed country, having a high standard of living. It has been part of the euro monetary union since 2002 and it is an important economy of Europe. However Greece is a country with many problems that rotate around its high public debt and overall bad image of its financial. The crisis of 2008 brought on the surface the weaknesses of the Greek economy. In 2008, with the outbreak of the financial crisis, governments around the world pumped in their financial institutions massive amounts of money to prevent future problems of liquidity. The Greece wasn't the exception by giving 28-billion on its banking system. This policy has increased the accumulation of public debt by worsening the country's image. Greece was experiencing problems with its public debt long before the crisis. The crisis hit Greece from the second half of 2009. The reason was because on the one hand Greece is a "closed" economy and that resulted not to be affected directly by international developments. On the other hand the reason has to do with the evolution of the crisis from credit to debt crisis. In mid-2009 the markets started to examine the countries' ability to repay their obligations. As a result Greece, because of the terrible situation of its public finances considered the weakest link in the Eurozone. The reason this happened was because it was presented the real picture of public finances, after many years of falsifications. The fact that worsened the fiscal situation in Greece was numb dealing from the officers of both Greece and European Union. This stance led the country into a continuous barrage of credit

downgrades. Rating agencies lowered the daily credibility of Greek bonds, leading to an increase in interest rates as well as rising fears of an impending default

In 2010 the country was in a very bad situation because the increase of interest rates was continuing. The government in order to appease the pressure from both the markets and the rest of the Eurozone, they took measures that included wage freezing, cuts and tax increases. These measures did not persuade the markets for the efficiency that would have on the reduction of fiscal deficit. The result was as time went on the interest rate to rising continuously. The deterioration of the climate for Greece led the government to request the activation the newly established European Finance Support Fund (E.F.S.F.) By entering E.F.S.F., the country will borrow only from there, staying away from the markets with the commitment to impose an austerity package followed by a reform package in order to reduce the fiscal deficit and become a competitive country. The austerity measures brought disfavor to the lower social classes.

In 2011 it was evident that the targets could not be implemented. The great tax evasion, the large public sector (where there was no substantial effort reduction) and the continued production of deficits brought again the country forward to a stalemate. In July during the EU summit, it was decided the reduction of Greek debt with private sector involvement (P.S.I.) by 20%. In August of the same year was once again a divergence in goals (1.7 billion) of cost reduction and revenue growth. Once more the Greek government was forced to take fiscal measures collecting revenues from the taxpayers. In late October it was decided the ratification of a new loan agreement, which provided further lending to Greece by the E.F.S.F. the sum of 130 billion Euros and the Greek debt haircut, with the participation of the private sector to around 50%. The new loan agreement and the haircut were not ratified in 2011, due to political unrest. In 2012, the Greek parliament passed two austerity packages. Both were designed to reduce the country's fiscal deficit to honor its commitments at the agreed timetables.

In summary, the measures to tackle the crisis hit the middle and lower classes and a large number of people were led to the poverty line.

2. Theoretically Approach

In this analysis, it will be made an attempt to show the relationship between the public debt and the impact that has on society which has been affected by the economic crisis. The choice of indicators was done in order to present a comprehensive picture of recessionary path which the Greek economy has fallen. The current account balance was chosen to show the country's position on the international scene as it shows payments and debts to the markets. It is also an important barometer for the evaluation of the progress of the economy. Finally, a general assessment is being made of indirect taxes as a percentage of G.D.P. in order to study the contribution of taxpayers in the economy. The relationship between debt- to-G.D.P. ratio and society is immediate because when debt increases and the state do not produce surpluses the government will seek funds to repay debts from citizens through taxation. Below there will be a description for the following indicators: Public Debt (as percentage of G.D.P.), Current Account Balance (as percentage of G.D.P.) and Indirect Taxes (as share of G.D.P.)

2.1 Public Debt (as percentage of G.D.P.)

Public debt is the total debt of the general government (central government, regions, municipalities) of a country and it is expressed in monetary units as a percentage of G.D.P. Public debt is created when state expenditure (private and public) exceed the total production. Consequently the government, in order to be able to fulfill its obligations, primarily increases tax revenues and then borrows money by issuing and selling government bonds or proceeds in privatizations. Therefore the public debt is liabilities of the state, as a result of borrowing through various ways of refinancing. Public debt is divided into internal and external debt. In the first case, the creditors are citizens or various institutions (such as banks, several funds etc.) of the state, while in the second case is not. This distinction is important because in the latter case public debt is expressed in a different currency and hence in a different exchange rate.

The public debt ratio, expressed as a percentage of G.D.P. is a typical indicator that examines the sustainability of a country's economy. Domestic production has a primary role in the economy. If the growth rate is low or has a negative input (recession), the general population is the one who called first to pay back public spending through taxation and the state, borrows to repay its remaining obligations. As a result of this policy, public debt increases year to year. The state's obligation towards its creditors increases as debt increases. According to Maastricht Treaty, government spending on social welfare, health and pensions are not counted on government debt (implicit debt).

There are two types of debt

1. Net Debt
2. Gross debt: is the total public debt that has not been repaid. This type of debt is expressed in the form of bonds, C.D.S., special deals, loans, insurances and pensions. In this case a country borrows the difference between gross debt and financial assets that government possesses.

Debt-to-G.D.P. ratio presents the solvency of the economy and country's consistency toward its creditors. The higher debt-to-G.D.P. ratio is, the lower is the probability of a country's ability to fulfill its obligations to its creditors.

The main mechanism that accumulates and creates debt is the sum of the primary deficit and the cost of current debt. From this relationship we can conclude that the secondary deficit is equal to public debt. A country's deficit is created by internal and external factors.

A consecutive production of deficits affects the public debt. The deficit is divided into primary deficit (total revenue-total costs) and interest and repayments (payments of state for debt per year).

Change in debt = primary deficit + interest and repayments

Primary deficit = deficit budget + influence of anti-stabilizers.

The long-term goals that the government set is:

1. Stabilizing the distortion of the economy (taxes and provision of social policy). Carlin and Soskice, (2005)

2. Budget planning (definition of public finances) in order to remain sustainable debt levels. Carlin and Soskice, (2005)

As we've mentioned before, one of the forms of financing public investment of a state is borrowing. The consecutive borrowing combined with continued high deficits lead to increased debt. When government borrows to cover its needs the burden passes on taxpayers, who through taxes are required to pay indirectly interest and repayments and borrowed capital.

The relationship of Carling and Soskice, (2005) presents the refinancing of public debt through taxation, issuing bonds and printing money.

1. The relationship between interest rate, growth rate, primary deficits and debt are crucial. Carlin and Soskice, (2005)

2. When (r-gy)> 0, the interest rates are higher than the growth rate, the debt accumulates. Carlin and Soskice, (2005)

3. When there is no primary surplus, d> 0 then the economy is forever indebted. Carlin and Soskice, (2005)

4. When (r-gy) <0, the interest rates are lower than the growth rate, the country needs to reduce its debt. Carlin and Soskice, (2005)

If the government improves its deficit, the debt can be reduced.

2.2 Current Account Balance (as percentage of G.D.P.)

The account balance is the account of a state in which reported the total economic transactions (of the state) with the globe. It records the height and the evolution of economic transactions of a country with the rest of the world and shows the inflows and outflows of capital, meaning recorded receipts and payments that have been conducted by a country with the rest of the world in one year time horizon. The index of balance of payments is crucial to a country's economy as it affects the formation of the image of national income (supply and demand of local currency), national expenditure and position the economy of a country in the international scene. Therefore the index of current account balance bop shows the level of international competitiveness of a country.

The current account is given by the sum of the trade balance and the balance of elements unrecorded balance multiplied by 100%

CA = TB + income balance * 100%

This relationship presents: The economic power of the country compared to the rest of the world, how the result of surplus (or deficit) affect the variability of national income and presents data on the economic development of the country if it can sustain itself or require an external loan.

2.3 Indirect Taxes (as share of G.D.P.)

Indirect taxes are the financial obligations that citizens are requested to pay indirectly. The government uses this way to raise revenue. Ways of this form of taxation is VAT and real estate transfer tax. In the first case an individual is required to pay a percentage to the state for the purchase of a product or a service. The second case refers to people who want to transfer some assets belonging and required to pay a fee to the state for the completion of the transfer. The Ministry of Finance determines the VAT that products and services will have, depending on which the category classifies them. For example, the majority of products and services in Greece are classified in high scale taxation rate of 23%. Staple commodities classified in low taxation rates at a tax rate of 13% and 5%.

3. Results and Data Analysis

3.1 Public Debt (as percentage of G.D.P.)

The estimate was made for the Greek public debt includes the years 2013 to 2017. In this macro-econometric analysis the public debt of the country in 2013 to 2014 is increased while from 2014 and onwards it is indicated efforts to contain and fall the increasing rate of public debt. More extensively during the period 2013 to 2014 the public debt increased by 1.8 points (as percentage of G.D.P.). From 2014 and then, it starts declining and for the period 2014 to 2015 is indicated a decline of debt by 2.2 percentage points. The reduction in public debt continues and the next year having a decline for the period 2015-2016 by 2.8 units. Finally the period 2016-2017 the debt continues its downward path reaching 166.9% (as a percentage of G.D.P.). These data are listed in table (1). Charts (1) and (2) illustrating a more detailed picture of the provision made for public debt as percentage of G.D.P. As mentioned before the estimate for the change in debt is directly related to the primary surplus/deficit, so there's been a presentation and an estimation of the change in the primary surplus/deficit of the Greek economy at the same time. According to Table (2) and Charts (3) and (4) below, Greece's primary deficit for the period 2013 to 2017 will have the following course. The production of deficit will continue for the 2013-2014 period where it is estimated that it will reach 1.15% (percentage of GDP). For the period until 2017, the Greece after many years will mark a primary surplus. In 2014 the surplus is expected to be at anemic rates of around 0.7%.

In the coming years there will be an increase in the surplus connected with a stabilization in the rate. In 2015, primary surplus will be increased by 0.61%, reaching 1.31%. The years 2016 and 2017 are followed by an increase but (with lower pace) to the surplus estimated at 1.33% and 1.36% respectively. The production of primary surplus from 2014 and onwards is a very encouraging fact, because it reduces the pace of increasing the public debt at negative rates. From the estimated data we can conclude that the public debt of Greece remains in high levels, and thus it can be considered unsustainable[1]. Greece despite the debt reduction and the haircut of its public debt by private owners (P.S.I.) in 2012, has failed to create the prerequisite conditions for an economy able to meet its obligations. Taken as granted the fact that Greece entered in 2010 the E.F.S.F. with public debt close to 119.5% and comparing with the current data, Greece's public debt is unsustainable. It is obvious that what needs to be done in the case of Greece is a great haircut debt, this time from the official holders of Greek bonds with a combination of a clause repayment which will be linked with the future growth/recessionary path that Greek economy will have.

3.2 Current Account Balance (as percentage of G.D.P.)

The estimation that was made for the current account balance covers the period from 2013 to 2017. Estimates for the current account helps to export useful conclusions about the course of the country. In this analysis is founded that Greece has a consistent but negative current account balance with few fluctuations, as shown in table (3), chart (5) and chart (6). Despite the fact of recording negative account balance, it is worth noting that its levels are in a far better position, compared with previous years. From the starting period there is a decline in deficit of current account balance reaching 1.22% (as percentage of G.D.P.). In 2014 there's been a minimal increase in deficit by 0.0019%. This small deviation shows the steady progress that will have the indicator for the next years. During the years 2015 and 2016 the current account deficit increases by 0,011% compared to the previous period. For 2015, the deficit stands at 1.135% and 1.139% in 2016. In 2017 it is recorded an equally small increase of 0.043% (the largest in the examined time period) with the deficit standing at 1.18%. The estimated data show a successful effort to contain public expenditure at low levels. The current account balance shows the economic potential of the country and its place in the world. By reaching the reduction of costs at very low levels increases the position of the country in international competition and showing the country's solvency to private equity. This decline to the current account deficit is very important showing the willingness of the government to cut public spending and equally to drop the deficit of current in a period where the economy is on a recession, trying to reclaim the lost confidence from the markets. Despite the impressive decline of 17.9% in 2008 to levels recorded close to 1%, is not sufficient to support that the country can be considered open to the inflow of foreign and domestic capital in the economy is viewed with mistrust. With these data and with the suspicion that exists upon the fiscal consolidation program, is needed more time for Greece to be considered a reliable economy once again.

3.3 Indirect Taxes (as share of G.D.P.)

The index of indirect taxes shows how much range of indirect taxation taxpayers have contributed and what share will have on (G.D.P.) Indirect taxes are the taxes required to pay on everyday basis mainly through their purchase of goods and services. In table (4) is presented the estimation for indirect taxes as a percentage of G.D.P. for the period 2013-2017. As shown in charts (6) and (7), the rate for 2013-2014 is reduced by 0.2 percentage points. This reduction may be due to various external and internal factors[2]. This decline is primarily due to the increasing shrinking of incomes, the rise of unemployment and the inflationary trends. Because of this close relationship with indirect taxes, in this paper are presented estimates of unemployment, inflation and direct taxes (in order to show the shrinking of incomes). The tables (5), (6) and (7) show the data of the three indicators and diagrams (8), (9) and (10) illustrate the estimations from the International Monetary Fund and from Oxford Economics. Unemployment is estimated that 2014 will reach its peak point reaching 29.1%. This year the unemployment rate is maintained at very high level and is one of the main reasons why inflation is so low, compared to the years before the crisis. The direct taxes for this year are falling. Reasons for the decline in direct taxes are many and varied. The most important are the reduction in disposable income, the expansion of people living below the poverty line (almost 30%) and tax evasion. While the majority of Greece's population has to contribute a large amount of their income to the state through taxation, there are some social groups that enjoy tax-reliefs. Some of these groups are the ship-owners lobby which they are not taxed and the Greek Church having its monastery properties immune from the taxation. Another important reason perhaps the most important is the tax evasion that existed before the crisis. The governments have not introduced the policies that could encourage the elimination. For this reason, tax levels are so low compared to the majority of developed countries. The period 2015-2014 indirect taxes are estimated to have a small decline of 0.1%. This small drop shows the continuation of the decline in tax collection due to economic hardship combined with a drop in consumption. At the same period is noted a decrease in direct taxes. This decline obviously is due to the tax evasion which is considered to remain and the economic difficulties of citizens to pay taxes. At this point the forecast for the unemployment shows a drop of 0.8% compared with the previous period. While inflation increased by 0.4%, remaining at very low levels due to high unemployment. What is worth noting is that unemployment from 2015 and onwards declines, but still remains in very high level, which characterize the continuing recessionary course of the Greek economy. Inflation for the same period shows an increase because of the gradual decline in unemployment.

4. Econometric Methodology Indicators

It is difficult to choose the econometric models needed for the estimation of a country's economy. Greece is a special case of econometric analysis, because it might belong to the whole of the Eurozone countries, but is very different from the other Member States in terms of economic, political and social recommendations. The problems which confronts for many years in the economic, political and social level make it a complex case concerning the assessment that will be done. Econometric types selected and applied to assess the country's

finances is Public Debt (as percentage of G.D.P.), Current Account Balance (as percentage of G.D.P.) and Indirect Taxes (as share of G.D.P.)

The symbols used for the equations can be found on table (8). Estimation results on the determinants of Greece's current account balance and indirect taxes can be found on table (9).

4.1 Public Debt (as percentage of G.D.P.)

The method that's been used to forecast the public debt, is the standard model used for the estimates of public debt (as percentage of G.D.P.). This model is linear and includes the following type:

$$\Theta_\tau + I_\tau \, \Delta_{\tau-1} = \Phi_\tau + (\Delta_\tau - \Delta_{\tau-1}) + (H_\tau - H_{\tau-1}) \tag{1}$$

This type, in order to be used for the estimation of the public debt as a percentage of G.D.P. evolves to the following equation:

$$\delta_\tau - \delta_{\tau-1} = \Delta\delta \, \delta_{\tau-1} + \omega_\tau$$

$$\Delta\delta = \iota_\tau \, \pi_\tau - \eta_\tau \tag{2}$$

$$\omega_\tau = \theta_\tau - \phi_\tau$$

Taking as granted the willingness of the euro area Member States to keep Greece in the euro on the condition that Greece from its side will honor its commitments which arising from the memorandum, will borrow until 2021 with a fixed interest rate. Under these conditions it is said to be running a Ponzi scheme, having an inexhaustible source of borrowing by 2021.

4.2 Current Account Balance (As percentage of G.D.P.)

Greece is a country with many problems such as high public debt, production of deficits and many structural problems. The structural problems of this country require not only quick and short adaptation of the country to them but also their immediate redefinition of equilibrium of the country under the new structural changes. The model VECM of Johansen (1991, 1995) issues and presents the model structure errors. So the linear model of Johansen is suitable for the case of Greek economy because it make short term estimates of adaptation and long-term considerations for equilibrium and policy directly related to the estimated figures. Initially there is a presentation of national deposits that shows the difference between national savings and national investment. This relationship is reflected in the following linear equation.

$$\alpha\beta = \zeta - \varepsilon = (\varepsilon\zeta - \varepsilon\iota) + (\kappa\zeta - \kappa\iota) \tag{3}$$

All variables are expressed as a percentage of G.D.P. The $\varepsilon\zeta$ is a complex variable that refers to a variety of variables within an economy. Some of these are: real exchange rate, private credit, public spending, private investment, real G.D.P. per capita, output gap, old age dependency ratio, goods and services, trade openness, fiscal balance, crude oil price. In this paper, has been used some variables from the above. Transforming equation (3) in a linear representation we have:

$$\alpha\beta_\tau = \beta_0 + \beta_1\rho\iota_\tau + \beta_2\delta\iota_\tau + \beta_3\varepsilon\iota_\tau + \beta_4\alpha\upsilon_\tau + ... + \beta_{v-1}\iota\rho_\tau + \beta_v\delta\iota_\tau + \varepsilon_\tau \tag{4}$$

In type (4) among the selected variables, were added other two dummy variables, one for the crisis of 2008 and another for the entry of Greece to the Eurozone. Therefore we have:

$$\alpha\beta_\tau = -1 + 0.27\delta\iota_\tau - 0.130\rho\iota_\tau - 0.78\varepsilon\iota_\tau + 0,26\alpha\upsilon_\tau + \kappa\rho - \varepsilon\rho + \varepsilon_\tau \tag{5}$$

In equation (5) the constants $b_0...b_n$ took prices of adjustment speed which was taken from World Bank and Eurobank. In Table (9) is given the speed of adjustment of the country for each variable that has been used.

4.3 Indirect Taxes

The methodology that was followed for the estimation of indirect taxes is similar to the model used by the Bank of Greece and is very close to the model DG-ECFIN of (Denis, 2006) to estimate the progress of Greek economy. Furthermore, it was used the co integration hypothesis of ECM's of the theorem of Engle-Granger that includes solutions for both long-term and short-term dynamics. For the assessment of indirect taxation, was used as ECM the unemployment as it is a huge problem for the Greek economy that will concern far in the future. The unemployment rates in the country are increasing year by year exponentially. In equation (6), unemployment has a negative sign because the bigger it is the more difficult is the repayment of indirect taxes due to the lack of financial resources.

$$\log(\varepsilon\varphi_\tau) = 1.903 + 0.947\log N_\tau \tag{6}$$

Equation (7) shows the estimate of indirect taxation in relation with nominal G.D.P.

$$\Delta\log(\varepsilon\varphi_\tau) = 0.119 - 0.612(Y_{\tau-1}) + 0.275\Delta\log(\varepsilon\varphi_{\tau-1}) - 0.226\Delta\log(N_{\tau-1}) \tag{7}$$

arch= 307   prob=0.54   jb=1.08   prob=0.54   dw=1.77

5. Conclusions

From this survey, after recording the estimations for public debt, current account balance and indirect taxes, derives the following conclusions: Firstly all three sizes of the economy are interdependent and together compose the economic and social status of Greece. This is for the reason why high levels of public debt affects the account balance because a country with high public debt and a negative current account balance has to face external and

internal challenges. The external challenges for Greece are to restore the lost confidence towards to the markets, so that the country can become an attractive place for investors and be able to convince for the sustainability of public debt via a scheduled structural reforms. The internal challenges are to combat the unemployment which is the largest social pathogen that sweeps the country and to drastically tackle tax evasion and corruption that chokes the health forces of the country. The most important thing for Greece is to be able to come to an agreement with its lenders to get payback clauses for the repayment of debts and interest when the economy will start to record growth. The primary objective that should be set by the governments when the economy is on a recessionary track, the main priority should be the economic growth and secondarily the reduction of public debt and fiscal deficit through austerity policies. This should be done because the ratio of growth and debt are inversely proportionate.

Notes

1. External factors are the rising of oil price, a rise in the prices of imported goods and the increase of goods in the primary sector. Internal factors are considered: reduce in consumption, rising unemployment, increasing inflation, poor consumer sentiment due to recession (increasing propensity to save).
2. Public debt is considered sustainable when a country has the ability through its revenues to fulfill its obligations to its creditors.

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Appendix A: List of Tables

Table 1

Public Debt/G.D.P. ratio					
Year	2013	2014	2015	2016	2017
Public Debt/G.D.P.	171,3	173,1	170,9	168,1	166,9

Table 2

Primary Deficit (% G.D.P.)					
Year	2013	2014	2015	2016	2017
Primary Deficit (% G.D.P.)	-1,15	0,7	1,31	1,33	1,36

Table 3

Current Account Balance (% G.D.P.)					
Year	2013	2014	2015	2016	2017
Current Account Balance (% G.D.P.)	-1,125	-1,1275	-1,1356	-1,139	-1,182

Table 4

Indirect Taxes (% G.D.P.)					
Year	2013	2014	2015	2016	2017
Indirect Taxes (% G.D.P.)	12,4	12,2	12,1	12,1	12,5

Table 5

Unemployment (%)					
Year	2013	2014	2015	2016	2017
Unemployment (%)	28,3	29,1	28,3	27,2	26,1

Source: Oxford Economics

Table 6

Inflation (%)					
Year	2013	2014	2015	2016	2017
Inflation (%)	-0,2	0	0,4	0,8	1,4

Source: Oxford Economics

Table 7

Direct Taxes (% G.D.P.)					
Year	2013	2014	2015	2016	2017
Direct Taxes (% G.D.P.)	10,2	10,1	9,8	9,4	9,4

Source: International Monetary Fund (I.M.F.)

Table 8

Data and Notation	
Δ,δ	Public Debt
Ι,ι	Nominal Interest Rate
Η	Change in the Stock of Central Bank Liabilities
Δδ	Change in the Public Debt /G.D.P. ratio
ω	Primary Deficit
π	Inflation
η	Growth Rate
Θ,θ	Public Spending
Φ,φ	Taxes
αβ	Current Account Balance
ζ	Saving
ε	Investment
ει	Private Investment
εζ	Private Saving
κι	Public Investment
κζ	Public Saving
ρι	Real Exchange
δι	Fiscal Balance
αυ	Goods and Services
κρ	Crisis 2008 Dummy Varable
ερ	Euro Dummy Varable
εφ	Indirect Taxes (as share of G.D.P.)
Ν	Nominal G.D.P.
Υ	Unemployment

Table 9

Estimation results on the determinants of Greece's Current Account Balance & Indirect Taxes	
$\rho\iota$	-0,13 (0,9)
$\delta\iota$	0,27 (4,67)
$\epsilon\iota$	-0,78 (3,96)
$\alpha\upsilon$	0,26 (1,85)
$\kappa\rho$	0,04 (2,93)
$\epsilon\rho$	-0,03 (3,34)
Y	0,612 (-4,323)
N	0,947 (7,275)
$Y_{\tau-1}$	-0.612 (-4,323)
$\epsilon\varphi_{\tau-1}$	0,275 (1,343)
$N_{\tau-1}$	-0,2226 (0,521)
Adjusted R-Squared for (5)	0,46
Adjusted R-Squared for (6),(7)	0,67

Source: Eurobank EFG Research and authors' estimation and World Bank Research

Appendix B: List of Charts

Chart 1
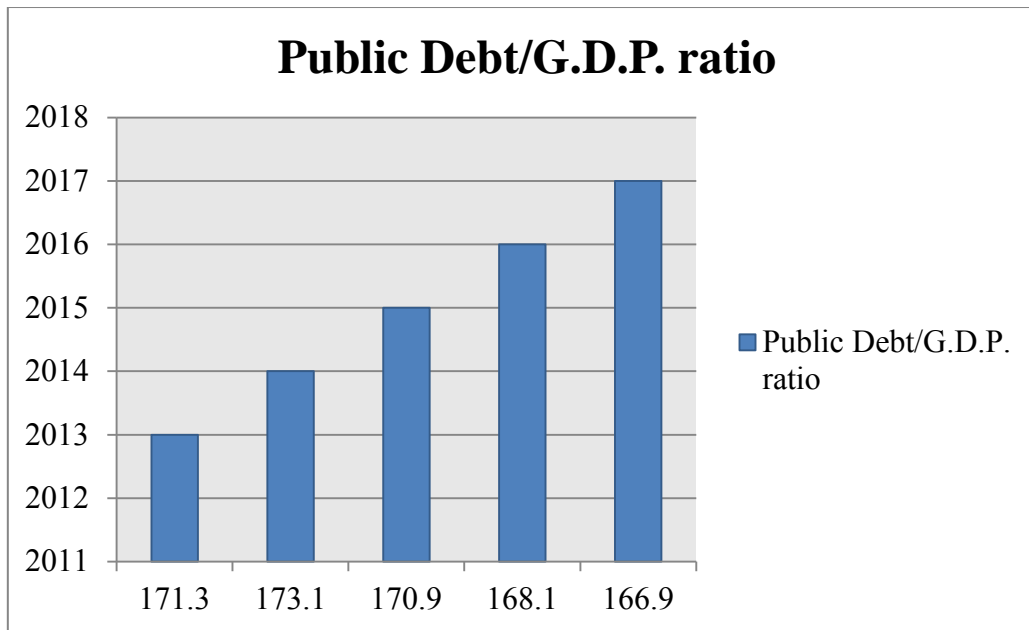
Chart 2
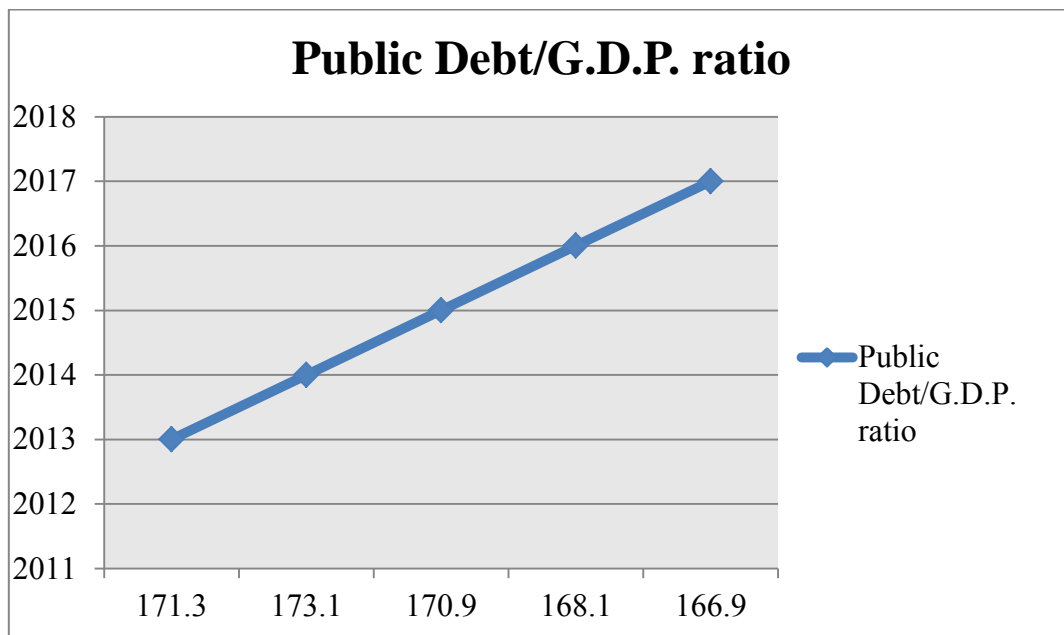
Chart (3)
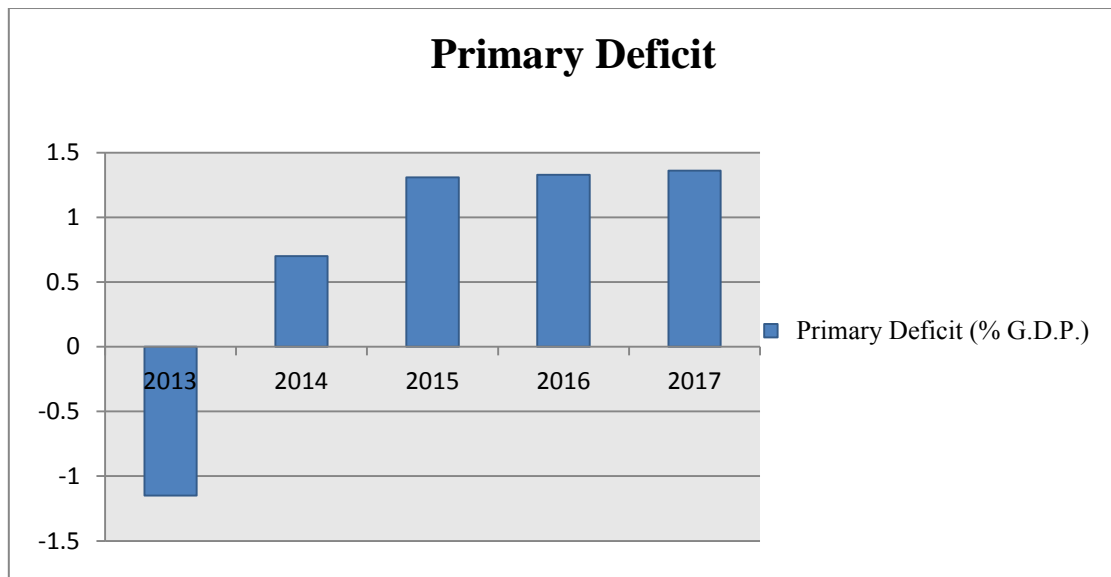
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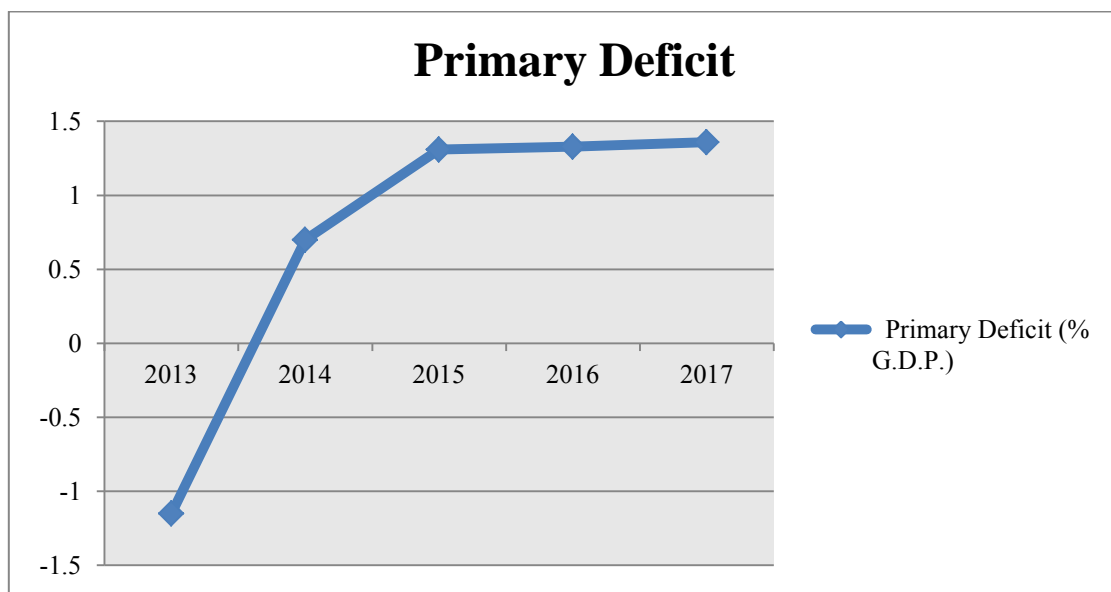
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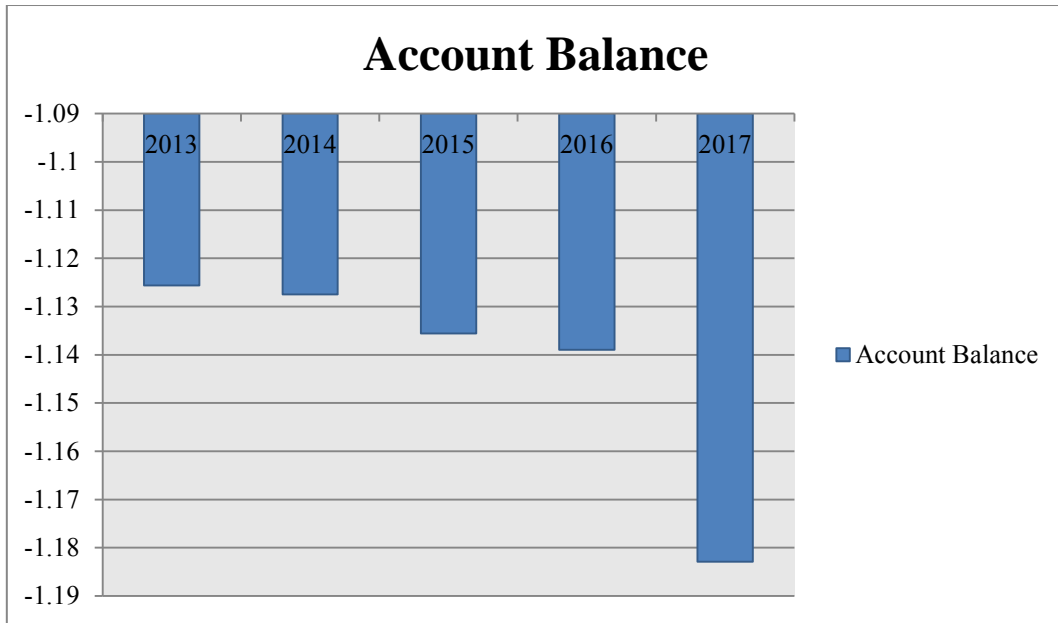
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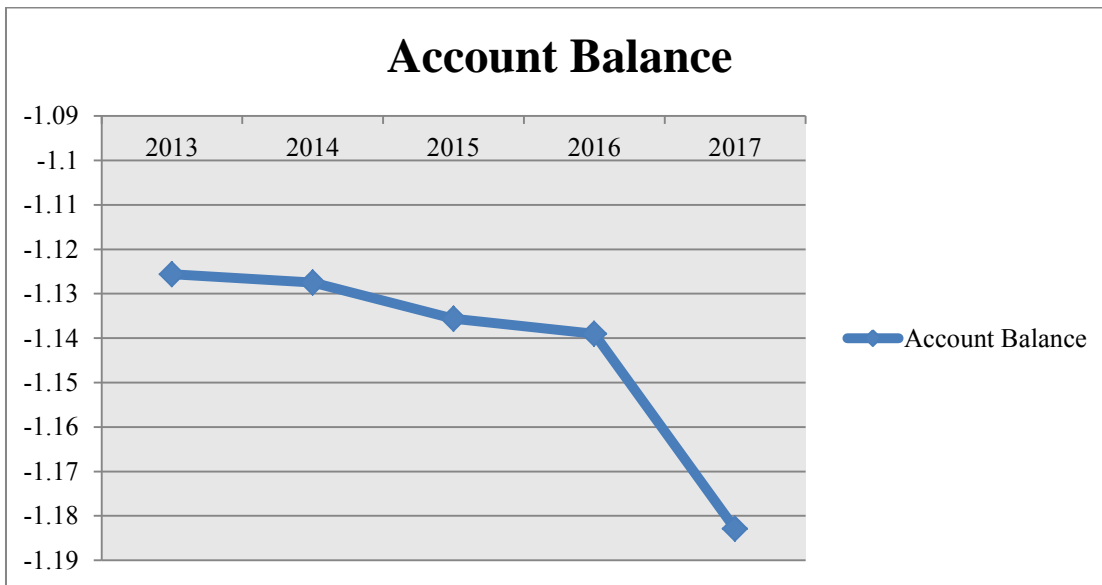
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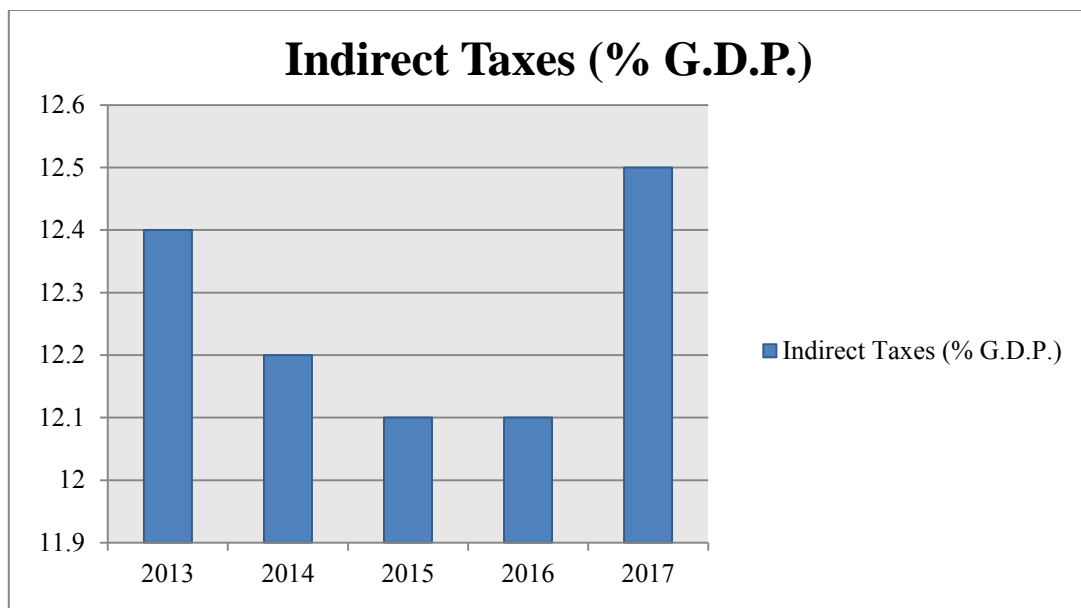
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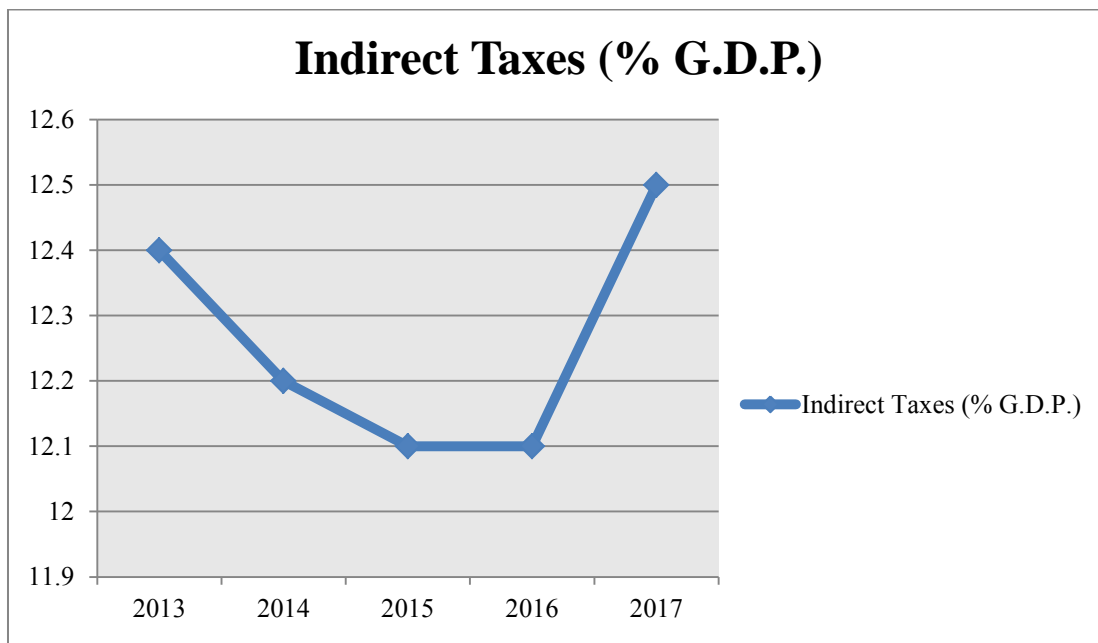
Chart (9)
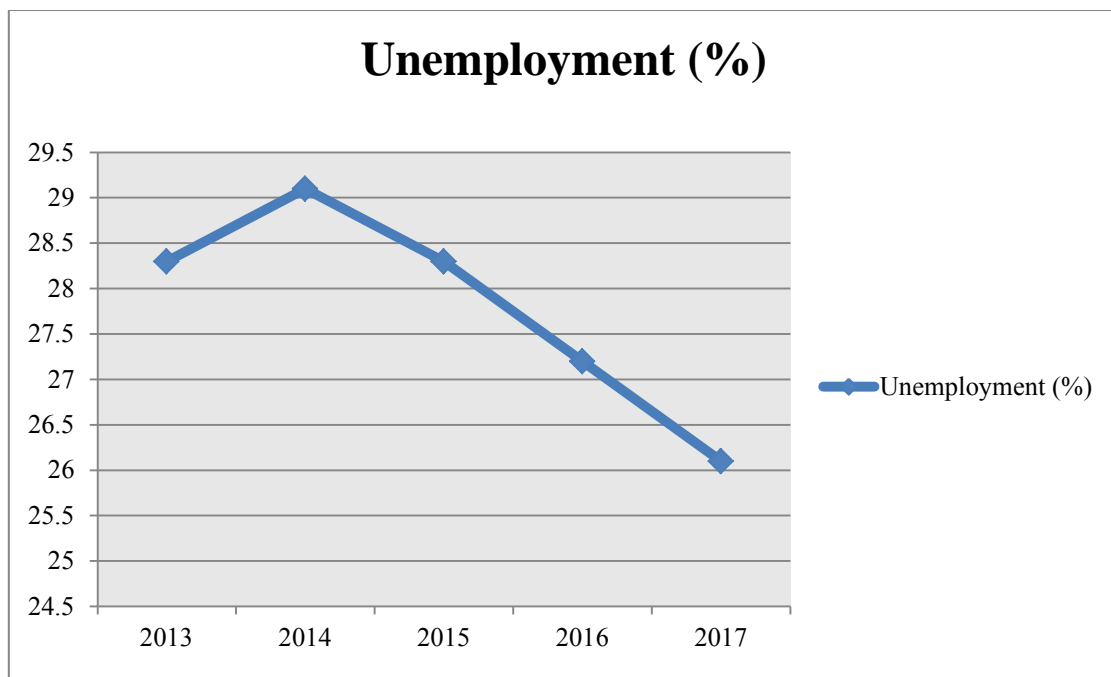
Source: Oxford Economics

Chart (10)
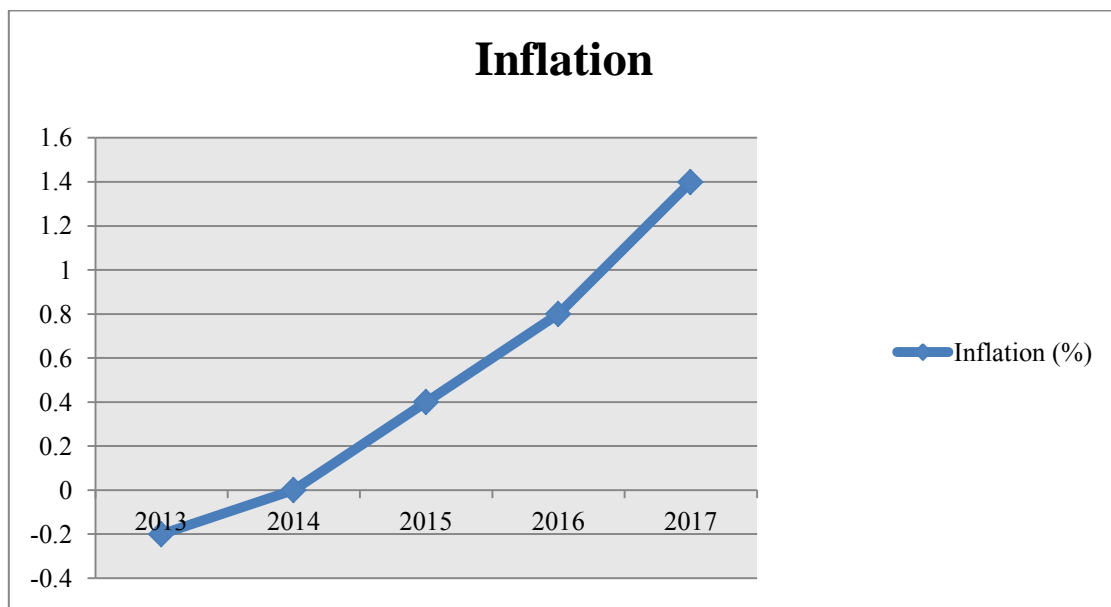
Source: Oxford Economics

Chart (11)

Direct Taxes (% G.D.P.)
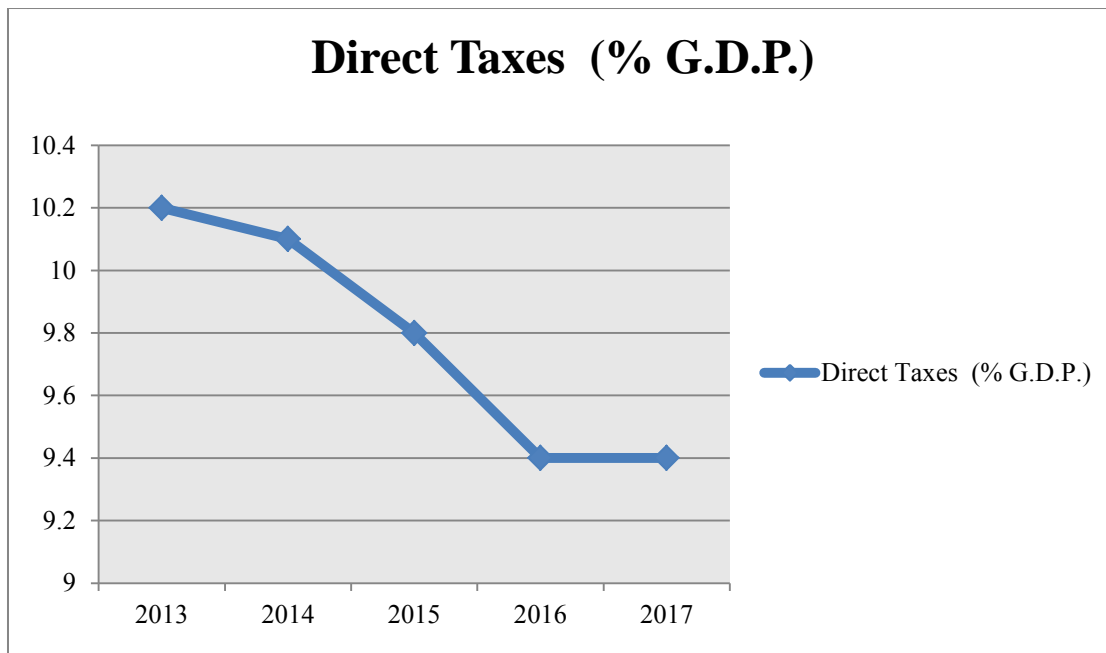
Source: International Monetary Fund (I.M.F.)

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The Declaration of Human Right Issues: In the Perspective of Todays World Discussions

Abstract:

In today's world, the technology and the legal provisions failed to end the humanitarian crises. Although the source of these crises are inappropriate use of the technology and bad applications of the legal provisions. If we say the epicentre in the beginning 'most of the problems are originated from human it self'. However, in the Middle East and in the countries which majority of people are muslims, the civil wars, conflicts and crises of regime and so called 'The Arap Spring'. All in all the crimes against humanity take place perminently in the world. But economically and technologically sufficient countries do not show the necessary response to these crimes even most of them see themselves as a pioneer of human rights.

Therefore human rights continues to exist just in theory but in practice not especially the 'right to live'. Another unpleasant thing is the organisation which was founded to fight against the crimes against humanity and to provide peace around the world The United Nations pozition must be questioned. Though United just on the name but actually is not United to protect human rights and to fight against the atrocity.

In an economical and wide perspective there would not be any clear resolution without providing national sovereignty of states and after fairly distribution of shares along people. In the light of these facts, capital grants is no longer required from the 'less developed' and 'developing countries'. The rational idea would be to impose 'New Global Economical System' to realize The Universal Declaration of Human Rights and the other Conventions on human rights. Through out our subject we will discuss the process of establishment of the 'International Seabed Authority' in the vision of 'The New Economical System' and "The United Nations Conferences On The Law of the Sea' and the debates in subsequent conferences may shine our way and would be useful to analyze as an example of the bases of The New Economical System.

Keywords: Global Law, Arap Spring, The New Global Economical System, United Nations Conferences and The Agreement On the Law of The Sea, The International Seabed Authority..

Saima Khan

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Predictors of Fashion Clothing Involvement amongst Indian Youth

Abstract:

This study aims to ascertain the motivators for fashion clothing consumptions amongst Indian Youth. The interrelationship between Product Involvement, Purchase Decision Involvement, Advertising Involvement and Consumption Involvement is investigated. A sample size of 150 consisting of college going students of Aligarh aged between (18- 26) yrs and the consumption pattern of males and females in specific was also analyzed. It was found that Consumption Involvement has a high correlation with Product Involvement, Purchase Decision Involvement and Advertising Involvement. Although there is no significant difference in the involvement of males and females towards fashion clothing but Product Involvement and Purchase Decision Involvement has more impact on Males and Consumption Involvement and Advertising Involvement has more impact on Females. The research indicates that there is a growing market for fashion products in India and the manufacturers of fashion wear may consider this as a major opportunity for their products in the country.

Keywords: Advertising Involvement, Consumption Involvement, Product Involvement, Purchase Decision Involvement.

Bilal Mustafa Khan

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The Effect of Indian Celebrity Credibilty Dimensions on Purchase Intention of Indian Consumers

Abstract:

This research studies the influence of celebrity's trustworthiness, attractiveness and expertise on a consumer's purchase. It is an effort to delve deeper into the reasons why and how consumers go in for a product or a service that is endorsed by a celebrity. A structured questionnaire was administered to a sample size of 193 people, and respondents were asked about the two chosen ads featuring the two celebrities under study. SEM was employed to analyze causal relationships.
It was observed that a celebrity has considerable impact on consumer's purchase intention, and the celebrity's perceived personality traits (trustworthiness, attractiveness and expertise) largely determine how a brand or product or a service will be chosen by a consumer. This clearly revealed that attributes of each celebrity that are likely to have maximum impact on a person seeing the ad and deciding whether to buy or not to buy the brand or product.

Keywords: Attractiveness, Celebrity Endorsement, Expertise, Purchase Intention, Trustworthiness

1   Introduction

Celebrity Endorsement has attracted immense debate on its contribution to the brand building process. It delivers the brand a stroke of glamour with an intention that a well-known face will provide an added appeal and name recognition in a fiercely contested market. In the clash for creating a niche for your product in the mind, you get the consumer's attention by showing him a famous face along with the product, and a valuable demand is created. In other words, it helps boost the recall value of the brand.

According to Tom et al (1992) results endorsers were more effective in creating a link to the product than celebrity endorsers based on the classical conditioning paradigm. This argument was based on the fact that companies had more controlling power over created endorsers and they build these characters in such a manner that they are fitting with the brand and target audience and also that these characters were not allowed to endorse more than one brand. The celebrity endorsers on the other hand had created a persona of their own over time and the company lacked control over them.

The reason behind the popularity of celebrity advertising is the advertisers' belief that messages delivered by well-known personalities achieve a high degree of attention and recall for some consumers. While the idea is intuitively appealing, it is strengthened by an appropriate connection between the celebrity and the product endorsed or by the celebrity's personification of some aspect of the product. For example, Amir Khan is considered a good spokesman for communicating the perfection and quality provided by a particular brand because he is known for his perfectionist

approach. The beginning of product endorsement by celebrities was made in India when Hindi film and TV stars as well as sportsperson began to encroach upon the territory until then reserved for models. Just few decades back, many of the present generation remember, how Farokh engineer used to show his well oiled and set flock of hair to advertise Brylcream. Today the Indian cricket team members have a combined income running into several Crore Rupees through endorsements.

2   The Source Credibility

Source credibility refers to the perception of the source's expertise objectivity and trustworthiness. Over the past 30 years the research conducted by psychologists demonstrate that a source which is distinguished as highly credible is likely to be more persuasive than a low credibility sender. The same is reflected in the source credibility model, which contends that the effectiveness of a message displayed depends on perceived level of trustworthiness and expertise in an endorser. (Dholakia and Sternthal 1977; Erdogan 1999;Ohanian, 1991).

Hovland et al., (1953) partitioned source credibility into expertise and trustworthiness. Where expertise is "the extent to which a communicator is perceived to be a source of valid assertions" and consists of knowledge, special experience and skills Trustworthiness is "the degree of confidence in the communicator's intent to communicate the assertions he considers most valid and consists of honesty, integrity and believability. Hovland et al., (1953). The advertisers by selecting endorsers, who are widely regarded as honest, believable and dependable, can capitalize on the value of trustworthiness (Erdogan, 1999). Ohanian, (1990) states that the message will be more effective and the receiver more integrated, when the celebrity is perceived to be more trustworthy.

As source credibility research looks upon the celebrity endorsement process as uni-dimensional, it fails to provide a well-grounded explanation of important factors. Even though source credibility is a vital factor in the celebrity selection process, as credibility has been proved to have direct and significant effect on attitude and behavioral intentions, it should not be the only criteria that should be taken into consideration while selecting celebrity endorsers (Erdogan, 1999).

3   The Source Attractiveness

Source Attractiveness is mostly associated with physical attributes, such as familiarity, similarity and likeability, all of which are important in the individual's initial judgment of another person. (Ohanian, 1990). Similarity refers to the resemblance between the receiver and the source of the message whereas familiarity refers to the acquaintance of the source through exposure. While talking about similarity, it is mentioned that consumers are more likely to be influenced by a message coming from someone they feel a sense of similarity with. (Belch & Belch, 2001). The position advocated by the source is better understood and received when the endorser and the recipient are seen to have similar needs, lifestyles, goals and interests. (Kelman, 1961). Likeability on the other hand is the fondness for the source which may be as a result of behaviour, physical appearance or other personal trait and also these celebrities need to be at least well known and admired in the public eye.(Belch & Belch, 2001).

Attractiveness includes any number of attributes such as intellectual skill, personality properties, lifestyle or athletic prowess that consumers might perceive in a celebrity endorser, and thus does not simple refer to physical attractiveness. "Source Attractiveness leads to persuasion through a process of

identification." Kelman (1961) .Identification is the process which has been used to explain how attractiveness influenced consumers.

Research reveals that consumers have a tendency to form positive stereotypes about attractive individuals and also that as compared to their unattractive counterparts, physically attractive communicators celebrities are more successful at changing beliefs (Baker and Churchill, 1977) and generating purchase intentions (Friedman et al. 1976; Kahle and Homer, 1985). A study conducted by Kahle and Homer (1985) divulged that consumers were more geared up to buy an Edge razor after seeing an attractive celebrity in a magazine advertisement than an unattractive celebrity. They also elucidated that speed of communication occurs more promptly when pictures appear in advertisements than when arguments appear.

However, it was suggested by Caballero et al., (1998) and Ohanian (1991) that though attractiveness might result in positive feelings towards advertising and products, but it is not necessary that this feeling should necessarily translate into actual behavior, cognitive attitudes and purchase intention.

Although expertise and trustworthiness have time and again been considered as important elements, attractiveness based on 'source valence' model was identified as another dimension of source credibility. Advertisers have made choices of selecting celebrities on their foundation of their attractiveness to gain from dual effects of physical appeal and celebrity status. (Singer, 1983).

4   The Meaning Transfer Model

According to McCraken (1989), the previous models discussed above are not capable of capture the success factors of the endorsement process, hence he proposed the meaning transfer model as a rich and all-inclusive portrayal of the same, the central premise of which is that celebrities encodes unique sets of meanings which might be transferable to the endorsed product, provided the celebrity is used well. Celebrity Endorsement is a special example of the universal process of meaning transfer which witnesses a conventional movement of cultural meaning in consumer societies.

Figure 1- Meaning Transfer Model
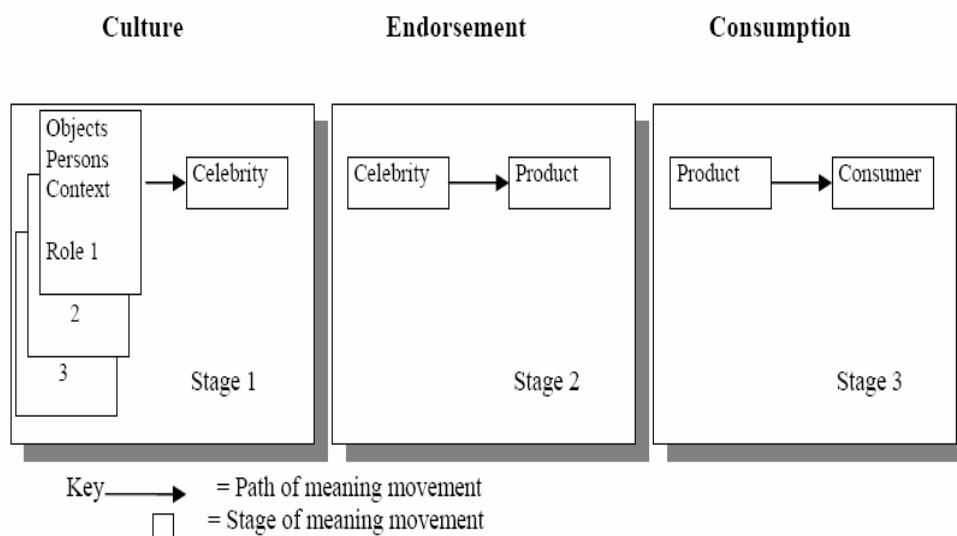
Celebrities are known to be full of different meanings in terms of age, gender, personality and lifestyle. Celebrity endorsers bring their own symbolic meaning to the process of endorsement. Specially the cultural meaning residing in a celebrity goes beyond the person itself and is passed on to the products. (Mc Craken, 1989;Brierley, 1995).

The model exemplifies a three-stage process of meaning transfer which involves the creation of the celebrity image followed by the transfer of meaning from the celebrity to the brand which again in turn is followed by the transfer of brand image to the customers. In the first stage the meanings associated with the famous person moves from the endorser to the product or the brand, and this meaning is drawn by the celebrity from its public persona. In the second stage, the creation of product personality takes place as the meaning is transferred from the endorser to the consumer. This is based on the symbolic properties conveyed by the endorser. Finally in the last stage which is known as the consumption process, the brand meaning is attained by the consumer. The consumers who identify themselves with these symbolic properties the meanings are transferred to them thereby rendering the process of transfer of the meaning from the celebrity to the consumer complete. The third stage of the model overtly proves the importance of the consumer's role in the process of endorsing brands with famous people. (McCraken,1989).

Even though this approach is useful in certain rationales, but at the same time it prevents one from seeing the celebrities who are in fact highly individualized and complex bundles of cultural meanings. (McCraken,1989). McCraken's model may first seem a merely theoretical concept, but in truth its replicability to real life was demonstrated by two studies. The meaning transfer model was found applicable in a study conducted by Mitchell and Boustani (1992), which tested the model on breakfast cereals. Also Langmeyer & Langmeyer (1993) rendered it legitimate through its study carried out on jeans and VCRs which included celebrities like Madonna.

5   The Conceptual Model

In the light of the discussion above, following is conceptual model comprising of the three dimensions of source credibility scale that is expertise, trustworthiness, and physical attractiveness as the hypothesized dimensions of celebrity endorser's credibility.

Figure 2 -CONCEPTUAL MODEL
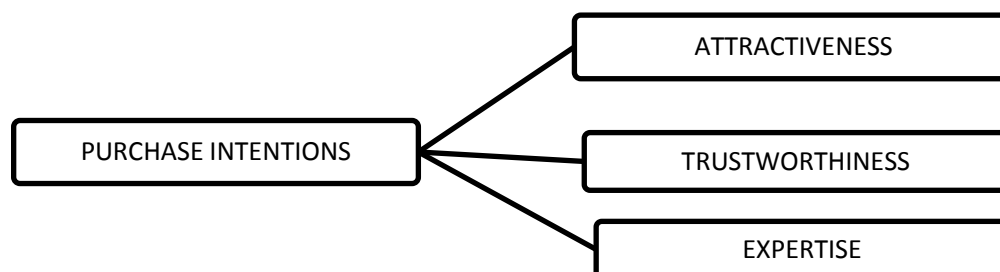
6 Research Objectives

1) To measure effect of celebrity endorsement on a consumer's purchase intention using the Source Credibility Scale and the Source Attractiveness Model.

2) To assess the scale's factor structure (that is, to do the individual items load according to the identified factors).

3) To assess what attributes of each of the celebrities causes maximum effect on a consumer's intention to purchase a product/ service.

4) To determine how celebrity attributes influence endorser effectiveness.

7 Research Methodology

7.1 Data Collection

The data was collected using a structured questionnaire comprising of a list of 27 adjectives that were drawn originally from the Source Credibility Model of Hovland and his associates (1953) and Mc Guire's Source Valence Model (1985).

7.2 Choice of Respondents

The respondents chosen were students from the Management program and Bachelor's program of the Aligarh Muslim University. According to Meijer & Styven (2001), students are widely used for various kinds of academic research. The choice of students as respondents is based on their accessibility and their relative homogeneity regarding e.g. age, economic situation, and lifestyle. Time constraint was also a contributing factor to choice of respondents, as it would have been more time consuming to engage people outside the university as respondents. Students in general turn out to be suitable participants because they are avid television viewers.

Table 1- Choice of Celebrity and Advertisements

Celebrity	Advertisement Chosen
Sachin Tendulkar	Toshiba Ad
Katrina Kaif	Lux Ad

The ads were chosen on the basis of Strength of the brands promoted, and Popular Appeal of the celebrities.

8 Analysis

Of the total surveys collected, all 193 were considered valid and were used in the final analysis. In order to achieve the purpose of this study and test the hypothesis, SPSS, AMOS and LISERAL has been employed to help me analyze the collected data.

Given below are the structural models for the two celebrities chosen.

Model 1: Sachin Tendulkar
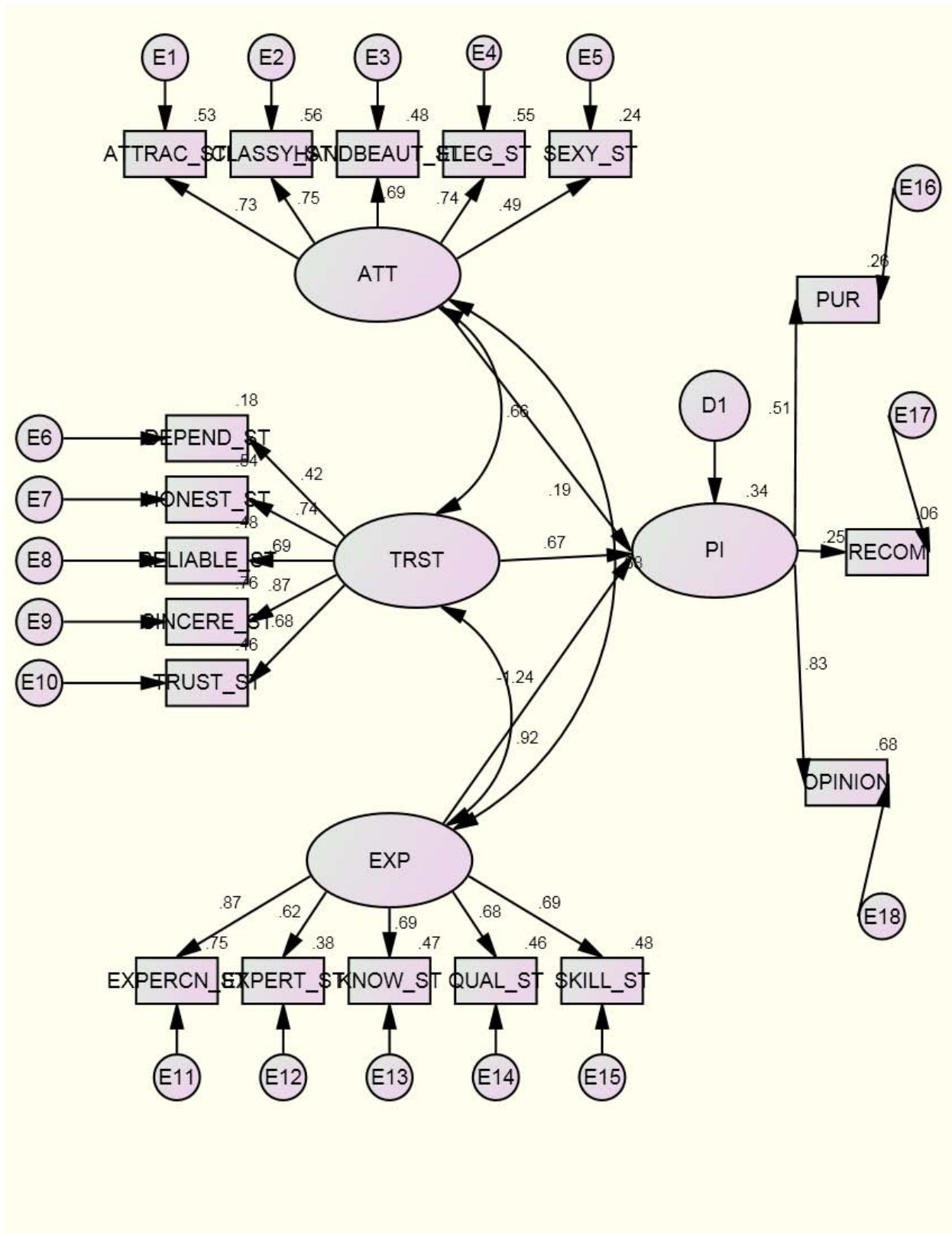
Goodness of Fit Indices (Sachin Tendulkar):

Test Statistics	Critical value	Interpretation	Structural Model
Chi-squared Tests 1. Normed chi-squared test	Chi-squared/df ≤2	Good fit to the just-identified model.	1.122
Test Statistics Using Covariance Matrix 1. Goodness of fit index (GFI)	0.9 < GFI < 1	Assessing the proportion of the variability in the sample covariance matrix explained by the model; GFI> 0.9 suggests a good fit	0.960
2. Adjusted goodness of fit index (AGFI)	0.9 < AGFI < 1	Good fit to the just-identified model.	0.982
3. Standardized root mean squared residual (SRMR)	0 < SRMR < 0.05	Good model fit.	0.0283
Comparisons with Independence Models 1. Normed fit index (NFI)	0.9 < NFI < 1	Not parsimony adjusted; normed; NFI > 0.9 suggests a good fit	0.971
2. Comparative fit index (CFI)	0.9 < CFI < 1	Assuming non-central chi square distribution; assessing the improvement of the hypothesized model relative to the independence model. About 0.90 or higher suggests a good fit	0.915
Root mean square error of approximation (RMSEA)	0 < RMSEA < .08	Good model fit.	0.044
Note. AGFI = Adjusted Goodness-of-Fit-Index, CFI = Comparative Fit Index, GFI = Goodness-of-Fit Index, NFI =Normed Fit Index, NNFI = Non-normed Fit Index, RMSEA = Root Mean Square Error of Approximation, SRMR= Standardized Root Mean Square Residual. a NFI may not reach 1.0 even if the specified model is correct, especially in smaller samples (Bentler, 1990). b As NNFI is not normed, values can sometimes be outside the 0-1 range. c NNFI and CFI values of .97 seem to be more realistic than the often reported cut-off criterion of .95 for a good model fit.			

Model 2: Katrina Kaif
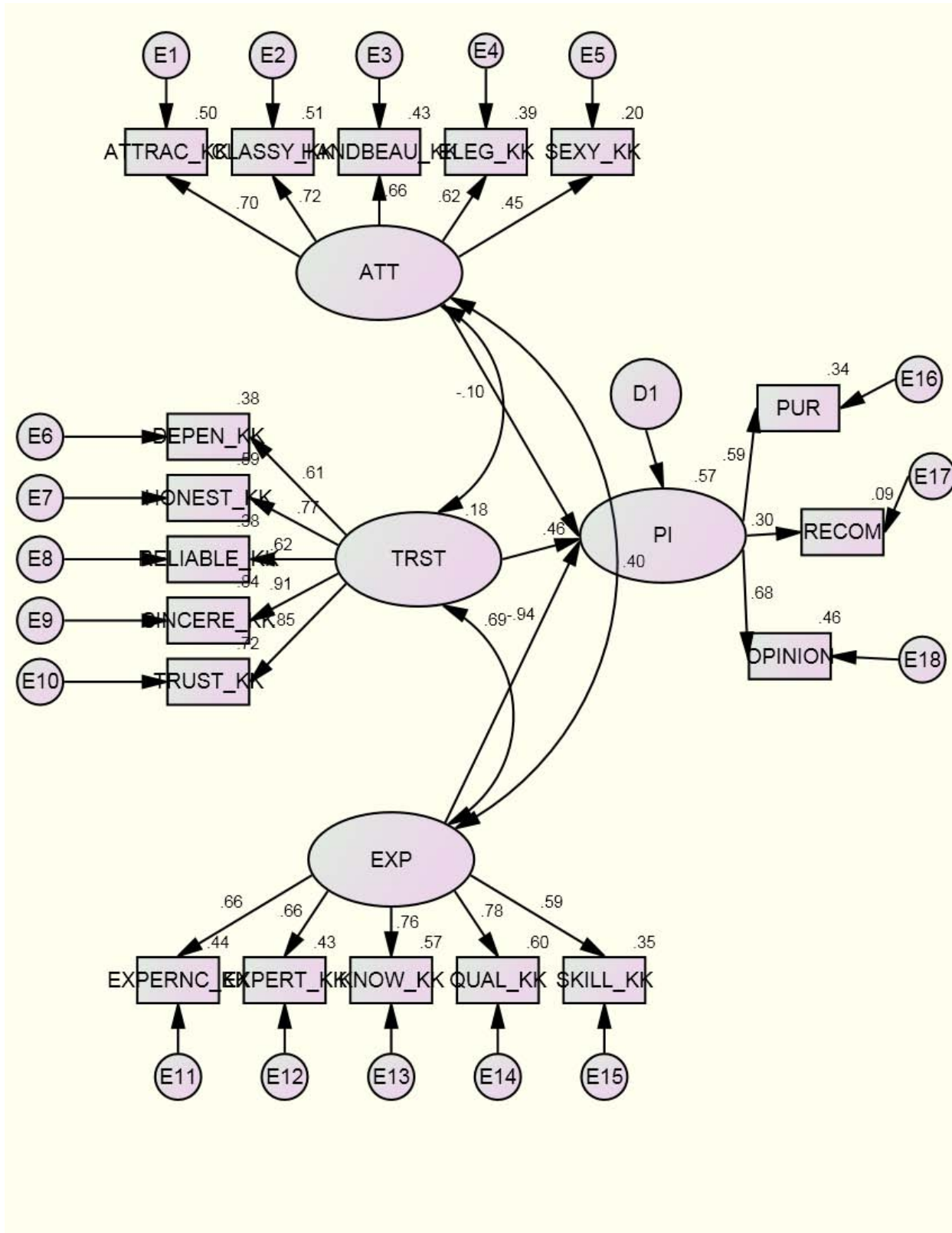
Goodness of Fit Indices (KATRINA KAIF):

Test Statistics	Critical value	Interpretation	Structural Model
Chi-squared Tests 1. Normed chi-squared test	Chi-squared/df ≤2	Good fit to the just-identified model.	1.180
Test Statistics Using Covariance Matrix 1. Goodness of fit index (GFI)	0.9 < GFI < 1	Assessing the proportion of the variability in the sample covariance matrix explained by the model; GFI> 0.9 suggests a good fit	0.985
2. Adjusted goodness of fit index (AGFI)	0.9 < AGFI < 1	Good fit to the just-identified model.	0.982
3. Standardized root mean squared residual (SRMR)	0 < SRMR < 0.05	Good model fit.	0.0403
Comparisons with Independence Models 1. Normed fit index (NFI)	0.9 < NFI < 1	Not parsimony adjusted; normed; NFI > 0.9 suggests a good fit	0.986
2. Comparative fit index (CFI)	0.9 < CFI < 1	Assuming non-central chi square distribution; assessing the improvement of the hypothesized model relative to the independence model. About 0.90 or higher suggests a good fit	0.920
Root mean square error of approximation (RMSEA)	0 < RMSEA < .08	Good model fit.	0.0171
Note. AGFI = Adjusted Goodness-of-Fit-Index, CFI = Comparative Fit Index, GFI = Goodness-of-Fit Index, NFI =Normed Fit Index, NNFI = Non-normed Fit Index, RMSEA = Root Mean Square Error of Approximation, SRMR= Standardized Root Mean Square Residual. a *NFI* may not reach 1.0 even if the specified model is correct, especially in smaller samples (Bentler, 1990). b As *NNFI* is not normed, values can sometimes be outside the 0-1 range. c *NNFI* and *CFI* values of .97 seem to be more realistic than the often reported cut-off criterion of .95 for a good model fit.			

9   Conclusion

From the results obtained and the analysis of cumulative and individual factor loadings, it   can be concluded that Sachin Tendulkar's Expertise has the maximum influence on a consumer's purchase intention while attractiveness least influences a buyer's purchase intentions. Sachin Tendulkar's Trustworthiness also has significant role in influencing a buyer's purchase intentions. Among the attributes of expertise, Sachin Tendulkar scores the highest on experience, followed by skill and knowledge, which implies that when buying a product endorsed by Sachin Tendulkar, consumer find his experience along with skill and knowledge as the most compelling attribute that make them buy the product. Among the attributes of trustworthiness, sincerity and honesty scores are high for Sachin Tendulkar and thus add to salability of the product endorsed by him. Sachin Tendulkar scores low on sexiness and handsomeness, therefore consumers may not go for brand endorsed by him that involves these parameters. Sachin Tendulkar is considered to be classy and elegant, and these attributes influence's a consumer's buying intentions.

Katrina Kaif's attractiveness has the maximum influence on consumer's purchase intentions while trustworthiness doesn't affect too much. Katrina Kaif's expertise score is very low and thus has no role in influencing consumer's purchase intentions. As a celebrity Katrina Kaif is considered to be attractive, classy and beautiful, thus positively affect the consumer's purchase intentions. Among the attributes of trustworthiness, Katrina scores high on trust, sincerity and honesty, and consequently influences the purchase intentions of buyers. Katrina is considered to be knowledgeable and qualified endorser and therefore positively affects the consumer's buying intentions According to data analyzed Katrina scores low on sexiness aspect and may not appeal many consumers to buy the brand which includes this aspect of attractiveness.

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International Sanctions and Their Impacts on Iran's Economy

Abstract:

Iran's nuclear program and the west's response have attracted a considerable attention from the international community since 2003. The United States, the United Nations (UN) and the European Union (EU) have imposed severe sanctions on Iran because of high distrust of the country's pursuance of a nuclear program due to suspicion about nuclear weapon development. Iran has a special position in the Middle East and any specific changes on this country could affect the security and situation of the region. This book has been accomplished in order to fulfill a gap in implementing a comprehensive study of the western sanctions on Iran and their impacts on Iran's economy in detail. The current study intends to answer one of the most important questions in recent years, which is "what are the impacts of western multilateral sanctions on Iran's economy?" The results provide a support for deriving to the conclusion that sanctions, along with Iranian government economic mismanagement, seriously affected Iran's economy. Moreover, the details of the country's economic problems will be given through analyzing Iran's macroeconomic indicators changes after the multilateral sanction years, as well as the impacts of the sanctions on Iran's GDP, unemployment rate, foreign direct investment export and import, Iran's oil industry and oil market, banking and financial system. Eventually, inflation rate will also be discussed. The analysis should help shed some light on this current interesting controversial issue, and should be especially useful to political economists, or anyone else who may be considering the impacts of international multilateral sanctions on an economic situation of a country.

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The Relationship between Social Learning, Knowledge, Attitude, Practice on the Middle–path Way of Life and Happiness in Life of Thai People

Abstract:

The middle–path way of life in this study has referred to the idea of the Sufficiency Economy proposed by King Bhumipol of Thailand. Sufficiency has three components, moderation, reasonableness and self-immunity with two conditions, knowledge seeking and moral concern. Sufficiency Economy has placed humanity at the center, focused on well-being rather than wealth, made sustainability the very core of the thinking and offered a guide for making decisions at any level from individual through society. The purpose of this study was to examine the relationship between social learning, knowledge on, attitude toward, practice on the middle–path way of life and happiness in life of Thai people. The sample of the study was 360 in total: 120 from each of 3 occupational groups, i.e., farmers, employees in the private sector and government officials from 4 regions of Thailand. A questionnaire with questions and four social psychological scales, i.e., the scale of knowledge on, the scale of attitude toward, the scale of practice on middle–path way of life, and the scale of life happiness, were constructed by the researcher. The scales were examined for their validity and tested for their reliability which were high in average. The statistics to analyze the data were Pearson's Correlation, t-test and One-way ANOVA.

It was found that two social learning variables, i.e., having a model for leading life following Sufficiency Economy and having learning experiences or awareness of it, were significantly related to four dependence variables. That is, those who had a model for leading life following it and had a better experience in it, had a more knowledge, better attitude, more practice on middle–path way of life, and more happiness in life than the counterparts. Also, four dependent variables positively correlated with each other. That is, the knowledge was positively related to the attitude at a rather high level (r = .428). The attitude was also positively related to the practice at a rather high level (r = .450). Besides, the practice was positively related to happiness in life at a moderate level (r = .329). Therefore, the result of the study has confirmed the hypotheses that there were the relationship between knowledge and the situational factor, two social learning variables, i.e., the opportunity on observational learning from the examples of practical application of Sufficiency Economy during study trip or training, as well as having a model for leading life following it. Also, there has been the association between knowledge and attitude, attitude and practice, KAP, as well as practice and happiness. In order to promote practice on a middle-path way of life and to boost the happiness in life of Thai people, organizations concerned should provide people the opportunity to have direct experience with successful examples so that they would have more knowledge with better understanding, more positive attitude, and be able to apply it to their lives. Besides, educating people about it should be done continuously through a variety of media.

Keywords: Social Learning, Middle–Path Way Of Life, Happiness In Life

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The Motivation of the Instructors Working for a Necessity Focused University: Konya Selcuk University School of Foreign Languages Case Study

Abstract:

The aim of the study is to determine the need factors in the motivation of the English, German and French instructors comparing the needs motivating the foreign language instructors who has different genders , ages and experience times. In the study, to collect data a questionnaire is carried out among 73 instructors chosen at random from the 98 Instructors of foreign languages in The School of Foreign Languages at SelĂ§uk University . For the instructors, in order of priorities of the sequence of the need factor , responsibility , relations, self-realization, appreciation, life and power have occured. Regarding these six factors , no important differences have been found out between male and female instructors. The need for relations factor has differed according to age groups. 38-56 age group instructors have shown high mean of values to a large extent compared with the 23-30 age group instructors. In addition, depending on their experience time, great differences have been found out about the need for relations . The ones having 15 years of experience have been seen to show high means of values compared with the ones having 0-7 and 7-15 years of experience. It has been concluded that the more the average age of the instructors increases and the duration of their experience has increased, the more they need to contact with their colleagues and students.

Key words:

Instructor Motivation, Foreign Language, Experience, Need.

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A Study on the Factors Influencing Problem Behavior of Middle School Students

Abstract:

This study examined the effect of factors on problem behavior of middle school students focusing on individual, familial, peer-relational and school-environmental factors. Additionally, this study compared and analyzed the influence factors on the sub-typed problem behavior, externalizing problem behavior and internalizing problem behavior. The author carried out hierarchical regression analysis using the 2nd wave (2011) data of Korean Children and Youth Panel Survey (KCYPS) conducted by the National Youth Policy Institute and consists of 1,937 second year students in middle school and their parents. As a result, the statistically significant factors affecting problem behavior were academic achievement and use of harmful media among individual factors, neglect and abuse by their parents among familial factors, delinquent peer among peer-relational factors and maladjustment in school life among school-environmental factors. Among all the influence factors, the relative influence of maladjustment in school life was the most powerful. Especially, academic achievement, abuse, delinquent peer, and maladjustment in school life were common influence factors affecting externalizing and internalizing problem behavior. These results demonstrate that four dimensions (individual, familial, peer-relational and school-environmental) should be intervened. In other words, comprehensive and integrated approach may be useful to reduce the problem behavior of middle school students.

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Application of Reception Aesthetic Theory to Advanced English Teaching Using Multimedia

Abstract:

Advanced English is a specialized subject commonly provided to students majoring in English language or literature in their third year and fourth year learning in colleges in countries where English is not a native language. It is designed to train students' comprehensive linguistic skills including reading comprehension, understanding figures of speech and writing ability. But, with the spreading use of multimedia in English education, Advanced English teaching is facing more and more challenges than before. Although innovative theories and methods have been introduced to the field of foreign language teaching, most of them focus on the enhancement of basic and principle knowledge of the English language and the acquisition of communicative competence. Much less attention has ever been paid to the issue of how to improve the effectiveness of Advanced English teaching. The traditional teaching method which emphasizes information conveyance doesn't work well, especially when multimedia devices are being used in class.

This paper suggests that reception aesthetic theory should be applied to the teaching of Advanced English in order to promote the interaction between teachers and students in class, optimize teaching and learning modes, and make the multimedia device a more powerful teaching platform. This study discusses some reasons and implications of the application of this method and examines the possibility to widen students' horizon in Advanced English learning and the advantages of their more active engagement in class.

Keywords: Advanced English Teaching, Reception Aesthetics Theory, Pedagogic Instructions on English Language Teaching, Multimedia

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Government Intervention of Mergers and Acquisitions in China

Abstract:

Using a sample of mergers and acquisitions with local state acquirers and unlisted target firms, we examine the effects of government intervention and personal political ties on the announcement abnormal returns of local state acquirers. Our results show that local government-controlled acquirers get negative abnormal returns, which are contrary to the theoretical prediction and the empirical result of market-based mergers and acquisitions. We also find that well performed state acquirer will get lower abnormal returns than badly performed acquirer which mainly exists in the regions with more political burdens. Further, the intervention from the local government becomes particularly pronounced in firms whose CEO or chairman is the existing government officer, while less pronounced in firms whose CEO or chairman is the former government officer. These results indicate that local government has motive to intervene the local state firms to achieve political goal, and personal political ties can affect the intervention of local government on state firms.

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The Devils in the Data: Ethical Considerations or Expediency?

Abstract:

Research data collected for one purpose can reveal the unexpected. This can provide both challenges, in reporting and using the data, and opportunities, in exposing new aspects that could be of general interest plus providing specific research foci. For example: How ethical is it to report on aspects that were not the stated focus of the research nor covered by the information given to the participants? How to create a research focus on important but contentious issues highlighted by data in environments where these have traditionally been avoided? These matters are discussed in the context of a researcher's personal journey trialling a numeracy (number) written formative assessment tool in a New Zealand Intermediate School (ages 11-12). The assessment tool was developed with Ministry of Education's (MoE) funding, initially for use in secondary schools, to potentially replace an existing time-consuming oral assessment. The assessment tool focussed primarily on the last four stages of New Zealand's Numeracy Development Project's (NDP) strategy frameworks and had proven 'successful' with 13-14 year olds. At the MoE's request it was then trialled with 11-12 year olds in one intermediate school. The tool appeared to be successful overall, particularly for the first of the two stages assessed, but less so for the other two. In addition, the class-by-class data showed unexpected variations in students' performance between classes, given that they were all composed of randomly selected students. These variations raised questions about the extent to which some teachers were following national curriculum and NDP child-centred teaching/learning approaches, and/or what range of content was covered. At the time of collecting and reporting on the data, the research focus was on whether the assessment tool worked or not rather than why it might or might not be working. While the latter is always of interest to researchers, it was not a priority for the MoE and so the ethics approval reflected their priorities. In writing the final report in the form of a research paper, any conjectures as to 'why?' were very restrained, merely commenting initially, for example, that there may be particular school or teaching factors involved. However, the school-wide data was bi-modal and did not match the nationally established uni-modal norms/expectations. When examined class by class, a small number of classes at each year level were uni-modal while the rest were bi-modal which suggested a 'systemic' type difference in what was happening in the classrooms with teaching and learning. This raised the devils - contentious and researchable questions about what 'groups' of teachers were teaching and how (and why) they might be doing it. Were they: Taking child centred approaches? Teaching a range of appropriate level content or mainly the content assessed in the school wide standard tests? Focussed on 'preparing' the children for secondary school rather than teaching to the children's needs? Reflecting the educational culture of their up bringing? Meeting the expectations of a teacher in New Zealand or not? Expediency suggests we ignore these devils? But if not, how do we start to address them?

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Impact of Regulations on the Development of Consumer Credit Market in Poland

Abstract:

The regulations in the area of banking, specially of consumer credit have been stricter in Poland last years. The attempt of that is to stabilize the banking system and reduce the risk of banking operations. But it means also more comfortable situation for credit institutions which belong to shadow banking. A lot of debtors don't have necessary creditworthiness in banks and they ask for loans in institutions whose operations on the Polish market are less regulated, which has resulted in recent years in an increase of such institutions as Provident, Wonga.com. Vivus.pl. In her paper the author tries to answer the question if the regulations are the reason of credit institutions exploding in Poland, or other factors decide about their success.

Keywords: Regulations, Retail Banks, Non-Banking Loans Firms, Shadow Banking, Consumer Credit, Poland

JEL Classification: G18, G21, K20, L10

1 Introduction

With regards to banking the main idea behind regulation, widely recognized in the literature, is to stabilize the banking system. Sometimes attention is paid to reduce the risk of banking operations. In times of financial crisis when, security of banking activities is increased through regulations, the rules for service provisioning are tightening as well. In which case some customers not fulfilling the credit conditions in banks, seek to borrow money from other institutions.

During the last two years in Poland activities of non-banking loan companies, whose operations are not sufficiently regulated, has been on the increase. The number of such entities continues to grow and is difficult to determine because there are no special registers of this type of business activity, according to the estimates of the Office of Competition and Consumer Protection from 30.06.2013 the number was 72 (Report of the OCCP, 2013, 10). Non-bank loan companies as ordinary businesses are not subject to the Financial Supervision Authority (FSA) and they run their business in Poland on the basis of the Freedom of Business Activity Act, the Code of Commercial Companies (provided that the business provider acts in the form of commercial law company), a Civil Code and the Consumer Credit Act.

Due to the occurrence of the potential threat posed by non-bank loan companies, banking supervision in the form of the Financial Supervision Commission recently amended the Recommendations of retail loans, which are intended to affect market recovery of bank consumer loans, slowed down by non-bank

loans. This paper will analyze the impact of regulatory changes on the developments on the consumer credit market (bank and non-bank loans) and the analysis of other factors that cause significant changes within the market.

2 Regulations in the area of retail banking loans

Area of banking business is characterized by a high degree of regulation. In a free market and high competition regulations are designed to ensure equal access to goods and services in a situation of unequal chances to access information, and reduce the risk of banking operations. After analyzing the literature in the field of banking regulations, the main concern appears to be the importance of ensuring banking stability by reducing and systematic monitoring of banking risk. The purpose of regulation is determined as follows: "to achieve the state where the bank lends money only if it receives it back and regularly monitors credit risk" (Golędzinowski, 2009, 23).

Depending on the nature of regulation, accurate diagnosis of the needs of participants in the banking market, the quality of control, it can be assigned different roles to fulfill (Golędzinowski, 2009, 30):

1. regulation can have a positive impact on the stability and efficiency of the banking system only when it is raised to meet its tasks,

2. Regulation should be an instrumentation of the natural tendencies and processes

3. regulation is to reflect the overall national preferences for consumer protection, protection of private property and the restriction of freedom of competition.

The main source of control in the area of housing and consumer loans[i] granted by banks in Poland is the Banking Law, FSA Recommendations (S and T) and the Consumer Credit Act.

Banknig Law (Polish Banking Law, 1997 and 2012) regulates the basic principles of credit and loans, focusing on the creditworthiness of the borrower, limits of the bank's concentration of obligations, the loan agreement, and gives the FSA special prerogatives to issue prudential regulations and impose restrictions. Particularly important in regulating the rules for granting loans to individuals in recent years have become FSA S and T recommendations, which are not only recommendations to the banks, but specify their required duties regarding the security of interests of the account holders (Kasiewicz and Kurliński, 2012, 186 -187). A controversial backlash of recommendation appeared when it turned out that the recommendations were addressed to all banks covered by the provisions of Polish law, which meant that their resolutions did nor apply to e.g. branches of foreign banks, non-banks, such as credit unions and loan companies (non-bank loan companies) that were engaged in competitive activities to domestic banks in terms of lending and loans to individuals. This range partly changed in the current year (2013) with new versions of the recommendations.

Recommendation S relates to loans financing real estate and other loans secured by mortgages. The recent revision of Recommendation S of the FSA from June 2013, aims to ease the rules on providing loans, because the current conditions proved to be too restrictive. Table 1 presents the most important changes in the provisions of Recommendation S, which replaced a pre-existing resolution.

Table 1. Main changes of Recommendation S in the mortgage secured loans

Area of changes	Previous version of recommendation	Present recommendation (06.2013)
Field of application	Credit exposures and real estate financing Mortgage.	Credit exposures secured by mortgages.
Scope of credit institutions	Banks under Polish law.	Banks under Polish law and branches of credit institutions operating in Poland.
Loan currency	Possible other than borrowers income.	Other than the national currency only in the case of borrowers receiving permanent income in the currency of the loan.
The own contribution	Not necessary .	20% of the loan (or 10% - in the case of additional credit insurance with a reliable insurer)
DtI ratio (debt service / revenue)	50% - at consumers whose net income does not exceed the level of the average salary in the economy (not more than 65%).	Internal maximum limits for banks taking account of the specific characteristics of the client (depending on the kind of customer's: 40% or 50%).

Source: own elaboration based on (Recommendation S, 2011), (Recommendation S, 2013).

New provisions of Recommendation S do not seem to be less restrictive if we look at the currency of the loan, the own contribution or the DtI indicator. The provisions increase the security of lenders, but for many customers they will form a barrier preventing them from obtaining a loan which prior to the entry into force of the amendment was more available for them.

T Recommendation applies best practices in the management of retail credit risk and it is of great importance in the field of retail loans. It was introduced in 2010 to tighten retail lending rules and restrict a widespread banks' credit activity. Popular loans granted freely against ID cards as security, given without examining the creditworthiness of the applicant in the event of persistent financial crisis began to threaten the stability of banks, which gave the effect of the introduction of DtI at 50% for clients earning less than the national average and 65% - for earning above the national average. This adjustment resulted in inhibition of new credit activities with concern about an outflow of customers from banks to non-banks. Ultimately, FSA has decided to ease the rules for granting small loans.

New Recommendation T came into force in July 2013, and its implementation is hoped to result in growth of bank lending.

Table 2. The most important changes in T Recommendation on good practices in the management of retail credit risk

Area of changes	Previous version of recommendation	Present recommendation (07.2013)
Scope of credit institutions	Banks under Polish law.	Banks under Polish law and branches of credit institutions operating in Poland.
The possibility of applying simplified creditworthiness assessment for loans and installment loans (Installment purchase consumer durables)	No simplified creditworthiness assessment.	For customers, for which the loan shall not exceed four times the average monthly wage in the corporate sector.
The possibility of applying simplified creditworthiness assessment for loans and credits.	No simplified creditworthiness assessment.	– For customers with an ongoing relationship with the bank for at least six months, for which the loan does not exceed six times the average monthly wage in the corporate sector, – for customers with an ongoing relationship with the bank for at least 12 months, for which the loan does not exceed twelve times the average monthly wage in the corporate sector, - for other customers, for which the loan does not exceed the average monthly wage in the corporate sector.
DtI ratio (debt service / revenue)	50% - at consumers whose net income does not exceed the level of the average wage in the economy (not more than 65%).	It should be specified in the risk management strategy approved by the board of directors of the bank.
The use of external databases in assessing credit risk	Recommended.	Obligatory.

Source: own elaboration based on (Recommendation T, 2010), (T Recommendation, 2013).

Upon analyzing the changes in T Recommendation it is easy to see the introduction of grater liberty in assessing the customer (credit assessments to a greater extent depends now on the internal rules of individual banks), but for some customers, especially those with better credit quality, the procedure of examining the loan application became faster.

Information published in FSA reports (Raport2011, 2012), (Raport2012, 2013), points to a decline in "credit activity" in the area of retail loans in Poland. According to the various credit reporting organizations (Organizations providing information on borrowers in Poland) the number of granted loans decreases, but their overall value is on the rise (Raport2012, 2012, 32)[ii],which may indicate a shift of banks' activities towards affluent customers. In this case, less wealthy customers are often forced to seek alternative sources of funding to non-banking institutions. The problem applies particularly to consumer loans granted in small amounts and for short periods.

3   The scope of regulations of non-banking activities.

Activities of non-banking entities[iii] in Poland is not fully settled, except in the case of Savings and Credit Unions (SKO-K)[iv],which, thanks to the next revision of the Act to greater extent are subject to such regulations which bring them closer to banks.

Loan firms and consumer loans offered by them belong to a group of poorly regulated services, despite the Consumer Credit Act. The Act defines the relationship, rights and obligations of the actors of consumer credit market in the form of (Kasiewicz and Kurkliński, 2012, 68):

- lenders (banks, savings and credit unions, non-banking loan companies and individuals doing business),

- loan brokers

- consumers.

Primary role of the Act is to protect customers, but shadow banks are not required to provide information about customer liabilities to the relevant databases as credit bureau, which increases the risk of their activities. The exception is Wonga.com, the world's biggest internet loan service provider entering the Polish market, who emphasize in advertising their offers the need to verify the customer's credit information in suitable credit bureaus and the Credit Information Bureau.

Consumer Credit Act imposes on lenders and financial intermediaries an obligation to provide information to customers, who should be warned against ignorant or wrong decision of signing an unfavorable credit agreement. Still, there is a problem of borrowers using illegal provisions in their contracts. These usually relate to fees, commissions or penalties for failure to comply with the signed agreement. Litigation in this area go to the Office of Competition and Consumer Protection, and are influencing the assessment of the quality of provided services, but that does not matter much for borrowers in the process of making their choice of a lender, which will be discussed in point. 3 of this article.

Need for readjusting the gray area is highlighted by all the important institutions supervising the financial market. One cannot use a uniform regulation for all shadow banks due to the wide variety of their activities. The whole gray area cannot be taken under the supervision of the Financial Supervision Authority, because not all companies in the area manage deposits collected from their customers, as is the case for non-bank loan companies that provide loans from their own funds. Control over shadow banks is difficult and limited for the reason that they are undertakings which are not financial institutions and not subject to supervision by the Financial Supervision Authority.

On the market there are many other institutions whose activities are less regulated than savings and credit unions prior to the amendment of the Act, in which they were taken under the supervision of the Financial Supervision Authority. The scale of such institutions is difficult to assess, they often work illegally, and law enforcement agencies do not respond adequately to reported problems[v].

Looking at the results of the sale of consumer loans in Poland since 2009, it can be concluded that the tightening of regulations in the area of consumer loans did not cause mass departure of non-bank customers to loan companies, which are presented in Table 3.

Table 3. Consumer credit in 2009-2012 in billion PLN

Type of lender	2009	2010	2011	2012
Banks	132,2	134,1	130,3	133,5
Cooperative unions of savings and credit (SKOK-i)	8,4	9,7	10,2	10,3
Loan companies unrelated to banks	1,5	1,6	1,8	2,3-2,5[*)]
Provident Polska	1,39	1,47	1,57	1,62
(mln GBP)	(280)	(296)	(319)	(327)

*) estimates
Source: (Raport2012, 2012), (Raport2012, 2013), (Raport_Information 2012, 2013).

The average value of credit granted in the two groups is different, for the banks it is 8,000 PLN, for the other participants of the market: 1,000 PLN. (Raport2012, 2013, 34), which confirms that services of shadow banks are favored by less wealthy customers, who do not meet the credit conditions set by the banks.

Proposed solution in the field of regulation of shadow banks in Poland is that they should be subject to more accurate reporting regarding their business activities.

Legislation regarding shadow bank activities is a problem in many countries, in which conclusions of the recent financial crisis were thoroughly analyzed (Łasak, 2012, 104-136). In the U.S., anti-crisis recommendations clearly demonstrate the need to regulate the area of shadow banking recognizing that sphere of activity as the main cause of problems in the years 2007-2008 (Adrian and Ashcraft , 2012, 3). Troubles arising from the failure to regulate gray market banking are also feared in China, where its size at the end of 2012 is estimated by various sources from 15% to 31% of the value of bank assets (Li, 2012, 1).

Table 4 contains the size of the assets of the total gray market banking in the U.S., the UK and the Euro Zone in 2011.

Table 4. Shadow banking assets in 2011

Country	% of world's assets
USA	35%
Euro Zone	33%
UK	13%

Source: (Li, 2012, 1).

Data presented in reports confirms seriousness of the problem of services provided by the entities in the shadow banking. These services also reach the individual client, who uses the loan that could be financed by funds coming from illegal sources.

Another problem can occur when personal loans for short periods and small amounts are extended in time, and their value increases as was the case in Poland in the first quarter of 2013[vi]. If one considers the fact that the banks' customers do not pay their debts in "hard times", customers of non-bank loan companies may most likely stop paying their much more difficult liabilities. A question now arises if those clients are aware of these problems, whether they know the lender and the terms of the loan, what made them choose an offer hard to accept for the average Pole. The answers to these questions will be a source of information on other factors besides legal regulation that increase the popularity of loan companies in Poland on a scale not seen in any other European country.

4   Other factors affecting the development of consumer credit in Poland

Tightening of regulations in the area of consumer credit after 2009 undoubtedly contributed to the rejection by the banks of customers with the lowest credit rating, which was due to factors such as low income unsystematic and undocumented applicants and unfavorable credit history in credit information institutions. Such persons requiring external funding found help in all kinds of non-bank loan companies which have a rather negative reputation in the business world, a reputation well-known in Polish society. So what convinces (and not deters) the increasingly wide range of customers to use these companies offering services of questionable quality?

Most important factor in attracting customers by non-bank loan companies is a "good first impression" gained through insistent but effective television advertising. There are two companies which are hugely successful in Poland: Provident and Wonga.com, their offer is addressed to different groups of customers. Provident - a British company that was a pioneer in home loans, operating on the Polish market for 15 years, Wonga.com - a British company, which in the past six months, has taken the Polish loan market by storm[vii]. Provident's customers are those seeking funding for a period of 1-3 months, middle-aged, and Wonga.com customers are young people in need of fast cash for a period of approximately two weeks. Both companies provide loans on a simplified basis, quickly and as it turns out - expensive. The cost of such loans at interest rate of APR is counted in hundreds % if to compare bank loan does not exceed the current 19% per year[viii]. The high cost of borrowing in the non-bank loan companies is justified in such a way that these are loans for short periods and annual interest rate is not relevant to their repayment by the small amounts, as opposed to bank loans for larger amounts and periods of at least 1year.

Upon problems with repayment of the loan by the customer, it often turns out that the agreement was vaguely formulated, and often it contains illegal provisions. Of great importance in the calculation of costs are in this case the additional charges such as arrangement fee, or as it is the case with the loans with so-called service at home, where the significant part of the cost relates to this specific service. Other costs are relatively low. Table 5 shows example of such a loan.

Table 5. An example of the value of the loan and its costs

Amount of the load	1500 PLN
Crediting period	57 weeks
Interest rate	155,45 PLN (18%. annually)
Service at home fee	1251 PLN

Source: (OCCP Report, 2013, 13).

Ones attention is drawn to a very high fee related to service at home, the amount of the fee is a little less than the amount of the loan, which is standard in this type of companies. The customer is often not informed directly of this payment and is only able to calculate it on the basis of the number and amount of installments. Often the customer does not have a bank account and the loan must be delivered to their home.

An analysis of Office of Fair Trading report shows that loan companies commit a number of offenses against their customers who are often "in dire need of cash." The companies take advantage of the fact that their customers do not have other possibilities to finance their needs, which often plunges them into deeper financial problems.

The level of customer confidence in the non-bank lending institutions is the lowest among all the lenders in Poland, which also confirms that customers using the services of these companies cannot otherwise solve their problems. Table 6 presents data on consumer confidence in the financial services institutions in Poland in 2012.

Table 6. The level of confidence in the financial services institutions in Poland

Institution	2012
Bank whose services I use	49
Banks operating in Poland	45
Financial advisors working for Banks	29
Cooperative unions of savings and credit	22
Financial advisors working for non-bank entities	20

Loan institutions	15

Source: (Masiukiewicz, 2012, 15).

Consumer confidence is increasingly strained by the information published in the media concerning the below (among which the most frequently mentioned are (OCCP Report, 2013, 21-27):

– failure to provide information about the interest rate of the loan and the conditions of its changes,

– failure to provide information on the total amount of the loan,

– failure to provide information on the total amount to be paid

– failure to provide information about the other costs which the consumer is required to pay in association to the consumer credit agreement,

– failure to indicate the interest rate on debts overdue and the conditions of its change.

Loan enterprises care about their image by doing their own information campaigns for clients. A good example is Provident, which literally cuts itself off from the typical business short term lenders, exacerbating its reliability by informing that it grants short term credits (for few months) only to customers verified with Credit Information Bureau, just as banks do.

Summary

Regulations for consumer credit in Poland after 2009 were tightened too much, and the banks' internal prudential policy also contributed to inhibit the scale of lending by banks. However, the data published in the FSA reports show that the problem of the credit crunch affects mainly the poorer because the value of total bank loans increased in recent years with the decline in their numbers. Loan companies are becoming more and more popular among Polish society which unable to find funding in the banks, reaches to shadow banking.

Principle of operation of loan companies is not sufficiently clear neither for their clients, nor for financial supervision in Poland, which they are not subject to. The result for this is the low quality of services provided by the shadow banks, and the main victims – the clients, who as a result of the lack of regulation of the shadow banking area cannot even file a formal complaint. However, legal authorities do not respond well enough to frequently violated the law. The mere relaxation of the rules of banking is not enough for the customer to return to banks, because shadow' banks offer will always seem more attractive to some customers.

It is essential to impose clear regulations upon all institutions, which, like the banks run their businesses thanks to the trust of its customers. Banks in Poland have implemented very detailed procedures and systems to manage risk and quality, which in the case of shadow banks is of no concern.

Summarizing the previous considerations, we can conclude that the in consumer credit market in Poland one may observe the following phenomena:

1. decrease the volume of loans granted by banks due to stricter regulations and increase internal prudential policy of banks,

2. increase in the total bank loans in recent years with the decline in their numbers,

3. small legibility principles of the non-bank loan companies,

4. no clear regulations to cover loan companies providing services to clients,

5. "non-banking" customer base of loan companies,

6. specific pricing - high APR that does not act as disqualifying.

With the effort of regulating informal economy banking, one must be aware of monitoring the quality of credit service, increasing the transparency of the products offered by shadow banks and protect the banking system from excessive risks that threaten from the gray economy banking which contributed to the financial crisis of 2007-2008.

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Notes:

[i] Consumer credit is also secured by a mortgage loan to the amount of 255,550 PLN (Consumer Credit Act, 2011).

[ii] In the first half of 2012 there were 3 million loans granted, totaling 29.6 billion PLN compared to 3.6 million loans totaling 28.1 billion PLN granted in the year 2011, (Raport2012, 2012, 32)

[iii] The term *non-banks* in Poland is used interchangeably with the terms: s*hadow banking, non-bank loan companies, para-bank, parallel banking.*

[iv] Activity of SKO-K is governed by a separate Act (Credit Unions Law, 2009), (Credit Unions Law, 2012).

[v] According to the FSA list in 2011 in Poland's banking without permission resulted in 14 institutions (Masiukiewicz, 2012, 13).

[vi] According to financial portals.

[vii] Subject widely presented in the article "Identification of critical success factors in short-term lender companies in Poland - a business model analysis "(Łosiewicz-Dniestrzańska and Nosowski, 2013).

[viii] Data as of 30.08.2013.

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Agricultural Use of Rural Areas Located In Environmentally Valuable Terrain

Abstract:

The primary function of rural areas was their use in agricultural production. Currently, according to the balanced development of rural areas, one need to tend to make those areas more attractive, create new jobs, create new sources of income for the rural population and to improve rural spatial planning. The agricultural production is extremely important in the areas of outstanding natural beauty. The management on protected areas can contribute to the protection of valuable qualities from excessive investment process. It must be conducted in accordance with legal requirements for environmental protection. The purpose of the research was to analyze the changes in agriculture in the context of rural area development. The communities within the Barycz Valley Landscape Park boundaries were selected for analysis. The study was based on the statistical data, including the data from the agricultural censuses of 1996, 2002, 2010, data concerning planning works and planning documents to lay down the development directions of the analyzed communities.

Keywords: Agriculture, Landscape Park, Sustainable Development

Introduction

Ecological areas cover one third of the area of Poland. The definite majority of territories of great natural interest, both protected and subject to non-statutory forms of nature conservation, is situated within rural areas. Therefore, any changes within these territories can have indirect impact on the condition of the natural environment.

According to Dobrzańska, *'an area of the land or the sea with high biodiversity together with its natural and cultural resources, used in order to secure the biodiversity protection'* should be considered as territory of great natural interest [Dobrzańska 2005, p. 11]. Nature conservation consists both in preserving and also in sustainable use of individual components of the nature [Act 2004]. This is why according to Dubel's assumption, *'territories of great natural interest shall be conserved effectively only if appropriately included in main socio-economical trends'* [Dubel 2001, page 133]. Currently, nature conservation is identified more and more often as active operation. However, the thorough insight into all conditions is a prerequisite for effective conservation. It should be remembered that territories of great natural interest can create to a certain extent development opportunities for regions where they exist. Therefore, the insight into conditions can contribute to the appropriate management of a territory concerned. Due to limitations appearing at the moment when protected areas are created or established, these areas are also defined as areas, where the existing biodiversity can, on one hand, be a dominant business activity factor, or, on the other, even a factor

limiting conventional forms of business [Dobrzańska 2005]. Thus, the appropriate choice of development directions seems to be very important. Farming in accordance with nature conservation requirements can be a basis for active conservation and this way it can contribute to the protection of great values against e.g. excessive investment process.

The purpose of the research was to analyze the changes in agriculture in the context of rural area development. The communities within the Barycz Valley Landscape Park boundaries were selected for analysis. The study was based on the statistical data, including the data from the agricultural censuses of 1996, 2002, 2010, data concerning planning works and planning documents to lay down the development directions of the analyzed communities.

Nature conservation system in Poland

The framework of protected areas within the territory of Poland is created by forms of protection with their statutory tasks and scopes of use. The following Acts are the legal grounds for the nature conservation:

- Nature Conservation Act of 16 April 2004 (Journal of Laws of 2004 No. 92 item 880), and

- Act of 3 October 2008 on Amendments to the Nature Conservation Act and Certain Other Acts (Journal of Laws of 2008, No. 201 item 1257).

According to provisions of the Act of 2004, there shall be the following forms of protection: national parks, natural reserves, landscape parks, protected landscape sites, Natura 2000 areas, natural monuments, documentation sites, ecologically utilized areas, landscape-nature protected complexes, protection of plant, animal and mushroom species. Rules of use of protected areas and admitted forms of business are regulated in the Act of 2004. The strictest rules were laid down as regards the created national parks and natural reserves. Both orders and prohibitions binding upon area concerned and the structure of land use decide on the manner of use of the protected areas.

Pursuant to data of 2011, 32.3 per cent of Poland is covered with various forms of nature protection, of which the largest part, i.e. 22.3 per cent, take protected landscape areas, while landscape parks cover a bit less, i.e. 8 per cent. The remaining nature protection forms take less than one per cent. This breakdown does not cover Natura 2000 areas, as they coincide many times with the remaining area protection forms. Natura 2000 framework covers almost 20 per cent of the country area.

Landscape parks cover areas protected because of their natural, historical and cultural values, as well as of their landscape qualities. They are established to conserve and promote these values in sustainable development conditions. There is a demand that the many centuries old manners of environment management and management in the environment themselves be protected within landscape park areas, as they were having had impact on preservation of natural values [Poskrobko 2008]. There are about 120 landscape parks in Poland. Currently, they are areas of many functions. Apart from their protective function, landscape parks can contribute to the financial activation of their local communities. It should be emphasized that farmland, forest land and other properties within park boundaries may remain for agricultural use. It is however needed that the agricultural management process be conducted in accordance with the sustainable development principle, and in case of agricultural production – with

good agricultural practice requirements. The intensity of agricultural use, particularly of agricultural chemicals, litterless animal breeding and single-crop farming, should be limited within landscape park boundaries. Both farming and forestry in a landscape park should not interfere with the structure of natural elements and the landscape harmony and esthetics. Particular meaning in a landscape park should be attached to the role of spatial development. It is important that all decisions, including draft studies of spatial development conditions and directions, as well as draft master plans in the part concerning the landscape park and its buffer zone, be agreed with a voivod (wojewoda). Environmental plans required by law should be an important tool of landscape park administration, however in fact, many parks have no such documents, what means lacking detailed guidance, among other things, to make planning decisions. Protected areas, including landscape parks, very often go beyond their administrative boundaries, therefore, great importance is mentioned in respect of the socio-economic development regional strategy in active protection [Dobrzańska 2005].

Barycz Valley Landscape Park description

The Barycz Valley Landscape Park with 87,040 ha is the largest protected area of this type in Poland. The major part of the Park area – 70,040 ha – is situated in the Province of Lower Silesia (dolnośląskie), in the communities of Cieszków, Krośnice, Milicz, Prusice, Twardogóra, Trzebnica and Żmigród (Figure 1). The other 17,000 ha of the Park are situated within the boundaries of the communities of Odolanów, Sośnie and Przygodzice, administratively belonging to the Province of Greater Poland (wielkopolskie). The protected area within these communities' territory is diversified. The community of Milicz distinguishes definitively, with more than 70 per cent of its area situated within the Park boundaries.

The areas of the Milicz – Odolanów Basin and of the Żmigród Basin of the greatest natural interest, the so called Barycz Valley, are located within the Park boundaries. The Park was created on the grounds of the common Regulation of the Voivods of Kalisz and Wroclaw of 3 June 1996. It was established to conserve the Barycz valley together with meadows, old river beds and marshy land of slightly changed water, mud and forest ecosystems and their valuable ornithofauna, to prevent pond ecosystems against division and privatization of ponds, and to cause the gradual reduction of water and soil contamination and air pollution. From among other landscape parks, the Barycz Valley Landscape Park is distinguished with its diversity of the created forms of nature conservation. There are five natural reserves within the Park boundaries:

- Ponds of Milicz (Stawy Milickie) – bird reserve with the area of 5324.31 ha;

- Alders of Niezgoda (Olszyny Niezgodzkie) – forest reserve with the area of 74.28 ha;

- Wydymacz – forest reserve with the area of 45.93 ha;

- Joanna's Hill (Wzgórze Joanny) – forest and landscape reserve with the area of 24.28 ha;

- Radziądz – forest reserve with the area of 8.6 ha;

Figure 1. Location of the Barycz Valley Landscape Park within the territories of ten communities
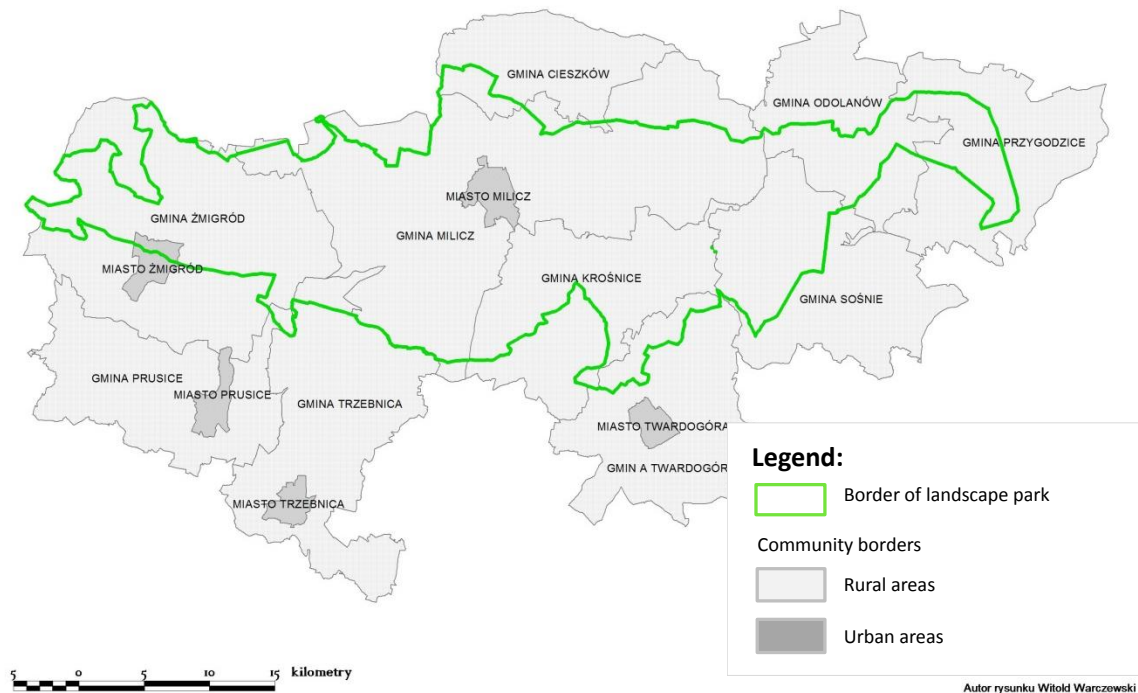
Source: [Cetera, Warczewska 2011]

Numerous areas of ecological utilization were also established, and the material part of the Park area (90 per cent) was moreover included in the Natura 2000 European framework. Both the special protection areas for birds (Barycz Valley, Oder Riparian Forests, Oak Woods of Krotoszyn), and the special protection areas for habitats (Barycz Sanctuary, Oak Woods of Krotoszyn, Artificial Refrigerating Basement in Cieszków, Łacha Valley, Oder Riparian Forests) were established within the scope of Natura 2000. Due to the large area of the Park, no buffer zone was demarcated around it.

Description of agriculture and rural areas

According to data of 2011, forests take 41 per cent of the area of the Barycz Valley Landscape Park, farmland – 37 per cent, and waters – 9 per cent. The communities within the Park boundaries are still of the farming nature. Approximately 47 per cent of the professionally active population of the analyzed communities is agriculture-oriented [Spychała 2010]. This, however, is much diversified; the lowest rate of employment in agriculture (15 per cent) takes place in the community of Twardogóra. Also the difference between the Lower Silesia and the Greater Poland communities located within the Park boundaries can be observed, as definitely more farmers live within the territories of the Greater Poland communities [Spychała 2010]. The communities within the Park boundaries are rural (Cieszków, Krośnice, Przygodzice, Odolanów, Sośnie) and town and rural ones (Milicz, Prusice, Trzebnica, Twardogóra, Żmigród). Most of the communities declare among their aims of development

to change their present function to be the touristic, recreational or farming and recreational one [Mastalska-Cetera 2007].

Similarly as in other country regions, transformations of rural areas take place in the analyzed communities. According to the Agricultural Census of 2010, there are 2,668 farms within the territory of the analyzed communities, of which 99 per cent belong to the private sector. The material decline of the number of farms in 2010 in relation to the status as of 1996 should be mentioned (Figure 2). This is a trend for the entire Province of Lower Silesia, where the number of farms falls systematically. The growth in the number of private farms took place in the compared period. According to Census data, the share of private farms in 1996 was between 56 per cent (community of Krośnice) and 69 per cent (community of Odolanów). Nearly 90 per cent of farms within the analyzed territory run farming business. The community of Twardogóra with only 40 per cent of farms doing so is an exception (Figure 3).

Figure 2. Number of private farms
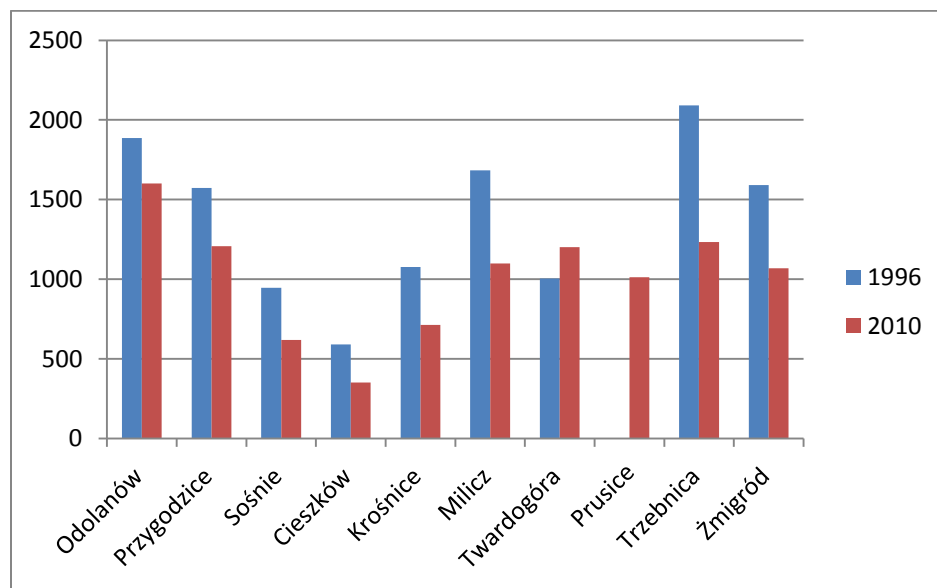
Source: own study on the basis of government statistical database www.stat.gov.pl

Figure 3. Share of private farms in the total amount [per cent]
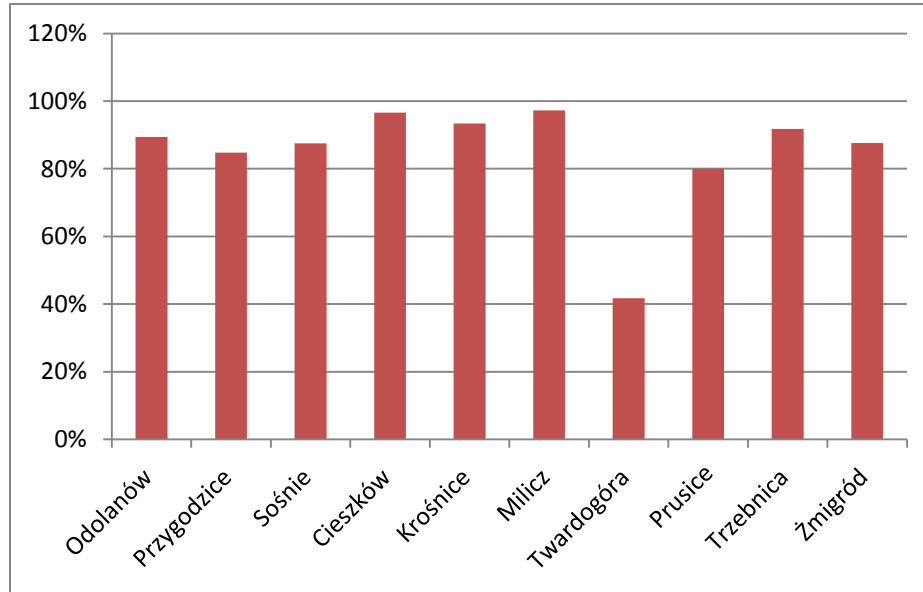
Source: own study on the basis of government statistical database www.stat.gov.pl

Comparing to 1996, 2010 witnessed also changes in the area of private farms. According to the Agriculture Census of 2002, there were 820 private farms with the area of less than 1 ha. In 2010 the 14% fall in the number of farms took place (Table 1). The fall in the number of private farms with the area below 1 ha took place in the Lower Silesia communities; the community of Twardogóra is an exception again, where the growth in the number of such farms was reported (Figure 4).

Figure 4. Share of farms with the area up to 1 ha
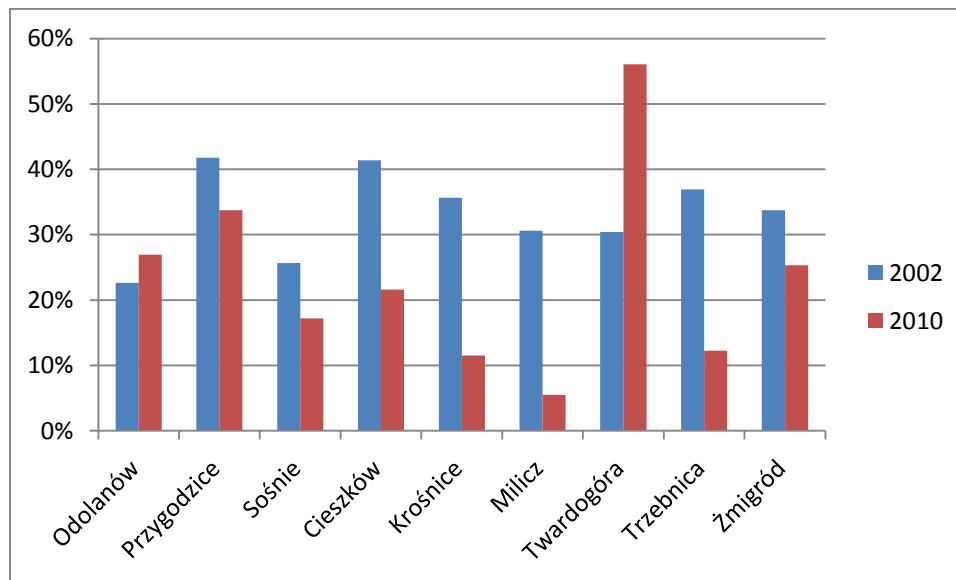
Source: own study on the basis of government statistical database www.stat.gov.pl

The average farm area in 2010 within the territory of the analyzed communities was approximately 8.0 ha; this area is slightly larger than the average for Poland. However, similarly as in the whole Province, small farms are dominant in the analyzed communities.

Table 1. Number of farms in detailed area groups

| Community | Private farm | | | | |
| | Farm total | | | | |
	up to 1 ha	1 - 5 ha	5 - 10 ha	10 -15 ha	15 ha or more
Odolanów	431	638	276	130	125
Przygodzice	406	480	137	89	92
Sośnie	106	272	133	45	61
Cieszków	76	146	53	34	43
Krośnice	82	361	132	66	70
Milicz	60	518	205	124	180
Twardogóra	673	317	110	31	69
Trzebnica	150	613	281	88	93
Żmigród	269	316	208	108	161

Source: own study on the basis of government statistical database www.stat.gov.pl

The average area of private farms fluctuates from almost 5 ha in the community of Twardogóra to over 10 ha in the communities of Żmigród and Milicz (Figure 4).

Figure 5. Average area of private farms [ha]
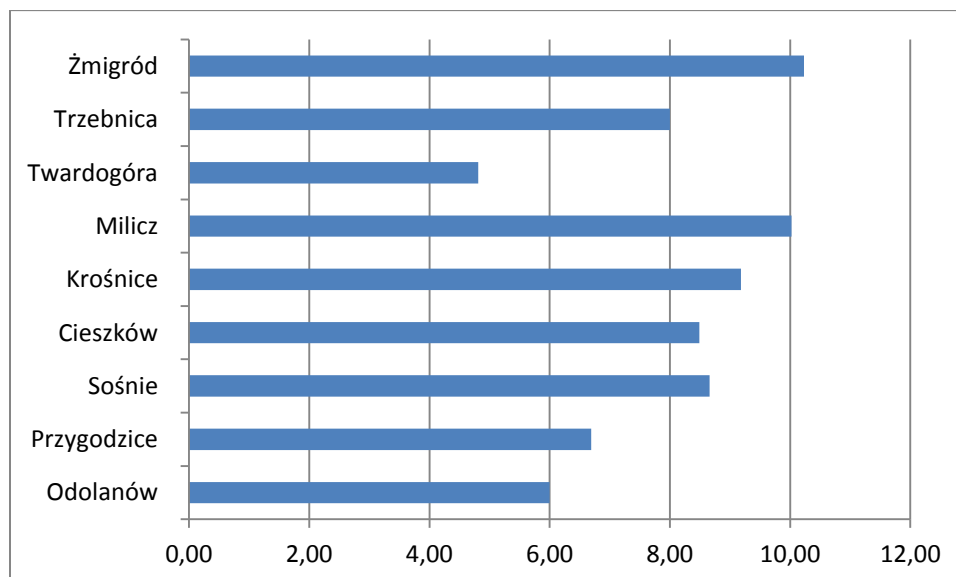
Source: own study on the basis of government statistical database www.stat.gov.pl

Comparing the outcome of the Agricultural Censuses of 2010 and 1996 in respect of land use, the decrease in the area of farmland in the Lower Silesia communities should be mentioned. This is very often caused by change in farmland functions to be different than the agricultural ones; this is often

equal to excluding such land from agricultural production. At the same time, this is a feature of the entire agriculture of Poland. In case of the Greater Poland communities of Odolanów and Przygodzice, there is a growing trend (Figure 6). From 82 to 93 per cent of the total area of land in the analyzed communities is covered by farmland, and it should be emphasized that this is farmland of good culture. The dominant crops on the arable lands are cereal plants (Figure 7).

Figure 7. Change of area of agricultural terrain in selected communities [ha]
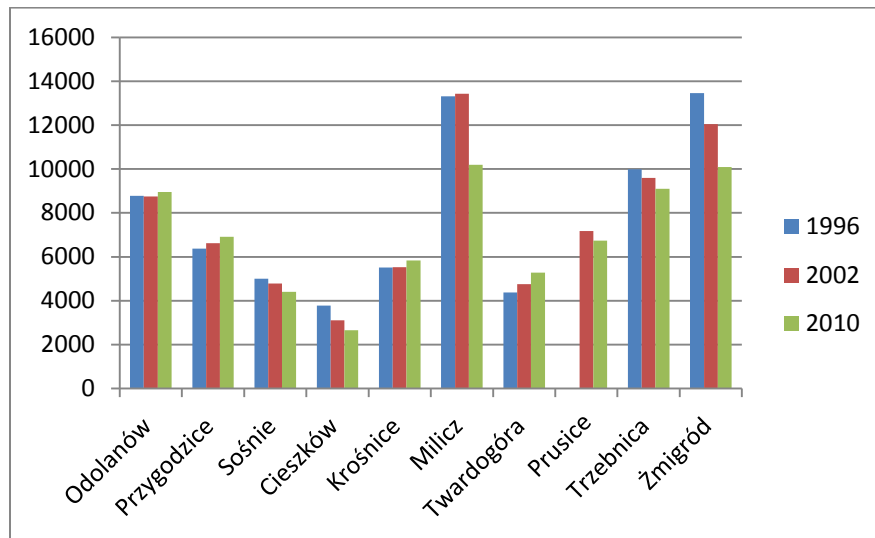
Source: own study on the basis of government statistical database www.stat.gov.pl

Figure 7. Area of farming [ha]
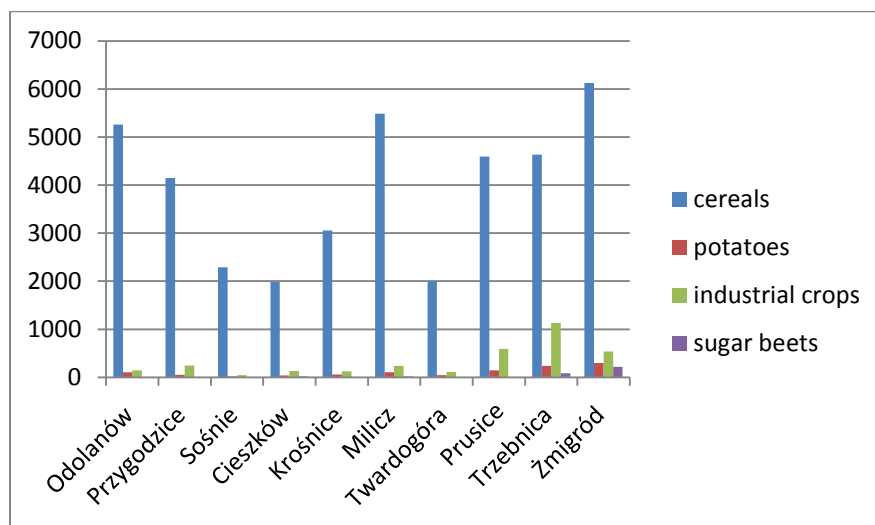
Source: own study on the basis of government statistical database www.stat.gov.pl

Plant production is dominant among farms with agricultural production. Private farms with animal production are mainly oriented to pig breeding.

Spatial changes on rural areas

According to the guidelines of the 'Agriculture and rural areas development strategy for the Lower Silesia Province', the communities of Cieszków, Krośnice, Milicz, Prusice, Twardogóra, Trzebnica and Żmigród are within the scope of impact of the farming and recreational functional region [Kutkowska 2010]. This is an area of poor and average development conditions and of low and average level of socio-economic development. According to rural areas development aims laid down for this region, development of tourism and recreation as well as intensive development of organic farming and fishery should take place there. When describing the agricultural production area in the analyzed communities, it should be emphasized that the studied communities in the Lower Silesia Province were also accounted into less-favoured areas, for which it is possible to obtain agricultural financial subsidies from European Union funds. The rules of subsidizing farms were specified in the Rural Development Programme for 2007-2013. Making use of available supporting financial tools and rural and agrotourism-related investment undertakings, it would be possible, as Kutkowska suggests, to develop alternative agricultural systems: organic, protecting, quality and precision farming [Kutkowska 2010]. Agricultural production on the analyzed area seems necessary to *'keep on the continuity of the farming and forestry use of land and landscape conservation, to preserve the touristic attractiveness of rural areas'* [Strategia 2000].

Changes in the area of agricultural production both within the analyzed area and throughout Poland are affected by various socio-economic and natural factors. In case of the communities within the boundaries of the said Park, the reasons should be found also in the existing spatial policy. Data about planning works show the continuous process of excluding farmland and forest land from their present use (Figure 8).

Figure 8. New areas excluded from agricultural production in the community of Milicz

Source: www.geoportal.dolnyslask

This process takes place both on the level of guidelines to Studies of Spatial Development Conditions and Directions, provisions of local master plans, and also by means of issued decisions on land development and management conditions (Table 2). On the basis of available statistical data it was stated that the total area of arable land in the communities of Przygodzice, Cieszków, Krośnice and Trzebnica, which designation was changed in the Study to be different than agricultural, was 1,710 ha in 2011. Studies provisions are exercised in local master plans, with the effect of excluding 1,899 ha from agricultural production on the basis of decisions included in local master plans.

Table 2. Change of areas designation in the communities in 2010

Specification	change of designation; from agricultural into non-agricultural		change of designation; from forest into non-forest	
	provided for in the Study [ha]	provided for in the local master plan [ha]	provided for in the Study [ha]	provided for in the local master plan [ha]
Odolanów	0	212	5	3
Przygodzice	1200	21	20	0
Sośnie	no data available	0	no data available	11
Cieszków	165	59	1	1
Krośnice	300	982	0	0
Milicz	no data available	0	no data available	1
Twardogóra	no data available	0	no data available	0
Prusice	0	223	0	1
Trzebnica	1710	402	14	0
Żmigród	0	0	0	0

Source: own study on the basis of government statistical database www.stat.gov.pl

The analyzed communities report material growth in the area of territories for development, including mainly single-family housing development (Figure 9). As the area is not fully covered by master plans in force, this takes place very often also by means of decisions on land development and management conditions (Table 3). In case of landscape parks, this is particularly adverse situation, because it can cause e.g. that development is dispersed excessively.

Table 3. Number of decisions on land development and management conditions in each community in 2009 – 2011.

Community	2009	2010	2011
Odolanów	114	121	109
Przygodzice	180	207	203
Sośnie	72	59	60
Cieszków	23	31	26
Milicz	64	38	63
Twardogóra	134	141	94
Prusice	211	142	117
Trzebnica	344	339	254
Żmigród	153	129	95

Source: own study on the basis of government statistical database www.stat.gov.pl

All the decisions made within the framework of planning works in progress are of great importance, they can affect rural areas positively, including individual cases of areas within valuable territories. For example, controlled continuity of development in existing rows, development of technical infrastructure contributing to limiting risks for the environment, growth in the attractiveness of rural areas could be positive actions. However, more often we have to do with disadvantageous decisions, such as introducing new development creating barriers and preventing fauna from migration within territories under no investment to date, growth in biologically non-active areas, introducing too dense development or removing trees and destroying low greenery areas [Cetera, Warczewska 2011].

Figure 9. Number of decisions for single-family housing comparing to all decisions [%]
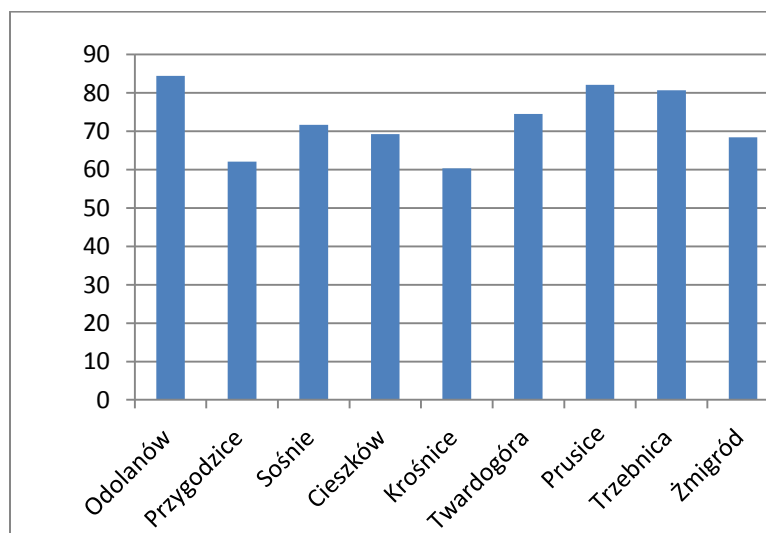
Source: own study on the basis of government statistical database www.stat.gov.pl

Summary

According to the assumptions of the rural areas sustainable development, making these areas more attractive, creating new jobs, new sources of income for their population and also improving rural spatial development should be striven. Wrong interpretation of this provision often results in conflicts. In the case of the Barycz Valley Landscape Park, the most often mentioned issues are as follows:

- growing deficit of water due to poor water management;

- degradation of meadows due to drainage works;

- giving up traditional forms of green areas management due to abandoning them to get overgrown, and due to transforming them into arable land or land for cottage development [Krukowski, Drabiński 2009].

To sum up, it should be emphasized that the valuable natural qualities of the analyzed region, conserved both within the framework of the landscape park and Natura 2000 are threatened. Establishing the forms of protection does not resolve appearing conflicts. Great importance in solving these problems should be attached to the ecological awareness of the society and also to actions of state administrative authorities. It seems that appropriately conducted agricultural policy supported with financial tools could contribute to limiting land transformation, which as an effect would be advantageous for the conservation of natural qualities. Pursuant to Bałtromiuk's research, the awareness of links between agriculture and the natural environment is growing among farmers [Bałtromiuk 2010]. However, there still is a common opinion that introduction of new forms of protection is to cause loss of income due to limits in relation to agricultural production as such. On the other hand, however, payments by virtue of location on less-favoured areas and of joining agricultural and environmental programmes do not compensate these losses; this is why such payments are not fully used.

The changes taking place in agriculture in the communities within the analyzed Park territory do not substantially diverge from changes taking place in Poland. Excluding agricultural land from production is one of the main problems of Polish rural areas. Issues of excessive development of the settlement and recreational function concern many Polish landscape parks, particularly those located in close vicinity to big cities. Landscape parks have become an attractive location for residence, both temporary and permanent. The Bystrzyca Valley Landscape Park and the Ślęża Landscape Park, both within the range of impact of Wroclaw are examples of the strong investment pressure. The Barycz Valley Landscape Park is situated within the distance of 50 km from Wroclaw, Kalisz and Leszno, and 100 km from Poznan; this also causes the growth of interest in this Park, also as a region for investments [Mastalska-Cetera, Warczewska 2011]. It seems that making full use of available financial and legal tools could affect the condition of agricultural production, having influence on the social and environmental situation, striving in this manner for more sustainable development of rural areas.

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Competition in Albanian Banking Sector

Abstract:

Albania has a relatively new financial system, where banking system is the most developed financial service in our country, with a share of 94, 4% of the total financial services. This is a phenomenon of countries with emerging economies, which proves that there is greater reliance on the state economic development of the banking sector, by effecting from the households to the biggest investors and the government.

As in any market, competition is an important aspect also in banking system. It affects the efficiency of the market and the variety and quality of products. But, as the banking system has great influence on the Economic growth and the development of a country, the level of competition definitely affects their performance too.

The main motive for the realization of this work is the great importance that the banking system, and competition in this market, plays in developing countries, including here Albania. Given that the financial system is dominated by the banking system, banks are the main channel for the transfer of funds from the lender to the borrower. Also investments are very sensitive to interest rates, the level of competition reflected in prices, quantities and types of products and services, which will definitely affect the level of investments and economic growth.

The goal is to understand the characteristics of competition in our banking system and study the relationship between the level of concentration, competition and the level of interest rates in the banking market. Defining the characteristics of banking market will be fulfilled in two main directions: first, in describing the characteristics of the banking market, trying to see with which market structure it resembles the most, and secondly by reference to empirical studies held for our market as well as comparison with the region.

By comparison with the region we found that in Albania operates a smaller number of banks and higher fees are applied. Also lending interest rates are higher than in the region, although the differences are not very large. Albanian banking system is more concentrated than the systems of most European Union countries; however, the concentration level is justified to some extent by the short lifespan of our banking system and its level of development, compared with EU countries. Economic theories of competition in the banking system study the linkage of the financial stability and its efficiency. From our observations, we have noted that the increase of the concentration was associated with increased efficiency (and vice versa). This finding supports the idea of efficient markets, whereby the concentration increase is due to higher efficiency. Also, a link between stability and competition was noticed, where the reduction of market power and the increasing competition, increased the undertaken risk by the banking sector, jeopardizing stability.

Keywords: Banking System, Monopolistic Competition Market, Stability, Financial Systems

1. Current situation in Albanian banking sector

In the Albanian banking sector today operate 16 banks, with fully private capital and foreign capital dominates. The number of banks began to increase after the '90, when in 1992, 4 new banks were lincensed. And over the years, banking sector in Albania, began to improve, thus increasing the number of banks that compete in this market, which definitely brought the increase of influence of this sector in economic development, through increased funding to individuals and firms in the economy. Today the number of banks in the Albanian market, as we said above, is 16.

This can be considered as a relatively large number of banks compare with the number of population in Albania, which increases the competition and makes it difficult the cooperation between banks to increase the interest rate. However if we compare our banking system with other regional countries, in Albanian banking system operates the smaller number of banks.

Table 1: Numbers of banks in regional countries

Country	2005	2006	2007	2008
Albania	16	17	17	16
Bosnia	24	23	22	20
Bulgaria	34	32	29	30
Croatia	38	38	38	33
Slovenia	25	25	27	21
Serbia	40	37	35	34
Moldova	16	15	16	16
Romania	40	39	42	43

Source: Bank of Albania (2010)

The years from 2000 to 2010, are consider as a period of "transition" for the banking sector, and the years of a lot of differences in the structure. The table shows the existence of a relatively small number of banks, as among the eight countries listed. Albania is on the same level with only one of the countries, Moldova, while there is a significant difference with other countries. Thus, for example in Bulgaria operates a number of banks greater than the double of those operating in Albania.

Also it can be said that the banking sector in Albania is fully privatized and largely dominated by foreign capital. Only 3 of the 16 banks have Albanian capital, respectively Credins, Union Bank and National Bank, while there is no Albanian wholly-owned bank. Foreign capital represents nearly 95% of the growth of the system. Specifically, this capital is increased by 9:28 billion (18:45%), compared with 474.6 million increase (10.5%) of the Albanian capital. The increase of foreign capital continued in 2009. This indicates a growing interest of stronger European banks in Albanian market.

2. The concentration

According to SCP theory, estimation of concentration is a very good indicator of competition in the banking market. Although there is no evidence for the existence of a factual connection between these two indicators, the concentration in the banking sector continues to be regarded as an important indicator. Concentration in the banking system is measured through two indicators, the Herfindahl index (HHI) and CR3 or CR5. Below we take a formance of these two indicators for banking market.

2.1 Herfindahl Index

Herfindahl index, also known as the Herfindahl-Hirschman Index, or HHI, serves as a measure of the size of firms in relation to the industry and an indicator of competition between them. The name is taken from economists Orris C. Herfindahl and Albert O.Hirschman. This index is an economic concept widely applied in competition law, antitrust and technology management.

Before approving the mergers of various companies usually the Herfindahl index gets applied, to see how this merger affects market concentration. If this index exceeds a specified value, 0:18 in the U.S. and 0,025 in the European Union, the merger can not be approved, or be subject to the conditions set out very well and big oversight.

However,   this   index   faces   two   major   problems:
1.   Not   take   into   account   the   extent   of   replacement   of   products   and   services;
2. Face difficulties in defining the geographical market.

Herfindahl index is calculated annualy by the Bank of Albanian, as it provides important information for market concentration (not so accurate for competition between firms in the market). Bank of Albania calculates the Herfindahl Index for the total assets, deposits and loans. Precisely these indicators are presented on the following table for the banking sector.

Table 2: Index H (Herfindahl) of concentrations of actives, deposites, credit.

	Dec' 03	Dec' 04	Dec '05	Dec" 06	Dec' 07	Dec ' 08	Dec 09	Dec' 10	Dec ' 11	Dec' 12
Index H (assets)	0.30	0.27	0.21	0.18	0.15	0.15	0.14	0.14	0.15	0.15
Index H (deposits)	0.35	0.31	0.24	0.20	0.17	0.17	0.16	0.16	0.16	0.15
Index H (loan)	0.15	0.11	0.10	0.11	0.11	0.12	0.11	0.11	0.12	0.12

Source: Bank of Albania (2012)

The values of the Herfindahl index, calculated respectively for total assets, deposits and loans, indicate stable rates during the last 3 years. While we can say that since the end of 2003 until the end of 2012, presented a declining trend of this index, but its values are still far from optimal level of concentration. If we compare these three indices, we see that the deposit market is the most concentrated, followed by the assets market, and it seems that lending activity is the one that is less concentrated, explained this by the fact that smaller banks are trying to gain ground by offering loans on easy terms.

2.2 CR3 and CR5 indicators

CR3 and CR5 indices calculated as the sum of the weight of assets, deposits and loans to total loans, respectively the 3 and 5 largest banks in the banking market. If it is assumed that the banking market operates to full competition and that all banks hold equal market share, this figure should be equal to the total weight of all system assets (100%), divided by the number of banks in market, so the market is divided in equal parts between the banks, and then multiplying this value 3 or 5, CR3 and CR5 appreciate the banking system to full competition. These indicators of banking market, where 16 banks operate would be 18.75% and 31.25%.

2.2.1 The share of banks in total assets

According to the annual Supervision Report, the three major banks (Raiffeisen Bank, National Commercial Bank and Intesa Sanpaolo), occupying 55.68% of assets (CR3), whereas as we said above this value should be around 18.75 %, in the case of full competition. We can conclude a complete avoidance of competition and the increase of market concentration in assets is about 3 times higher. Also based on the estimates of the Bank of Albania for specific weights of each bank, Raiffeisen Bank is the bank that owns most of the assets in the market, 28.28%, ie more than a fifth of the total.

In the chart below we see that the weights of total assets of bank peer groups in the system in December 2009 are estimated at levels 4.7%, 22.7% and 72.6% respectively for G1, G2 and G3, by 3.4%, 22.5% and 73.1% at the end of third quarter of the year, and 3.9%, 31.0% and 65.1% at year-end 2008. Also we can show a decline in the share of banks in G2 group, while the slight increase in the share of banks in G1 group, is accompanied by a slight decline since the second half of 2009, in G3 group banks.

CR5 indicator in this case is equal to the weight of the group G3, given that in G3 are included the five largest banks. At the end of 2009, this figure is 72.6%, more than two times higher than the indicator in full competition.

However, we can say that these indicators, also like the Herfindahl indexes, have been falling over the years, although we can not talk for a very high drop.

Graph 1: CR3and CR5 index for assets of Albanian banking sector
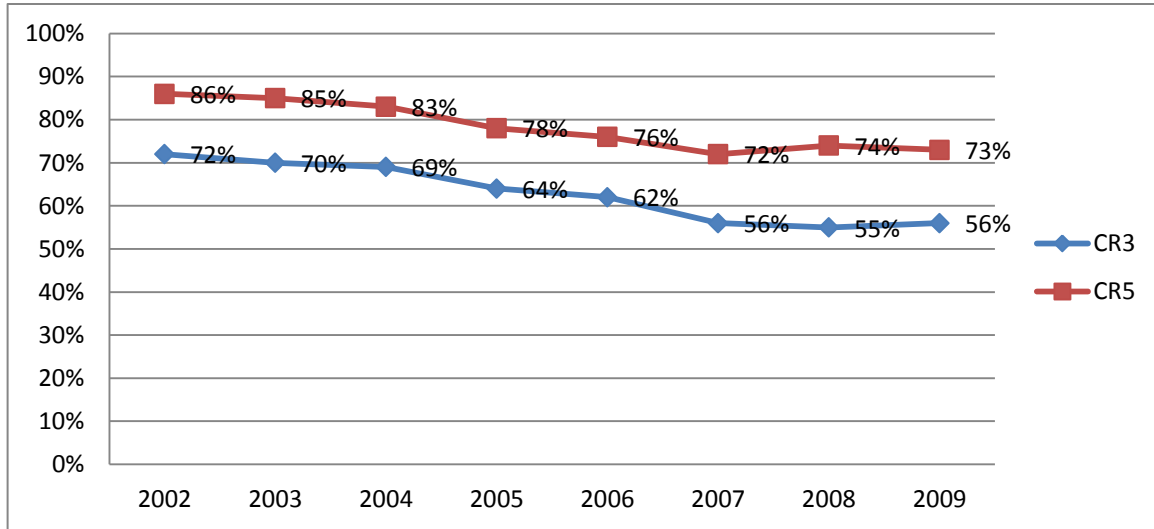
Source: Bank of Albania, author's calculations

From the above graph we can see the downward trend of these two indicators in years. Both indicators have generally moved together, the decrease of one indicator, was acompanied with the decrease with the other indicator. Just only in two years we could see a reverse movement of these indicators. Thus, we can distinguish that from 2007 to 2008, while CR5 increased by 2%, CR3 decreased by 1%, then we can say that this increase in CR5, is dedicated to increasing the share of assets of the two smaller banks of this group, Alpha Bank and Bank Tirana, with 3%. While in 2009, the three largest banks regain ground against the two other banks, as we observe an increase of CR3, coupled with a decline in CR5, which means a decrease of 2% by weight to the assets of the two banks.

Graph 2: CR5 index for some Europian countries
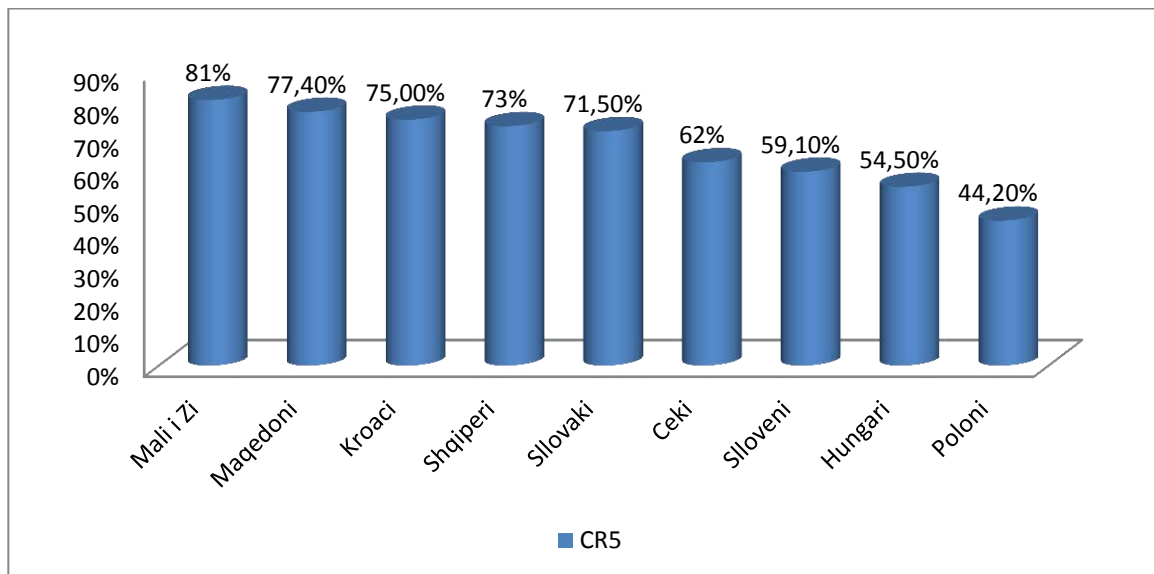
Source: Bank of Albania (2010); Bank of Macedonia (2010)

Additionally we can say that we distinguish an inequality and domination of the three largest banks to the two others (with a predominance of Raiffeisen Bank). The difference between CR3 and CR5 indicator is exactly the weight of two smaller banks within the group G3 (Alpha Bank and Bank Tirana). While the three largest banks together own about 56% of assets, on average 18.7% each, two other banks hold only about 8.5% each.

In the chart above are listed CR5 indicators of some countries of Central and Eastern Europe. From this comparison, our country ranks fourth with 73%, beeing so included on the half of the most concentrated markets. Polonia has the lower level of concentration on assets with 44.20%. In Germany, as the best representative of European countries, CR5 indicator is at 22.7%, almost three times smaller than the indicator in Albania.

2.2.2 The Share on deposits of each bank

Banking system shows a high degree of concentration of deposits, where the 5 largest banks in the system occupy about 75% of the total, at the end of December 2009 and the three largest banks hold 59.7%. Based on reports of the Bank of Albania the deposits are even more concentrated than the assets, which is also dominated by the Raiffeisen Bank, with 29.6%.

Graph 3: CR3 and CR5 index for deposits in Albanian banking sector
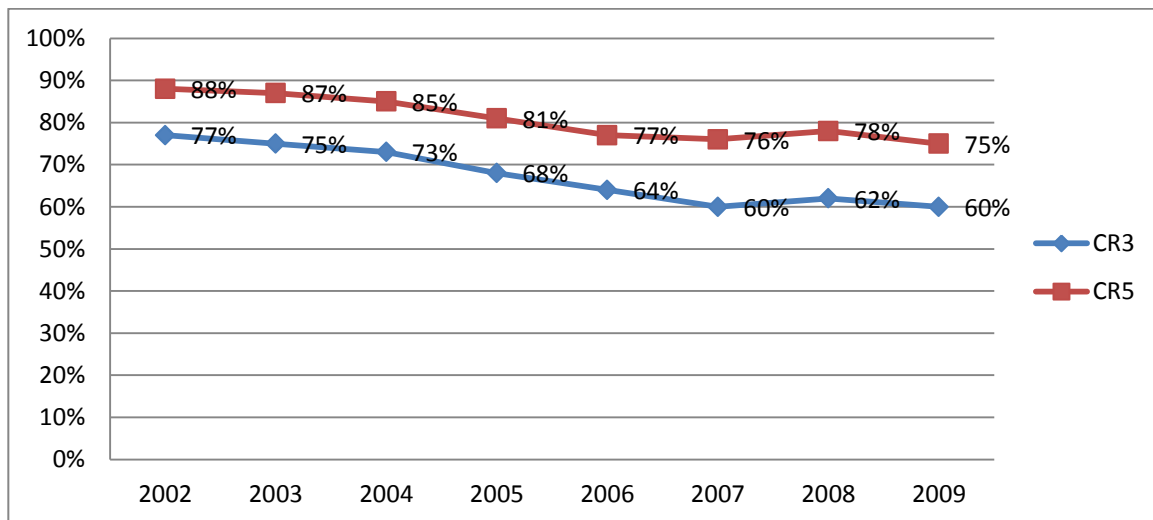
Source: Bank of Albania, author's calculations

Based on the graph we can say that even for the depostit's market the concentration has a decreasing tendency. Since 2002 until 2009, the concentration of the depostis has fallen with 13% for the 5 largest banks and 17% for the 3 largest banks.

2.2.3 The share of the group-banks on the total of loans

The loan concentration resulted in lower levels compared to the contercantion level of the deposits. In difference of the CR3 and CR5 indicators for deposits and actives, these indicators for loans have an increasing tendency.

Graph 4: CR3 & CR5 index for loans
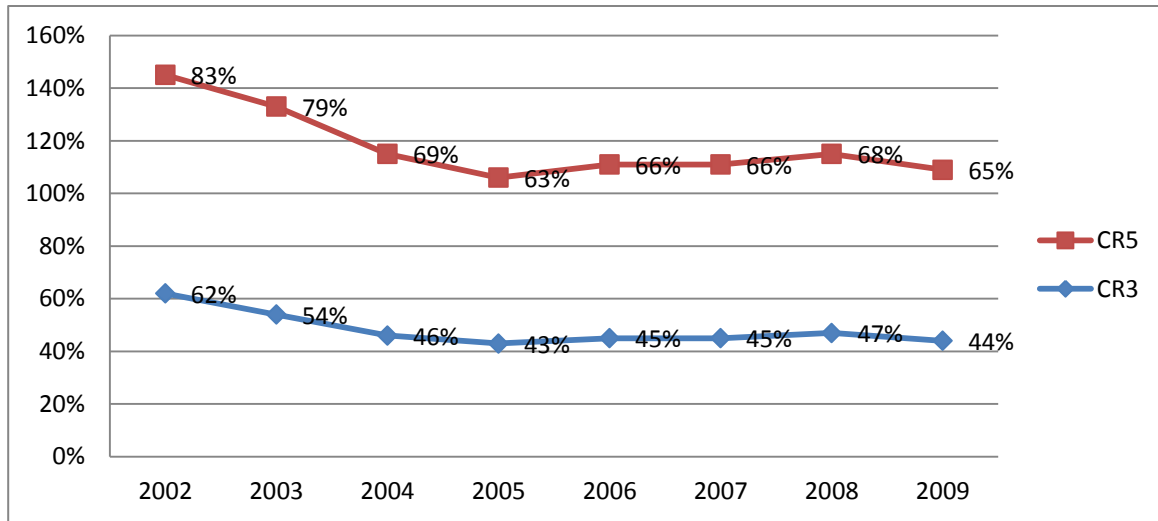
Source: Bank of Albania, author's calculations

In the above graph are illustrated the CR3 and CR5 index for the years 2002 – 2009. Even from the graph we can distinguish that loans are less concentrated than assets and deposits. The reduced dominance of the credit sector is seen also within the G3 banks, where the largest gap between CR3 and CR5 indicators show a more uniform distribution of loans within this group (more than the assets and deposits). However, unlike the assets and deposits, credit ratios, since 2005 (except 2009), show an increase of concentration of credit. This may be a reason of a higher concentration, of previous years in the deposits, which are the main source of liquidity provision, the concentration of deposits forces banks to reduce lending levels.

If we return once again to Table 2, where the given index HHI for deposits, loans and total assets over the years, will note the downward trend of the concentration level of the banking system. Based on the determination of the U.S. Department of Justice, we can say that the banking system by the end of 2005 (HHI active = 2.100), results more focused.

HHI levels in late 2012 had fallen to 1,400, 1,600 and 1,100 respectively for total assets, deposits and loans. Based on the above rule, we can say that the banking market has a moderate concentration, standing between two extreme forms of market, full competition and monopoly, approaching more towards monopolistic competition.

Also from the concentration ratios we can say that lending activity is less concentrated, unlike deposits and total loans. This result may have come as a result of two factors: the disengagement from several deposits in bank lending and the use of high levels of capital, in the absence of deposits from other banks. Despite the low level of concentration in loans, the high concentration of deposits is disturbing, as they are the main source of funds, becoming a determinant key of banks' lending capacity, and therefore can certainly face an increased concentration of credit over time. However, lowering the concentration of deposits and assets, and maintaining the low level of credit concentration, are a good indicator for the continuing of reducing the concentration in the market.

However, these concentration levels are high enough. Although we can not talk for an optimal level determined by the supervisory athority, if we do a simple comparison of this index with the European Union countries, we can understand that the Albanian market is far from these levels.

Graph 5: HHI index in EU countries and two regional countries
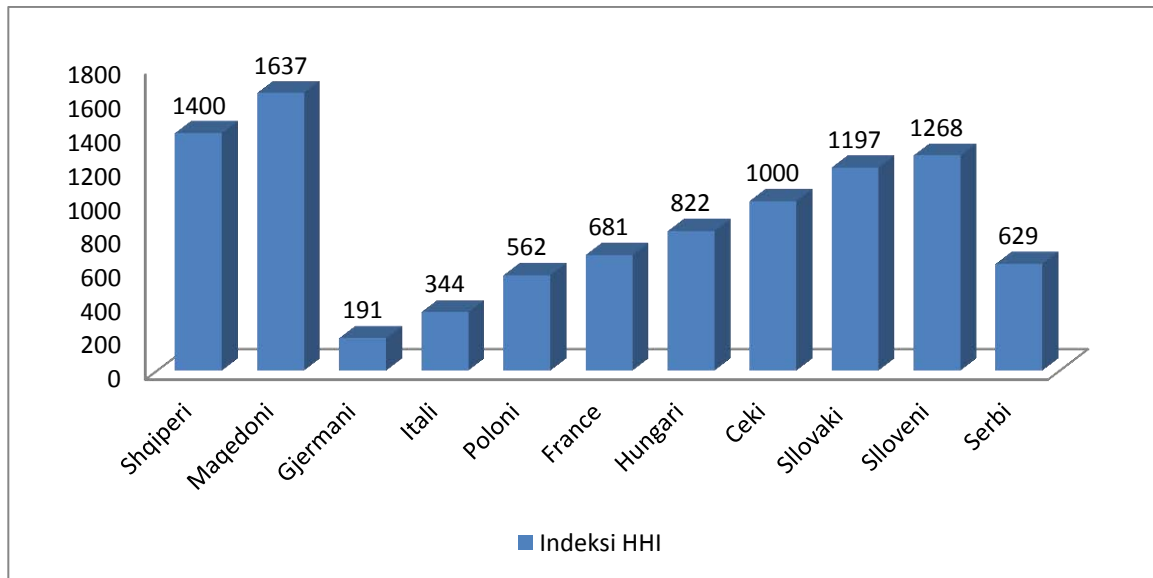
Source: Bank of Albania, author's calculations, Bank of Macedonia, Bank of Serbia.

In this graph is presented HHI index for total assets, for two countries in the region, Macedonia and Serbia, as well as eight EU countries. In the chart we can see that the concentration of the banking system in Albania (the first column) is very high, the highest of all the countries (excluding only Macedonia).

As you can see this index is very far from the level of the member states of the European Union, being 1,104 times larger than the HHI index in Slovakia and 7.33 times higher than the index in Germany. Thus, the banking system is more concentrated than the systems of most European Union countries; however, the concentration level is justified to some extent by the short lifespan of our banking system and its rate of development, compared to other countries the EU.

3. Dose exist the connection between the concentraction and competition?

Both theories mentioned above, support the idea that the increasing of the concentraction ia accompanied with a reduction in competition. To make a simple evaluation if this hypothesis is true or not, we will do a comparison of HHI index and H statics.

This comparison will be made possible through the following two graphs, one graph showing the concentration of total assets in Albania, Serbia, Slovakia and Sllovenia and one graph reflecting H statistic for some countries, including the countries mentioned above.

Graph 6: Concentration of the total assets in the end of 2006
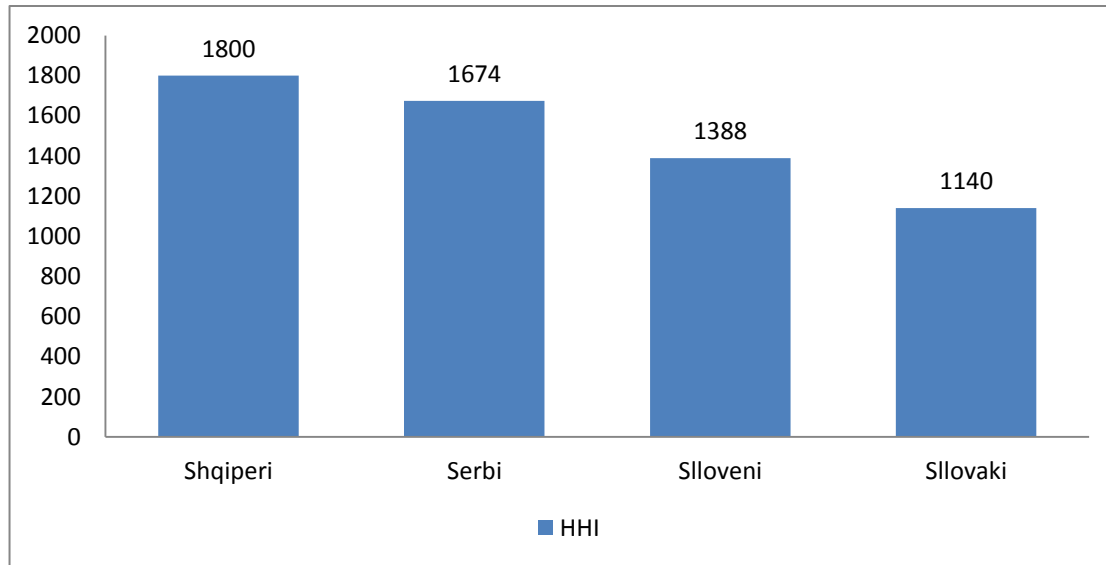
Source: Annual report of Central Banks, authors calculations (2007)

The data in this chart refer to the end of 2006. This is done for a simple reason: H statistic data, in Albania are solely for 2006, so the comparison is more appropriate to be indicators of the same period.

Graph 7: H Statistic for banking systems
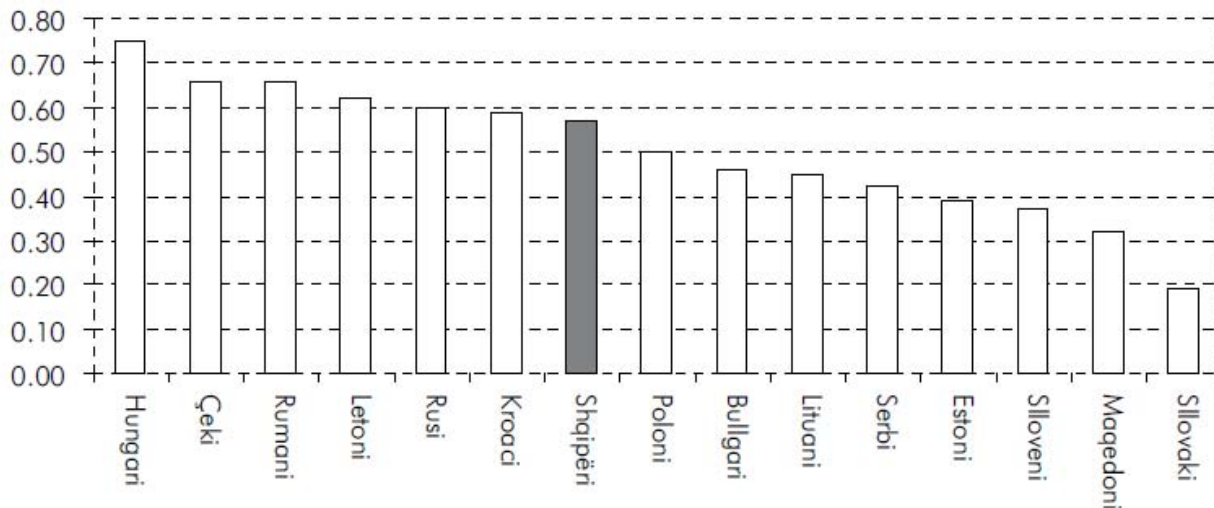
Source: Bank of Albania (2006)

In Figure 6, we can observe that banking market in late 2006 was more concentrated than any other bank market presented in this graph. The reducing of the HHI indicator for assets, indicating a decrease of concentration, where Slovakia has the lowest level among the countries listed.

In Figure 7 is presented statistics H for some countries, including the countries listed in the chart above, in the same period. A higher level of H statistic indicates an increase in the level of competition. From the graph we can distinguish Albania is ranked somewhere near the middle of the level of competition, thus operating in a more competitive banking market than 8 countries listed in the chart.

If we join the analisys of the two graphics, we will notice that Albania has a concentration level of assets, and also a statistic H, greater than these three countries. Although Albania is facing a higher concentration of these countries, based on the empiric studies, it has a higher level of competition in the market, illustrated on a larger H statistic, than these countries, in the same period.

This simple observation is added to the empirical evidence gathered so far, that concentration and competition are not necessarily connected with each other, and that indicators of market concentration are not good indicators of the level of competition.

4. **The connection between the interest rate, concentraction and competition**

Having compared the level of concentration and competition in the banking market in the region, let us make a simple observation, to see if there is a connection between interest rates operating in the market of these countries with these two indicators.

Graph 8: Interest rate of loans in 2006
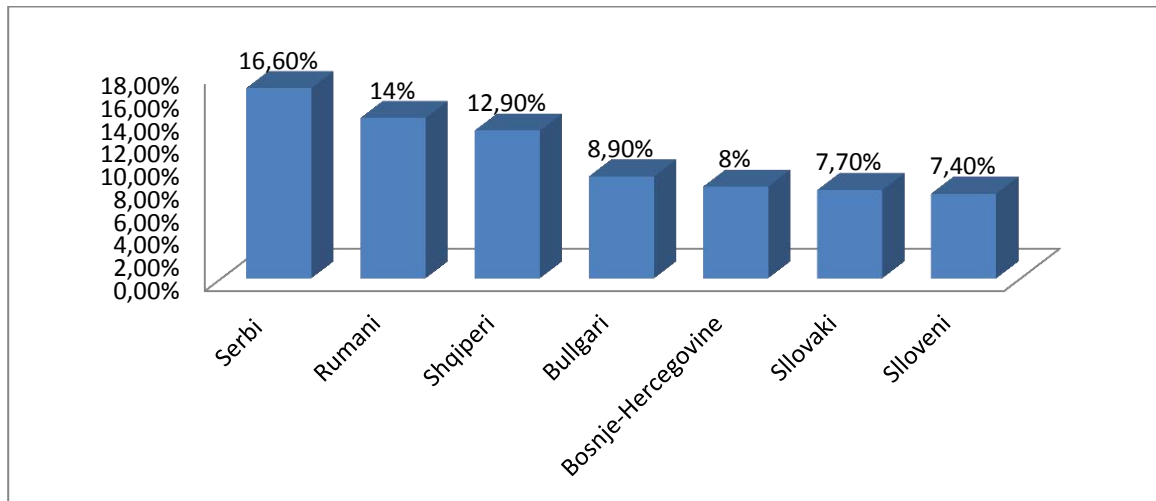
Source: World Banka (2007), authors calculations.

In graph are shown the loan interest rates in these countries during the year 2006. It's taken the year 2006 for references, to enable comparison to the same period, the level of concentration and competition in these countries.

If you carefully observe two graphs, the graph of concentration of assets and the chart above, we will notice that countries with lower concentrations have also lower interest rates. This simple observation provides a positive link between concentraction and loan interest rates; the lower the level of concentration in the banking sector, the lower interest rates. This is probably explained by the fact that the higher the concentration of assets is, the more limited is the size of lending by some banks, thus giving priority to power and banks that own most of assets and deposits. These banks taking advantage of market power have the power to increase interest rates, harmless to the loss of customers.

Meanwhile, according to a survey conducted by the Bank in connection with the determination of interest rates, resulted in a different conclusion from the above, which resulted in the increase of the concentration negativsht affect the level of interest rates:

$$NIM = 0.0132 + 0.0897^* \, OE - 0.0111^*RAV - 0.0107 \, Cr_{-4} - 0.001^*MQ + 0.0366 \, Res_{-2} -$$

$$- 0.0066^*COM_{-1} - 0.0176 \, HHI + 0.1448^*MR[1]$$

While was expected that the increase of concentration, firms that gain market would increase interest rates, for reasons of market power, showed that they follow a contrary policy, the reduction of interest rates. According to the Bank of Albania, the fact argued thus: "In theory and empirical results from many different studies, a positive correlation with the variable interest margin was expected. However, results similar to the case of Albania were identified in the study of Brock and Franken (2003) for some of the variables that measure the SPREAD in the case of Chile. As resulted from the equations for the case of banking system, the second hypothesis is confirmed, it's efficient structure. This means that banks operating in Albania use the highest concentration in lending to specialize in terms of services offered and in terms of reducing the margins "(I.Kalluci: 2010, fq.29).

Let us now look at the relationship that exists among the level of competition and the level of interest rates in the market. Among the economic theories supported the theory that increased competition is associated with a decrease of prices, interest rates in this case. But let's go back to the graphs 7 and 8, to see if this theory is confirmed in the banking market.

We can observe that these two graphics show a positive correlation to the level of competition and the level of interest rates. For example, Romania, which results in late 2006 with a higher level of competition that Albania has also showed a higher interest rates, while countries like Bulgaria, Slovenia and Slovakia, which have a lower level of competiton result even with a lower interest rate.

This simple observation contradicts the economic theory and the main reason for this is the uniqueness of this market, in which the banks copmit with each other for the resources and the product in the same time. Also we can say that this simple observation supports the conclusion of the Competition Authority, that the banking market does not compete with the prices but with the provision of new services, promotional packages and client proximity.

5. Conclusions

- The number of banks in the banking sector is 16, greater than 10, according to the theory approximates more with monopolistic competition. Also, on most of these banks dominates foreign capital.

- However if we compare this number of banks in the relevant markets in the region, Albania has the lowest number of banks in the market. 4 of these banks are the most extensive in the market, those who own most of the market.

- Herfindahl index calculated on the Albanian market for total assets, deposits and loans, has been steadily decreasing. According to this indicator deposits are more concentrated.

- The indicators CR3 and CR5 for assets and deposits have an increasing tendency, while these indicators have shown a loan slight tendency to increase. This probably comes from the fact of the concentration of funds.

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[1] "Përcaktuesit e Marzhit Neto të Interesave në Sistemin Bankar Shqiptar", Banka e Shqipërisë 2010.

- Three largest banks that have the grates share in the deposit and loans market are: Raiffeisen Bank, National Commercial Bank and Intesa Sanpaolo, with a predominance of Raiffeisen Bank.

- According to the SCP Paradigm, which equates to competition level of concentration, we can say that the banking market can be considered concentrated. According to the interpretation of the Herfindahl index provided by the U.S. Department of Justice (1992); banking market is under a moderate competition. However, this index is very far from the level of the member states of the European Union, being 1,104 times larger than the HHI index in Slovakia and 7.33 times higher than the index in Germany. We concluded that the banking system is more concentrated than the systems of most European Union countries; however, the concentration level is justified to some extent by the short lifespan of our banking system and its level of development, compared with EU countries.

- Economic theories of competition in the banking system also connect financial stability with efficiency. From simple observations in this paper, it was observed that in the banking system, an increase in the concentration was associated with an increased efficiency (and vice versa). This finding supports the idea of efficient markets, whereby the concentration increase is due to higher efficiency.

- Also a link between stability and fair competition was found, where the reduction of market power and the increase of competition increased the undertaken risk by the banking sector, jeopardizing stability.

At the end of the paper we can conclude that competition in banking market, highlighted of its characteristics, based on various studies on this market and in comparison with the region, is at acceptable levels, with an average concentration, although the concentration levels are higher than in the region and Western Europe.

However, some problems of this market, as higher rates of interest than the region's, growth of primarily loans and dominance more than half of the banking market of the three largest banks, should be a signal for increased monitoring mainly to the dominant banks.

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Dynamics of Law on Prostitution in the History of the Siamese Society

Abstract:

With historical research approach, this study aimed at studying, in the history of Siamese society, the dynamics of laws that have been issued by the Siamese State for controlling of prostitution. Emphasis was made on analysis of data that had been collected from evidential documents, of past till 1960, that included old laws, announcements, petitions, lawsuits, reports of ministerial meetings, notes, etc. In the study, it was found out that, during the reign of Somdet Phra Narai, in the Ayutthaya period, there was already prostitution and tax payment to the government. However, the law on this matter could not be detected. Based on the study, in the Siamese society, concerning laws on prostitution, the time of Rattanakosin (1782 – present) can be divided into 3 periods. In the first period, 1782-1867, the government promulgated collection of "Road Maintenance Tax". This was the first time in Rattanakosin Era where prostitution and prostitute were considered legal by the government on condition that "tax is paid to the government". With the system called "Rabop Chao Phasi Nai Akon (system of lord of tax, master of duty)", the tax was paid to the government through middlemen. Through this law, the government played an important role of allocating income that was borne of prostitution. The income was divided into 10 portions of which 1 was for the government (through "Chao Phasi Nai Akon"), 6 for the entrepreneur (owner of brothel) and 3 for the prostitute. In the second period, 1868-1959, the government terminated the "Chao Phasi Nai Akon" system that had monopolized the collection of this type of tax since the first period. Through the proclamation of the Act called "Phraratchabanyat Pongkan Sanchon Rok, AD 1908" (prevention of wandering of disease), the operator changed hand to the government. With this Act, brothel-owners and prostitutes were obligated for registration by government officers and physical examination for disease prevention. Only female prostitutes, not male and 3rd sex, were obligated by this law. In the third period, 1960-present, the Act on Prohibition of Prostitution was promulgated by the government with which prostitution is no longer permitted. This Act has been in use until today. Key words: history, law, prostitute, Siam, Thai, Act

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An Econometric Estimation of Public Finances in Greece and its Effect on Society

Abstract:

On this paper is conducted a study on the procedure of Greece's public finances, using three indicators that reflect the future fiscal condition of this country and the impact that will have on society. The indicators we used are: Public Debt (as percentage of G.D.P.), Current Account Balance (as percentage of G.D.P.) and Indirect Taxes (as share of G.D.P.). The estimations were made with the use of econometric models for the period 2013 to 2017.Along with the estimation of Public Debt (as percentage of G.D.P.), we proceed to an estimation of primary surplus/deficit of the country. Afterwards we present estimated data related to unemployment, direct taxes and inflation, presenting the relationship with the indicators that were estimated. The case of Greece has all the background makings for a complete experiment, presenting an economy with a large public debt. A small economy like Greece which has a relatively small manufacturing and industrial sector and deep recession, should address the big problems of debt accumulation. To accomplish this, Greece will not avoid the solution of the lending and finding revenue through increased taxation. In the end we make some useful conclusions Greece's next day and prospect for a sustainable and competitive economy.

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Perceptions of the Impact of Human Resources on Value Creation: The Case of Polish Construction

Abstract:

Understanding sources of value creation has become a major area of research in management. It is now generally believed, within the current literature, that an academic and practitioner focus on human resources is important and generates value for a company. However, it is essential for researchers in the field of human resources to be able to justify these newly formed theoretical assumptions. The paper reviews the state of research evidence in the field. The main source of empirical data is carried out by the author of the study in polish construction companies. The study was conducted using a questionnaire survey. The results show that managers appreciate the importance of human capital in the value creation of the firm.

Keywords: Human Capital, Resources of Firm, Intellectual Capital, Value Creation

JEL Classification: M54, D24, L47

1. Introduction

Nowadays, human resources is a driver of the global economy and the key to the success of the company, as well. It is known as the strongest asset in creating business value and building a strategic advantage in the market. The interest in human resources has grown, because the value creation of the company is now more dependent on intangible factors then the basic resources like financial capital or tangible resources. The basic resources are still important, but less and less are the areas where you can look for opportunities to build competitiveness. Human resources is a key capital of the company. Without it, the remaining resources (money, machinery, equipment) are hidden and not fully used.

At the crux of the resource-based view is the belief that human resources provides significant value creation in a firm. So the extant literature on human resources suggests that organizations need to recruit, develop and retain key employees to improve an organization's overall productivity (Lim *et al.*, 2009). The adoption and implementation of specific policies of human resource management are fast becoming a critical success factor since they could well have a significant effect on the development of intangible resources related to employees (Ulrich and Smallwood, 2004) such as professional skills, ability to work in a group, motivation and engagement to the organization or satisfaction at work. Companies capable to maintain a stable and motivated workforce are able to guarantee themselves a main part of the value created by their employees. The intangible capital generated by human resources can be increased through the achievement of specific training programs, an attentive personnel

selection and recruiting process. This view is based on awareness that knowledge, skills and expertise are embedded in individuals. Employee knowledge and know-how, unlike tangible capital, are of strategic importance for the company because they are resources that are difficult to imitate and transfer. Some studies have found a positive direct or indirect relationship between human resources management and value added of a firm (Berkowitz, 2001; Mayo, 2001; Becker *et al*, 2001: 13).

This study aims to demonstrate the perception of the impact of human resources on value creation in the Polish construction companies. The research project was funded by the National Science Centre in Poland.

2. Literature review

Approaches to human resources have been widely debated from XVII since the concept was first popularized by studies of the role of human capital and attempted to estimate the value of human capital of England by Petty (1623-1687) or emphasizes the need for investment in human education by Smith (1723-1790). It means that the interest of the human factor can not be ascribed to today scholars, even though they have contributed to the development and popularization of previously developed concepts. From this wide and burgeoning literature, however, it is possible to identify several approaches of thought about human resources and its role. One important school of thought is human resource accounting, developed by Flamholtz (Flamholtz, 1999). A second school focuses on the features of human capital from the perspective of competitive advantage, these features are seen as significant because they could not be imitate by competitors (Carpenter *et al*, 2001). The next set of studies is explicitly tools and systems-orientated to develop systems for measuring human capital (Becker *et al*, 2001; Fitz-Enz, 2000; Mayo, 2002). Many methods for measuring human capital is derived from the concept of intellectual capital measurement (Tab. 1). Analysis and reporting of intellectual capital through the development of specific tools directed to measure it, are of great importance for organizations because:

- This allows managers to obtain useful information in the management control field, regarding an intangible strategic resource for the activity.

- They show the market information about the state and development of the intellectual capital, allowing the company to obtain from the market a real valuation of its material and immaterial assets (Longo, Mura, 2007: 549).

Table 1. Human capital measurement according to Intellectual Capital literature

Key dimension	Measurement (examples)
Workforce profile	Age, diversity, pay level, promotion rate
Competencies	Measuring competency levels, skills database, tracking competencies and training investment
Employee attitude/engagement	Attitude, engagement and commitment survey
Productivity measures	Revenue per employee, operating cost per employee, added value per employee
Output measures	Units produced, customer served, customer satisfaction, innovativeness

Source: (Demartini and Paoloni, 2011: 18).

Numerous tools and theoretical frameworks have been developed in literature that attempt to conceptualize the notion of intellectual capital, making its operationalization easier (Bontis, 1996; Edvinsson and Malone, 1997; Lev, 2001; Sweiby, 1997).

Given this literature intellectual capital can be defined as formed of three different dimensions:

- Human Capital: Knowledge and competencies residing with the company's employees.

- Structural Capital: mechanisms and organizational procedures which support the employees in completing their tasks/ Organizational capital: knowledge that has been captured/institutionalized as the structure, process, and culture of an organization.

- Relationship/Customer Capital: All business relationships a company entertains with external parties, such as suppliers, partners, clients, vendors, etc. (Sullivan 2000; Moon and Kym, 2006).

The first dimension has been placed on the importance of a company's capital (Bontis and Dragonetti, 1999, Edvinsson and Malone, 1997; Roslender and Fincham, 2004). Human capital is an important feature in intellectual capital, and the effective management of human capital often creates and sustains an organization's wealth and competitive advantage (Lynn, 2000) and is the generator of all the human intellect and nascent value in a firm's innovativeness (Marti, 2001). Structural capital allows human capital to develop and grow inside the company. An organization with strong structural capital will have a supportive culture that allows individuals to try things, to fail, to learn and to try again

supporting the contribution that the single employees can give to the company (Bontis, 1998; Serrano Cinca *et al.*, 2003). Relational capital refers to the ability of an organization to interact with a wide range of external stakeholders (such as customers, suppliers, competitors, trade and industry associations) as well as the knowledge embedded in these relationships (Bontis, 1998; Edvinsson and Malone, 1997; Sveiby, 1997). Human capital affects both structural and relational capital, which in turn positively influence business performance (Bontis,1998).

In the literature there are many different definitions of the elements of human capital. Table 2 shows the most widely used approaches of the elements of intellectual capital to create competitive advantage.

Table 2. Approaches of the elements of intellectual capital

Dimension	Item considered	References
Human capital	The attitude of managers and workers The capacity for innovation in processes, product and markets The ability to transmit experiences The training of managers and workers Human resources	Hornsby and Kuratko (2003) Ireland and Webba (2007) Jardón *et al.* (2007) Pfeffer (2005) Hatch and Dyer (2004)
Relational capital	The attitude of cooperation and partnerships by the company Distribution network Distribution channels type The direct relationship with end customers The types of providers	Klofsten and Scheele (2003) Spillan and Parnell (2006) Anand et al. (2006) Pelham (1997), Spillan and Parnell (2006) Wagner (2006)
Structural capital	Market knowledge Teamwork Internal communication Company culture	Carson and Gilmore (2000) Hornsby and Kuratko (2003) Barney (1996) Barney (1996), Ritchie and Brindley (2005)

Source: (Jardon, Martos, 2012: 470).

This study will focus on the human capital. The basic element of human capital is the tacit knowledge owned by the people who operate inside the organization. Human capital is referred to the knowledge, competences and technical skills owned by the employees (Youndt and Snell, 2004). Human capital then represents a source of continuous innovation and renewal for the company (Bontis,1996) and its essence lies in the intelligence of each member of the organization. It takes into account the combined knowledge, wisdom, expertise, skill, intuition, innovativeness, and ability of the individuals to meet the tasks and goals at hand, which include values, culture, and philosophy (Malhotra,2000). Other scholars conceptualize human capital as the individual's or firm's collective capability to extract the best solutions from the knowledge of its people, and represents the creativity and innovativeness that exist in each employee's mind to provide solutions to customers (Davenport, 1999; Thorbjornsen and Mouritsen 2003).

Many of human capital features depend on the acquisition and application of 'tacit knowledge' and are thus not readily amenable to measurement. This paradox poses a key challenge to systems designed to evaluate human capital in practice. Given evidence that there is unlikely to be a universal formula for measuring human capital (Mayo, 2002). The systems of evaluation and the way they are implemented in practice may vary according to a number of different features of the organizational context.

Despite the fact that human capital is the most important part of the intellectual capital, it is emphasized that between the elements of intellectual capital are relationships and these should be combined so that the company can create value (Edvinsson and Malone, 1997; Hussi and Ahonen, 2002; Bukh *et al.*, 2001). The enterprise value is not derived directly from the operation of one of the components, but the interactions between all these elements (Fig. 1). The greater the interaction and mutual integration of the components of intellectual capital is, the greater the value created is.

Figure 1. The relationship between elements of intellectual capital and the value of the company
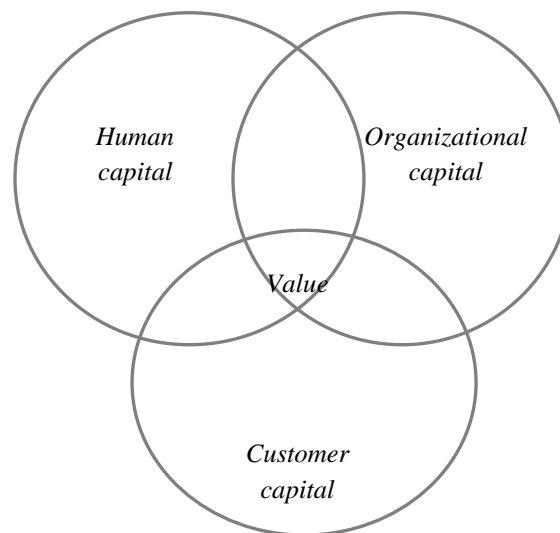
Source: (Petrash, 1996).

3. Research methodology

The objective of the study was to determine the importance of individual components of intellectual capital, like human, relational and organizational capital by managers of the companies. The selection criteria of research were sector and location. The final sample consisted of 131 firms. Of the responding firms 69 percent had fewer than 50 employees, 27 percent had 50-249 employees, while only 4 percent had more than 249 employees. The survey was conducted in 2012. Senior executives (i.e., directors, chief executive offers, and head of division or decision makers) were approached to respond to a survey. Their perceptions and awareness of human capital indicators were solicited. All these organizations are from the construction sector. The focus of this study is on the construction service because the nature of this sector is seen as intellectually or personnel intensive. The involvement of intangible assets in this sector is critical as companies are dealing with their numerous customers constantly through services. Moreover, construction companies in Poland are wrestling with the problem a lack of qualified workers.

The research was conducted in the form of a questionnaire. The questionnaire survey highlights elements of intellectual capital. In the survey:

- human capital was defined as level of competence, loyalty, commitment, motivation;

- relationship capital - the ability to create good relationships with customers and suppliers, brand organization;

- organizational capital - the existence of systems, procedures, databases, organizational structure and culture of the organization.

Respondents were asked to assess the importance of each capital in value creation in their company. The purpose was to determine the significance of these elements, so that the sum gave 100%. Then the mean was calculated which defined the meaning of the capital.

Then respondents were asked about the method of measurement, which are applicable in human resource management. These methods followed the pattern of Demartini and Paoloni (2011).

4. Results of research

The participants were asked to respond to question of how the individual components of intellectual capital are important in creating value in their firms. Figure 2 highlights the impact of these elements evaluated by the managers in the studied firms.

Figure 2. Important sources of value creation in construction enterprises
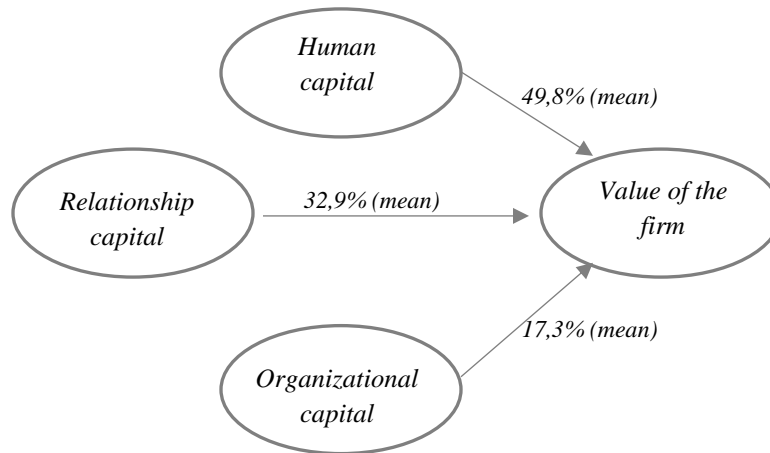
Source: own study.

With a sample of listed firms in the construction industry in Poland, this study investigates the importance of elements of intellectual capital and value creation. The results show that, human capital, relationship capital and organizational capital have a direct effect on value of firm. The data shows that human capital (mean 49,8%) is the primary component of intellectual capital. This capital possibly could enhance the creation of organizational capabilities in the company to be more competitive. Moreover, there is no significant difference in the perception of the importance of human capital in enterprises of all sizes.

Despite the fact that managers recognize that human capital is important to not make the measurement its effectiveness (Tab. 2). The respondent could select many answers. Almost 40% of the responding firms do not measure any activities in the area of human capital. Some of them measures the workforce profile, such as ages of work (3% of responses), stability rate (11%) or number of employees trained (50%). Some measure the employee attitudes, especially the engagement level (34%). Such factors as the motivation level of employees is not in the interests of the companies surveyed. Small number of respondent measures the return on investment in human capital (only 14,5%) or the added value per person (18,2%). This is an interesting fact that small firms measure of human capital more than medium or large one.

Table 2. Human capital measurement in construction enterprises of all sizes

Dimension of measurement	Small enterprises		Medium enterprises		Large enterprises		Total	
	Number of enterprises	% of enterprises	Number of enterprises	% of enterprises	Number of enterprises	% of enterprises	Number of enterprises	% of enterprises
Workforce profile								
ages of work	4	4%	0	0%	0	0%	4	3%
stability rate	11	12%	3	8%	0	0%	14	11%
number of employees trained	54	60%	10	28%	2	40%	66	50%
Employee attitude								
engagement level	40	44%	5	14%	0	0%	45	34%
satisfaction level	22	24%	3	8%	0	0%	25	19%
motivation level	14	16%	1	3%	0	0%	15	11%
Productivity measures								
cost per person	24	26,7%	18	50,0%	1	20,0%	43	32,8%
return on investment in human capital	17	18,9%	2	5,6%	0	0,0%	19	14,5%
added value per person	20	22,2%	4	11,1%	0	0,0%	24	18,2%
No measurement	31	34,4%	17	47,25	4	80,0%	52	39,7%

Source: own study.

5. Conclusions

This paper highlights the impact of human capital evaluation on the value creation in many of the firms that were studied. It is useful, therefore, to turn to some of the wider implications for practitioners – to ask what human capital evaluation means for the construction firms. Until recently, various studies indicated a far more important material resources than intangible assets in the value creation. It seems that human capital is beginning to be recognized by managers of construction companies, but it is not measure of its impact on the functioning of the organization. It is important to try to have a deeper understanding of the relationship between human capital and value creation.

The paper presents a perception the impact of intellectual capital on value creation of the firms in an area of developing countries. But this paper only studies the construction sector in a region of Poland. This fact can not condition its extension to other economic sectors.

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InSixth: An alternative multiple-sense device for the Disable a Concept Device

Abstract:

The goal of this paper is to propose an innovation of a device named InSixth as an alternative way to enhance teaching and education for people with disabilities. The current situation nowadays is the disabled are having lesser opportunities in education compared to normal people. The aftermaths are evident in their low employment rate and living status. For that reason, we put forward an idea of improving the mainstreaming in education by developing this device. Mainstreaming in this context explicitly means the system of educating students with special needs in regular classes during specific period of time. This will allow the disabled to communicate with the non-disabled peers and provide them the opportunity to participate in formal education simultaneously. The expansion of mainstreaming concept can be accomplished as InSixth device will help the handicapped to fully participate in formal education in a) classroom b) lab practical's c) library. They will be guided through IEP. IEP is Individualized Education Program which is intended to help students with disabilities to reach educational targets in easier ways and InSixth is capable of furnishing and refurbishing a new learning medium for these people. Generally, this device will provide the people with visual impairment, hearing impairment and mute issues on alternate sense which allows them to interact with real and virtual objects in the environment through their mind. This concept device can be transformed into reality by developing some advanced technologies such as the artificial brain, brain-computer interface, gesture and voice recognition and smart sense. All of the technologies will be integrated into one device. Further explanation on the details, specifications and functions of the device will be discussed in this paper.

Keywords: Future concept device, IEP, education for disabilities, Artificial Brain, Brain-Computer Interface, Sixth sense, Gesture and Voice recognition, Smart Senses

INTRODUCTION

Even though the world is moving into a new era of science and technology, the widened gaps between the normal and disable in education is still remains unchanged as there is less opportunities for people with disabilities. In most aspects, the normal are getting more enhanced whereas the handicapped are being side lined. Hence, in order to minimize the gaps, assistive technology devices have been developed over the past few decades. Assistive technology devices are items frequently used by people with functional deficits such as alternative ways of performing actions, tasks, and activities (LaPlante et al, 1992). It is essential to find a way to develop AT (Assistive Technology) for supporting education

of people with disabilities (Bykaev, Velez & Guerra, 2011). It is perplexing task to investigate the disable which are in infancy phase. The reason beneath is that from infancy to adolescence, it is a period marked by dynamic changes in body structures and functions; the acquisition of physical and mental skills; and progressive steps toward independence of movement, thought, and behaviour (Field, Jette & Martin, 2006). It is a significant period of time to provide them with good education systems and applications as the infancy phase is the crucial time for one's self development. Hence, when children with disabilities use the assistive technology, they have the opportunity to increment the access to the world around them (Isabelle et al, 2003). Mainstreaming is beneficial because it could build up the self-esteem, new skills, ability to socialize and greater independence for the disabilities. However, investigations are made which general education teachers were surveyed regarding their perceptions of including students with disabilities in their classes.

The result summarized that two thirds of them agreed with mainstreaming concept but majority were not willing to include disabled students in their own classes (Scruggs et al, 1958).Proven, although the mainstreaming concept is beneficial for disabled people, the society would reconsider the full implementation of the concept. This is because the idea of joining the disabilities and non-disable peers in one class could also be troublesome. However, InSixth is a device that would change the capability of the people with disabilities to participate in normal classes. Artificial sense is generated by the InSixth as an alternative to the disabilities' disabled sense. InSixth is not limited to a particular disability, the device is used for blind, deaf and mute people. For example, InSixth will enable the one who is blind to see, the deaf will be able to hear and mute will be able to talk. As the impact, InSixth will provide a new medium of learning for brighter future and positive development in the field of education for people with disabilities. Mainstreaming concept can be applied overwhelmingly for people with disabilities and thus remarkable improvements in education level could be realistic.

IEP- MAINSTREAMING

IEP stands for Individualized Education Program which is developed for eligible students. It is a framework that basically outlined the services for those who are handicapped or having learning disabilities. IEP is a legally binding document of special education services and the services provided are deciding the goals, improvements, accommodations by referring to the disabled's individual needs. The disabled's behaviours, proficiency in English, blindness or visual impairment, communication skills, deafness and ability to use the technologies are also examined. All parties need to participate and contribute to build an effective IEP and the IEP needs to be reviewed regularly (Example: three times a year) to ensure it has achieve the target.

Meanwhile, mainstreaming in education is the practice to improve quality of education for students with disabilities. Through mainstreaming, special education students are placed in normal education classroom for the part of the day. This benefits them because they are given the golden opportunities to socialize and access the education which received by normal students. However, the mainstreaming depends to the disabled students' progressions.

InSixth is helpful for IEP and mainstreaming. This is because the device is invented specifically to help the disabled in education and hence the target of IEP for the particular student can be achieved. By

using the device, the disabled will be able to become more involved in learning. So, they can join in the inclusion with normal students. In conclusion, the device is an aid to IEP and mainstreaming.

THE CONCEPT OF THE DEVICE

The concept device will be named as InSixth as mentioned above and it will provide people the sixth sense. Basically, the device works by sensing the environment and recognizes as well as identifying all the elements that are present in it. Then, the artificial in the device will interpret the data and form a signal which could be read by the brain. These signals will be transmitted to the user brain through brain-computer interface technology and permits the user to also sense all the elements in the environment. By reversing this process, the user will be able to control the device with their minds. The signal from the minds of the end user will transmitted to the artificial brain in the device for processing and executing an action for the signal.

On other hand, virtual projection from the device will be able to interact through gesture and voice recognition technology. In addition, cellular networking system will further enhance the devices capability which makes it a superior assistive technology device for communication. Hence, the InSixth device prototype comprises a range of advance technologies and small components. They are: multi-core neurosynaptic processor and mobile quad-core processor which will power up the device, brain-computer interface technology, Pico projector to project the operating system interface, backside illuminated camera sensor to capture photo and video, motion sensor to detect motion and process it, microphone to record sound and speakers to deliver authentic sound, cellular network system for networking as well as batteries to supply electricity energy. In summary, InSixth is a medium that will break the boundaries between disable and normal people.

TECHNOLOGIES THAT WILL BE EMERGE IN INSIXTH

A. Artificial Brain

InSixth will be equipped with an artificial brain with supreme technology. This artificial brain has the ability of the human brain which makes the device to think and acts like a real human. This artificial brain will be built based on the research project which currently runs under DARPA Systems of Neuromorphic Adaptive Plastic Scalable Electronics (SyNAPSE) Program which was led and funded by IBM. The program that began in 2008 was conducted in order to build an advance electronic neuromorphic machine technology. This artificial brain in InSixth will have 80 billion artificial neurons, 800 trillion of synapses and consumes only 2 kW of electrical energy. The artificial brain will precisely mimic the properties of a real human brain which has high performance of information processing. The artificial brain will have the capability to receive sensory input, connect, adapt and transmit motor outputs just like the real human brain.

This artificial brain in InSixth will perceive the environment through the camera. It then recognizes each element that is present and builds the connection between artificial neurons and form synapses (neural signal) which will represent the information about the elements that has been recognised (De Garis, Univ &Di, 2007). This process will be supported by software which will be named as Smart

Sense (Lee, 2007).This software is important to create the connections between the artificial neurons and aid the artificial brain. It will form responses through connections from a series of images it learns as it can identify the information even if some of data input is missing. It will help the artificial brain in InSixth to form the neural signal which would represent the information regarding elements that are presented in the environment as it captures through InSixth's camera and microphone. The neural signal that been formed will be exactly the same as the real human brain neural signal. This neural signal form in artificial brain will be able to be read by the real human brain. The sensory will be stimulated through brain-computer interface. As a result, the user who uses InSixth will be able to see, hear, recognize and understand. This will finally assist the disabled person.

B. Brain-Computer Interface

In this device, we will use brain computer interface technology. A brain-computer interface (BCI) is a communication system that relies on the brain rather than the body for control and feedback (Wolpaw et al, 2002). The brain-computer interface was first developed in 1970. BCI uses the application of algorithm to interpret input to output control signals. BCI records brain signals, extracts specific measure, and converts these features into artificial outputs that act on the outside world or on the body itself. BCI shows specific characteristics as it involves the brain. The principle of BCI is that when the brain functions are complete, signals would be generated though the responses to stimuli are not sent by the effector to respective organs. This device is implanted by surgery to replace damaged neurons.

A research on developing wireless, implantable, rechargeable, long-term brain interface has been conducted at Brown University. The researchers tested the device by implanting in pigs and monkeys for over 13 months. The experiment was a success and the next target is humans. This research has helped humans through neurological technology to enable a paralyzed patient to feed themselves. It is done by connecting the brain of the patient with an external computer and the action is exerted through robotic arm. The implanted device has to be small in size and completely sealed off to protect the delicate machinery inside the device and the delicate tissue in the brain. At the same time, it had to be powerful enough to convert the brain's subtle electrical activity into digital signals that could be used by a computer, and then boost those signals to a level that could be detected by a wireless receiver located some distance outside the body (Borton et al, 2013).

Recently, there is a temporary tattoos invention which might make electronic telepathy and telekinesis become a reality. Telepathy is a communication of thoughts or ideas by means other than the known senses (mouth and ear) while telekinesis is the ability to move objects at a distance by mental power. This is an improved idea compared to the research made by Brown University as the device does not need to be implanted. The devices are able to detect electrical signals which are linked to brain waves, communication and energy source. Electronic tattoos can be used in detecting brain signals by reading mental states. Although invasive brain implants remain better at reading brain activity (Txchnologist,2013), there are quarters who are worried about it. There is a demand for BCI because it does not need to be implanted. Hence, we would try to propose a new idea by implementing the principle of this brain-computer interface in InSixth by making it applicable in the device via contact with human skin. This would benefit the users as no implantation and physical operation is needed. Neurosky is selling Mindwave with low cost, high signal rates, and it is mobile and user friendly. In a study conducted by University of Wollongong in 2009, Neurosky delivered 96% EEG fidelity. This can

be used in the InSixth. This is because it will be easier for the users to use and implement BCI functions. Hence, we would like to invent a chip with BCI technology that interprets the thought of the user by the contact of the device and skin. Through this linkage, neuron signal from the brain can be transmitted to the device and the artificial brain which is located in the device can receive the brain signal and process it, allowing the device to be operated within the user's mind. This feature that will be included in the device would only work when the brain transmits the information to the device such as scrolling, switching on and off, and make simple selections. We would propose BCI based on Electroencephalography (EEG).

C. Gesture and Voice recognition

The InSixth also has the ability to recognize gesture and voice. This technology is recently widely used in computers and smart television as users are changing the direction of choices to smart phones and tablets. This technology mainly allows users to give commands through unlimited pronunciations and specific gesture so that the system would recognize it and execute an action based on these commands. The real thing that lies behind this technology is the 3D depth sensor. The 3D depth sensor has an infrared projector and a monochrome CMOS (complimentary, metal-oxide semiconductor). These sensors work together so that the device can visualize in 3D regardless of the lighting conditions. When the device first starts its motion sensor, it reads up the structure of the environment and determines the space where the motion is taking place. Then, it maps the digital production of the shape and skeletal structure which may produce motion. It analyses and sends the data to the artificial brain in the device for recognition purposes. In addition, InSixth also has additional component that gives its gesture recognition ability to detect motion precisely. The component is the 3D time of flight (ToF) sensor (Gokturk, Yalcin & Bamji, 2004). The sensor which equipped with light source and optical system measures the time of flight of the light between the light source and the subject from every point. This allows the sensor to recognize every gestures of human abdomen in the environment accurately (Lindner et al, 2010).

HOW INSIXTH WORKS

Basically, InSixth works by the combination artificial brain technology and brain-computer computer technology functions. Figure 1 shows the summary of the process of interaction between artificial brain and BCI:-

Neural signal formed are transmit to the user brain through Brain-Computer Interface as the EEG in INSIXTH connects the user brain with INSIXTH.

Transmitted neural signal will stimulate the user brain to gain vision and hearing over the environment and user will be able to identify the elements that exist in the environment.

Smart senses in INSIXTH analyses the environment and recognize the entire elements (stimuli) that are presented.

It then form neural signal which will represent the information about the elements it recognized with the help of artificial brain.

Figure 1: Artificial brain and BCI interaction process

This process will give perfect artificial vision to blind and artificial hearing to the deaf. As this process is reversed, the mute will be able to speak through the device.

INSIXTH SPECIFICATION

A. Design

Figure 2 is the proposed device design. The explanations on this device have been elaborated more precisely in below sections.
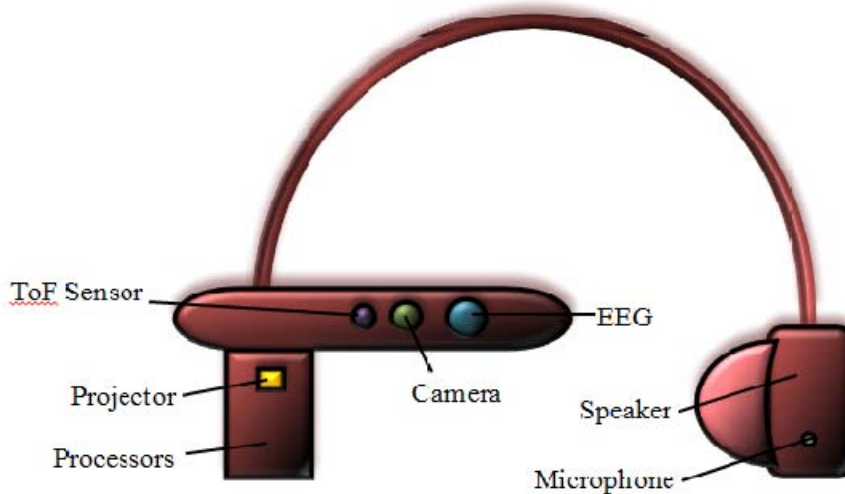
Figure 2: InSixth device design

B. Processor, Memory and storage

InSixth is powered by two main processors which is the multi-core neurosynaptic processor manufactured by IBM and quad-core Snapdragon 800 by Qualcomm.The neurosynaptic chip which is the multi-core neurosynaptic processor will be used specifically only for artificial brain (Merolla et al, 2011). It will process the information which is generated by Smart Senses and form the neural signal which will represent the information. The processor will contain 256 artificial neurons per core and 4000 core per processor which will provide the processer to have 1 million artificial neurons. The processor works by deploying the neuromorphic architecture where it enables the artificial neurons to spike in the same way as the real neurons in human brain spike when they carry information from one neuron to another and mimic the synapses in the real biological systems (Seo et al,2011). This architecture also permits the InSixth to vigorously recognize object recognition, detect motion, focus towards desired object in the surroundings and transmit motor output like a real human brain. While the quad-core Snapdragon 800 will provide all-in-one system for mobile computing to InSixth which includes CPU, GPU, Hexagon DSP, multimedia, camera, navigation and connectivity (Qualcomm snapsragon, 2013).The processor made up of quad-core Krait 400 with 28nm architecture of high performance mobile process has a superior performance of processing speed up to 2.3GHz per core. It also offers stunning graphic performance with Adreno 330 GPU that supports for advanced graphic. The processor is also energy efficient as it has Asymmetric Multi-Processing (aSMP) dynamic CPU power control for sustained peak performance and quick charge 2.0 for faster battery charging. This processor will basically help InSixth to operate its camera in capturing HD images and records UltraHD videos which critically helps the device to enlarge the vision on the environment as well as carry out the processing for projection of the mobile operating system through the built-in DLP projector. The memory of InSixth will have 4 GB of RAM and an internal storage memory of 64 GB.

C. EGG, Camera, Sound and Multimedia

The device will be equipped with Thinkgear ASIC Module from Neurosky. The chipset will features EEG which will connect directly to dry electrode in the brain. This type of EEG is able to detect low-level signal which will make the device to detect the signal accurately and precisely. The device will feature 21 Megapixel Autofocus camera with LED flash which uses back- sensor illuminator (BSI). This sensor permits more light to be captured by the lenses and will result in better performance of capturing images in low-light condition. The camera will be able to record and capture simultaneous HD videos and images as well as conduct intelligent detection on what it capturing through smart senses technology. The device will be fitted in with a mono speaker with built-in amplifier by delivering an authentic sound experience for its user. This speaker will be able to play all the sounds emitted and speak the language of the user if they intend to talk through the device. The microphone will be situated under the mono speaker. Insixth is capable of playing back Ultra HD videos in 4K resolution (but require 4k external display) and delivers multichannel HD audio through Digital Theater Sound-HD and Dolby digital plus. User can experience this features through the projection of the mobile operating system. It also can play various formats of audio and video in the format of MP4, DivX, XviD, WMV, H.264, H.263, MP3, WAV, eAAC+, AC3 and FLAC.

D. Projector and Body-Case

InSixth will consist of a DLS Pico projector which will project the mobile operating system interface for the device. User will be able to interact with this projection image by physically touching them and their action will be recognized by the gesture recognition technology. The body of this device will be made of by Unibody aluminum that is specially designed to fit all of the components that will help InSixth to work.

E. Network and Connectivity

The device has capability of a cellular network and run in 4G LTE which is featured in the Snapdragon 800 processor. These make the device competent to make calls and send text message as well as surf internet in high speed through cellular network (Dahlman, Parkvall, Skold, 2011). It also has Bluetooth 4.0 connection with integrated digital core which helps the device to be connected to other Bluetooth enabled device and enable data to be transferred between them. The device has also Intergrated 802.11ac Wi-Fi in it which allows InSixth to gain access to the internet through WLAN in high speed. Besides, InSixth enclose is the Near Field Communication (NFC) technology which makes it easy to be connected to other devices (which also NFC enabled) by only touching them together into close contact.

F. Battery

The InSixth uses a lithium-ion 3000mAh which can last up to fifteen hours of vigorous playing as both processors that powered this device consumes low amount of energy. The battery of the InSixth can be charged with wireless charging capability which is an energy-efficient. The wireless charger for this device consists of a wired charger that has copper wire between the adaptors. The charger may not be as efficient as a copper wire but it is able to reach 70% transfer efficiency.

INSIXTH APPLICATIONS

A. Artificial Vision

This device is able to help blind people regain their eyesight. Real-time images of the surrounding are captured by the camera and interpreted by the artificial brain. The artificial brain sends neural-like transmission to the user brain for interpretation of the image. This enables the user to see his or her surroundings.

B. Artificial Hearing

Sounds from the surrounding are detected by the microphone. The artificial brain then processes and interprets the sound and sends impulse to the user's brain. The brain interprets the signal and allows blind people hear again.

C. Artificial speech

Mute people can communicate with others through this device by using the voice out function and built-in speaker. The user sends nerve impulse to the artificial brain and the artificial brain produces the required signal to produce sound and form speeches. This will allow the mute people to talk again.

RESULTS AND DISCUSSION

Proper use of InSixth by voluntary people was observed during the interview and questionnaire session. Table I summarizes the interview and questionnaire output data, starting from volunteers' information. The process focused on getting feedback from volunteers in order to determine the feasibility of the InSixth. Score scale values were: Positive-Negative-Undefined. From the table it can be concluded that degree of usage ease and secure mobility was properly evaluated in all volunteers.

Table 1: Summary of interview and questionnaire data

Questions asked (For the blind, deaf and mute)	Qualitative Score (volunteers number)
Clarity of criteria and purposes	Positive (28)
Importance to user	Positive (28)
Knowledge of product or similar product	Positive (20) Undefined (8)
Satisfaction on design	Positive (28)
Learn-ability	Positive (28)
Portability	Positive (28)
Secure mobility	Positive (24) Undefined(4)

Suitability to variety of ages	Positive (28)
Personal Compelling	Positive (28)
Degree of ease of use (Usability)	Positive (28)
Costumer services	Positive (23) Undefined (5)
Recommendation	Positive (28)

The experiments results show the effectiveness of InSixth idea as an extension of the assistive technology perception. It should be also remarked that interviews and questionnaire responses also proved a good human satisfaction, which emphasizes the social impact of this study and excellent InSixth performance for a safer and efficient customer services. We are identifying the opportunity of having this idea of innovation. We did initial screening by doing a very basic preliminary investigation of this questionnaire. The method used to evaluate and organize our idea is Checklists for business idea evaluation method. There is huge selection of different checklists, handbooks and software for business opportunity evaluation and for business planning. Mainly we have brainstorm our idea using the "Evaluating an idea for a business or product" in order to identify the suitable technology for the people with disabilities. Once we have decided on this InSixth, then we used the "Evaluating new product idea" checklist to find out what are the chances for success. Lastly, the questionnaire to a pool of 28 volunteers asked on personal one-to-one basis with more elaborated explanation to the points mentioned.

CONCLUSION AND FUTURE WORKS

In conclusion, descriptions of the device in detail and the technologies that will be used in InSixth which includes artificial brain, brain-computer interface and gesture and voice recognition technologies are explained in detail. InSixth has unique value because it is designed for people with blind, deaf and mute disabilities. Comparatively, while other assistive technology devices that limited to assisting one disability, InSixth will be able to assist users with multiple disabilities. The device will capture information and send neural signal that is transmitted to the user's brain which then stimulates the brain to have the exact signal in the real brain. The transmission occurs through BCI. We are looking forward to turn the InSixth research and concept into a reality. We are also looking forward to expanding the features of InSixth in order for it to enhance the users experience to the maximum level. Some of the ideas that we will put into consideration are better processors, improved artificial brain and transforming the projection image into hologram.

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Prosocial Behavior and Organizational Climate in the Field of Bulgarian Knowledge Managers and Workers

Abstract:

The study records the impact of a number of organizational and demographic indicators on acts of prosocial behaviour and the types of organizational climate. At the same time it establishes the reasons that prompt high commitment to work and exceeding of tasks listed in the job description. In this study prosocial behaviour and organizational climate are assumed as variables, since they allow the adequate measurement and recording of the impact they have on a number of organizational factors. Quantitative research methods, as well as measurement tools consistent in terms of psychometrics are applied. The survey results make it possible for trends in the development and change of prosocial behaviour and organizational climate in the area of knowledge managers and workers to be revealed. The hypotheses check is carried out by means of dispersion and correlation analysis. The data are processed with the standard package of statistical programs SPSS-16.

Keywords: Organizational and Demographic Indicators, Prosocial Behaviour, Organizational Climate, Area of Knowledge Managers and Workers.

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Economic and Financial Characteristics of Social Economy

Abstract:

The main purpose of this paper is to acknowledge the findings of the financial characteristics of six Portuguese social economy case studies. These cases are classified within theirs economical specifications in organizational property and profit potential and were chosen due to their renowned success of promoting quality interventions in so calledsocial areas'. We used financial ratios for the analysis, using three accounting sources, the balance sheet, the Statement of comprehensive income, and the support of Statement of cash flows. With this method we find financial characteristics of the organizations to perceive what their economical specificities are. Furthermore we engage in answering the broader notion of sustainability of Portuguese social economy organizations which, as well several European models, have a strong financial support from the state.

INTRUDUCTION

The main discussion of this paper is the general economic and financial characteristics of the social economy. We use financial ratios[i] of six case studies to express how we can perceive that in the financial statements of the organizations. Instead of using an extensive methodology with the advantage of the potential to generalization, the case studies let us go deeper in the explanation of each single result. This is a better way to understand the results that are articulated with a previous discussion of the economical spirit of each type of organization of the social economy. The first part of the paper will be an open theoretical argumentation on the core specificities of social economy and what makes them so meaningful for our societies. Afterwards we present the cases and show the financial ratios to establish the economic and financial characteristics of social economy.

WHY SOCIAL ECONOMY DESIGNATION

When we are studying the field of non-state, non-company organizations you have to choose one designation for your organizations. There are four main scientific fields for this mater: 1. Social economy; 2. solidarity economy; 3. Third sector; 4. Non-profit sector. For this work doesn't matter the ideological paradigms of each classification even the social economy, but for a better field circumscription it's always good to choose one. We choose the social economy organizational designation because is the one that includes all types of organization that are not state organizations and either companies. The solidarity economy can include all of the organizations of social economy, but it's more a scientific agenda of what the production system should be, rather than a designation that tries to classify the non-state and non-companies organizations. So this designation is too specific for a broader argumentation on the field. Generically, the third sector considers all the organizations that have a social emergency and don't have any relationship with the state or companies. In a first glance it

seems a good choice, but if we have organizations with a strong state funding, as we have, it will emerge several theoretical problems with this designation. The non-profit field, don't include cooperative, because these organizations allows profit.

Social economy defines the field based on the legal figure of the organizations, but even this can defer from country to country. None of fields are consensual but in social in social economy we have a stable integration of all the legal figures that don't belong to the state or are not a company.

SOCIAL ECONOMY ORGANIZATIONS

We will define each organization by the European Commission terms[ii]

Cooperatives

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

The defining characteristics for a co-operative are:

- Possibility of free, open, and voluntary association and withdrawal from the enterprise.

- Democratic structure, with each member having one vote, majority decision making and an elected leadership accountable to its members.

- Equitable, fair and just distribution of economic results.

- Autonomous and independent.

Co-operatives are enterprises that exist to serve the needs of their members who contribute to their capital, own and control them, rather than to provide a return on investment. All enterprises exist to serve the interests of their cardinal stakeholder groups. For traditional companies that means investors. However in a cooperative returns on capital (which are in some cases permitted) must always be subordinated to other interests (e.g. integration of people with disabilities). In fact a non-co-operative enterprise might be called an association of capital (or investor-driven business) whereas a co-operative is an association of people (or people-driven business).

Mutual Societies

A mutual enterprise is an autonomous association of persons (legal entities or natural persons) united voluntarily, whose primary purpose is to satisfy their common needs and not to make profits or provide a return on capital. It is managed according to solidarity principles between members who participate in the corporate governance. It is therefore accountable to those whose needs it is created to serve.

In common with other social economy enterprise forms, they operate according to the principles of voluntary and open membership, equal voting rights (one member = one vote; resolutions carried by majority), autonomy and independence and no share capital.

Mutuals can be differentiated from co-operatives by the fact that they operate with their own, collective and indivisible funds, and not with share capital. Rather than purchase shares, members pay fees (for example based on insurance calculations).

Associations

Associations can be defined as a permanent grouping of natural or legal persons whose members pool their knowledge or activities either for a purpose in the general interest or in order to directly or indirectly promote the trade or professional interests of its members.

The main characteristics or associations are:

- voluntary and open membership

- equal voting rights - resolutions carried by majority

- members' fees - no capital contribution

- autonomy and independence

- service providers, voluntary work, sports and advocacy/representative

- important providers in health care, care for elderly and children and social services

Foundations

Foundations are bodies with their own source of funds which they spend according to their own judgment on projects or activities of public benefit. They are entirely independent of government or other public authorities and are run by independent management boards or trustees.

The main characteristics of foundations are:

- They are run by appointed trustees

- Their capital supplied through donations and gifts

They may finance and undertake research, they support international, national and local projects; might also provide grants to relieve the needs of individuals, fund voluntary work, health and elderly care.

ECONOMICAL SPACE AND SOCIAL ECONOMY

Sometimes we have to go from scratch to understand the object that is in front of us. Not because we want rather the literature doesn't help in what we looking for. In this situation what makes everything obscure is the conflict between two points of view. In one hand, there is a unifying perspective, trying to present these organizations as similar to each other and on the other is the economic perspective that focuses the legal figures and tries to find meanings in a historical approach. Both are valid but when we trying to find the economical sense of associations, foundations, cooperatives and mutual societies the perspectives are overwhelming in terms of what characteristics unites and distinguish them. What we have for certain is that will study associations, foundations, cooperatives and mutual societies and they are not state or companies so we have to start from here.

The state and companies are the two biggest institutions in the productive system. The organizations we studying are an alternative productive system. This is the main reason for associations, foundations, cooperatives and mutual societies to be all linked together, because they are so different from each other that other attempt to explain why they belong together will be somehow refuted. The social in social economy ultimately shouldn't be there because it makes everything more dubious. There is a majorly agreement that this social is fundamental to express these organizations and is what unites

them. Obviously there is some true in this fact, because most of the associations deals with insolvent public or fights social problems as poverty, but the generalization is not true. The cooperatives are on the market and not every cooperative have the mission to fight social problems. On the other hand, a responsible company can fight as well the poverty in a specific region lowering unemployment. Some argue that a capitalist don't have the mission to fight the poverty, so that's the difference but in results are the same. All the notion of social problems applied to defend the mission of the organizations turn out to be specific of some organizations and can't be generalized. The main problem starts with the notion of social, because every human activity is social even if it's alone so it's a tautological argument, it can only be true but not false. What can be said is that companies will only solve problems directly or by externalities if there is a profitable consumption of its production. This is very important because make boundaries on the intervention of the companies. The social economy organizations can fill somehow this gap but it's the alternative productive system that seems to stand for universal characteristics. I will try to express that even this is not true anymore, not because the social economy has changed, but on the other hand the state and company institutions are more complex.

The state collects a part of everyone earnings and redistribute that collected earnings in anything that is considered to be a public interest. This is the public productive system. The organizational expressions of this are the state institutions and the state companies. These organizations have the particularity to be public property. The private companies invest in production to collect the retained earnings for its private owners after the profitable consumption of their production. This is the private productive system. These two are the fundamentals forms of production in our modern societies. If we look around this distinctions are merely analytical nowadays. For one hand public debt are more and more private, so the public productive system is being invaded by private capital, on the other hand private companies are being subsidized to lower unemployment and to leverage private production. This means there is no more a pure form of production system. The economical production systems are being merged and the last thing that remains genuine is the private profit, even if it shouldn't be consider as that. The social economy is the little brother of the other two, and they are together because of its present weight on the productive system. This is the only difference between social economy and the rest of the economy. To understand furthermore we have to analyze the fundamentals of each type of organization and why are they different from the state and companies and why they don't grew as much as the state and the companies.

Figure 1 - Classification of economical space

		Property	Profit
Market	Companies	Private	Profit
State	State institutions	Public	Non profit
	State Companies	Public	Public profit
Social economy	Associations	Collective	Non profit/Non Capital
	Cooperatives	Collective	Collective profit
	Foundations	Private	Non profit
	Mutual societies	Collective	Non profit

There are two fundamental variables that distinguish all organizations of the economical space: The property of the organization and the profit potential that the organization can achieve. The figure 1 expresses the differences between all types of organizations.

As we can see the social economy is mainly a space of collective property with the exception of the foundations that can be private, but they are not allowed to have profit. On profit it's mainly a non-profit sector, and the cooperatives have a special type of it because is collective. The difference between cooperatives shareholders and companies' shareholders it's the collective obligation of the cooperatives, in which, there is no possibility that the profit can go to only a person. The share on cooperatives can't be bought, so will always be collective. The associations can also be non-capital when dealing with voluntary work. This way we have an objective distinction between every organization and the analysis of each type of organization should show the production unbalance that makes them less productive.

We have to analyze each type of organization to understand more of what might be its limitations on the productive system which express the present weight of social economy on the economical space. We use ideal types of the organizations to make this exercise, so it's not based on real social economy organizations. The aggregated factor of the limitations of each type of organization forms the explanation in a macro level. As we explained before the ideal type of state production and private production are not present anymore, but is the fundamental characteristics of each type of production that allows explaining their growth and success in the economical space. In the same ways the fundamental organizational limitations will allow to understand why social economy is not the mainstream productive organizational system in the economical space.

Associations

The associations have a general problem in terms of production due to a lack of initial investment. Actually the spirit of an association is to associate persons with the same need or purpose. Their scale factor is based on members' growth and the fees applied to each one of them. In a productive sense they will depend more on members' unity than on consumption success of their production.

Cooperatives

The production limitation of cooperatives is investment being done only by shareholders with the same amount of share capital. In theory a cooperative can grow much more than an association because of the initial investment, but slows down compared with companies, because is limited on selling shares of the organization. In a productive sense depends more on the production potential of each shareholder as a whole, than on the potential to attract more external investments.

Foundations

The main productive step back on foundations is the nonprofit nature of these organizations. In a productive sense depends only on the amount of investment of the founder. If the investment is enough the foundation can be as productive as a company, but is always a no return investment for the founder.

Mutual societies

Mutual societies are closed on themselves because they have to start with a collective direct investment, for a specific purpose to provide common services to its members. In a productive sense these organizations depends more on members needs than a broader market need.

Figure 2 - Social economy direct investment limitations

Investment limitations	
Associations	No initial investment
Cooperatives	Equal collective investment
Foundations	Single initial investment
Mutual societies	Collective investment

The most virtuous element of capitalism is the capital accumulation due to the power of scaling production when capital is accumulated by one individual. The capitalist is free to invest in whatever he thinks it will be profitable. None of social economy organizations has these characteristics as seen before. In figure 2 is shown the investment limitation of each type of social economy organization. Obviously the associations are theoretically the one that have more problems on scaling production. The individuals in charge have find ways to gather members for the association to develop the organization activities. The cooperatives have the rule of one person one vote, so the investment have to be the same for each shareholder and the activities most be interesting for each shareholder to create investment. The foundations depends only on the non-profitable investment of the founder, so by definition this type of organization cannot ever be the most common because there must be a previous substantial capital accumulation by an individual to be possible the initial investment, and the can't be

from another foundation due to its non-profit nature. The mutual have a collective investment but don't have to be equal from all the members. This is an advantage on cooperative nature but still have the problem of engaging a great amount of individuals to invest in the activities of the organization.

If social economy lacks in potential for investment on production must have at least one virtuous element that express the relevance of these organizations. The capitalism is by definition an unequal system because is based on the premise that the capital accumulation must be made by few, to these few be able to produce for the many. The opposition to this notion seems to be the fundamental and virtuous element of all the social economy organizations. They all have an equalitarian potential linked to its economic activity that transforms the social economy in a productive sector based in a strong relation with the common good and balance the unequal forms of resources appropriation.

As seen in figure 3, all the production of voluntary work is considered to have an equalitarian potential because all the value appropriation is on the side of the consumption. In associations what seems to have equalitarian potential are the direct or indirect membership benefits. If a member doesn't have a direct benefit it will be an indirect benefit because he is helping a cause that he believes and support. The cooperatives potential to turn society in a more equal system, is based on the shareholders profit distribution. In this case the shareholders are looking for profit but can't be appropriated privately, so the capital accumulation is limited this way but ultimately generates equal individuals but only inside the shareholders and not outside this boundary. The foundations aren't equalitarian on the economic activities, but there is no profit distribution so all the surplus is considered equalitarian because can't be appropriated privately. The mutual societies have the equalitarian mutual benefits of shareholders or subscribers. The difference between mutual and associations is the type of investment of the members, while in the association the investment is by a fee, in mutual societies is the consumption of mutual product that the surplus is transformed in specific mutual benefit. Ultimately the mutual societies are in a market economic activity, while in the associations that's not always true.

Figure 3 - Equalitarian potential in the economic activity of social economy organizations

	Equalitarian potential
Voluntary associations	All production
Associations	Membership benefits
Cooperatives	Shareholders profit distribuition
Foundations	Surplus
Mutual societies	Mutual beneficts of shareholders

The social economy is an alternative productive system with a low representative weight in the economical space. All the organizational forms of social economy can't compete with companies in terms of scaling production and have a societal equalitarian potential on its economic activities higher than the companies. The pure forms of organizations in the economical space of modern societies are

merging with each other's so more and more characteristics of social economy are present in companies and the other way around.

The economical complex forms of capital supplies for the social economy are the main challenge today. When there is a public interest in the economic activities of such organizations is possible to be subsidized directly from the state[iii]. The state subsidization of social economy creates a dependency of these organizations for the public interest activities. This creates differences with the economic characteristics that we showed previously because the power relationship differs from the original spirit of the different type of social economy organizations. The expression of these complex forms of capitalization must consider a three way direct investment of economic activities, the public by subsidies, the collective by the members and the private by donations. The three main sectors are potentially linked together to leverage the public interest activities. In times of fewer resources by the two big sectors, the investment retraction in social economy organizations can create tension on the public interest activities done by social economy and the emergency of social problems that they were fighting. The state subsidies leverage the scaling deficit of social economy organizations but this will be integrated in a non-sustainable production, because most of these leverages are for non-market activities which don't have any surplus or profit potential. Another important thing to have is that the social economy activities are mostly human resources labor with no potential to automation of the production. When the state subsidizes public interest economic activities of social economy organizations, the scaling effect is based on more employment. The investment retraction will directly affect unemployment and the scale effect of the production is affected in the same proportion.

CASE STUDIES

Case study 1 – Foundation

The foundation has been active since 1940. Presents bills and provided the last two financial reports that allow you to make an analysis in series of 3 consecutive years. It has the following economic activities: daycare center, childcare service, the Petrol Station Fuel and Typography.

The fixed assets are taking a more prominent share in the structure of the applications (47 % -2009 -, - 2010 49 % - 50 % -2011 -) and have been growing. This is explained by the type of activities and the investment made in the same with the earnings. The Inventories represent a small percentage and are related to the economic activities of the foundation. One element that may be destabilizing is debt from customers who reaches approximately 40 % in several years under review. The trend is positive starting from 45 % of debtors in 2009 to 39 % in 2011. The cash feature percentages (between 4 % and 6 %) similar to a company, with the particularity to be having a small positive trend.

In the structure of equity and liabilities, the capital has a weight to fluctuate within the 20% meaning a weak autonomy from external financing. This oscillation refers to the difference in earnings and net. The organization has no liability for medium and long term.

Indicators of liquidity to the foundation, are having a positive, but always with values less than 1, which reflects the organization does not have the means to meet their short-term debts.

The solvency Foundation Workhouse for 2009, 2010 and 2011 is 141 %, 128 % and 151 % respectively. This indicator allows us to understand that the organization has a set of elements of equity that is already double the debt it holds. The solvency allows also show that the asset covers all liabilities.

The set of ratios profitability expresses an organization with a low capacity to generate results. One aspect to note is that in 2011 only the return on equity was negative (-2 %) and others have values of stagnation, which is positive if we think in evolutionary terms.

Case study 2 - Mutual society

As a mutual institution in the financial sector, this mutual presents the accounts and made available the last two financial reports that allow making an analysis in series of 3 consecutive years. Its economic activities are financial services directly dependent on mutualistic, an art gallery, education and health services (child and medical assistance). The latter are partially funded by the state.

The major element of the asset structure is finantial, which represents 80% of the assets. Note that the weight of clients debt not penalizes too much, where the maximum is 7 % in 2010, falling back in 2011 to 1 %. Overall asset structure is appropriate to the area of economic activity of the organization, with the characteristic that most of the investments were made in fixed assets.

As a financial services entity, the greatest impact on liability is that of provisions that are captive in the organization serving to ensure the deposits, which represent more than 80 %. However, theseprovisions' are not really due to its passive nature to ensure eventualities. Theshort-term liabilities' is an expression of small non- passing and 11 % down to 2 % in 2011. The equity even with the

provisions recorded in expenditure represents 46 % which expresses the autonomy of the organization and the reduced need to apply for debt capital.

Presents for the general liquidity, reduced and immediate values always greater than 1 point, which is the reference for the organization to be able to meet its short-term debts. Again, being a financial services organization and have very few short-term debt, liquidity in 2011 over 10 points in all indicators of liquidity, meaning that this year, for example in liquid cash were 11 times higher than the short-term liabilities, which is very positive in terms of accounting.

The solvency' of this mutual for 2009, 2010 and 2011 is 186 %, 184 % and 188 % respectively. Continuing with the analysis carried out so far, this indicator also reveals that in general terms the organization has sufficient assets to cover all its debts.

The financial analysis carried out allows you to set the mutual as a sustainable organization, mainly due to their mutual action (given by the mutual accounting) which allowed creating a significant equity. However, need to quickly start having positive net income in the childcare services.

Case study 3 – Cooperative 1

The cooperative has activity since 2001. Presents bills and provided the last two financial reports that allow you to make an analysis in series of 3 consecutive years. The economic activities are catering and accommodation, nature tourism, beekeeping and forestry-pastoralism.

The structure of such applications is the most relevant element fixed assets with percentages varying between 49 % in 2009 and 59 % in 2011. This refers to an investment in equipment or materials required for activity. The second most significant element is the client debts, which amount to 44 % in 2009, but with a positive trend, falling to 33 % in 2011. This element can be considered worrisome in this organization does not continue to be a continuous reduction in percentage of this debt. The Inventories show an increase of 0 % in 2009 to 7 % in 2011. The increase in weight of the stocks is understandable due to the activities area of catering and accommodation. The availability is the most worrying indicator in the structure of investments by having a low value of not more than 2 % in any of the years of the series under analysis.

The short-term liabilities are 100 % of all liabilities, which may mean some difficult access to credit. The total liability has a negative trend over the equity which is good. The increase in the equity during the three years seems to indicate an accumulation of capital due to net positive have been incorporated in the reserves instead of being distributed.

The cooperative, a consequence of the few cash, has the set of liquidity ratios results always negative. The liquidity is having a positive trend, reaching 0.85 in 2011. If this trend continues there should be equilibrium of liquidity shortly.

The solvency of Cooperative 1 for 2009, 2010 and 2011 is 1.49, 1.69 and 2.10 respectively. We have a situation in which the set of assets is already double the debts you currently have which is quite positive.

The financial analysis carried out allows you to set the Cooperative 1 as an organization in search of sustainability. The biggest problem of the cooperative is the immediate liquidity and liquidity in

particular in general. As a cooperative is relatively young there is room to solve the situation if there is a continued positive net income.

Case study 4 – Cooperative 2

Cooperative 2 has been active since 1976 and released the latest financial report that allows an analysis in series of 2 consecutive years. The cooperative have the following economic activities: floriculture and gardening, vocational rehabilitation service, rehabilitation therapy, socio-occupational activity for people with disabilities, laundry service, a swimming pool and cafeteria.

The cash with 49 % of the assets are the element with the highest expression. One possible explanation for this figure are the values of subsidies that are sent to availability by being introduced into organizations through deposits. A significant portion of assets is inventories that seems to be where the organization has applied the earnings. A small percentage of stocks is congruent with the type of economic activities that the organization has. A third-party debt can be a problem, but the percentage of cash will address this deficiency while it remains at this level.

The high value of cash this organization blisters all liquidity ratios, which are always above 4, the present values far above those considered positive. This means that the organization has sufficient liquidity to meet all short-term debt it holds.

The solvency of cooperative 2 for 2009 and 2010 is 2.12 and 2.49, respectively expressing a capital twice the value of current debts.

The financial analysis carried out allows you to set the cooperative 2 as an organization that seeks sustainability. The biggest problem of the cooperative is the excessive subsidies which still represents 68 % and 8 % of the donations total income. The most important aspect to consider in this organization are the percentages of net income that have been growing and mean that the organization is taking steps towards autonomy, with efficiency gains related to market their business activities.

It is important to understand that the funding of the institution allowed to accumulate capital over time, make small investments and allowed autonomous without outside funding. This advantage that the institution has a tendency to accumulate capital is also a limitation, as the investment required to open a business area is higher than the capital held in financial reserves, there seems to be difficulties in accessing liabilities.

Case study 5 – Association 1

The association 1 has been active since 1994 and released the latest financial report that allows an analysis in series of 2 consecutive years. The economic activities are training, leisure activities, social canteen service and pre-school education.

The inventories in the asset structure are an oscillation of 10% between 2010 and 2011 but still representing 36 % of total assets. The Inventories also have a great swing of 13 percentage points starting from 17 % to be 30 % in 2011. The cash have a huge weight representing over 30 % of assets. This unusual accounting must be explained by an activity based almost exclusively on subsidizing, hence such a high proportion of cash. The Inventories have no obvious reason, except the possibility of being framed designs also because the training, leisure activities, social canteen services and preschool education shall not require such stocks.

In continuity with the parsed structure of assets, also equity and liabilities, is only consistent with an accounting reference accounts which subsists only subsidization exploitation. The organization has a percentage of 63 % of equity, which lets say you've managed to accumulate capital and incorporated it in equity through reserves'. The total liability is 37 %, but a large part of the liability is assumed for deferrals. The deferrals affect the 73 % of total liabilities, so we can assume that this organization has no liability problems, expressing the great dependence on heading subsidization of exploitation.

As the cash have a high value, all liquidity indicators showed values above considered positive. It must be emphasized that the values of liquidity deprived of readability usual because much of cash must be related to the liabilities under short part of deferrals.

The solvency of association 1 for 2010 is 2.29 and 2.74 in 2011 is mirroring the organization managed to accumulate a significant amount of capital embedded in fixed assets.

Both in 2010 and 2011, the percentage of subsidization exploitation is always 100 %. These figures illustrate that the Association is still completely dependent on subsidies.

The financial analysis carried out allows you to set the association 1 as an organization that has neither expressly seek, sustainability. The biggest problem of this lack of association is an alternative to operating subsidies. A positive aspect and that the organization revealed that an accounting is capital accumulated over the years and put them on reservations or applied in receivables.

Case study 6 – association 2

The Association 2 has been active since 2007 and released the latest financial report that allows an analysis in series of 2 consecutive years. The economic activities are areas of vocational service projects, social intervention and community and education.

The assets structure reveals traces of a young organization and highly subsidized, this because the fixed assets is still very small in terms of percentage (4 %), reflecting the lack of time to apply the accumulated capital. The client debts, ranging from 63 % in 2010 and 23 % in 2011, can be explained by income projects that have been approved but for which funds have not yet entered into box. The high value of availability, 32 % in 2010 and 72 % in 2011 explains why the funds are placed in an account to order, generating cash.

The short-term liabilities are 100 % of all liabilities, which may mean some difficult access to credit or even caution that the organization has to acquire funding. However, the total of liabilities only represents less than 40 % of equity. The equity derived exclusively from earnings, which acquires a peculiar way, as there is no reserves'.

As subsidies are placed in cash all indicators of liquidity showed values above considered positive (above 1). The solvency for 2010 is 3.60 and 2.75 for 2011, ie, the asset is three times greater than the liability. The percentage of subsidization exploitation is 100 % in 2010 and 97 % in 2011, with the difference that this year 27 % of revenues come from other income and gains. In this situation of accounting, the set of indicators profitability expressed little about the efficiency of the organization because, by 2010, was not included in any market activity, and in 2011 the business activities represented only 3 %, therefore not considered this set of ratios. The consequence is related to the total dependence of the organization of public subsidies and / or private to garner.

The financial analysis of the organization has an added difficulty because some rubrics balance are ambiguous because there are no specific reports for social economy. It may be noted that there is a short-term liabilities inexpressive and had funding for their activities. In 2011 emerged the first revenue from commercial activities representing 3 % of total activity.

Figure 4 - case studies organizational characteristics

	Foundation	Mutual society	Cooperative 1	Cooperative 2	Association 1	Association 2
Turnover	2.722.308,42€	1.919.380,95€	328.657,31€	2.850.622,36€	1.117.395,63€	126.587,98€
Nº Workers	34	32	5	86	17	7
Dimension	Medium	Small	Micro	Medium	Small	Micro
Profit distribution	N/A	N/A	No	No	N/A	N/A
Major economic activity	Fuel Sale	Mutual Finance	Local development	Intellectual disabilities Assistance	Regional development	Subsidized Projects
Major social activity	Childcare	Childcare	Local development	Intellectual disabilities Assistance	Regional development	Subsidized Projects
Statal subsidies	Yes	Yes	Yes	Yes	Yes	Yes
Foundation	1940	1929	2008	1976	1994	2007

The figure 4 expresses the main characteristics of the case studies that we use for the financial ratios analysis. We use one foundation, one mutual society two cooperatives and two associations. To find the dimension[iv] we used the turnover[v] with number of workers as the European commission recommends. The only change we've made was on the turnover values that includes subsidies. While all the case studies are good examples of public interest activities, the dimension don't go further than medium size. Both cooperatives don't distribute profit and that's explained on cooperative 1 because of foundation in 2008 and in cooperative 2 because the major economic activity is the assistance on individual with intellectual disabilities so it's not a profitable activity. It's interesting to acknowledge that both the foundation and the mutual society have different economic and social activities. The major economic activity of the foundation is a fuel station and the major social activity is on childcare. The major economic activity of the mutual society is mutual finance and the major social activity is on childcare. This seems to make a distinction of these two types of organizations and the others, especially from the associations, because they are much more integrated in the market activities. It's important to realize that all the case studies have state subsidies for its public interest activities.

FINANTIAL RATIOS

The first two financial ratios that we explore is the debt to equity and the solvency because they can relate the liabilities to equity and assets. The main purpose is to understand the relationships between the liabilities and the problems on scaling the economic activities.

Table 1 - Debt-to-equity and solvency

Financial ratios	Foundation	Mutual society	Cooperative 1	Cooperative 2	Association 1	Association 2
Debt-to-equity	33%	36%	76%	131%	218%	173%
Solvency	1,72	1,86	1,72	2,39	1,72	3,18

The table 1 shows that all these organizations have solvency. The debt to equity results express that the foundation and the mutual society have a low debt due to legal nature of the organizations which admits direct investment. The associations have a high percentage of debt also due to legal nature of the organizations which don't admits direct investment of the shareholders. The results of the cooperatives seem to be more specific of the present financial situation.

The results show the capital accumulation potential of these organizations because there is a good solvency and there is no distribution of earnings. Also predicts a low risk investment strategy and/or difficulties on banking liabilities especially in associations. This can be explained because these organizations can't present financial guarantees to ensure the credit.

Table 2 - Income Struture

Financial ratios	Foundation	Mutual society	Cooperative 1	Cooperative 2	Association 1	Association 2
Income Structure						
Sales	85%	91%	44%	30%	0%	2%
Subsidies	15%	9%	56%	66%	83%	71%
Others (Mainly donations and fees)	0%	0%	0%	4%	17%	27%

The table 2 shows the income structure of each organization and express how the economic activities are being supported. These results express the economical differences between types of organizations. Associations heavily subsidized for operations from subsidies or donations and fees. Cooperatives are being supported with mixed incomes (cooperative 1, for investments in local development; cooperative 2, for maintaining Assistance to persons with Intellectual disabilities). Foundations and mutual societies only use subsidies to contribute and scale their social activities.

To answer the question of sustainability we need to apply a rule that will give us the answer for sustainability for each organization. The basic rule for Sustainability is (>0) = Income - Expenses. The problem for third sector is that the income most of the time will be from donations, subsidies or non-capital production. To solve this we have to distinguish viability from sustainability, the first is to consider the organization operations survival by donations or subsidies, the second is that organizations

have enough income from profit areas to cover all the expenses of profit and non-profit areas, as seen next: Sustainability(>0) = Profit Areas Income – (Profit Areas Expenses + Non-Profit areas expenses). Due to this rule, some organizations will be sustainable if they are restricted to the non-financial production area, as organizations based on voluntary intervention. If the operations of the organization are mainly in non-profit area is impossible by definition for them to become sustainable without applying the sustainability paradox, also known as isomorphism, and transforming themselves equal to profit organization.

To express this in a financial ratio we have to relate the retained earnings with the subsidies as seen in equation 1.

Subsidies dependency factor (independency at 100) = (Retained earnings/subsidies)*100

Formula 1 - Subsidies dependency factor

The table 3 shows the results of the subsidies dependency factor for the six case studies analyzed. There are three organizations that have negative results which means that they had a negative retained earnings. The foundation and the mutual society results have to be more disappointing because they only have 15% and 9% of subsidies respectively. The results expresses that none of this organizations is close to have financial sustainability without subsidies to maintain independently its public interest economical activities.

Table 3 - Subsidies dependency factor

	Foundation	Mutual society	Cooperative 1	Cooperative 2	Association 1	Association 2
Retained earnings	-33409€	-116103€	10444€	197451€	16020€	-29595€
Subsidies	413590€	172756€	185473€	1888095€	923321€	109291€
Subsidies dependency Factor	-8	-67	6	10	2	-27

CONCLUSIONS

This paper has three main conclusions. The first is about the low potential of social economy organizations for creating scale because se nature of the legal figures and is expressed in the financial analysis by the low expressions of the liabilities. This can express also a low risk investment strategy because there is no space for risk compared with companies. This seems to be more expressive on associations they depend mostly on member fees or donations. The second conclusion is that associations and cooperatives tend to be more subsidized. While in associations is because the nature of the legal figure that don't have mechanism of direct investment, in the cooperative it's because the nature of legal figure doesn't allow unequal direct investment from the shareholders. Finally the state intervention is hard to suppress once established, that is shown financially by the results of the subsidies dependency factor. This happens because state subsidies leverage the scaling deficit of social economy organizations but this will be integrated in a non-sustainable production, because most of

these leverages are for non-market activities which don't have any surplus or profit potential. Another reason is that social economy activities are mostly human resources labor with no potential to automation of the production. When the state subsidizes public interest economic activities of social economy organizations, the scaling effect is based on more employment. The investment retraction will directly affect unemployment and the scale effect of the production is affected in the same proportion.

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[i] A financial ratio (or accounting ratio) is a relative magnitude of two selected numerical values taken from an enterprise's financial statements.

[ii] In this paper we don't explore the social enterprise s organizations

[iii] The direct funding of the social economy by the state is more present in Europe and the forms of funding defers from country to country.

[iv] The criterion for the size (the composite indicator also includes the dimension of effective human resources) of a financial company is> 50M € (and more than 250 employees), for a large company; ≤ € 50M (and up to 250 employees) to the medium size; ≤ 10M € (50 and employees) to small dimension; ≤ 2M € (and up to 10 employees) to micro scale business.

[v] All financial values are expressed in 'mean value of available years'

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Real Economic Impacts on Villagers Working Under OTOP Project in Lower Northern Thailand

Abstract:

There are a number of studies on OTOP Project, but most of them are presented with a case study and descriptive approach. The research questions of this work involves the real economic impacts on workers working under the scheme. The overall purpose of this study is to gain insight into the current situation of OTOP and attempts to provide a better understanding of the economic impacts on villagers under the OTOP program. Using the nine provinces in the lower northern region in Thailand as the study area, this research seeks to identify the pattern and size of villagers' employment and income generated directly or indirectly by the presence of OTOP in the region.

In particular, this research has the main objective to examine the uses of factors including materials, capital, and entrepreneurial services as well as labor services in the Cobb- Douglas production function, especially in the northern region. The hypothesis: there are significant uses of factors including materials, capital, and entrepreneurial services as well as labor services in the Cobb- Douglas production function. As for the secondary data, the author used the data provided by the Department of Community and Development. Apart from that the onsite surveys were conducted in 2010-2011 in the lower northern Thailand. Primary data was obtained from questionnaire and interview by using the stratified random sampling technique with a sample size of 235. There were two sets of questionnaire prepared for both leaders and workers working for the OTOP project focusing on the both social and economic aspects of them. According to the hypothesis, the following results also revealed some interesting insights on the OTOP effects on villagers. The interpretations of estimated regression above were as follows: 1) all parameters of independent variables are significant with the 95% confidence interval. 2) all four factor determinedly explained about 96.5% of the change in OTOP production. 3) the productivity growth is equal to 1.312% (Intercept of the regression), meaning that there is productivity improvement in the OTOP industry. 4) cost share of materials was the highest among factors of production, meaning that most of the expenses were paid for materials followed by payment for manager, labor and capital. 5) cost share for the manager was not much higher than labor but much higher than capital. This means that at present beside materials the emphasis was on the use of labor as a key factor in the production process. Summary: the most important factor in term of cost share (or the value of that factor in a product) of OTOP industry was materials. Manager or knowledge worker was the second most important factor, followed by labor and capital. It was an indication of how important management is in the production process of this labor intensive but creative industry. There was also a sign of progress in productivity of this industry.

Keywords: Real Economic Impacts, Villagers, OTOP Project, Lower Northern Thailand

1. Introduction

Thailand is located in the heart of the Southeast Asian mainland with an area of 513,115 square kilometers. The population is about 62 million in Thailand, of which around 6 million live in the capital city, Bangkok, and about 42.7 million reside in rural areas with another 39.2 million in urban areas . Thailand was a desperately poor nation in the 1960s, with little industry and apparently with few economic prospects. In 1961, however the country launched a series of economic reforms. Importantly, Thailand has employed the National Economic and Social Development plans to be a guide line for the national development. In 1960 agriculture made up almost 40 percent of GDP, mostly exports, and employed the bulk of the population. However, industrial growth has seen manufactured exports expand from one percent of total exports in 1960 to 80 percent since the mid-1990s (Mingsarn, 1998: 3-4 and http://www.dtn.go.th/filesupload/files/trade/TRADE_1255.pdf). In 1960, agriculture represented 82 percent of the employment in the economy. By 2011, just 38.4 percent engaged in the agricultural sector, either full or part-time as shown in table 1.2.

Development shifted from an inward-looking, import-substitution strategy to one that concentrated on exported orientation. From the late 1980s, its economy began a remarkable economic ascent. It was one of the fastest growing economies in the world, having been among the first Southeast Asian countries to cope with the economic downturn of the mid-1980s (Peter G.Warr,1993: 12-13).

Industrialization capitalism was the driving force that led Thailand to arrive at this position. The private sector was also pivotal, having a major role in industrial development, with the state-led high economic growth contributing to infrastructure development. By the mid-1990s Thailand, like much of Asia, experienced an exceptional socio-economic transformation–a capitalist revolution–but it is markedly different from the transformations in Western Europe and the United States. One result of this complete change was the appearance of a significant domestic capitalist class. By the mid-1990s, Thailand had become an industrially oriented capitalist economy(Krugman,2000: 709).

When the economic crisis hit Thailand in 1997 , non- government organizations and social movements criticized negative impacts arising from capitalism including liberalization and globalization. But some westerners blamed the crisis on the Asian themselves, especially the " crony capitalism" under which businessmen and politicians had excessively cozy relationships (Krugman,2000: 710).

Between 50 years of national plans, Thailand has concentrated on capitalist processes that cause unevenness in development. Some negative impacts include poor income distribution or intense benefit on the urban population.

The Third National Plan indicated the problem of the concentration of benefits on the urban population. As a result, rural development grew to be a main concern. Poverty in rural areas had been a serious concern since the number of poor people had increased. It has been the most serious economic disaster for Thailand since 1961 when it started its modern economy.

Table 1.1   Poverty   Incidence in 1988-2007

Location	1988	1992	1996	2000	2004	2008	2011
Rural	74.38	66.18	42.29	51.7	33.72	27.17	16.67
Urban	43.38	38.65	19.19	22.34	14.65	11.51	8.95
Ratio of poverty	1.71	1.71	2.20	2.29	2.30	2.36	1.85

Source : National Economic and Social Development Board. Available from www.nesdb.go.th. (Accessed on February, 10,2009)

Table 1.1 shows that the Thai rural population, which by formal definition are people who do not live in municipal areas, was 16.67 percent in 2011 or 6.052 thousand   people from a total population of 63 million people. When comparing the ratio of poverty in urban to rural in 1988, it was 2.09. It   sharply escalated to 2.92, 3.08 ,   3.06, and 3.18 in 1992,   1998,   2004,   and 2007 respectively. This shows that the   current   trend   of   rural-urban   disparities   in   Thailand   is widening.

Table 1.2 Structure of the economy in year 2011

Sector	GDP by Sector(%)	Labor force by sector
Manufacturing	39	13.6
Wholesale and retail trade	13.5	15.5
Transport, Storage and communication	9.6	2.6
Agriculture	8.6	38.2
Construction and Mining	4.3	6.1
Other services	25	24

Source:http://www.bot.or.th/English/EconomicConditions/Thai/genecon/Pages/Thailand_Glance.aspx

With regard to table1.2, it can be seen that while the manufacturing factor account for 39 % in terms of GDP, the agricultural sector is just 8.6%

1.1 Opportunity for rural poor people to alleviate their poverty

Poverty is one of the most important problems that developing countries, including Thailand, face. Many methods are used to alleviate their hardship, such as   transfer payment, providing capital, and social welfare.

These policies include restoring economic growth and improving the capacity of the government in providing the services that the poor require to raise themselves out of poverty. However, the policies employed in the past could not reduce the incidence of sustained poverty in Thailand.

To alleviate poverty, former Prime Minister Thaksin Shinawatra embarked on many distinctive policies leaving his mark on education, drugs, energy, public health, village fund investment in mega projects, increasing government expenditure, and also international affairs.   Because of the financial crisis in

1997, many of his policies were especially designed for the rural poor, for instance village funds, a four-year debt moratorium for farmers, low-interest business loans, and the One Tambon One Product (OTOP) project. These policies were extremely attractive to the poor in general.

The OTOP project was established by the Thai government as a community partnership. OTOP also pooled common principles as the OVOP movement which is based on "endogenous development" and includes, local global, self-reliance, and creativity as well as human resource development. It represents the unique of local products which use s abundant local resources including raw materials, local wisdom, and human capital as well as natural and historical resources. It is an alternative economic model for Thailand–a community development. The One Tambon One Product project was officially launched at the national leveled in 2001 after Dr. Thaksin paid a visit to Oita prefecture in Japan. The OTOP project were greatly inspired by the outstanding work of Dr. Morihiko Hiramatsu, the former Governor of Oita prefecture. His visionary work named One Village One Product (OVOP) movement has shown that local-centric effort can innovatively work in conjunction with the local resources and technical know-how to generate balanced socio-economic development. The three major basic strategies are 1) think globally, act locally, 2) self reliance and creativity, and 3) human resource development. In addition, he claimed that the increase of GNS(Gross National Satisfaction) was more desirable than the growth of GDP.

Table 1.2 Total sales of OTOP from 2002-2011

Year	Total sales (million baht)	Growth rate of total sales (percentage)
2002	16,715	11.05
2003	33,277	22.00
2004	46,277	30.59
2005	55,000	36.36
2010	59,435	-
2011	66,817	12.42

Source: Community Development Department and cddcenter.cdd.go.th/ June 1,2013 and calculate by the author

The OTOP project was able to gross 16,715 million baht in the first year in 2002. The earnings have sharply increased since then. In 2003, the earnings were 33, 277 millions baht, a 22 percent increase from the first year. And then it enormously rose to 66,817 baht in 2011 with the growth rate of 12.42 percent.

On the one hand, the One Tambon One Product is a superior project which creates many kinds of products with a desirable result especially, in increasing total revenue as shown in the table 1. On the other hand, the OTOP management has many steps to reach its objectives. Furthermore, we don't know the cost share among the significant factor inputs. With all the problems that the OTOP program are facing nowadays, it is essential to study and to understand the real economic impacts of villagers working under the One Tambon One Product (OTOP) project in Thailand.

In spite of some research for about a decade on the OTOP project mentioned earlier, the real economic impacts on villagers under the OTOP project have never been studied. Therefore, the real economic impacts on these people, still remain to be clarified. The analysis of the real economic impact on people under the OTOP project is essential. The real economic impacts related to direct and indirect effects are investigated while economic of human resources are also examined in this research.

These two angles are emphasized as the specific focus of this study Not only does the OTOP project affect the total value of the products, but the income earnings by the villagers' job creation increase human resource capital. Demographic indicators, such as education level, age, and family status are also measured to represent the social conditions of the household or OTOP group.

This study focuses on the specific impacts as outlined above in the place of origin of the OTOP projects within the study area. These points will be crucial for the planning to promote the OTOP project.

1.2 The lower northern region

The lower   northern region consists of 9 provinces which are Sukhothai, Phitsanulok, Uttaradit, Phichit,Kampangphetphet, Uthaithani, Nakhonsawan, Phetchabun and Tak.   Mostly, the lands are flat and suitable for producing crops. The major crops include rice, sugarcane, and corn. Therefore, the weather is an important factor for the agricultural sector. Most industries are based on agriculture, such as the sugar industry in Uttaradit, Phitsanulok, Nakhonsawan, and Kamphaengphet. In addition, there is a machinery industry located in Phitsanulok and Nakhon Sawan and rice mills in Phitsanulok, Nakhonsawan and Phichit . Importantly, there are also very attractive historical sites in Sukhothai province.

There is also an important source of hydroelectric power from the Bhumibol Dam in Tak province which is a gateway to Myanmar. It is one of the most important border trade areas in Thailand. Apart from that, Kamphaengphet has some crude oil wells which can produce one-tenth of the amount consumed in the whole country.

1.3 OTOP in the lower northern region

In 2010, there were 800 firms registered under the OTOP   project (Department of Community Development). When classified, these firms fall into 5 types as food, textile, crafts, beverages, and herbs. Crafts and arts had the highest number and beverages had the lowest number as shown in table 1.3

Table 1.3 Number of OTOP firms classified by types in lower northern region in 2010.

Province	Food	Textile	Crafts	Beverage	Herb	Total
1. Kamphaeng Phet	25	19	42	3	2	91
2. Phitsanulok	32	10	30	7	9	88
3. Tak	32	64	31	9	2	138
4. Phetchaboon	38	19	33	6	2	98

5. Sukhothai	25	36	30	1	4	96
6. Uttaradit	18	16	24	4	2	64
7. Uthaithani	10	25	20	1	1	57
8. Phichit	25	20	38	2	6	91
9. Nakhonsawan	29	9	39	6	7	90
Total	234	218	287	39	35	813

Source: http://www.thaitambon.com and create the table by author

According to the number of OTOP firms in the lower northern region, Tak province had the highest percentage accounting for 17.25 percent. When viewed by product type, crafts is overwhelming greater as shown in Table 1.2 and figure1.1

Figure 1.1 Number of OTOP firms classified by provinces in the lower northern region in 2010
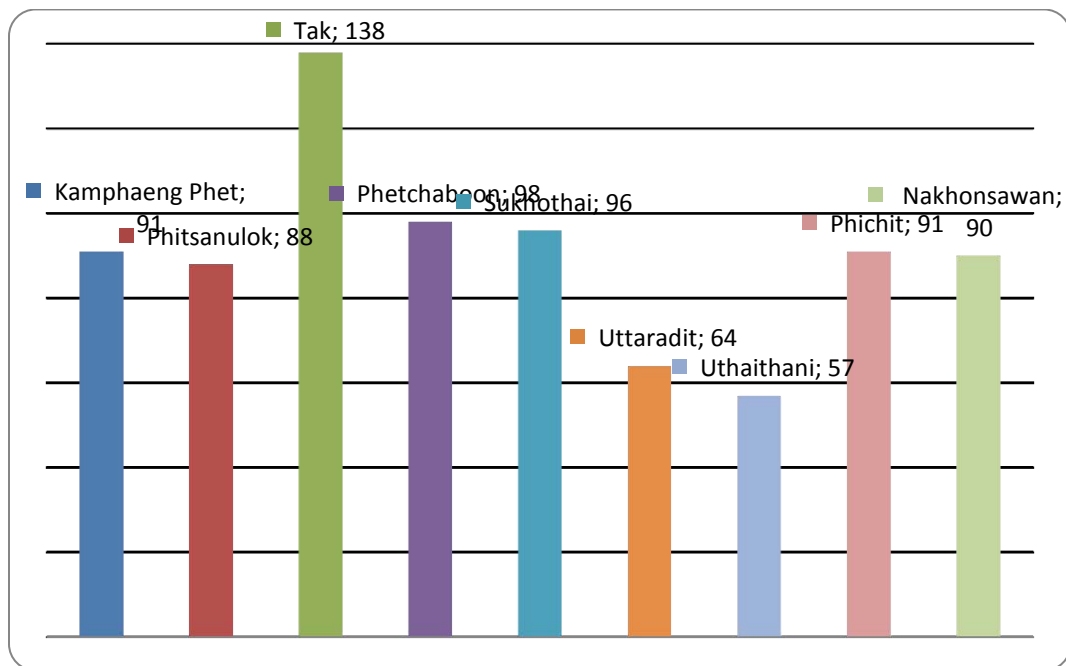
Source: http://www.thaitambon.com and create figure the by the author

Focusing on the product type, the details are presented in the following figures.

Figure1.2 Number of OTOP firms classified by types in Kampangphet province in 2010
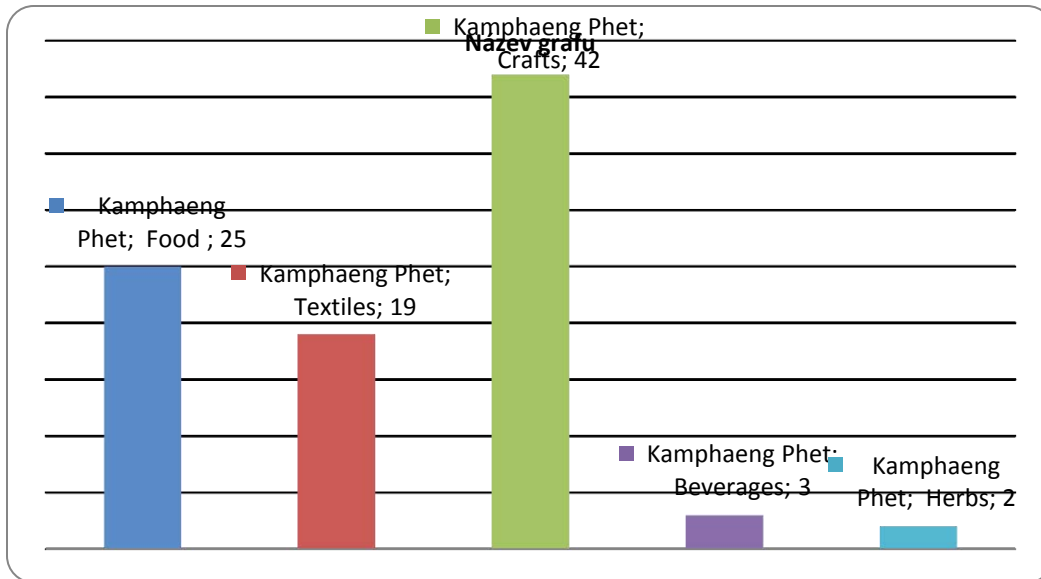
Source: http://www.thaitambon.com and create the figure by the author

Figure 1.2 shows that while craft firms are the highest in number, herb firms are the fewest in number in Kampangphet province.

Figure1.3 Number of OTOP firms classified by types in Phitsanulok province in 2010
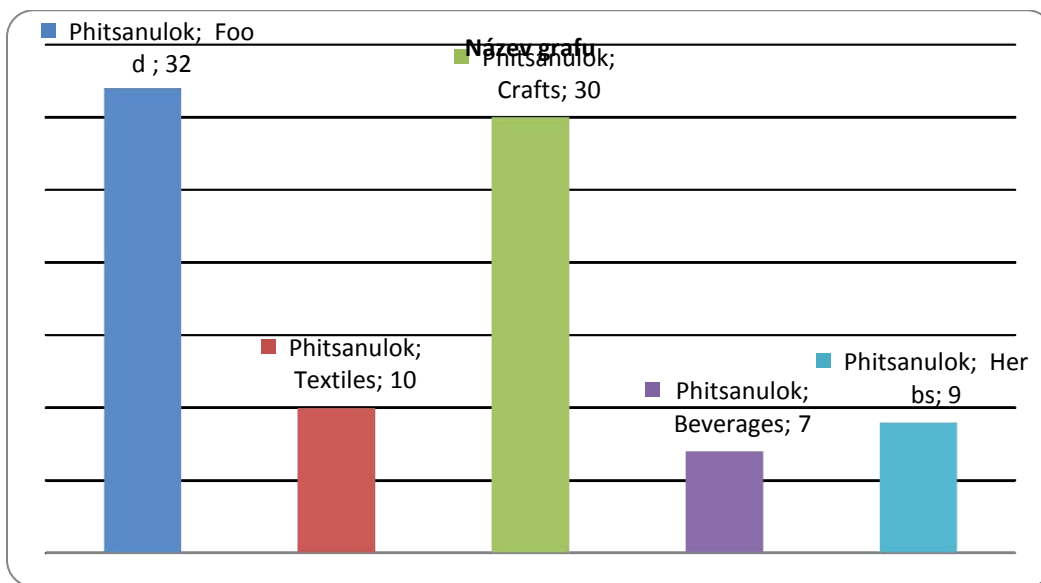
Source: http://www.thaitambon.com and create the figure by the author

Figure 1.3 shows that food producers are the highest in number in but the beverage producers are the fewest number in Phitsanulok province.

Figure1.4 Number of OTOP firms classified by types in Tak province in 2010

Source: http://www.thaitambon.com and create the figure by the author
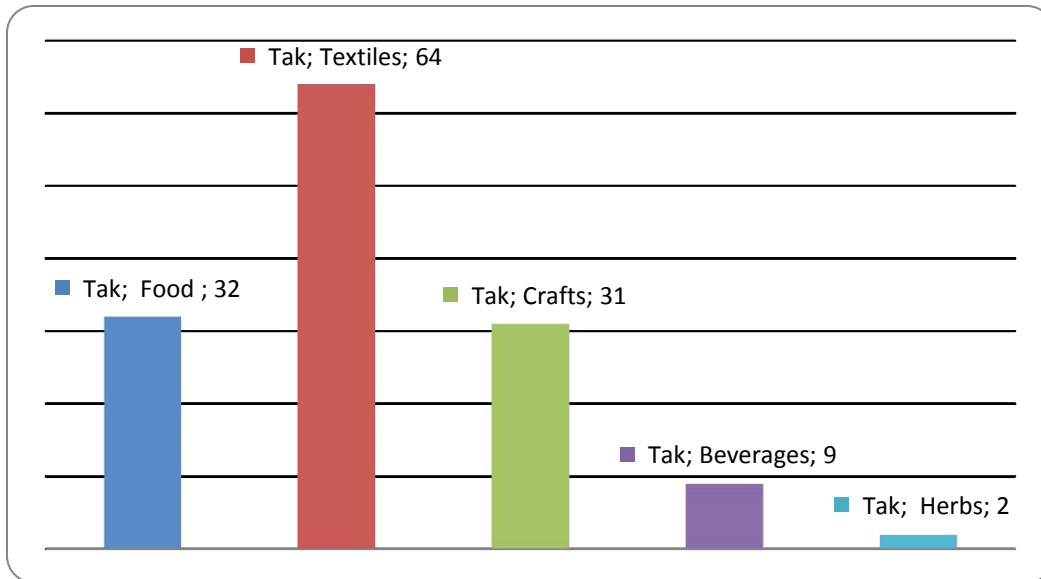
With regard to figure 1.4, textile producers are overwhelming the highest in number greatest in Tak province and herb producers are the fewest in number.

Figure1.5 Number of OTOP firms classified by types in Petchaboon province in 2010
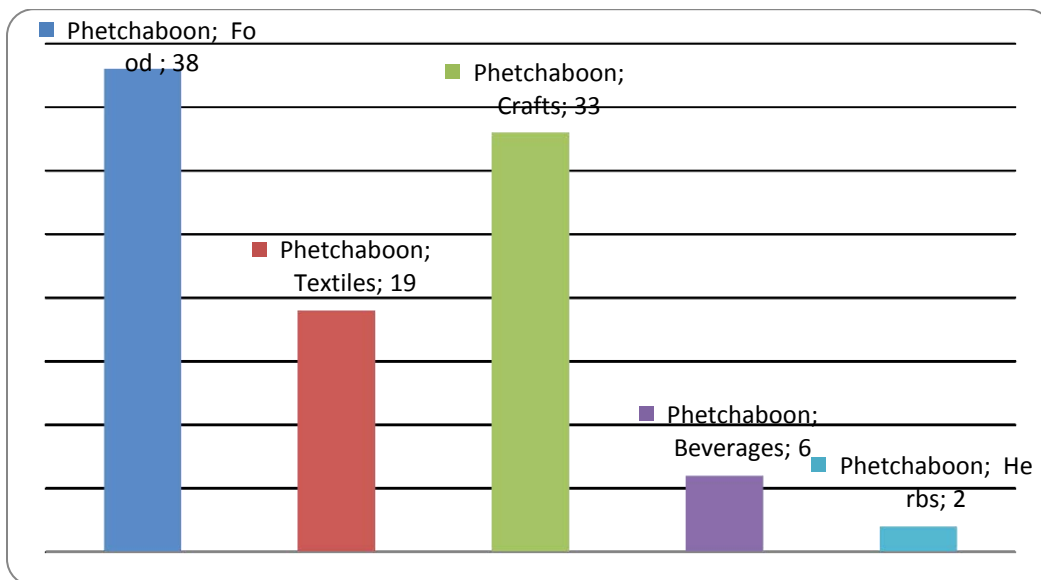
Source: http://www.thaitambon.com and create the figure by the author

From figure 1.5, we can see that food products are the most important in terms of numbers in Petchaboon province.

Figure1.6   Number of OTOP firms classified by types in Sukhothai province in 2010
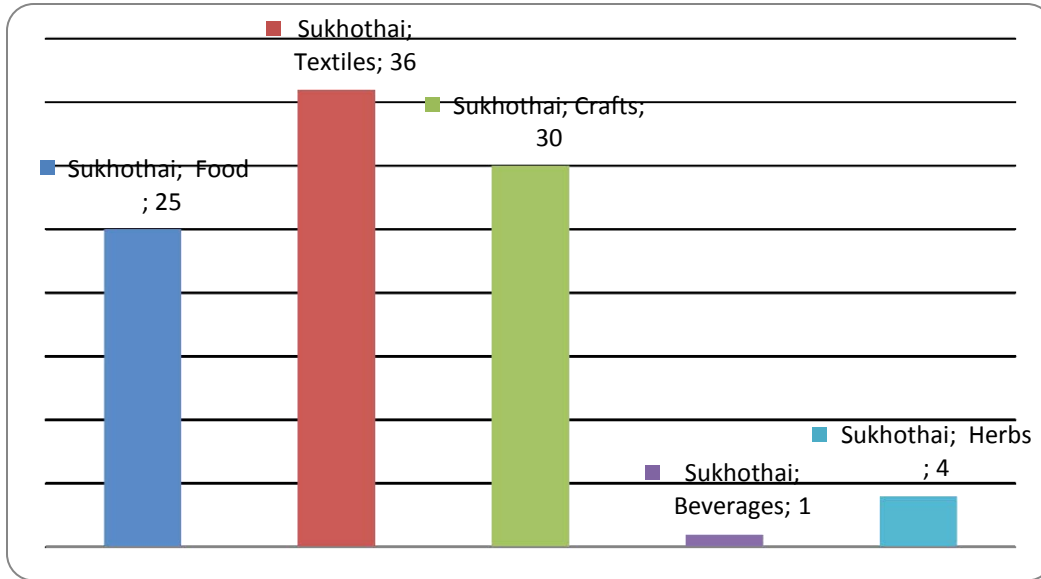
Source: http://www.thaitambon.com and create the figure by the author

As you can see, most OTOP products in Sukhothai province are textiles.

Figure1.7 Number of OTOP firms classified by types in Uttaradit province in 2010
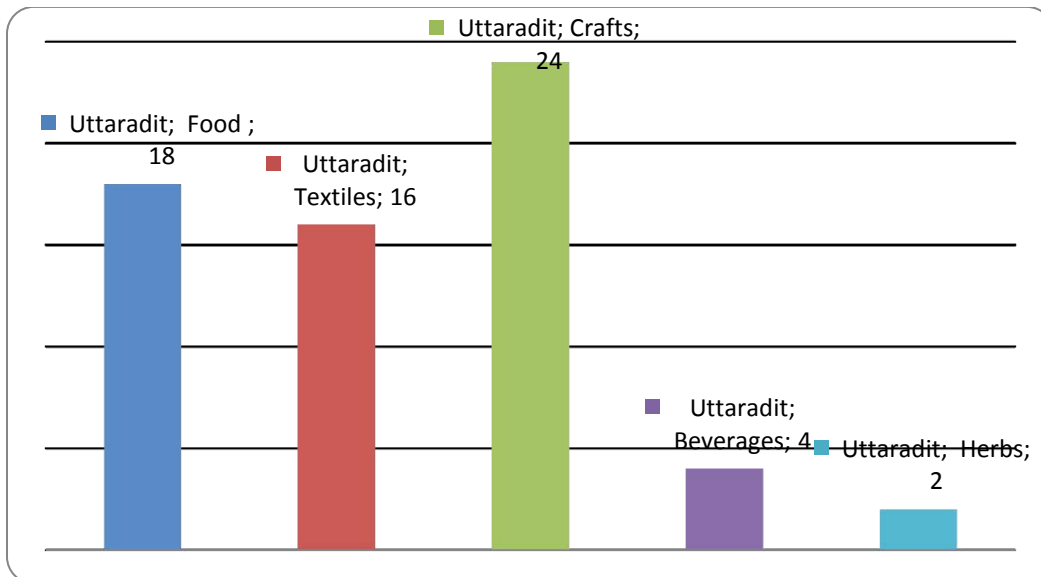
Source: http://www.thaitambon.com and create the figure by the author

Figure1.7 demonstrates that most OTOP products in Uttaradit province are crafts.

Figure1.8 Number of OTOP firms classified by types in Uthaithani province in 2010

Source: http://www.thaitambon.com and create the figure by the author
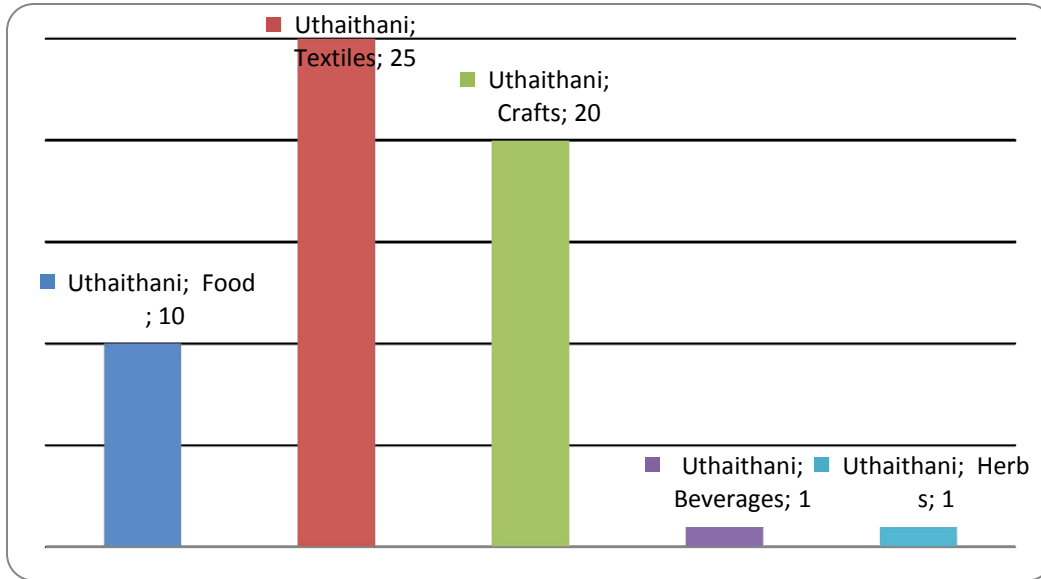
With regard to figure 1.8, textiles are overwhelming greatest in Uthaithani province.

Figure 1.9 Number of OTOP firms classified by types in Pichit province in 2010

Source: http://www.thaitambon.com and create the figure by the author
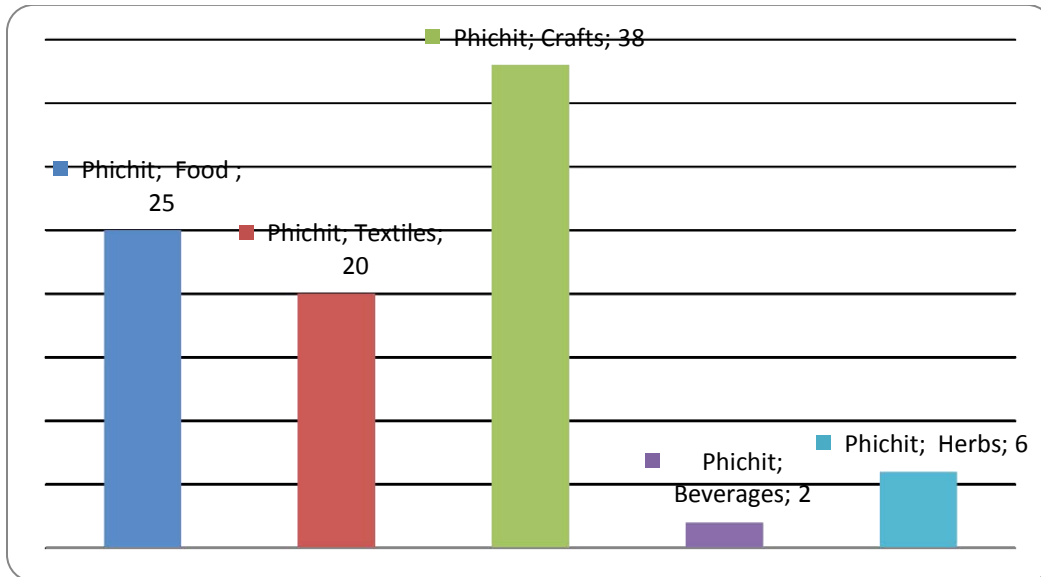
With regard to Figure1.9 the highest number of OTOP products Pichit   province is for crafts.

Figure 1.10 Number of OTOP firms classified by types in Nakhornsawan province in 2010
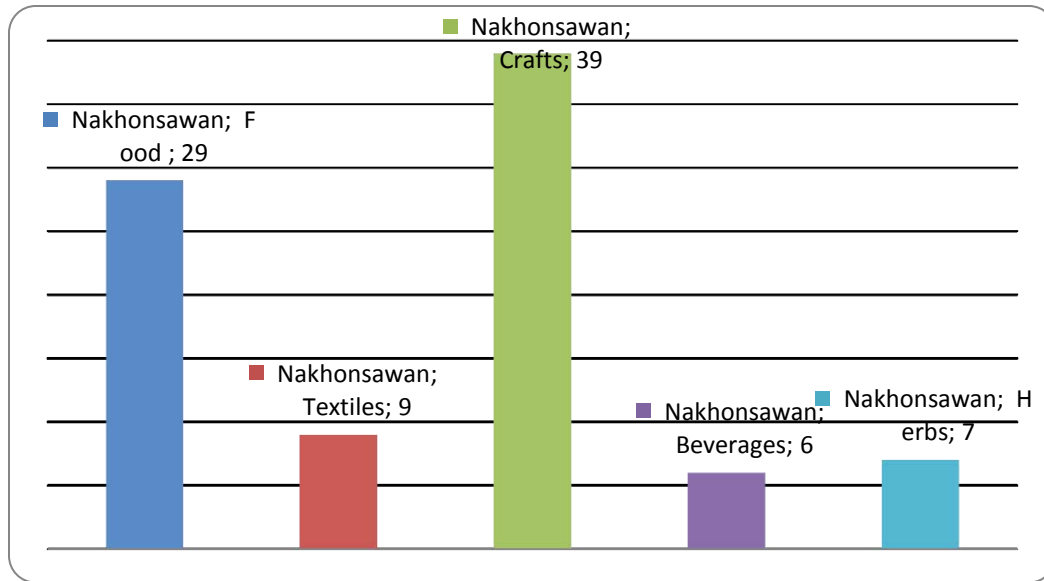
Source: http://www.thaitambon.com and create the figure by the author

In terms of the number of OTOP enterprises in Nakhornsawan Province the highest number is for crafts.

Table 1.4 Annual Sale of OTOP enterprises in lower northern region in 2010-2011

	Province	2010		
		Domestic sales (baht)	International sales (baht)	Total sales (baht)
1	Uttaradit	432,419,807.00	-	432,419,807.00
2	Tak	488,986,903.00	25,946,000.00	514,932,307.00
3	Sukhothai	363,669,805.00	46,288,799.00	409,958,605.00
4	Phitsanulok	228,438,743.00	15,091,260.00	243,5300,003.00
5	Phetchabun	-	-	-
6	Nakhonsawan	928,966,431.00	31,988,600.00	960,955,031.00
7	Uthaithani	391,492,919.00	-	391,492,919.00
8	Kamphaengphet	433,289,903.00	9,385,845.00	442,675,748.00
9	Phichit	210,101,731.00	220,000.00	210,321,731.00
	Total	3,477,366,242.00	128,920,504.00	5,798,056,151.00

Source: Community Development Department and calculate by the author

In term of annual sale of OTOP enterprises in lower northern region while Nakhonswan Province earned the highest revenue account for 26%, Phichit received only 6% as also shown in Table1.7 and Figure 1.11

Figure 1.11 Annual Sales of OTOP enterprises in lower northern region in 2010-2011
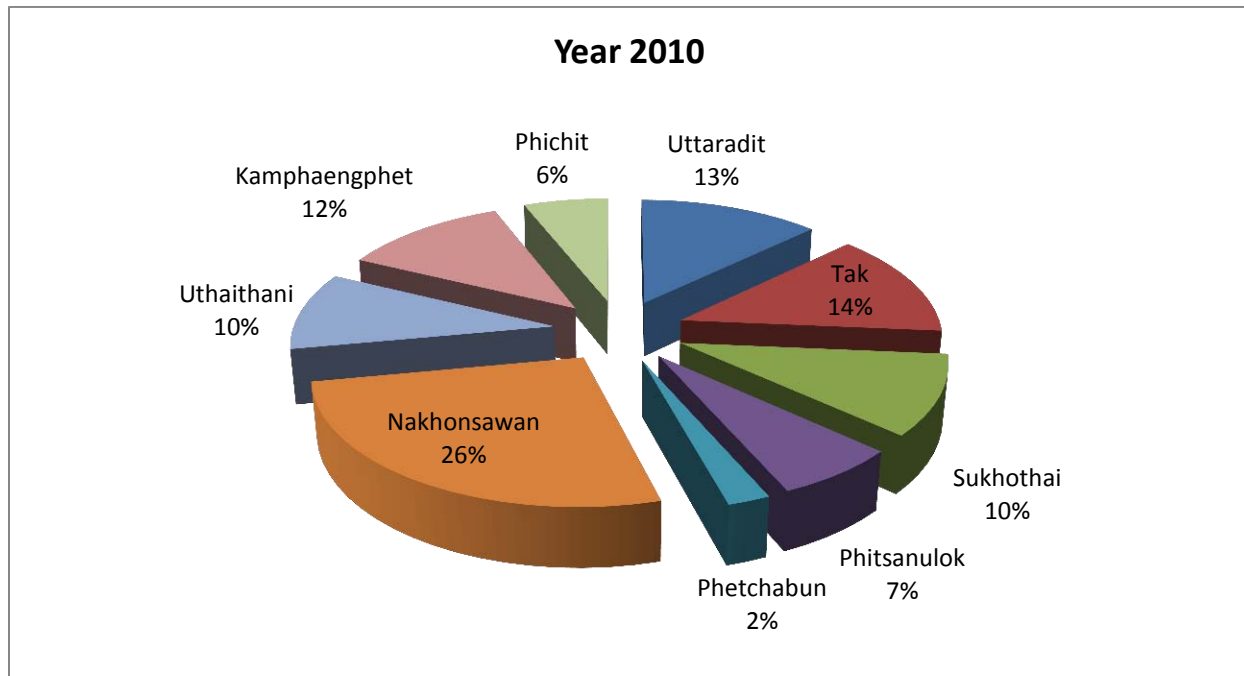
2. Objectives of the study

The overall purpose of this study is to gain insight into the current situation of OTOP and attempts to provide a better understanding of the economic impacts on villagers under the OTOP program. Using the provinces in the lower northern region in Thailand as the study area, this research seeks to identify the pattern and size of villagers' employment and income generated directly or indirectly by the presence of OTOP in the region.

In particular, this research has two major objectives.

The first is to identify differences of average revenue of OTOP enterprises among regions in Thailand as a whole.

The second is to examine the uses of factors including materials, capital, and entrepreneurial services as well as labor services in the Cobb- Douglas production function, especially in the northern region.

3. Hypothesis

1.There are significant differences of average revenue of OTOP enterprises among regions in Thailand as a whole.

2. There are significant differences of average revenue of OTOP enterprises regarding types of OTOP enterprises in Thailand as a whole.

3. There are significant differences of average revenue of exporting OTOP enterprises among regions and sub-regions.

4.There are significant uses of factors including materials, capital, and entrepreneurial services as well as labor services in the Cobb- Douglas production function.

4.Study Area

The population is the groups in 9 provinces of the lower northern part of Thailand including Uttradit, Phitsanulok, Phetchabun, Sukhothai, Kampaengphet, Pichit, Nakhornsawan, and Uthaitani. There were 813 OTOP firms in 2010.

5.Expected Outcome

Furthermore, this research intends to provide a case specific study and some useful feedback to the rural poor enterprises and also to the policy makers

6. Literature Review

Viroonpol (2002) studied the production and market opportunities for local arts and craft products in the North: a case study of woven home textiles. She found that the majority of members were farmers. They did not count their own labour service as the cost of production. Therefore, they thought that the cost of their handmade textiles were very low.   The major difficulty they faced was the limitation of consumer need. They reported that the price of textiles was at a bottom the economic downturn. In addition, Wichita (2002) studied the structure of production, costs, revenues, income, and employment of the hand-made   paper. The main objective of her study was to compare the annual total revenue in the three community groups in Phrae province. Furthermore, she examined the opportunities and threats of the businesses. It was found that, for opportunities, generally, all the three groups had similar strengths, such as a secure market. This firms received financial support and useful marketing information provided by the government. Focusing on the challenges, they faced a lack of knowledge in the design and advanced equipment. Venus Chai et al. (2001) did research on the potential of a community enterprise   under the One Tambon One Product scheme.   She also employed SWOT analysis to identify the capabilities of the four groups. Most of the problems they experienced were deficiency of skilled workers and lack of participation among their members. Moreover, some of them have no knowledge of the financial markets.

Cobb-Douglas Production Function

The first Cobb-Douglas regression was developed in 1927 by two scholars, Charles W. Cobb and Paul H. Douglas, using the aggregate time series data from the US manufacturing sector on labor, capital, and physical output with the goal of comprehending the relationship between the quantities of output

and inputs used in production. This was the beginning of a twenty year research program in which they estimated the regression employing a variety of time series and cross section data sets, having its initial algebraic form of: $Q = f(L,C) = bL^k C^{k'}$

Later, Douglas emphasized the marginal productivity theory of distribution as a framework for explaining his statistical outcomes. They found that k^1 and k' were 0.802 and 0.232, respectively when employing the least squares method (Cobb and Douglas, 1928; Douglas, 1976; Lovell, 2004). Typically, the economic model of Cobb and Douglas is reasonable sound: Q is an output, while L, K are total numbers of units of labor and capital utilized by the production process for a certain period of time (e.g., a month or a year), respectively.

The Cobb-Douglas production function contributes a crucial role in economic research. It assists to analyze the output elasticity of some input [M. S. Feldstein, 1967] to measure the allocation efficiency in a developing agricultural economy [Yukon Huang, 1971], to study the relative roles in the stages of economic development and compare the productivity growth in the agricultural sector among countries [Erkin I. Bairam and Shaun D. Mcrae, 1999], to study the role of education in economic growth [Namchul Lee, 2000], to explain and compare the economic growth in different areas or countries [Gregory Chow, 2002], to study the impact of computerization on firm productivity [Y. C. Ng and M. K. Chang, 2003], to study the relationship between the policy measures on innovation and the R&D performance [Tsai and Wang, 2004], to compare macroeconomic returns on human and public capital [Alvaro Manuel and Miguel St. 2005], or to study firms' productivity and R&D spillovers [Michele , 2005]. Much of the research mainly focuses on the fields of macroeconomics and industrial organization and on the relationships between inputs and the output. Although there is a considerable amount of research related to the Cobb-Douglas production function, the relationships between the C-D production function and costs at the firm level are not studied sufficiently. Based on the C-D production function with k inputs, this paper systematically shows the theoretically internal relations among the long-run cost, the short-run cost, the quantity of factors hired and the cost curve graphs.

To add a remark in relation to homogeneous function, a function is determined to be homogenous of degree r, if raising all independent variables t-fold will alter the value of function by the proportion t^n , that is if $f(tx_1,..,tx_2)$

Generally, t can be any value. In particular, in economic applications, the constant t is always fixed to be positive since most economic variables are not less than zero.

Figure 1.12. Cobb Douglas Production Function and Factor Inputs

Factor inputs (money term)

-labor cost

- Material cost

- capital goods

-profit for leaders or managers

Total Revenue
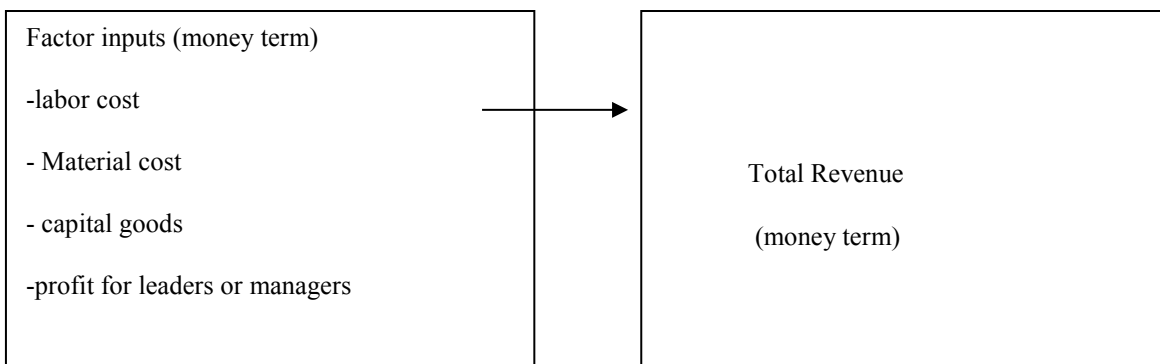
(money term)

Figure 2.8 describes the framework of using Cobb Douglas Production Function. In this work, while factor inputs (money term) including labor cost, material cost, capital goods, and profit for leaders or managers are independent variables; total revenue is a dependent variable.

$$Y = AL_1^a L_2^b K^c M^d \qquad\qquad (1)$$

Y is the value of output

L_1 is the cost of labor input from a knowledge leaders or managers

L_2 is the cost of labor input from a member

K is the cost of capital input

M is the cost of raw material

All variables mentioned above measure in nominal terms; a, b, c, and d are fractional exponents which are larger than zero and less than 1.

Re-writing the production function, one obtains

$$A = \frac{Y}{AL_1^a L_2^b K^c M^d}$$

Some of the key features of this function are

    (1) It is homogeneous of degree a+b+c+d

    (2) It is isoquants negatively sloped

    (3) It has strictly convex isoquant for positive values of K and L

Its homogeneity is obvious, by multiplying L_1, L_2, K and M by

$$A\,(nL_1)^a(nL_2)^b(nK)^c(nM)^d = n^{a+b+c+d}(AL_1^a L_2^b K^c M^d)$$

The function is homogeneous of degree a+b+c+d. For given values of L_1, L_2, K and M in this expression, the scalar will proportionately affect the level of Y. It has a very important economic meaning. Hence A may be referred to an efficiency parameter because the denominator is a geometric – weighted average of the inputs utilized to produce output per unit of input.

The difference between total factor productivity and partial factor productivity lies in measurement. While A is considered as total factor productivity, Y/ L_1, Y/ L_2, Y/K and Y/M are measures of partial productivity. Partial productivity could not explain the possibility of changing amounts of other inputs that might result in increasing or decreasing productivity of a single input.

 The negative slopes and strict convexity of the isoquants could be verified from the first derivatives dk/dL_1, dk/dL_2, dL_1/dL_2, dL_1/dm and dL_2/dm. Apart from that the second derivatives of the first derivatives, such as d^2K/dL^2, d^2L_1/dM^2 must be demonstrated.

For any given revenue from sale Y_0

    (1) Can be written as $AL_1^a L_2^b K^c M^d = Y_0$

Taking the natural log of both sides and transposing, we here $\ln A + a\ln L_1 + b\ln L_2 + c\ln K + d\ln M - \ln M_0 = 0$

Which implies that L_1 is a function of L_2, K and M? By the implicit function rules and partial differential, therefore, we find that

$$\frac{dL_1}{dL_2} = -\frac{\partial F/\partial L_2}{\partial F/\partial L_1} = \frac{\left(\frac{-b}{L_2}\right)}{\left(\frac{a}{L_1}\right)} = \frac{-bL_1}{aL_2} \qquad < \quad 0$$

$$\frac{dL_R}{dL_M} = -\frac{\partial F/\partial M}{\partial F/\partial L_2} = \frac{\left(\frac{-d}{m}\right)}{\left(\frac{b}{L_2}\right)} = \frac{-dL_2}{bM} \quad < \quad 0$$

$$\frac{dL_1}{dK} = -\frac{\partial F/\partial K}{\partial F/\partial L_1} = \frac{\left(\frac{-c}{K}\right)}{\left(\frac{a}{L_1}\right)} = \frac{-cL_1}{aK} \quad < \quad 0$$

Then it follows that

$$\frac{d^2L_1}{dL_2^2} = \frac{d}{dL_2}\left(\frac{-bL_1}{aL_2}\right) = \frac{-bd}{adL_2}\left(\frac{L_1}{L_2}\right) = \frac{-b1}{aL_2^2}\left(L_2\frac{dL_1}{dL_2} - L_1\right) > \quad 0$$

$$\frac{d^2L_2}{dm^2} = \frac{d}{dm}\left(\frac{-bM}{dL_2}\right) = \frac{-bd}{ddm}\left(\frac{L_2}{M}\right) = \frac{-d1}{bM^2}\left(M\frac{dL_2}{dM} - L_2\right) > \quad 0$$

$$\frac{d^2L_1}{dK^2} = \frac{d}{dK}\left(\frac{-cL_1}{aK}\right) = \frac{-cd}{adk}\left(\frac{L_1}{K}\right) = \frac{-c1}{aK^2}\left(K\frac{dL_1}{dK} - L_1\right) > 0$$

The positive sign of these derivatives indicate that the isoquant (any isoquant) are downward – sloping throughout. Moreover, they are strictly convex for positive of L_1, L_2, K and M.

$$Y = AL_1^a L_2^b K^c M^d$$

$$L_1\frac{\partial Y}{\partial L_1} + L_2\frac{\partial Y}{\partial L_2} + \frac{K\partial Q}{\partial K} + \frac{M\partial Q}{\partial M} = rY$$

$$\frac{\partial Y}{\partial L_1} = AaL_1^{a-1}L_2^b K^c M^d$$

$$\frac{\partial Y}{\partial L_2} = AbL_1^a L_2^{b-1} K^c M^d$$

$$\frac{\partial Y}{\partial K} = AcL_1^a L_2^b K^{c-1} M^d$$

$$\frac{\partial Y}{\partial M} = AdL_1^a L_2^b K^c M^{d-1}$$

$$L_1 a\left(AL_1^{a-1}L_2^b K^c M^d\right) + L_2 b\left(AbL_1^a L_2^{b-1} K^c M^d\right) + Kc\left(AcL_1^a L_2^b K^{c-1} M^d\right)$$

$$+Md\left(AdL_1^a L_2^b K^c M^{d-1}\right)a(Y) + b(Y) + c(Y) + d(Y) = Y(a + b + c + d)$$

$$\frac{L_1(\partial Y/\partial L_1)}{Y} = \frac{ax}{x} = a$$

5. Material and Methods

Most part of this study is a cross–sectional survey research. The entire processes of the study is shown in the flow diagram, as presented in figure 1.12

Figure 1.12 Work flow diagram

```
┌─────────────────────────────────────┐
│ 1) Determine target population      │
└─────────────────────────────────────┘
                  │
                  ▼
┌─────────────────────────────────────┐
│ 2) Estimate sample size             │
└─────────────────────────────────────┘
                  │
                  ▼
┌─────────────────────────────────────┐
│ 3) Select sample design             │
└─────────────────────────────────────┘
                  │
                  ▼
┌─────────────────────────────────────┐
│ 4) Develop research tool            │
└─────────────────────────────────────┘
                  │
                  ▼
┌─────────────────────────────────────┐
│ 5) Carry out pilot study            │
└─────────────────────────────────────┘
                  │
                  ▼
┌─────────────────────────────────────┐
│ 6) Conduct the field survey         │
└─────────────────────────────────────┘
```
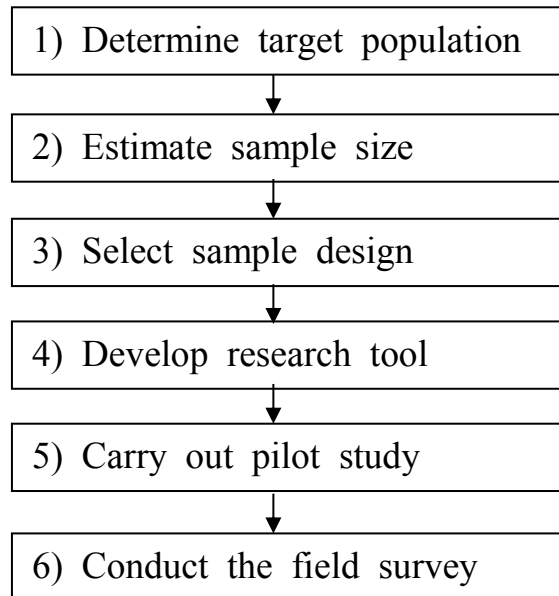
Source: Created by the author

5.1 Research design

The research design section includes the sampling procedure and size, design, and descriptions of the survey data. Data used in this analysis were collected from a variety of sources. Two types of data were employed in this research consisting of primary and secondary data. The first were collected through questionnaires and interviews. The later are from official and research reports, papers, books, and publications especially online sources. While the study at the macro level used time series data in procedure, the study in the lower northern region used mainly the primary data based on the survey result.

The population of this study, therefore, was OTOP firms operating in the lower northern part of Thailand. The sampling frame used the selected respondents for this research from the list of the community Development Department. The names and address of the OTOP firms doing the business in the area were acquired in this way. When this research started, the 2010 sample frame was the most current information available.

Since the data on OTOP involved the socio-economic information, the sample for our analysis come from observations randomly selected or had equal chance to be selected from the larger population. Basically, the simple rule is to get a sample that truly reflects the characteristics of the population in question.

To reduce common heterogeneity among OTOP groups, it is suitable to undertake multi-stage random sampling-population stratification and simple random sampling.

First, I classified provinces in the target region into 9 strata relatively homogeneous groups based on provincial area as government support differed in each province. Second, from said strata, I randomly selected the five kinds of OTOP enterprises, thirty percent from each stratum. Finally, I obtained a list of 244 OTOP firms in total. In other words, the sample frame in this study employed 244 observations, thirty percent from the entire population of 813.

The population are OTOP groups in the lower northern part in Thailand including 9 provinces: Uttradit, Phitsanulok, Phetchabun, Sukhothai, Kampaengphet, Pichit, Nakhornsawan and Uthaitani by using multi-stage random sampling: both stratified and simple random sampling. The details are exhibited in figure 1.13

Figure 1.13 Sampling plan
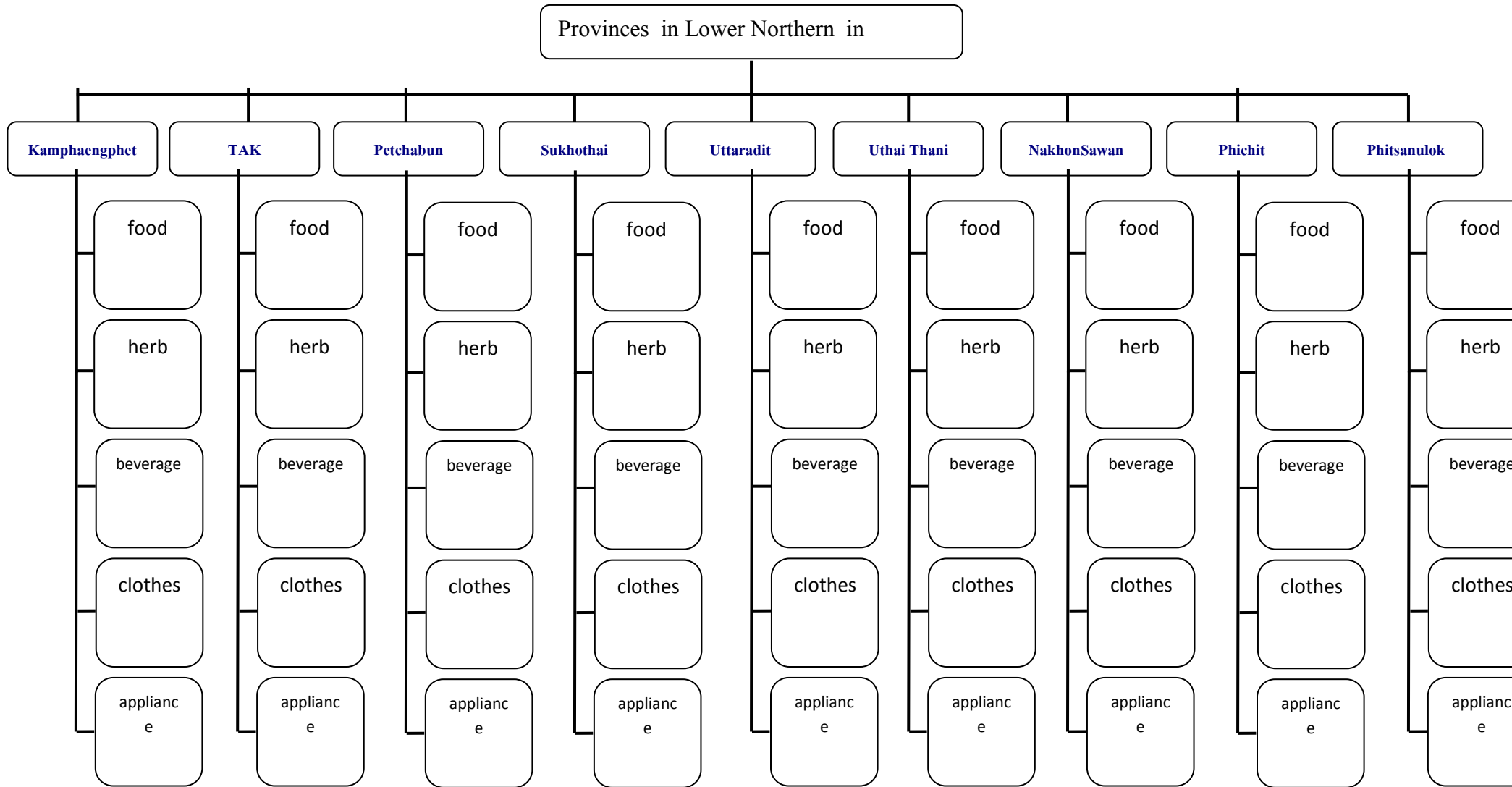
Source: Created by the author.

Finally, through random sampling, we got 235 observations (incomplete data) less than 244 statistically required observations, but it's still enough for get a reliable estimation.

 In addition, we got 235 observations from workers by using the same method.

Management level positions (or the leaders), who were involved in the OTOP enterprises were selected as the respondents to represent the sampled OTOP firms. The actual interviews were the persons who most frequently were in charge of the business. This is related to the work of John (1984), who shared a strong case for selecting knowledgeable respondents.

Table1.5 The number of OTOP firms in lower northern region obtained as samples

	Food	Textiles	Crafts	Beverages	Herbs	Total
.1Kamphaeng Phet	8	1	11	1	1	22
.2Phitsanulok	11	3	11	1	1	27
.3Tak	10	16	10	3	1	40
.4Phetchabun	11	6	11	2	0	30
.5Sukhothai	11	15	8	0	1	35
.6Uttaradit	6	4	6	1	1	18
.7Uthai Thani	3	5	5	0	0	13
.8Phichit	8	6	10	1	1	26
9. Nakhon Sawan	7	3	11	2	1	24
Total	75	58	83	11	7	235
	(31.92)	(24.25)	(35.32)	(4.68)	(2.99)	(100)

Source: Calculate by the author

Table 1.5 presents the sampling frame for this study using multi-stage random sampling: both stratified and simple random sampling. According to the sample, crafts were the highest in number.

5.2. Instrumentation

The research instrument was designed to measure the variables listed in section four of the sections related to the variables employed in this study. Section A was developed for a firm profile, Section B was developed to measure five hypotheses, which were based on the Cobb Douglas function.

The questionnaires in this research study consisted of 4 section and 25questions. Items 1-5 concern firm profiles, item 6-15 were utilized to analyze the research hypotheses of the present study, and items 16-25 were for future consideration. The dependent variable in this research was the revenue of OTOP firms in the lower northern region in Thailand in 2010.

Interview included some government officers relevant to OTOP projects, leaders, and member of OTOP groups. Systematic direct and indirect interviewing approaches were used in the survey to

address the highly sensitive nature of some topics, such as informal credit, average cost, profit, and OTOP groups decision making with respect to financial matters.

5.3. Procedures

In the following sections, interesting activities about OTOP projects will be examined based on field surveys conducted in early 2011. Direct observations and interviews with government officials and OTOP leaders are importantly complemented to the result by using surveys at the household level.

The procedure employed in collecting data for this study was face to face interv follow-ups in some points by telephone to gain some more detail or some points that were not

In general, personal interviews are social and cost efficient in Thailand . In addition, because of some unique aspects of the Thai culture, personal interviews are considered as the more preferable method to collect the data and more socially acceptable (Kuatonburt, 1997).

For this study, there were two steps in the data collection procedures. First, the two sets, 235 questionnaire (Appendix A) were used through the face to face interview to mangers and also 235 questionnaires to interview the workers. Second, after two weeks when I finished writing down the data obtained from the interview, I called some of them again . In Thailand, especially in the rural area, when you know each other in person, later on we can have a nice talk by phone. Fortunately, at present cell phone access is easy in Thailand.

Two research assistants were selected by their specific interest based on the belief that they were knowledgeable and capable persons in the area of this research. These qualified interviewers were chosen to increase the validity of the outcome and to lower the misconception of the research procedure. They are currently master students in economics and business management.

In particular, content of validity of the questionnaire was established by the consent of experts. They were requested to examine the appropriateness of the items and clarity of each item in the questionnaires in order to ensure the validity of the responses to the research questions.

The questionnaires both for the leaders (manager) and workers of OTOP were examined by my Thai advisor, Assistant Professor Dr. Nattachet Poonchareon, and then were tried out at the National Trade Fair in a suburb in Bangkok in 2011.There were many OTOP producers and some workers participating in the fair. So, I distributed fifteen questionnaires to them from the northeastern, central, southern, and the upper northern regions of Thailand, only the lower northern part did not participate. After getting the questionnaires back, I corrected some questions and then used them for interviewing for the target observations in the lower northern region.

5.4. Data Processing and Analysis

Using descriptive statistics including summary statistics, such as ranking, means, histogram, line graph, pie chart, and percentage; we explored the differences of economic activities among rural enterprises. For the inferential statistics part, t- statistics was applied to test the population means of certain activities whether or not they were significantly different. Multiple regression was estimated to observe how the independent variable affects the dependent variable, i.e., how an increase of one man-hour relates to increasing the revenue.

On the analysis part, the local economic development model, endogenous growth theory, and Cobb Douglas production function are the main focus here to interpret both qualitative and quantitative information obtained from our specified area.

With relevance to the economic impacts, they were necessary to explore whether or not and in what way income, consumption, debts, and loans have altered after joining the project. If they spent most of their money capital on purchasing locally, it night enlarge the multiplier size. In contrast, if producers under OTOP projects paid their investment on exporting goods, it might lower the multiplier magnitude.

The multiple regression technique was used to measure the degree and direction of influence of the independent variables on the dependent variable and the statistical significance of the relationships (Alrecktsetlle, 1995) . All statistical tests were performed using the STATA package. The procedure of this multiple regression analysis is presented as follows:

Cost paid for managers (leaders), workers, capital goods, and materials are employed as the independent variables in the regression while revenues of OTOP firms are used as the dependent variable.

Each research hypothesis would be would be accepted only if the significant level is less than 0.05 and the R^2 is a number varying between 0 and 1. It reports how well a regression equation fits a set of data .

In regression analysis, the program calculates an adjusted R-square.

$$R^2_{adj} = 1 - MSE/MST = 1 - SSE/SST$$

$$R^2_{adj} = 1 - MSE/MST = 1 - \frac{SSE}{SST}$$

$$R^2_{adj} = \frac{R^2 - \frac{(1-R^2)P}{(n-p-1)}}{}$$

SEE is the sum squares due to error and

SST is the total sum of squares

When the value closes to 1, it describes that a greater proportion of variance is accounted for by the model. For example, an R-squares value of 0.81 means that the fit explains 81 % of the total variation in the data about the average. The adjusted R-square statistic is the indicator of the fit quality which can take on any value less than or equal to 1. When a value closes to 1, it indicates a better fit. It could have a negative value to the independent variables.

$$R^2_{adj} = 1 - MSE/MST = 1 - \frac{SSE}{SST}$$

$$R^2_{adj} = \frac{R^2 - \frac{(1-R^2)P}{(n-p-1)}}{}$$

$$\text{Adjusted } R - \text{square} = 1 - \frac{SSE(n-1)}{SST(r)}$$

Adjusted R – square relies on the residual degree of freedom which is defined as the number of the response value subtracting from the number of the fitted coefficient.

m estimated from the response value

V = n-m

The coefficient of determinant R^2 is defined as Sum of squares explained by the model dividing by total sum of squares.

Table 1.6 Analytical framework

Items	Study cost share and elasticity of output	Case study
Methodology	- Cobb Douglas Production function - The relative share of total product accruing to inputs in money terms - Partial elasticity of output with respect to input in money terms - Multiple regression	Seven OTOP products were selected.

Variables	- Capital share
	  labour share
	  entrepreneur share
	  material share
		Revenue
		Cost share
		Marketing
		loan

Source: Create by author

Table 1.6 presents the analytical framework used in studying the real economic impacts on villagers working under OTOP project.

Typically, inputs are calculated in terms of services of the input per unit of time, but this kind of data is generally not accessible. Therefore, in empirical study inputs are counted by the amount of input utilized in the production process or number of wages paid measuring the input of labour. The capital input is measured by the amount of capital stock used in the production process. For material input, I used the expenditure of purchasing material calculated from the material cost. In particular, I also quantified the payment for the leader or the owner of the OTOP groups and used that as labor inputs in the model.

Production functions could demonstrate the following concepts.

1.The efficiency parameter which indicates the state of technology and efficiency of production.

2. The marginal productivity of the factors of production.

3. Relative factor cost share or intensity.

4. Partial elasticity of output with respect to these inputs.

4. The returns to scale of production function.

6. Result and Discussion

Distribution of cost share to the main factor inputs

6.1 Annual sales of OTOP firms are a crucial issue to analyze as it involves to the economic real impacts which is the central issue of this dissertation. For this issue the author grouped the annual raw data of sales into the range of 5,000 baht.

Table 1.7 Annual sales of OTOP firms in 2010

Annual sales Scale(Baht)	Number of firms	%
0-50000	18	7.66
50001-100000	21	8.94
100001-150000	9	3.83
150001-200000	19	8.09
200001-250000	22	9.36
250001-300000	23	9.79
300001-350000	22	9.36
350001-400000	17	7.23
400001-450000	15	6.38
450001-500000	6	2.55
500001-550000	9	3.83
550001-600000	1	0.43
600001-650000	4	1.70
650001-700000	5	2.13
700001-750000	5	2.13
750001-800000	1	0.43
800001-850000	1	0.43
850001-900000	5	2.13
900001-950000	3	1.28
1050001-1100000	2	0.85
1100001-1150000	0	0.00

1150001-1200000	2	0.85
1200001-1250000	1	0.43
1250001-1300000	3	1.28
1350001-1400000	1	0.43
1400001-1450000	2	0.85
1450001-1500000	2	0.85
1550001-1600000	2	0.85
1600001-1650000	1	0.43
1700001-1750000	1	0.43
1750001-1800000	1	0.43
2500001-2550000	1	0.43
2600001-2650000	1	0.43
3300001-3350000	1	0.43
4350001-4400000	2	0.85
7050001-7100000	1	0.43
7150001-7200000	1	0.43
7800001-7850000	1	0.43
8350001-8400000	1	0.43
8500001-8550000	1	0.43
$\overline{X}$	652156.67	
Median	325071.00	
Range	8497698	
S.D	1291778.97	
Kurtosis	22.642	
Skewness	4.636	

Source: Author

Table 1.7 indicates that OTOP projects with a total revenue lower than 350,001 baht a year are about 57.03% of the total number of OTOP projects while the average total revenue and the standard deviation are 652,156.67 baht and 1291778.97 baht, respectively.

6.2 First, the single figure data paid to the leaders or managers are categorized into intervals of 10,000 baht.

Table 1.8 Manager's share scale in 2010

Manager's share Scale	Number of firms	%
0-10000	29	12.34
10001-20000	17	7.23
20001-30000	9	3.83
30001-40000	4	1.70
40001-50000	8	3.40
50001-60000	12	5.11
60001-70000	8	3.40
70001-80000	9	3.83
80001-90000	11	4.68
80001-100000	16	6.81
100001-110000	8	3.40
110001-120000	4	1.70
120001-130000	12	5.11
130001-140000	9	3.83
140001-150000	6	2.55
150001-160000	3	1.28
160001-170000	4	1.70
170001-180000	2	0.85
180001-190000	3	1.28
190001-200000	4	1.70
200001-250000	7	2.98
250001-300000	8	3.40
300001-400000	8	3.40
400001-500000	11	4.68
500001-600000	5	2.13
600001-700000	5	2.13
700001-800000	0	0
800001-900000	0	0

900001-1000000	1	0.43
1000001-2000000	7	2.98
2000001-3000000	4	1.70
3000001-4000000	1	0.43
$\overline{X}$	236677.16	
Median	99072.00	
Range	3467834	
S.D	469848.9	
Kurtosis	20.741	
Skewness	4.288	

Source: Author

Table 1.8 shows that the average cost share for the manager is 236,677.16 baht per year with the standard deviation 469,848.9 baht. The median of this figure is 99072 baht.

6.3 Second, the author presents the material cost share including raw material, packaging expenditure, water and electricity supply cost, and fuel and transportation expense. It is sorted in the range of 10,000 baht.

Table 1.9 Material cost share of OTOP firms in 2010

Material cost share Scale (Baht)	Number of firms	%
0-10000	12	5.10
10001-20000	9	3.83
20001-40000	21	8.94
40001-60000	12	5.11
60001-80000	27	11.49
80001-100000	30	12.77
100001-120000	23	9.79
120001-140000	12	5.11
140001-160000	16	6.81
160001-180000	11	4.68
180001-200000	5	2.13
200001-220000	6	2.55

220001-240000	2	0.85
240001-260000	3	1.28
260001-280000	5	2.31
280001-300000	2	0.85
300001-320000	2	0.85
320001-340000	3	1.28
340001-360000	3	1.28
360001-380000	3	1.28
380001-400000	2	0.85
400001-500000	9	3.83
500001-600000	2	0.85
600001-700000	4	1.70
700001-800000	2	0.85
800001-900000	0	0
900001-1000000	0	0
1000001-1500000	0	0
1500001-2000000	1	0.43
2000001-2500000	2	0.85
2500000-3000000	2	0.85
3000001-3500000	3	1.28
3500001-4000000	1	0.43
$\overline{X}$	248700.5	
Median	105500.0	
Range	3992057	
S.D	543014.8	
Kurtosis	23.986	
Skewness	4.788	

Source: Author

Table 1.9 indicates that the average cost share for material expenditure is 248,700.5 baht per year with the standard deviation 543,014.84 baht. The median of this figure is 105,500 baht.

6.4 Labor cost share of OTOP firms

Third, it is also very important to consider the labor cost share because it directly affects the economic well being of the workers working under OTOP project. The raw data obtained is grouped into the range of 5,000 baht.

Table 1.10   Labor cost share of OTOP firms in 2010

Labor's share Scale (Baht)	Number of firms	%
0-5000	8	3.40
5001-10000	14	5.96
10001-20000	21	8.94
20001-30000	15	6.38
30001-40000	21	8.94
40001-50000	30	12.77
50001-60000	24	10.21
60001-70000	17	7.23
70001-80000	17	7.23
80001-90000	13	5.23
80001-100000	5	2.13
100001-110000	6	2.55
110001-120000	6	2.55
120001-130000	1	0.43
130001-140000	3	1.28
140001-150000	3	1.28
150001-160000	4	1.70
160001-170000	0	0
170001-180000	3	1.28
180001-190000	3	1.28
190001-200000	4	1.70
200001-300000	5	2.13
300001-400000	2	0.85

400001-500000	1	0.43
500001-600000	2	0.85
600001-700000	2	0.85
700001-800000	0	0
800001-900000	3	1.28
900001-1000000	2	0.85
$\overline{X}$	94430.0	
Median	54000.00	
Range	931218	
S.D	149877.6	
Kurtosis	17.178	
Skewness	4.003	

Source: Author

Table 1.10 shows that cost share contributed by workers is mostly 40,001-50, 000 baht (12.77%) a year while the average expenditure paid to workers is 9,443 baht; the median cost share figure is 54,000 baht.

6.5 Capital cost share of OTOP firms

Finally, regarding the capital cost share of OTOP firms, as well as the other costs, it is the indicator that describes how easy it is to start the community business. If the OTOP firms require large amounts of capital cost, they might depend largely on the Thai government support.

Table 1.11 Capital cost share of OTOP firms in 2010

Capital 's share scale (Baht)	Number of firms	%
0-1000	46	19.57
1001-2000	29	12.34
2001-3000	16	6.81
3001-4000	23	9.79
4001-5000	22	9.63
5001-6000	20	8.51
6001-7000	7	2.98
7001-8000	9	3.83

8001-9000	5	2.13
10001-15000	26	11.06
15001-20000	16	6.81
21000-25000	9	3.83
25001-30000	1	0.43
30001-50000	2	0.85
50001-70000	2	0.85
70001-90000	2	0.85
$\overline{X}$	7356.42	
Median	4351.00	
Range	74959	
S.D	9936.35	
Kurtosis	17.882	
Skewness	3.57	

Source :Author

Table 1.11 shows further that the mode value of the cost share for material is 0-1000 baht while the average expenditure is 7, 356 baht; the median of capital cost share is 4,351 baht.

7. Conclusion

7.1 Cost share Analyzed by Cobb Douglas Function.

Typically, inputs are calculated in terms of services of the input per unit of time. But this kind of data is generally not accessible. Therefore, in empirical studies inputs are measured by the amount of input utilized in the production process. The number of wages paid measures the input of labour. The capital input is measured by the amount of capital stock used in the production process. The expenditure of purchasing material evaluates the material cost. To answer this research question, I also quantified the payment for the leader or the owner of the OTOP group.

Production functions used as our main model could demonstrate the following concepts:

1. The efficiency parameter which indicates the state of technology indicates the efficiency of production.

2. The marginal productivity of the factors of production

3. Relative factor cost share or intensity.

4. Partial elasticity of output with respect to inputs

5. The returns to scale of the production function

Regarding the research hypothesis (2): there are significant uses of factors of input including material, capital, entrepreneur services, and labor services in the Cobb- Douglas production function.

Table 1.12 Results of multiple regression analysis

lsale	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
lmanager	0.298769	0.015728	19	0.00	0.26778	0.329758
lmaterials	0.395101	0.024205	16.32	0.00	0.34741	0.442792
llabor	0.281297	0.026662	10.55	0.00	0.228764	0.33383
lcapital	0.03607	0.014167	2.55	0.012	0.008156	0.063983
_cons	1.312071	0.148039	8.86	0.00	1.020385	1.603756

Number of obs = 235

$F(4, 230) = 1636.49$

Prob > F = 0.0000

R-squared = 0.9661

Adj R-squared = 0.9655

Root MSE = .22469

This is an estimated production model of the OTOP production in the north of Thailand:

LnQ = 1.312 + 0.299 lmanager* + 0.395 lmaterials*+0.281 labor* +0.036 lcapital*

        Adjusted R-square = 0.9655

        F = 1636.49

        n = 235

Interpretations of estimated regression above are as follows:

1. All parameters of independent variables are significant with a 95% confidence interval.

2. All four factors determinedly (with p-value much less than 0.05 significant level) explain about 96.5% of the change in OTOP production.

3. The productivity growth or the growth of total productivity is equal to 1.312%, (Intercept of the regression), meaning that there is productivity improvement in the OTOP industry.

4. Cost share of materials is the highest among factors of production, meaning that most of the expenses were paid for materials followed by payment for managers, labor, and capital.

5. Cost share for the manager is not much higher than labor but much higher than capital. This means that at present beside materials the emphasis is on the use of labor as a key factor in the production process.

Summary: the most important factor in terms of cost share (or the value of that factor in a product) of the OTOP industry is materials. Manager or knowledge worker is the second most important factor, followed by labor and capital. It's an indication of how important management is in the production process of this labor intensive but creative industry. There is also a sign of progress in productivity of this industry. Therefore, to help the OTOP project to still be relevant in the Thai economy, the right support from the government should be continued and improved.

The results from table 1.12 are as follow:

1. Entrepreneur payment coefficient (lmanager)

 The entrepreneur payment coefficient is positive and statistically significant. The implication is that entrepreneur payment is proactive, contributing positively to output. Assuming the increase in manager's pay of 1%, there will be an increase in the cost of production by 0.299%

2. Material consumed coefficient (lmaterials)

An encouraging factor noticed from the results is that material consumed is positive and statistically significant. The implication is that material consumed is proactive and contributes positively to output. Assuming the increase in material expense of 1% , there will be an increase in the cost of production by 0.395%

3. Wages coefficient (llabor)

The wages co-efficient is positive and statistically significant. The implication is that wage is proactive, contributing positively to output. Assuming the increase in labor cost of 1% , there will be an increase in the cost of production by 0.281%

4. Capital coefficient (lcapital

Elasticity of capital with respect to output (β_1) is positive. It is also statistically significant. Assuming the increase in capital goods expenditure of 1%, there be will an increase in the cost of production by 0.036%

5. Economies of Scale

In this study, the production function has constant returns to scale because 0.298769+0.395101+0.281297+0.03607 =1.01, which is very close to one.

6. Factor Shares

Factor share of material is much higher comparing to other factors in most products followed by entrepreneur, labour (wages) and capital. The result asserted the importance of the material input in OTOP.

This is an estimated production model of the OTOP production in the lower north of Thailand:

LnQ = 1.312 + 0.299 lmanager* + 0.395 lmaterials*+0.281 labor* +0.036 lcapital*

Adjusted R-square = 0.9655

F = 1636.49

n = 235

Interpretations of estimated regression above are as follows:

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Endogenous Development in Creative Tourism in Ajimu District in Japan Compared to Natonjun, Sukhothai in Thailand

Abstract:

This is the first descriptive survey research that compare the successful performance of tourism in Ajimu, Japan and Natonchan, Thailand. Field works for data collection were conducted from both places during 2010 and 2011 after endogenous development approach has been broadly applied in Thailand as a result of serious financial crisis in 1997.

The purpose of this research is to compare these two cases, and the results are as follows. As observed by this research, the success story of Oita prefecture by revising of development strategy from focusing on economic growth to endogenous development in parallel with the market economy has already been adopted by many regions in Asia.

The success factors are from the presence and great efforts of the president of Ajimu Green Tourism Study Group, and from the leaders in Natonchan supported initially by a grant from Japan Bank of International Cooperation (JABIC) in the participation of 20 villages across the nation in "Industrial Village Development to Promote Tourism" festival.

In Japan, the training programs brought 20 community leaders to Uchiko and Toiura town to learn from real lessons how to manage home stay in the rural area; main interests there are cultural and farm home stay. Each program in Ajimu village featured individual farm management while in Notonchan, their home stays were managed by leaders with cooperation from other members.

Furthermore, Oita prefecture government significantly loosened the requirements for obtaining business license in order to increase the number of Ajimu style farm lodgers. Each place of these local businesses had their own website to promote their home stay, and to guide visitors about its location and come by themselves. Instead, Thai home stay welcome visitors by using Thai blessing ceremony. Despite the similarities in term of policy outline, actual implementation modalities of this type of creative tourism are different. They evolved to be quite distinctive model under different and strong institutional impacts.

Keywords: Endogenous Development, Creative Tourism, Institution

1. Introduction

Creative Tourism is regarded as the new paradigm and the new direction of travel. It change from traditional tourism in the past that focus on the recreational travel to give attention to culture and environmental impacts. Finally, it results in the sustainability of the community. Furthermore, it

emphasizes the relationship between visitors and hosts. Tourists will be impressive with the specific cultural of the community.This paper compares the performance of the creative tourism in Japan and Thailand by using two cases study of the Ajimu District in Japan and Natonjun,Sukhothai in Thailand as the two distinctive models with a focus on institutional factors. Particular attention is drawn to (1) the policy outline ; and (2) the pattern of economic and social activities. Although, most activities in Natonjun creative tourism were drafted from Tomiura town, Chiba prefecture, and in Uchiko town, Ehime prefecture. From an institution perspective the creative tourism in these two countries can be contrasted as follows. The community tourism in Ajimu district Japan concerned more locally-led movements to reinforcing effects especially at the community level including . Agricultural cooperatives in Thailand, on the other hand are an institution formulated and implemented by the central government.

2. Objectives of the study

To compare the main institutional factors of the creative tourism agricultural in Ajimu District in Japan and Natonjun, Sukhothai in Thailand

3. Expected Outcome

(1) The Thai community tourism could learn how to enlarge their business from that of Japanese experience.

(2) The organization involved can increase the efficiency in the tourism business management and be able to systematically promoted these activities.

4. Literature Review

The new institutional economics is a concept that has become increasingly prominent as it mostly use the mainstream economics principle. The key assumptions: economic man and rational man cause man to react to the incentives. When market mechanism could not function fully, there should be other helpful institutions. The approach believes that institutions can be designed through structural incentives. So, if rule of the game alters, then the behavior of the members of society change.(Siriprapachai,2004) The new institutional economics perspective verified that institutional factors including legal and administrative system and pervasive practices visibly affects organizational evolution while the historic path has been taken by interaction between institutions and organizations.(Mukhjang,2012)

Drawing attention to community development approach, Herbert-Cheshire and Higgins(2004) believed that community development is the solution for the poor rural area. Moreover, Dr. Hiramatsu(2008) commented that development can be either exogenously or endogenously strategy. He actively promoted the endogenous development especially in depopulated areas, while attracting to Oita Prefecture big Japanese industries such as Nippon Steel Co.Ltd. and Canon Inc. Furthermore, World Commission of Culture and Development, 1995 (*www.unesco.org*) *insisted that* Economic

development that is not rooted in the culture of a population, can never bring about sustainable development .

Development Plan No. 8 was implement(1997-2001).Regarding to the official statistics, there were 87 community home stay that registered with the Association of Thailand (Office of Tourism Development, 2010). In addition, there are many home stays that operate independently as we can see on the website. This kind of tourism might generate additional income in a community as present by the economic base theory.

 An essential principle of export theory grounded in the assumption that the local economic can be divided into two broad types of economic sectors: 1) a basic sector and 2) a non-basic or local sector.

The basic sector is defined as entirely dependent on external factors as they sell goods and services to market outside the area. For instance, the traditional textile entrepreneurs produce and sell their products to the shops and consumer throughout the country and sometimes to the world market. Earnings obtained by these firms for their exported goods and services is entitled as basic income. Their business is largely count on exporting their goods. The non-basic sector, in contrast of those firm that almost trade goods and services within their local area. For example a local grocery shop supplies its goods to households other firms located nearby. These business are sometimes defined as the local trade and service sector (Leistriz, and Murdock 1981)

Firms that supply their products to both local and export market are defined as basic or non-basic sector.The extent of non-basic economic activities in an local area largely depend on that of essential activity.

The given change in the level of basic activity is defined as the multiple effect. Therefore, the economic base theory claims that demand for goods and services from outside the local area of the basic sector are the essential determinant of the extent of economic activity (Leistriz 1991). Consequently, it resulted in the predictable alter in the level of non-basic activity.The measurement for the multiple effect of basic sector on the local economy is the base multiplier.   The principle of the multiple effect is the linkages between the basic or non-basic sector. When the basic sector increase, it demands more factor of inputs including land, capital, labor as well as entrepreneur. Consequently, Some factor inputs are bought from local and households such as labor service.

Similarity, producer in the non-basic sector enlarge their sale due to the basic sector, expansion, they might demand more inputs.   Therefore household gain more revenue in the form of rent, wage, interest and profit namely income from both basic sector and non-basic sector.

The supplementary income is partially paid ant for local goods and services as the injection to the local economy. However, some leak the circular flow as additional taxes paid to the government, for imported goods and services. Benefits from community tourism might be larger than others because when spending on goods and services, mostly of this amount of money is circulated in the community. Therefore the multiplier might be bigger r than that of money spent away from the local area.

Economic base theory is a crucial branch of regional income theory presenting in the form of ;

$$Y = NI = (E - M) + T \qquad\qquad\qquad\qquad (1)$$

$$E = \text{Expenditure}, \qquad\qquad T = \text{area exports}$$

Figure 2 Circular Flow of Income
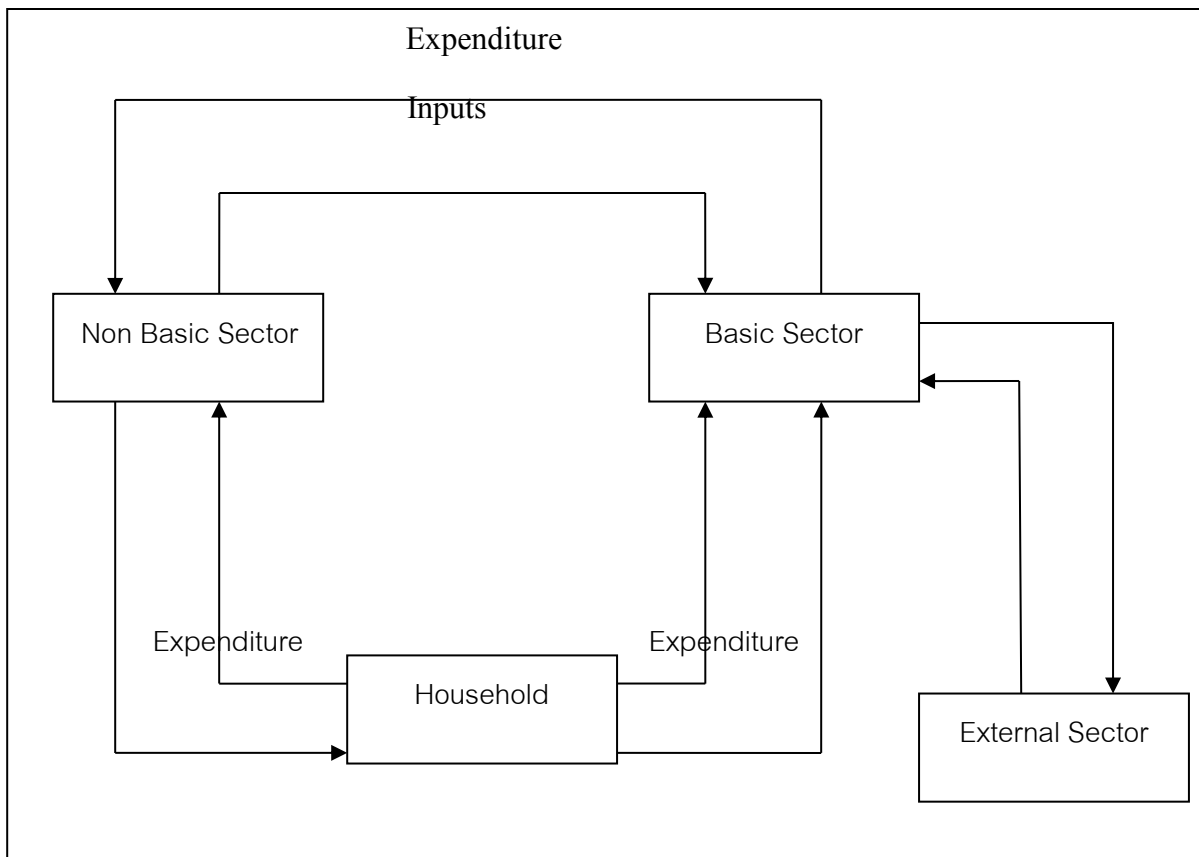
Source: Created by the author

Equation 1 is derived as follows :

Aggregate demand for an area's products : $C + T - M$

Aggregate supply of area's product : Y

At equilibrium

Aggregate supply of area's product = Aggregate demand for an area's products

$$\therefore \quad Y \quad = C + (T - M)$$

$$C \quad = C_0 + bY$$

$$T \quad = T_0$$

$$M \quad = M_0 + mY$$

$$Y \quad = C_0 + bY + [T_0 - (M_0 + mY)]$$

$$= C_0 + bY + T_0 - M_0 - mY$$

$$Y - bY + mY = C_0 - M_0$$

$$Y (1 - b + m) \quad = C_0 - M_0$$

$$Y = \frac{C_0 - M_0}{(1 - b + m)}$$

b   = marginal propensity to consume

m   = marginal propensity to import

C_0 = autonomous to expenditure

M_0 = autonomous to import

It is similar to multiplier principle in the Keynesian explanation. It's basic concept is that a relatively small change in one sector of the economy can generate a substantial change in the total Gross National product (GNP) and National Income as well.

Simplify, the little change in expenditure is multiplied in purchasing, and than employing, producing the large change respectively.

To create the multiplier principle, we rewrite the identity equation of total – planned – expenditure {C + I + (X – M) }The term " m" is defined as leakage which lower local multiplier effect.(Richardson,1972)

5. Material and Methods

This study was conducted a comparative study of Endogenous Development in Creative

Tourism in Ajimu District in Japan Compared to Natonjun, Sukhothai in Thailand

The purpose of the research project is to obtain a better understanding of the performances of these organizations. It will generate insights which a single country–specific research alone could not demonstrate clearly. This research project was based on both secondary and field level data. Primary data are collected by the survey method in Phitsanulok, in Thailand and Oita prefecture in Japan. Collected data were classified and analyzed in accordance of the objectives set for the study. The quantitative techniques were utilized to compare crucial economic and social activities among relevant variables. As a descriptive survey research, data collection was done during April, 2010 to June,2011. The qualitative data are obtained from indebt interview with mangers, board members and government involved. Furthermore, secondary data were used. New Institutional economics endeavors   to describe a theory of institution into economics."

5.1 Research Question

Figure 1 Research Question

Initiative question

What are the main difference between community tourisms in Japan and Thailand?

Objective

To investigate the main difference between community tourisms in Japan and Thailand by using the Economic Institution Approach

Hypothesis

Institution Factors influence on the difference between community tourisms in Japan and Thailand: focus on the case study.

Sub Questions:

1. Do the two case studies use different development strategy ?

2. Does the historical path affects the tourism community operation?.

3. Do Administrative system in these two countries cause difference in the two case studies?

4. Do the laws and regulations related to the establishment of home stay result in the distinctive performance of the case studies?

5. Does human resource development mater?

6. Does market institution pay a crucial role in the development of community tourism?

5.2 The criteria for selection and characteristics of the case study.

Table 1 Criteria for selection and characteristics of the case study

	1	2	3	4
Criteria	Work as a community group	Famous award	Year of experience	Net work support
Case study				
1.Ajimu district	No.	NO	18	YES.
2. Ban Natonjun	• PATA award • 5 star OTOP award	*.5 star OTOP award * Food and Drug Administration	8	1. The Tourism Authority of Thailand
3.Years of experience	10	8	8	8

Source: Create by the author with data in 2010.

6. Result and Discussion

6.1. Japan Case, Ajimu Green Tourism, Oita

1.) Overview of the City

Ajimu town is located between the central and northwestern parts of Oita prefect Most people are rice farmers where is mountious area. The total area is 147.17 km2 and the population is 8,034 people. The area has a relatively mild climate with the average temperature 14.1 degrees Celsius.

There are 1,354 farm households with 5,335farmers.

2.) Characteristics features of Green Tourism in Ajimu Town, Oita

Ajimu has been the pioneer in green tourism, which is now spread on national scale. It has launched farm-home stay program that provide visitors to learn about agriculture and experience rural culture. The significant purpose of this program is to create interaction between urban and rural communities. There are 26 agricultural and farm home stays supply programs in Green Tourism Farm in Ajimu Town. Each of the home stay programs generate their own feature of the farm. Tourists can experience the beautiful the rural landscape. Besides, the visitors can also enjoy farming activities.

In particular, the Farm programs also offer visitors the great experience of cooking Japanese traditional food such as Udon, Soba noodles,Mochi, tofu and ishigaki. Furthermore, there are some hosts teach their guests how to make traditional toys.

3.) Types of endogenous development in Ajimu Town Green Tourism

The following are some activities which represent and promote the endogenous development in Ajimu Green Tourism.

a.) The Local government introduced non profit organizations to assist the program.

b.) Ajimu Green Tourism Study Group. Its objectives are to strengthen agriculturists.

c.) Ajimu Town Green Tourism Promotion Council. It aims to promote green

tourism by convincing private the sector involved to support green tourism.

d). The main idea of Ajimu Green Tourism is that the leading players are the villagers living

in the rural community. The daily life of the rural community is the main interest of this green tourism.

Consequently, the construction of facilities and expensive capital goods are not important. However, besides, it concerns the establishment of the environmental conservation.

The Oita Prefecture government significantly loosened the regulation for issuing the

license to engage in doing home stay business.

Table 1 Criteria for selection and characteristics of the case study

	1	2	3	4
Criteria	Work as a community group	Famous award	Year of experience	Net work support
Case study				
1.Ajimu district	No.	NO	18	YES.
3. Ban Natonjun	• PATA award • 5 star OTOP award	*.5 star OTOP award * Food and Drug Administration	8	1. The Tourism Authority of Thailand
3.Years of experience	10	8	8	8

4.Network support	*Naresuan University * *Tha Japan Bank International Cooperation	Other OTOP producers.	Rajapud institution.	

Source: Create by the author with data in 2010.

Table 1 presents the criteria for selection and characteristics of the case study including work as a community group or club, famous for award, years of experience and network support. Drawing attention to the criteria of cooperation among members, there are only three out of seven working as the community enterprise while the others are single ownerships. With regard to the award, they all received 4 or 5 star OTOP awards. In particular, as the food producers, the Numprig Lab and Kwanchai Housewife group has obtained the Food and Drug Administration certificate, the top label for food products. Furthermore, the Bannatonchan group got the international award for tourism named the PATA award. In considering the years of experience, they participated in the OTOP project at least 8 years. To add a remark on network support, it can be seen that Ban natonchan has the most important number of networks.

As for data collection, using the qualitative approach, it was obtained from chatting with people either through formal interviews or casual conversations. The unstructured interview was used in this dissertation. I tried to manage the interview to be successful by avoiding leading questions or suggesting outcomes by using a natural appearance. In addition, attention was paid to where the interview was held ensuring suitable management of seating and manner of approach, all in the interests of equality. I also arranged for a certain amount of pleasant chat before getting into explaining that the esearch was about.

6.2 Natonjun community Tourism

Thailand is divided into 76 provinces. Sukhothai province was served as the first capital of Thailand where it is located in the lower northern region. It is about 270 miles far from Bangkok and 200 miles from Chiangmai province . Many tourists could take a bus or the airplane "Bangkok airway" to the province. In addition, they could initially go to Phitsanulok province by a train, a bus and the plane "Nok Air" and then visit Sukhothai by a local bus or a taxi because it take less than one hour. There are two famous historical parks in Sukhothai which are registered by the UNESCO as the world's heritage. Each presents magnificent art and architecture.   More over, Loi Krathong Festival which is theThailand's loveliest festival is celebrated on the full moon of the twelfth lunar month, usually mid-November. It is believed to have initiated in Sukhothai 700 years ago.

In addition, the other two tourist attractions in the province won Pacific Asia Travel Association (PATA) Gold Awards 2012. The first PATA Gold Award-winning project was the Organic Agriculture Project at Sukhothai Airport, which obtained the Environment-Ecotourism category. The second PATA Gold Award-winning project was the Na Tonchan Community in

Si Satchanalai District, which won in the Heritage and Culture category. "Winning these two gold awards is tremendous recognition of the TAT's focus on encouraging more environmentally-responsible tourism and the development of community-based tourism that allows visitors to experience Thai culture up close while providing direct benefits to communities in Thailand," said Tourism Authority of Thailand (TAT) Governor Suraphon Svetasreni. http://thailand.prd.go.th/view_news.php?id=6251&a=4

Ban Na Ton Jun Community is located in Sukhothai province near the historical parks. Villagers have lived here for more than 200 years. Most people are descendants from the ancient Lanna kingdom in the north. Interestingly, they believe that humans are a part of nature, so everything should go to preserve a balance between mankind and nature. The villagers of Ban Na Ton Jun established the Career Development Fund and Ban Na Ton Chan Homestay Tourism Community with participation in management by all villagers. The Ban Na Ton Chan Homestay Project has 20 member families and can accommodate up to 70 people. Villagers demonstrates visitors how to cook some traditional Thai food and how to produce herbs and vegetables grown in the community. All members of the Ban Natonjun Homestay Group share the opportunity to be the host family. More importantly the benefits from the sales of their products such as woven cloth and other items are divided equally among the members. All the members bring their goods to store at the exhibition building of the community enterprise. The marketing section is in charge of selling their products.

Ten per cent of the income is deducted to be the costs of maintaining the environment and tourist promotion in the community. Some of the amount is prepared for training to educate the members and the youth in the village about tourism, while the rest is saved as a common fund for communal affairs. It is seen that this community group really concern for human resource development. The "Elephant Sanctuary" is the place giving safely and rehabilitation for disability and neglected elephants. It is located around 2 km from the community. The PATA Judging Committee's comment: "The Ban Na Ton Chan Community is a very noteworthy one from the standpoint of heritage.

In addition, they also have some fruit gardens, such as langsad, longgong, banana trees, Durian, Mafi, Durian and Longong exported to other countries every year.

Initially, Mrs.Sang a 60-year old pursued other house wives in the village to form " Farm Women's Groups " that was initiated in 1989 with 21 members. They started their business by planting maize and banana trees and processed bananas to acquired money for the group but it was not a successful job. These products rely heavily on the weather. Until 2001, the Department of Community Development provided them with financial support of 25,000 baht . They used this amount of money to buy yarn and cloth for weavers to sell both in and outside the village. Thet were pleased with this kind of the community business. Consequently, the group established a career in the textile field to receive more supplementary income. There set up a board of 15 people. Their successful performances were so attractive that they obtained very high scores from the Rural Tourism Industry Organization incorporation with the Japan Bank International Cooperation: JABIC. It implemented "The Tourism Promotion for Industrial Village Development Project" with a focus on 20 selected villages from around Thailand with tourism resources in their vicinity. This project was aimed at raising the income of local citizens by establishing a community center in each village and using it as a base for the

production and marketing of handicrafts and for the creation of linkages with surrounding tourist areas. Finally, in 2002 ,Mrs. Sang got a grant provided by JABIC to participate in "Industrial Village Development to Promote Tourism" in 20 villages across the nation. The training program brought 20 community leaders to Uchiko and Tomiura towns to learn the real lessons about managing home stay in the rural area. She has applied the knowledge gained from the study visit to proceed in their home stay scheme. In addition, JABIC also provided a large number of grants to build the learning center for the women's group. It amounted to about 2.8 million baht.

After that, she resigned from the women weaving group to form the farm-home stay program. Originally, the others did not agree to do the home-stay learning from Japan. There were many objections because they thought that the scheme might change their life-stylest he worried about how they can adapt themselves. As a result, Mrs.Sang, the very determined leader, did the home-stay on her own program. She had to put a lot of effort into this activity to make the members accept it. When the others saw that it was not so difficult to do this project, they gradually applied for home stayed membership. Currently, there are 13 families that do this community business.

The significant things are the farm-home stay program and traditional textile products. This program allows the tourists to learn about agriculture and a have deep experience in the tradition and rural culture, such as the rural dishes. The crucial morning activity is to offer some food to monks in front of the home. They welcome their guests by arranging the Thai Blessing Ceremony; everyone has dinner together in the northern style. After that, the village elders bless their guests. In addition, the other activities include a visit to Ta Wong or Grand Pa Ta Wong, and one of the important elders demonstrates making the special Local Gymnastic Doll. They not only watch a demonstration of making fermented mud cloth, but they also try to do it by themselves. Finally, they go shopping for the products at the leisure center.

With regard to the home-stay, they try to use the vegetables available locally and fish in the small ponds around their homes.

Since 2011, Natonchan has been one of the interesting sites of a TV program which is the important Thailand Broadcasting Cooperation Chanel, focusing on the national tourism spotlight.

The villagers demonstrate how the mud clothing process to visitors and leave them to do it on their own. This group also encourages conservation and the value of tourism resources in this local area. In addition, it creates a sustainable revenue through the tourism home-stay.

There is an elephant center to help the living elephants that are sick and neglected.. Elephants here have been supported to live naturally without having to train to draw, beat drums, play as circus clowns. It does not belong to this group.

Tourists enjoy the facilities and hospitality of the villagers. The villagers welcome them and are friendly. The visitors come to learn cultural and customs.

Natonchan Homestay rules and procedures.

1. Please book in advance with the president of Natonchan homestay or whom it may concern.

2. Study the rules and procedures.

3. There are 12 houses that can accept not more than 70 visitors.

4. Entering and leaving from the home should be between 6 a.m. and to 9 p.m.

5. Wear polite clothes.

6. Please prepare your personal stuff, for example your towel, soap, toothbrush, toothpaste, and medicine.

8. Men and women normally stay separately.

9. Register at the house giving an ID card number, phone number, nationality, and your personal health conditions, etc.

10. Payment is in Baht: home stay including dinner and breakfast and visiting the village is 350 baht/person. If you come in a group (more than 30 persons) there will be a night show. Please pay 50% deposit in advance. Thai and foreigners are the same price.

I asked her about how travelers visit the village whether by their own cars or by a taxi. She said " we never contact any tourists directly but through the tourist companies. Therefore, they brought the travelers to this village". After that, she coordinates to the genteel members to confirm the arrival of tourists.   Dinners are served together at the Visitor Center. The visitors enjoy the traditional music performances. Breakfast is provided by the each owner of the home stay.

It can be seen that this tourist community group, Natonjun strongly regard on the participation of its members and people in the community. Furthermore, it invites other villagers who are not its members to take part in the activities arranging for tourists especially elderly, weaving groups and furniture craft.

Table 2 Summary of the Comparisons of Institutional Factors

Community tourism	Development strategy	Affiliated Organization	Law	Human capacity building	Market Institution	Number of households
Ajimu in Japan	Bottom up	-Local government - Private sector and NGO	- Fire Service Act - Food Hygine Act	Study group	Road side station	26 households
Natonjun in	Bottom up with	-The Rural Tourism	Notification of the	Study	Center in the	13 households

Thailand	close relationship with government	Industry Organization - The Rural Tourism Industry Organization	Office of Tourism Development regarding the standardized travel services Standard Homestay Thailand 2005	visit	village	

Source**:** Concluded by Author

7. Challenges and future.

In Thailand, leisure activities, such as staying in a farm village region, enjoying nature, seeing in cultural resources, and interchanging with people in a community are called green-tourism. It is thought of as one of the most effective means of rural revitalization. In particular, villagers, the community leaders, and researchers have paid much attention to the management. Natonjan is one of the pioneers in creative tourism which is now promoted as part of the national policy.

This village has precious input factors - human resources, social capital, and also natural resources, such as fruit gardens that could attract many people to visit them**.**

The contributing factors that have made this a successful community enterprise at

Bannatonjun Village include the following:

1. There were active and dedicated leaders who act as the initiators of village development

2. The high value experience that Mrs, Sang, the leader, had in Japan resulted in setting up a similar home stay. She told me that the activities provided to the visitors follow what she saw in Japan

3. Public organizations, especially both the Thailand Tourism Organization and the Department of Industrial Promotion, play a significant role.

4. They put a lot of effort and also had a lot of patience in doing this business, for example going to open the shop at the weekend market in Bangkok and try to learn English even they are getting old.

However, as mentioned above, we can see that the path of success depends largely on the leader, Mrs. Sang, a 60-year old who is dedicated and courageous. Therefore, the group should develop others to be valuable leaders. In addition, they should encourage their children to learn other foreign languages to welcome the visitors.

Table 3 Average income generated by major career and tourism

	Income from major career	Revenue from home stay service and product sale	
Ajimu district	1,000,000	300,000	
Natonjun	38,000	18000	

Source: Calculated the author

Japan has three levels of government: national, prefectural, and municipal. Local government is two tiered: prefectures serving wider areas and municipalities providing local services. There are 47 prefectures in Japan.   Most of the prefectures are called *ken* in Japanese; for instance, Kanagawa Prefecture would be called *Kanagawa-ken*. There are four exceptions: *Osaka-fu*, *Kyoto-fu*, *Hokkaido*, and *Tokyo-to*. In other words, the prefectures are collectively referred to as *to-do-fu-ken*.

Each prefecture consists of numerous municipalities. Both Prefectures and municipalities vary greatly in terms of population. For examples, there are 212 municipalities in Hokkaido Prefecture and 52 municipalities in Okinawa Prefecture. Japan's 47 prefectures range in population from Tokyo Metropolis (*Tokyo-to*) with more than 12million, to Tottori Prefecture (*Tottori-ken*) with just 610,000. There are four types of municipalities in Japan: cities, towns, villages and special wards (the *ku* of Tokyo) as shown in Table 2 and 3.   Villages or *mura* are the smallest type of municipality in Japan .

Table 2 Number of Local Authorities by Type

Type	Number
1. Prefecture*(to-do-fu-ken*)	47
2.Municipal	3,123
city municipalities	695
town and villages municipalities	2,405
special wards	23
Total	3,170

Source: National Personal Authority of Japan

Table 3 Number of Local Authorities by Type

Type	Number
PAOs	75
Thesaban (municipalities)	1,162
Thesaban Nakhon (city municipalities)	22

Thesaban Mueang (town municipalities)	120
Thesaban Tambon (subdistrict municipalities)	1,020
TAOs	6,616
Special municipalities	2
Bangkok Metropolitan Administration (BMA)	1
City of Pattaya	1
Total	7,855

Source: Compiled by the author based on data from the website of the Department of Local Administration at http:// www.thailocaladmin.go.th (accessed on February 13, 2007) cited in Mukhjang(2009)

7. Conclusion

The previous two cases examples of the endogenous development. It is noticeable that there are some significant differences of activities in promoting endogenous development in green tourism in Oita and creative tourism in Thailand.

Acknowledgements

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The Difference between Observed Level and Theoretically Possible Level of CSR Investments: Analysis of CSR Slack using Stochastic Frontier Model

Abstract:

The purpose of this study is to investigate the determinants of the slack of CSR investments using stochastic frontier model. The slack of CSR investments, which we call "CSR slack" in this paper, is the difference between the real level and the theoretically possible level of CSR investments. Our study has three contributions to the existing field. First, we propose the concept of CSR slack for measuring CSR performance. Second, we make clear the determinants of CSR slack in empirical model and show what to do for reducing CSR slack. Third, we use stochastic frontier method to calculate the theoretically possible level of CSR investments. We obtained the following three results. First, firm size is important for decreasing CSR slack, while financial performance is not related to CSR slack. Second, concentrated investment reduces CSR slack of environmental investment but increases CSR slacks of labor issues and social contribution. Third, available slack and potential slack are positively related to CSR slack, while recoverable slack is negatively related to CSR slack. We also examined the level of CSR slack of each industry and obtained the following three results. First, public utilities such as electricity, gas, shipping, and broadcasting industries have the least slacks in all kinds of CSR investment among all industries. Second, service industry has large slack of environmental investment, while it engages actively in labor issues. Third, slack of the investment for social contribution is the largest in manufacturing industry such as food, machinery, and construction industry.

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Differences in the Relation between of Psychological Contract and Organizational Commitment due to Collar

Abstract:

Due to factors such as increasing competition, developing technology and new management techniques, enterprises becomes more complicated and new problems emerge between employees and the organization. Employers become alienated with their job and their efficiencies fall. In order to achieve successful results, it is necessary to secure the integration of workers with their jobs and organizations. There emerges a new kind of contract, which is not written or oral: Psychological contract. In this kind of contract there is no express statements, yet there is a psychological understanding (stemming from the relation of work) between the worker and the organization about what to expect and what to give.

In short, if the worker (at the start of his job) does not subscribe to a psychological contract that goes beyond his employment contract, then it gets harder for him to be useful for the organization. The worker does not develop a sense of duty, his motivation becomes lower. The lack of job satisfaction and organizational commitment prevents the development of the behavior of organizational citizenship, which is essential in today's organizations. In order to avoid such drawbacks it is required to handle and consider the notion of psychological contract consciously.

In this work, it is aimed to measure the relationship between blue collar and white collar workers in terms of psychological contract and organizational commitment that depends on expectations. Data that was achieved through surveys developed according to psychological contract and organizational commitment scales are analyzed with SPSS computer program.

Keywords: Psychological Contract, Organizational Commitment, Blue and White Collar Workers

1   INTRODUCTION

Under intense competition businesses that want to be flexible and adaptable management systems must comply with the requirements as well as the knowledge and satisfied employees accepting the human element should provide a significant competitive advantage. For the purposes of the organization and their employees to get the most out of today's businesses wanting to direct attention to activities aimed at enhancing organizational commitment are required to submit. An employee feeling engaged to his/her organization; feels the pride and joy of being a part of the organization to adopt the goals and values, and is committed for the benefit of the organization. Whenever employee's efforts are not valued he/she would not want to stay in the organization. So organizations need to have particular activities to eliminate this disadvantage.

Nowadays, Human Resource Management is more likely to shift into Talent Management, to keep competent employees is being harder every day, therefore the creation of organizational commitment and psychological contract is thought to provide a great benefit to the organization in this regard.

Psychological contract is a mutual agreement that implies what employees and the organization expect from each other, and results of success or failure. Failure to fulfil mutual expectations by either party results in a disruption in the relationship against each other and reduce their beliefs. Generally, the psychological contract breach by the organization leads to inefficiency, hidden unemployment, aggression, violation by the employee leads to a change in employer's mind regarding a positive perception of the employee.

2   DESCRIPTION AND SCOPE OF THE PSYCHOLOGICAL CONTRACT

First time the concept of psychological contract took place was in Argyris's book "Understanding Organizational Behaviour" published in 1960. Organizations have characterized by the book as a living and complex structures, and in constant interaction with each other and develop the effectiveness of the psychological contract. However, Argyris defines "the psychological contract" as an auxiliary concept which dissolves conflicts within the organization, absenteeism, job dissatisfaction, which helps to eliminate negative situations such as getting low satisfaction from job. Levinson on the other hand, identifies psychological contract as the fulfilment of mutual expectations between employees and managers within the organization.

By the 1990s, Lucero, Alllen, Scmedemann, Robbinson, psychological researchers such as Rousseau and Morrison had remarks on the subject, which put forward two different and valuable features (Demiral ve Doğan 2009, p. 55).

- Psychological contract is a belief of the employees regarding the obligations of employment relations.

- Psychological contract is based on the perceived commitments. Commitment is defined as a form of communication directed to the future

According to all scientists, Psychological Contract is in general, is a composition of unspoken words and unwritten subjects about what the employer and the employee would do in exchange for business contracts. Among the reasons there was no mention of this agreement, both sides are not clear about the expectations of each other, or are not really familiar with some of the expectations appear naturally, talking about some of the expectations are not met to be nice, worries about a possible disappointment in case of expressing the expectations clearly for both sides.

First base of the psychological contract is the expectations of the employer's from their employees including loyalty, integrity, compliance with business rules, making qualified business prospects, and the second base is psychological expectations of the employee about how the organization evaluate the business and its employees, knowledge, abilities and responsibilities, whether there are possibilities of developing his/her own abilities and knowledge. (Cihangiroğlu and Şahin 2010, p.2).

3   FORMATION OF THE PSYCHOLOGICAL CONTRACT

In the psychological contract, the parties need each other, and have the hope that they would be technically dependent on each other.

Morrison refers to this commitment: to be dependent on each other, the relationship is a way of managing an addiction, and answers the question "Who needs whom?" Rousseau (1995) argued that the employees identify the psychological conditions of the contract in three main ways. First of all individuals in the process of applying for jobs, can get convincing information about the organization from other people. Switching to the recruitment process, candidates can take the promises of the interviewers, either express or implied. After being hired, colleagues or superiors play a role in their psychological contract by reflecting their perspectives on the determination of an individual.

 Secondly, the observation of the employees over colleagues and superiors, gives tips on how they behave, and how they were treated by the organization that monitor the social workers' own contractual obligations. Thirdly, the organization builds structural signals for employers in order them to establish a psychological contract, by means of official fee, additional facilities, performance evaluations and mission of the organization with the organizational literature. Based on the information collected in this process the employees begin to create their own psychological contract. Psychological contracts are more realistic than formal policies and agreements.

Briefly, it is possible to say that the essence of understanding the psychological contracts, which refers to a concept of mutual perceptions of the employees and the employers, is based on understanding the basis of business agreements. Existing gaps and uncertainties signed employment contracts laid the groundwork for the Psychological contracts. When gaps in the employment contracts combine with perceptions of employees generated over time, this situation causes the filling of the missing clauses with psychological contract. (Mimaroglu 2008, p. 49).

Natural structure of Psychological contract is shown in Table 1

Table 1: Psychological contract

Contributions by the individual		Organizational Grants
• Effort		• Salary
• Talent		• Job Security
• Commitment	→	• Awards
• Skills		• Career Opportunities
• Time	←	• Status
• Competence		• Promotion Opportunities

Source: (Mimaroglu 2008, p.48)

According to this structure, the individual strives to meet the needs and requirements of the organization showing as many contributions as talent, skill, time, commitment. In exchange of these contributions, the organization provide a number of incentives for the employees. Some of these incentives are financial remuneration, career opportunities, job security and some intangible, such as status incentives. As shown by the arrows in the figure presented, the person shall meet the needs of the organization and the incentives offered by the organization are required to meet the needs of the person. This is because the person has agreed to be a member of the organization and development opportunities and in time he/she will find an attractive salary for the results. If both the individual and the organization perceive that the psychological contract is fair and equitable then the relationship will be mutually satisfying relationships. On the other hand, this situation will lead to a change as a result of perception of inequality of one of the parties. For example, when the person expects a promotion or salary increase, he/she may reduce the contribution to the organization and begin to seek new business opportunities. A change in the organization may be enhancing the individual's skills by training programs, transfer of the employee or termination of the contract (Mimaroglu 2008, p.49).

4 RESULTS ON BREACH OF PSYCHOLOGICAL CONTRACT

Psychological contract breach is defined as, a failure in fulfilling one or multiple liabilities by the organization. Because of some influences, the psychological contract between the employee and the management is very convenient to deteriorate. This distortion between the parties is perceived as "breach" and brings a wide variety of the results. (İşçi 2010, p.24).

Perceived violation comes into existence after cognitive calculation of an individual comparing what he/she promised and has got. The crucial point here is due to differences in perceptions of cognitive perceptions of a violation of the psychological contract, breach is sometimes true and sometimes not seen a clear violation of the real situations.

Breach of contract, reduces the confidence of the employee to the organization and causes to reduce the contribution to the organization. In other words, if you kept the promises made to an employee in this situation will result in the loss of trust and prevent employees to invest in the relationship. A breach of contract mostly reflected as a reduction of organizational citizenship behaviour, and in performance and resignations (Mimaroglu 2008, p.65).

5 ORGANIZATIONAL COMMITMENT

Organizational commitment in general is defined as, employees' desire to remain in the organization and dedication to the aims and values of the organization. In the literature, a wide range of definitions related to the concept of commitment. Accordingly, organizational commitment is defined as a commitment to the objectives and values of the organization multilateral and effectively by an employee. An employee who is committed to the organization's goals and values, strongly believes wholeheartedly comply with the orders and expectations. Organizational commitment is the psychological commitment employees feel against to the organization. Commitment is due to the feeling of loyalty, a strong belief in organizational values and a feeling of interest in the organization. (Demiral, and Doğan 2007, p.39)

The definitions are quite different in content related to organizational commitment. This is because the structure and development of the relationship between the employee and the organization concerned. However, all the definitions develop a common point of organizational commitment, based on a solid foundation of attitudinal or behavioural aspects. In other words, employees continue their membership in the organization by developing attitudinal or behavioural reason. To this end, the scientists working in the field of organizational behaviour rather stand on attitudinal loyalty where social psychologists have focused more on behavioural commitment. (Boylu et al 2007, p.59).

Elements that make up the organization's commitment are expressed in three different ways including, affective commitment, continuous commitment (willingness to continue) and normative (obligatory) devotion. (Bayram 2005, p.132).

Emotional commitment: Emotional commitment is kind of commitment felt due to a comprehension of organizations values, targets and aims. In this case, employee of the organization accepts the values of the organization are a powerful way to remain a part of it. This is the best form of commitment to the organization.

Continuous commitment: Continuous commitment emerges as a result of employee's investments in their organizations. In this case, employee considers that, he/she has invested enough time and effort in the organization and feels an obligation to stay in the organization.

Normative commitment: Employee sees that working in the organization is a duty and showing commitment to the organization is right. This kind of commitment is not affected by the probable losses as a result of leaving the organization. People remain in the organization as a result of a sense of gratitude.

There are several factors that affect and determine organizational commitment. These factors affect employees' commitment to the organization are listed as follows;

1- Age, gender, and experience.

2- Organizational justice, trust and job satisfaction.

3- Role certainty, role conflict.

4- The importance of the work done, the support received.

5- Participation in the decision making process, to take part in the work.

6- Job security, recognition and alienation.

7- Marital status, rights that are provided.

8- Helplessness, business hours, prizes, routine work.

9- Promotion opportunities, wages, other employees

10- Leadership behaviour, other employment options, interest shown in employees

6 PSYCHOLOGICAL CONTRACT AND ORGANIZATIONAL COMMITMENT RELATION

Taking part in today's enterprises, psychological contract is at the beginning of the current concepts regarding the relationship between employers and workers. Psychological contracts regulate the mutual expectations of the parties involved in the business side of the organization and affect the attitudes and behaviours of the employees as well as their level of satisfaction from job. Job satisfaction is defined as positive emotions feel towards the affairs of those who work. Job dissatisfaction occurs mainly when individuals expect to receive from their current job and mismatch between realities obtained. Attitudes are usually obvious after a long time period. Similarly, job satisfaction like the attitudes, begins to develop after employees have knowledge about their work. Job satisfaction will be reduced when the individual is unable to obtain his/her expectations from the job. Individual will be satisfied when his/her expectations are matched by when he/she gets. If the individual gets more than he/she expects (i.e. an unexpected bonus) this will led to a higher satisfaction from job.

In today's business world, organizations get a competitive advantage against their competitors, by placing value to the employees, make them feel that they are important to the organization and they are required to establish proper working conditions. Psychological contract has a great importance due to the fact that, it enables job satisfaction and ensure objectives of the organization can be achieved.

It is possible to argue that there is a positive relationship between organizational commitment and psychological contracts; since psychological contract is taking place at the time point of individual's receiving what is in their minds or expectations. It can be said that acting in violation of the psychological contract would lead to low adherence because the contract and the fact that a violation of the contract are inversely related.

Psychological contract violations, adverse effects on their commitment to those who work, unfulfilled expectations, triggering adversely affect the business of those who work motivation. Psychological contract violation in wages, promotion, and benefits will result in decreased job satisfaction to workers. Breach of relational obligations (breach of loyalty and support, etc.) has more impact on reducing the feeling of connecting with the organization.

As a result, there are relationships between different variables such as; breach of contract and business relations, job satisfaction, organizational commitment, organizational citizenship behaviour, trust and organizational justice. However, to be able to turn these factors to employee's advantage he/she should be kept in the organization. Psychological contract fulfilment of the terms and motivational factors will be the most important issues managing changes in attitudes and behaviours in business relations, (Özler and Ünver 2012, p.334).

Psychological contract has an important role in the integration of personal organization skills. The hidden expectations of the parties make it difficult to be aware of the presence of expectations. Unbalanced power relationship between employee and company levels, may increase a party's expectations of the other party's expectations may lead eroded. If employees who add value to the company were not given the opportunity to add value this would lead to a breakage again in the organizational commitment. In this respect of the relationship between psychological contract and organizational commitment, hypotheses developed to reveal the differences in collars;

H1: White-collar employees' psychological contracts have positive effect on organizational commitment.

H2: Blue-collar employees' psychological contracts have positive effect on organizational commitment.

7   METHOD

On general review of the literature is seen that relationship between psychological contract and organizational commitment is often studied, but in general, population were selected on the basis of the sector/industry. Therefore, in this study, population were reduced to the level of collar. During the determination of the sample was selected a company which operates on electricity distribution and employs 752 staff as a foreign partner in Turkey.

On data collection process was conducted a poll which survey psychologıcal contract level that developed by Millward and Hopkins (1998) and organizational commitment that developed by Huselid and Day (1991). In addition, to survey was added a section that demonstrates demographic informations (age, gender, education, marital status and working time in the company). Questionnaires was sent to all white and blue collar employees by e-mail. 108 white collar employees and 96 blue collar employees made a comeback and all questionnaires was accepted to be analysed.

8   FINDINGS AND RESULTS

According to Pearson Correlation Analysis results, at the 99% confidence level, positive (r=0,278) and low level relationship was found in between blue-collar employee' psychological contract level and their organizational commitment. On the other hand, at the 99% confidence level, in between white-collar employee' psychological contract level and their organizational commitment, positive (r=0,536) and intermediate relationship was found.

According to linear regression analysis, psychological contract level has significant (p<0,05) and positive (β=0,26) influence on blue-collar employee' organizational commitment. In the same way, psychological contract level has significant (p<0,05) and positive (β=0,48) influence on white-collar employee' organizational commitment. According to results of linear regression analysis, obtained findings match up with theoritic explanations.

Organizational commitment defined as employee' positive attitude to related to their job is positive differentiation which is in between employee' expectation and their acquired. So if employee' expectation and acquired dont have any difference, employee will be satisfied. From this point of view, we can say that both H1 *(White-collar employees' psychological contracts have positive effect on organizational commitment.)* and H2 *(Blue-collar employees' psychological contracts have positive effect on organizational commitment.) were accepted*

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Innovative Practices of Teacher Education Institutions for Improving Quality of Science Teaching to Cope with the Challenges of Globalization

Abstract:

Teaching has become a challenge in this vibrant era and students' access to the internet, e-world and social networks has enhanced their expectations from the teachers, which is leading teacher education to the transition and paradigm shift. Unlike what happens in most of the approaches recently in use for teaching this research has focus on the documentation of the new practices of preparing teachers in different societies. The major aim of the research was to expose how teacher education institutions are reacting to pledge with the upcoming challenges of the globalization. Moreover as the nature of this research was exploratory inquiry therefore researcher focused to get the insight of the future plans of the sample institutions. There are five teacher education institutes in Sargodha city, five officials were invited from each who voluntarily participated in the interview sessions and provided the documentary proves of the new plans. The data was analyzed qualitatively to see the trends and deriving conclusions. It was found that the main focus of the teacher institutions is on acquiring more e-resources and providing opportunities of international exposure to the faculty members.

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Life Organization of Men

Abstract:

Men do not shop, they work a lot and they do not spend enough time with their family usually people say these kind of sentences about men. Are these statements right or not? In this article our aim is to present the activities of Hungarian men's every days by using the Hungarian Central Statistical Office's Time Use Studies. One of the main objectives of this paper is to show the difference in Hungarian men's time using compared to women. We pay attention on activities which are related to shopping, lifestyle and work as well. Another objective is to compare the results of the time use studies from 1986/1987, 1999/2000 and 2009/2010. It is important to see the differences between these three examinations thus it allows us to see the changes in the structure of activities which perhaps partly were the result of the worldwide economic crisis. We also examine the differences in the time use of men from different European countries. Among the analysed activities we pay special attention on full-time work, household and housework, shopping, childcare, sleeping, personal hygiene, social and family activities, relations. After we find the main issues of the changes in men's life organization we present studies and articles which are connected and are parallels to these changes. These studies are about new phenomena in men's life such as the loss of job, less entertainment outside of home, the greater presence in the housework and family care and the appreciation of emotional relationships (e.g. relationship with the family and children).

Key words: Time Use, Life Organization, Structure of Activities, Shopping, Social Come-Down, Trends

JEL Code: M31

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Volunteering or Sustainable Business?:
Social Activism Combating Poverty in Japan

Abstract:

In the aftermath of the Great East Japan Earthquake disaster, the repercussions included a financial crisis that raised people's awareness for making social contributions. An expression of this increased awareness can be seen in the development of various groups for social activism. Indeed, in the era of the post-student movement since the 1960s, there has been a strong emphasis on networking between people and institutions or organizations for social activism. However, if you examine today's social activism for combating the problems of poverty in particular, it seems like there never was any networking to develop a general solidarity for positive action. This paper seeks to clarify the nature of activism in contemporary Japan to combat poverty with regards to what conditions of solidarity they may have developed through an overview of the current activities being exercised in Japan against local or global poverty. This paper uses mainly qualitative data and documents collected by practical fieldwork and unstructured interviews conducted throughout Japan. The perspective taken in this paper is that of social ecology derived from the Chicago School of Sociology, which enables us to simply capture the dynamics between "self" and "society" and the processes of selection and segregation. Regarding activism for confronting poverty in Japan, some activities emphasize the power of volunteerism; other activities are business-oriented, emphasizing the need for sustainability of the activity system. At the same time, some activities require close relationships between staff and the needy. Other activities require little direct contact between staff and the needy. Organizing this study around these axes (volunte business, relationships with the needy distance from the needy), indicates four ideal programs: (1) Network Series (2) Grass-Roots Solidarity Economy Series (3) Green (Earth) Series (4) Social Series. The conclusion of this paper is that various social activities combating poverty in Japan may not be connected by general solidarity, such as having a connection with the many other series programs (e.g., (1)–(4)). This connectivity or lack of it is observable in the level of social interaction, which in some cases cannot be captured just by checking the activity plan in some documents or brochures of activities. For social ecological work, researchers have to continue to follow the project from start to completion in order to determine how it is connected with other programs.

Terence Nkengenyi Nouwa, Ogwo Tufon Atte Vincent

Berdsco Ngo, Buea, Cameroon

Controversies in Psychological Practices with Families Experiencing Both Domestic Violence and Child Maltreatment. "Perspectives from Cameroon"

Abstract:

This paper explores domestic violence and child abuse in Cameroon. It will discuss inter-alia, causation elements inherent within the cultural dynamics, the effectiveness of legal instruments designed to combat domestic violence and child abuse. Qualitative study design is the highest priority throughout the research. The empirical base is comprised of literature review, observation and interviews. A total of 5 person were randomly selected from different towns and villages for interview; a father having a large family, a traditional ruler, a woman taken care of her grand children and a primary school teacher. The result reveals that large family size, irresponsible parental care, poverty and dropout, negative culture, illiteracy, bribery, corruption and societal believes are among the causes for domestic violence and child abuse in Cameroon. The solution can be found in a host of measures from rigorous implementation of the law on the respect of the right of the child to education that changes the mentality of the community in the areas of children's rights, cultural believes, family planning and employment that raises incomes etc.

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Impacts of Genetically Modified Plants on Pesticide Use

Abstract:

Genetically modified (GM) plants have now been grown commercially and the growing area has substantially expanded since 1996. There are claims and counter claims with regard to advantages and disadvantages of GM plants. Despite their numerous benefits to agriculture, the uncertainties about their long term impact on pesticide use continue to be debated. Several studies have done to determine the impacts of GM plants on pesticide use and some of them found that an overall decrease in pesticide use as GM plants increase, others found that pesticide use increase with an increase in GM plants. Reduced use of pesticides (i.e. insecticides and herbicides) is one of the most valuable benefits of GM plants and this can happen in several different ways: some pesticides are no longer used, the frequency of treatments or the treated area is reduced. Still, many experts assert that GM plants have reduced, and continue to reduce herbicide and insecticide use. Correspondingly, decreased the environmental impact associated with pesticide use. On the other hand, some scientists claim that GM plants have increased and will increase the pesticide use by the virtue of developing resistance of insects and weeds over time. Therefore farmers have to use more pesticides to control them. Additionaly, increase in the use of pesticides have adverse effects on natural enemies, biological diversity, pollinators and non-target insects. The scope of the current review is to survey the environmental impacts of GM plants with respect to pesticide use. Keywords: Genetically modified plants, environment, herbicide, insecticide, pesticide.

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The Segregated African Americans the Relationship between American Movies and Segregation Policy

Abstract:

In 19th century, the American Civil War caused the emancipation of American slaves. By the Fourteenth and Fifteenth amendments to the U.S. Constitution, some of the basic civil rights were secured. However, there was a struggle of putting these rights under the protection of federal level, states continued their segregation policies in practice. In Southern states, African Americans were segregated and struggled with various kinds of oppression, especially race-inspired violence. This segregation policy had gained a legal framework by Jim Crow Laws that seperated African Americans and White Americans from all parts of daily life, such as theaters, schools, restaurants, parks, sports, transportation and so on.

By the second half of the 1950s, civil rights protests increased. These civil rights movements included boycotts, sit-ins and marches. The Montgomery Bus Boycott (1955–56) in Alabama, the Greensboro sit-ins (1960) in North Carolina, the March on Washington (1963) and the Selma to Montgomery Marches (1965) in Alabama were the examples of these protests. The aim of these social movements was to make racial segregation against African Americans unworkable. As a result, in 1964, Civil Rights Act was accepted which intended to end discrimination based on race, colour, religion, or national origin. Moreover, the Voting Rights Act of 1965 and the Civil Rights Act of 1968 were also the other remarkable legislative developments.

Although some legal regulations put into practice for ensuring positive discrimination through African Americans, the segregation can still be seen in some part of America. In order to emphatize with African Americans, some American movies began to discuss segregation issues. The aim of this paper is to examine whether the movies are used as a political instrument that emphasized the African Americans' problems. And also it will be analyzed the possibility to understand the feelings of African Americans for White Americans, via these movies.

Keywords: Segregation Policy, Civil Rights Movements, Civil Rights Act, Jim Crow Laws, African Americans, American Movies

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A Qualitative Study on Increasing and Decreasing Factors of the School Principals´ Motivation

Abstract:

This study aims to figure out the situation that increase and decrease the motivation of school principals while they are carrying out their duties. Qualitative research method is used and it is designed in phenomenology model according to the nature of the study. Ten participants who work as school principals in primary and secondary schools in Ankara were selected by criterion sampling among the purposive sampling method. Results were obtained by using semi-structured interview technique including open-ended questions. At the end of the study, It is found that "private life" decrease the motivation of school principles and high "burnout" level affects their intrinsic motivation negatively. In addition, information and complaint-line "Alo 147" and "financial difficulties" are internal factors that decrease the motivation of school principals. On the top of the internal factors that increase the motivation of school principals comes "loving kids" and on the top of the external factors comes "student achievement", "to be appreciated" and "dedicated teacher".

Ozgur Ozdemir

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Ipo Performance of Service Firms: The Impact of Internationalization

Abstract:

This study examines the role of internationalization on the IPO performance of service companies particularly examining initial returns, long-run returns, operating performance and post-IPO survivability. Major hypothesis of the study is that internationalization reduces uncertainty about issuing firms by creating additional source of trust and credibility; improves long-run return and operating performance of international companies; and lastly increases the survival rate in the aftermarket. Possible negative effects of the internationalization are also discussed on the performance indicators. SDC new issue database, Compustat and CRSP annual files, and IPO prospectuses are used as the primary data sources. The sample includes 1,822 IPOs issued in the U.S. financial markets from 1980 to 2010. Evidence presented in the current study is consistent with the findings of previous studies that found positive effects of internationalization on the traditional performance measures. Specifically, the findings reveal that international service firms leave less money on the table in their IPOs. In other words, international firms experience lower underpricing in their first trading day. Furthermore, international service firms are found to perform better in the long-run both in stock return performance and operating performance compared to domestic firms in the post-IPO period. Additionally, international service firms are shown to survive longer in post-IPO life.

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Changing Perceptions of Fairness:
Group Identity, Locus of Merit and Need, and the Preference for Norms of Allocation

Abstract:

The present paper analyzes the changing perceptions of social justice with reference to (disadvantaged & non-disadvantaged) group identity and the (internal & external) locus of merit and need. Reiterating the Platonic definition, a large number of discourses introduce justice as *deservingness*, which is predominately grounded on *merit*. However, collectivist democratic societies allow greater care for the *need* of individuals over the criteria of *equality* and *merit*. This preference may be further explained in relation to the dual locus of need and merit, i.e., *internal* and *external*. Internal locus of need refers to the recipient's own deprived condition, whereas external locus of need denotes the disadvantaged status of the group which one belongs to. Internal merit is the candidate's intrinsic worth and external merit depends on one's *luck* to be a member of an advantaged group. Having primarily concerned with the *external needs* of individuals, collectivist societies fail to give adequate attention to internal merit, external merit, and internal need of recipients. The present study unveils the problem of perceived injustice in collectivist public policies that are predominantly external need focused. Contrary to prevailing views, the study finds that 1) irrespective of the specificity of situations, merit preference is significantly higher than need preference, 2) perceived fairness is higher when resources are allocated to the meritorious, 3) perceived injustice is higher when merit is overlooked, 4) in a collectivistic social context, the presence of injustice is perceived to be higher than justice, and 5) while expressing perceived injustice, *legality* gains greater attention than ethical considerations. Accordingly, the paper responds to five major issues. 1) What accounts to the preference for merit over need? 2) Why loci of internal and external merit and need are being ignored? 3) Why even the disadvantaged do not recommend need, specially the external, as the norm of allocation? 4) What prompts them to perceive the dominant presence of injustice over justice? 5) Why legality is more emphasized than basic principles of justice? The study explicates inherent errors in formulating public policies which happen to be in conflict with collective perceptions mainly because of the unreliable criteria used in identifying disadvantages. It is argued that greater attention is to be paid to locate sociopolitical mechanisms that account to paradigmatic shifts in social perceptions which in turn modify the preference for norms of resource allocation. Among other things, the study exposes the dilemmatic state of affairs endemic to public policies that satisfy neither the disadvantaged nor the non-disadvantaged.

Keywords: Disadvantaged, Non-Disadvantaged, Merit, Need, Locus, Allocation

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From Family Business Performance to Regional Competitiveness. A Case of the Romanian Wine Industry

Abstract:

From a political economy perspective, development regions shape many rural areas and their communities across Europe. The paper aims contrasting the advantage brought by the wine regions to the economic development regions of Romania. To investigate the linkages between the performance of winegrowing family businesses and their contribution to regional development, we created an index of regional competitiveness across Romania. This model consists of a competitive framework based on three input factors: (1) business density (the number of firms operating in the wine industry, compared to the national demographics); (2) number of knowledge-based businesses (by inquiring winemaking businesses (family and corporate businesses) about the introduction of new products or processes to the market or the achievement of recognized quality of wines); (3) economic participation (turnover, profitability, sales of new products, employment trends), conceptualized as contributing to the output-productivity of a region.

The survey measures the vintners' performance impact on the economic progress/decline, business success being correlated with the competitiveness of areas relative to the performance of the host region (the geographical spread condition was accomplished). The analysis of answers collected from the winemakers uses the standard SPSS software.

Addressing Romanian development areas by comparison aims to generate potential catalysts for economic recovery. As might be expected, the firm's capacity to introduce new products and its spatial location in a ″high performing area″ are not a case in point. The fact that low-performing areas, in low-performing regions have innovative winemaking business constitutes a reason to support this sector.

In the context of this first-release analysis, the intention is to provoke further exploration of the impact of regional status of Romanian wine regions, meant to make an example of successful rural restructuring and regional development, to apply to other industries as well.

Keywords: family business, index of competitiveness, regional development, standard development area, wine industry

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Wikifying the Language Classroom

Abstract:

The field of Computer Assisted Language Learning (CALL) is certainly a growing one; and as newer technologies emerge, language teachers are also finding ways to effectively incorporate them into their lessons. One area that has not received much attention until recently is the use of educational wikis in the language classrooms. There are now several free wiki hosting services (i.e. Wikispaces, Wikia, Google Sites, PBWorks, etc.) that simplify the creation and development of individual wikis without actual knowledge of HTML or any web design software. These sites allow students to easily work together online, thus, adding a new collaborative dimension to the class, while also giving learners more opportunities for their own construction of knowledge (Boulos, Maramba et al. 2006) in a dynamic online environment. In addition, it gives introverted students a chance to create active and positive social relationships with their peers as it extends social interactions and meaningful exchanges beyond the walls of the classroom. This presentation will show how Wikispaces was effectively used in a Japanese university English class with the educational aim of not only advancing the students' editing, research, typing and writing skills through a series of student€"centred projects, but also creating a learning community on the Internet. It will also include discussion about: (1) how the students first reacted to the experience, i.e. their fear of technology, and the negative judgment of peers and the rest of the online world; (2) what kind of challenges the teacher and students faced throughout the semester, i.e. lack of word processing skills and electricity shortages; (3) and finally, what principles were set to guide online behaviour, interaction and engagement in order for the students to come together as a community quickly and efficiently, i.e. the prohibition of certain prejudiced remarks.

Marius Pieterse

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Sex, the City, the Law and Marginalization

Abstract:

Law regulates all aspects of human behaviour, including the spaces within which certain activities may take place. In particular, legal systems around the world structure and uphold a divide between private and public spaces, and prescribe and enforce differing norms within each. The resultant 'private/public dichotomy' is often criticized for creating and sustaining vulnerabilities and inequalities, particularly along lines of gender. This paper interrogates particular features of this dichotomy in South African law, by considering the interaction between sexual citizenship and the regulation of urban public space through the invocation of criminal law, municipal bylaws and prevalent interpretations of constitutional rights to equality, freedom and privacy. The paper advances the argument that, despite the 1996 South African Constitution having ushered in an era of equal sexual citizenship, the law, as well as concomitant practices of urban design and governance, continue to stigmatize and restrain certain forms of non-harmful sexual expression between consenting adults. This is done in ways that entrench and exacerbate stigma, marginalization and physical vulnerability along axes of gender, sexual orientation and class. This, in turn, impacts on the content and exercise of the constitutional rights to equality, privacy and freedom of the person.

Szabolcs Ramhap

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Prospects of Cooperation between Higher Education Institutes and Economic Actors – Knowledge Transfer at the Hungarian Universities from the Aspect of Széchenyi István University

Abstract:

Currently higher education has become a main strategic resource in the knowledge economy. The higher education institutions facilitate the development of their region, attract students and lecturers to their area, enlarge the human capital and set up/establish workplaces. Moreover these institutions guarantee orders for the regional suppliers, gain application sources, in the meantime they transmit cultural values, built community and support the development of their region. Thus they become the main base of the present-day economic and social development. Nowdays the interaction among society, universities and industry has a growing role in economy. In this proceedings the core issue is the cooperation of the two spheres, the higher education and economy. Moreover the aim is to examine how the actors of the two spheres can collaborate with each other and what kind of cohesion effects the active cooperation can cause. The central point of my study is my alma mater, the Szechenyi Istvan University in Gyor, where large centre of automotive industry can be found. Szechenyi Istvan University has wide R+D projects for instance with Audi Factory in Gyor, which is the world largest engine plant. Recently the foundation of the new factory resulted that Gyor has become a vehicle factory with the whole vertical processes of car manufacturing, and it means new challenges too. The major quality-industry, Gyor, the University\'s collaborative, joint development directions is a possibility in which the knowledge and the roles have important meaning for success.

Jitnisa Roenjun, Mark Speece

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Kuan Im Bodhisattva as Urban Reform Buddhism in Thailand

Abstract:

By most measures, Thailand has been quite successful at economic development. Unfortunately, many people in the modern urban middle class feel that modern development has not brought more happiness, but mostly new and bigger problems. Turning to Buddhism for answers, many people have found traditional institutional Buddhism in Thailand inadequate for dealing with modern urban life. This has fostered growth of several important Buddhist reform movements, which have received considerable attention in the literature on Thai Buddhism. However, devotion to Kuan Im is rarely considered among these reform movements. Rather, it is usually treated as a form of traditional popular Buddhism, and is sometimes discussed along with popular 'spirit cults'. Kuan Im is the popular Chinese MahÄ□yÄ□na bodhisattva Kuan Yin, who was brought to Thailand by the Thai-Chinese. Because Thai-Chinese are so well integrated into Thai culture, urban Thai often regard elements of Chinese culture as simply variations on Thai culture. Thus, pure Thai, especially among the urban middle class, find it easy to adopt some elements from Thai-Chinese culture without having to agonize about their own cultural identity, as they might if they adopted 'foreign' ideas. Historically in Chinese culture, Kuan Yin has often provided a viable alternative to official institutional Buddhism: "All of them [several manifestations of Kuan-Yin in Chinese history] break away from social conventions in order to teach a spiritual lesson. They compel people to question the superficial values of society so that they can find true salvation" (YĂĽ 2001, p. 210). Careful assessment of Kuan Im's movement in modern Bangkok shows that devotion to her does indeed fit the profile of Thailand's modern urban Buddhist reform movements. Many of her followers are middle class Thai and Thai-Chinese, often small business owners, who are uneasy about the modern situation. Certainly, devotees may hope that Kuan Im will hear appeals for success in business, but observers who dismiss her as a 'prosperity cult' miss some of the key points. Kuan Im devotees are adamant about bringing Buddhist morality and ethics back into public life. One reason Kuan Im's help might be necessary in achieving their own prosperity is that they believe they are disadvantaged if unwilling to engage in the corruption they perceive as pervasive in the Thai business world. Thus, similar to the other Buddhist reform movements, Kuan Im devotees are uneasy about modern urban life. They want Buddhism to provide some guidance in the modern world. Small business owners see no inherent conflict in working toward their own prosperity, but they very much aim for improved ethics in public and business life. This is very much comparable to aspirations in Thailand's other urban middle class Buddhist reform movements.

Reference:

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Venudhar Routiya

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Legal Proposal on Solid Waste Management in Modern India: A Critical View

Abstract:

Durkheim [1] believed that Society consists of shared values or what he termed it as the 'conscience collective'. Another way of thinking about shared values is that they have a moral or constraining force upon the members of Society. A key concept used by Durkheim believed that the breakdown of traditional communities was necessary, even though those moving to the cities experienced feelings of rootlessness. He said that out of those problems would emerge a new form of civic awareness, suitable for a complex industrial Society. The recognition of individual rights was central and would reduce the tensions generated by urbanization and industrialization. But Conservative Jurist Savigny [2] believed that law was constructed and arose to serve the needs of particular communities, rather than deriving from universal principles. Like many 19th Century Conservatives, who recognized the need for change, but they believed that it should be controlled. Savigny wanted the State law to incorporate and preserve local traditions and customs. These debates are, of course, largely irrelevant to our own time, since we take the existence of a strong state and a unified legal system for granted. It is still the case; however, that legislation to be effective must serve the various communities that constitute Society. It is generally believed that laws are produced from the social environment and also affect the society.[3] From the theoretical perspective of the Sociology of Law, the author would try to investigate the impact of the present penal system in the context of social change. For this purpose, the author would use empirical-research methods in to the enquiry of the legislative origin and the social background of Indian Reserve Waste Disposal Regulations [4] which regulations are current to 04th March, 2013 and Draft Hazardous Materials (Management, Handling and Trans boundary Movement Rules, 2007 [5], as well as how the penalties actually affect the society. That is, by examination of the penal system, author would try explaining how present society produces these penalties. By the results of his presentation author would indicate that first, the penalties of Indian Reserve Waste Disposal Regulations were produced form the changes due to social and environmental awareness, and thus closely related to significant social incidents and the pressure of worldwide opinions. Second, neither the whole penal policy trend nor the specific law, proved the Durkheim's assumption. Third, by examining its legislative purpose, participation, compulsive means, objects of penalties, and etc., author would conclude that this law has indeed sunk into the crisis of low legitimacy and effectiveness. In the opinion of author the society is standing on the crossroad of the Rule of Law. What would be the future, marching toward light or moving towards dull? These are challenges the administration and everyone who cares about the society and the perspective of the Rule of Law are facing.

Keywords: Social School of Jurisprudence; Legal theory of evolution; Emile Durkheim; Contract Law and Penalty.

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[4] C.R.C. c-960

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The Development of Conceptual Model for Coaching to Improve the Efficiency of Organisation

Abstract:

The use of coaching for employees, executives and organisations is becoming increasingly popular. Although it is generally understood today that coaching is a valuable tool, there is no accepted unified view of how to effectively implement coaching in organisations. This paper aims to present a foundation for conceptual model for coaching to improve the efficiency of organisation. This model is based on the critical literature review, analysis of coaching implementation in Latvia and a 24-item questionnaire of coaches. The aim of the literature review was to explore the current state of coaching in organisations and determine its fundamental elements. The questionnaire aims to explore opinion of experts about the place of coaching in organisations based on their personal and professional experience. The coaches were questioned about their practice in coaching to determine the profile of the organisations that use coaching more frequently, the purpose of coaching engagement, the essential factors of coaching process, the means of measuring coaching outcomes, and coaching challenges. The methodology employed for this study involved qualitative dominant mixed methods approach emphasizing qualitative data as more important for the purpose of study. The value of this paper lies in the fact that the originally developed conceptual model for coaching is specifically designed for business organizations in Latvia and constitutes the basis for further authors' research on implementation of coaching for improvement of efficiency in organisation.

Keywords: Coaching, Conceptual Model, Efficiency in Organisation, Mixed Methods.

JEL Classification: M 19

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Big Data Trend and Industry-Specific Solutions in Japan

Abstract:

The aim of this study is to examine big data trend in Japan. Newspaper articles related to this trend appear almost every day. The Ministry of Internal Affairs and Communications (MIAC, 2012) points out that the "Smart Revolution" realized by the completion of ubiquitous networks combined with the utilization of Big Data has the potential to dramatically improve ICT's growth-induction power and problem-resolution power, and at least 10 trillion yen of newly created value is expected in the market of Big Data-utilization. Gartner (Gartner Japan, 2012) also indicates that Japan is entering the second phase of the hype cycle (peak of inflated expectations) in 2012. Thus, big data technologies has brought big expectations to industries and companies in Japan. In order to maximize this new opportunity, organizations need to acquire analytical capability in three areas (Davenport and Harris, 2007). They are organization, human, and technology. The authors provide aâ€ścompeting on analytics stages model to assess maturity of analytical capability. This study attempts to apply this model to Japanese firms. This study is organized as follows. Firstly, we extracts all the newspaper articles in Japan related to big data trend, and conducts text mining analysis to overview this growing trend. Secondly, we seek best practices in various industries such as retailers, manufacturers, and Web businesses. In particular, we focus on industry-specific solutions which correspond to local business customs, culture, and the competitive environment in Japan. One example is car navigation systems. After the great earthquake on March 11, 2011, ensuring car driver's safety in case of an emergency has become crucial. Japanese car manufactures started providing information such as earthquake and tsunami warning information through car navigation systems. Thirdly, after evaluating Japanese companies by using the stage model above (Davenport and Harris, 2007), we identify key success factors and obstacles to promote big data trend. Finally, we discuss the importance of a combination of IT skills business skills and analytical skills within an organization.

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The Motivational and Economic Impact of Limited Term Employment Contracts on Full Time Foreign Instructors in Japan

Abstract:

The motivational and economic impact of limited term employment contracts on full time foreign instructors in Japan. Abstract While universities in Japan have the authority to hire foreign instructors on a â€permanent basis' it is rarely the case with full-time non-tenured foreign university instructors. They are usually employed on a one-year renewable contract which, in most cases is renewed three times, with some universities renewing them up to a maximum of five times. When the contract expires, the instructor will either be working under similar conditions with another institution, be working in a part-time capacity with a number of institutions or, should further employment within the Japanese university system be unavailable, explore opportunities elsewhere. Changes in employment legislation in the last twelve months have further discouraged the renewing of contracts beyond three or five years. This presentation is based upon data collected through a number of interviews with foreign English language instructors employed at six universities in one region of Japan. It looks at the effects limited-term contracts have on foreign instructors' motivation and whether there is an economic cost faced by the institutions involved. We also consider the impact on the students' education as they face instructors who are either new to the institution, or are in the process of seeking employment elsewhere. Effects of these impacts cast a shadow over recent proposed measures by the Ministry of Education, such as having a minimum English requirement imposed on students both entering and graduating from university. These quick fix measures are fundamentally seen as a drive by both the Japanese government and Japanese companies, who are only now realizing the importance of English as a second language as they struggle to revitalize Japan's ailing economy. However, these proposed policies will do little to resolve the primary internal educational problems faced by both instructors and their students. This study takes place at a time when many Japanese universities are being forced to face serious economic issues to social trends, and departments within universities are facing closure. For Japanese universities to successfully manouevre out of this crisis the ramifications and current impact of the employment conditions of their native English instructors in their institutions need to be considered. Also environments conducive to the welfare of teaching staff and the education of students should be a primary objective.

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Waste Pickers in the Free State Province South Africa: From Welfare to Integrated Development

Abstract:

The waste management sector in South Africa holds significant potential for employment creation. Currently the sector represents a missed opportunity for the creation of decent employment opportunities. Waste provides income generation to self employed informal waste pickers who work either on the streets or on the landfill sites in South Africa, recovering items that have a value, sorting them and selling them to Buy Back centres who in turn sell them to the end users like plastic companies, paper mills etc. A research was conducted by the authors as commissioned by the ILO on the socio- economic circumstances of the street and landfill waste pickers in three municipalities in the Free State province in South Africa to determine the opportunities to improve their situation. The paper will highlight the vulnerable situation of the waste pickers, the important role of the Buy Back centres. The conceptual Framework of David Korten is used to describe the direction policy makers and government can develop opportunities and interventions. This paper will present David Korten's framework and use the waste pickers in the Free State as illustration how to move from welfare(functional change) to sustainable development. (structural change)

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Academia and Wikipedia: Can We Cooperate?

Abstract:

Wikipedia is a grass-root phenomenon which, paradoxically, has become a significant repository of knowledge without the contribution of the elite knowledge class, i.e., academics. Wikipedia generates various levels of (dis)trust among scholars, although it provides interesting research material to linguists and social scientists (Al Khatib, SchĂĽtze, & Kantner, 2012; Choi, Alexander, Kraut, & Levine 2010; Medelyan, Milne, Legg & Witten, 2009; Wu & Weld, 2010). We argue that Academia and Wikipedia should evolve from the current state of, at best, benevolent co-existence to active collaboration. Collaboration is justified and beneficial to both based on the following observations: 1) Wikipedia is, for the most part, sufficiently reliable to be useful. Casual experiments can demonstrate that it is at least as good as the online versions of traditional encyclopedias. But it is still work in progress, with omissions and deficiencies. 2) There is an under-utilized repository of scholarly knowledge, namely doctoral dissertations which end up gathering digital dust in the ProQuest (UMI) library. If every doctoral student made it a practice to strengthen the Wikipedia documents related to subjects on which he or she is an expert, this would increase the completeness and credibility of this data base, and simultaneously diffuse the knowledge and wisdom that may remain unused under the cover of a dissertation.

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Women and Violence Study in the Political Exclusion of Women in the Arab Countries

Abstract:

Increasing phenomena of violence and dribble spread in different regions of the world without any difference between the political systems or premises ideological or data civilization even began violence like language century atheist century, and we can say that the phenomenon of the use of violence against women has become now need to see a more general and even deeper than is a list, see serious accommodate what is happening and looking and infers the elements and the atmosphere that can achieve security for women from violence and push the Arab countries to adopt development strategies do not exclude women from participating in the progress and development of comprehensive, vision aimed primarily political participation of women in the political process and to the preparation and processing of Arab women to face the challenges ahead strongly and consistently . That women represent half of the society, which is half the most vulnerable to repression, persecution and absence of active participation in the process of society and his movement, which is more the Arab arena facing persecution multidimensional, it is my values and heritage and social, makes a man a compelling them, and if it is the same subdued in the community and framed and absent, I have had women in the Arab arena opportunity for education, but education, it is almost empty shell of the content, which consolidates many of the values and heritage community, which almost seem regard as sacred must be adhered to and is out the taboo and these values and heritage community, not of the essence of religion and its contents and ideals, but lend them often religious nature.

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Evaluating the Effectiveness of Learning Financial Literacy through an Interactive Learning Journey

Abstract:

Educators and policy makers have long realized the increasing costs of financial illiteracy. In the search for effective methods to help youths acquire financial literacy knowledge in Singapore, a study was carried out on 121 students aged 13 – 16 from 10 secondary schools in late 2012 to evaluate the effectiveness of learning financial literacy through an interactive learning journey. As it has been suggested by researchers that the elements of interaction, relevance and fun may enhance the effectiveness of financial literacy education, the interactive learning journey was developed to encompass these elements through building on the activity structured theory and the operational definition of financial literacy. The effectiveness of this approach was measured using a psychometrically validated instrument through a pre- and post-test to measure the financial literacy knowledge and confidence of the participants. Manova and paired t-test were performed and a significant improvement was found on the financial confidence score while no significant improvement was found in the financial literacy score.

Keywords: financial literacy education, activity structure theory, operational definition of financial literacy, financial confidence, validated instrument, interactive learning journey.

1.   INTRODUCTION

The increasing cost and consequences of financial illiteracy have been widely discussed among policy makers, educators and researchers universally in the past two decades (Koehler et. al, 1995; Jorgensen & Savla, 2010). It has been argued that to many, if not most, consumers, financial literacy is necessary to make important financial decisions in their own best interests (Perry, 2008; Braustein & Welch, 2002). However, despite enormous efforts put in by financial institutions, academics and governments, the effectiveness of financial literacy education is still controversial (Lyons et al., 2006).

1.1   The need to develop an interactive, relevant and fun classroom

In the United States, much effort has been devoted to teaching financial literacy. Mandell (2009) reported in a study that students who had taken a financial education course are not more financially literate than those who have not. In reviewing the effectiveness of financial literacy programs, Mandell suggested that classes which are interactive, relevant and fun may be more effective than those that are purely didactic. He therefore encourages future research to focus on whether the effectiveness of such classes can be materially improved through interactivity, currency, enjoyment and motivation (Mandell, 2009).

It has been further argued that carefully constructed activities that aid students' attainment of learning objectives are far more effective than lectures (Griffith, 2012). There is a pressing need to develop activities that are interactive, relevant and fun in order to engage them and enable deeper learning.

1.2   Definition of Financial Literacy

Upon reviewing seventy-one individual studies, Huston (2010) defined financial literacy as both knowledge and application of human capital specific to personal finance. Remund (2010) reviewed more than one hundred resources and argued that the conceptual definition of financial literacy should include both ability and confidence to manage personal finances. The ability of managing personal finances can be understood by both financial literacy knowledge and the ability to apply the knowledge. In addition, Remund stressed on the importance of measuring the confidence a person possesses to manage personal financial issues, in particular relating to long-term financial management. In Singapore, Koh (2005) defined financial literacy as the ability to make informed judgments and effective decisions in money and resource management.

For the purpose of this research, financial literacy is defined as an individual's ability and confidence in making informed judgments (based on both knowledge and application) and effective decisions regarding the use and management of money and resources. In order to identify the key learning issues in financial literacy education, Remund (2010) argued for a need to define an operational definition for financial literacy, which explains how to take an abstract concept such as financial literacy, and measure it in tangible ways. He outlined four operational definition of financial literacy – budgeting, saving, borrowing and investing – all of which are not simply knowledge but behaviour or ability based (Chen & Volpe, 2002).

1.3   Research Objectives and Hypothesis

The objective of this paper is therefore to evaluate the effectiveness of learning financial literacy through an interactive learning journey. Using an instrument that is psychometrically tested to measure the financial literacy level and the financial confidence of a respondent (Siu, et al., 2012), this paper aims to assess whether there is any statistically significant improvement in the financial literacy score and in the financial confidence score of the respondents pre and post exposure to a financial literacy programme. Both MANOVA and paired sample t-tests were conducted to analyse the findings.

The null hypotheses are:

> Ho: There is no significant difference in the financial literacy score

> Ho: There is no significant difference in the financial confidence score of students before and after their participation in the financial literacy interactive learning journey.

2.   METHODOLOGY

2.1.   Designing an Interactive Learning Journey

2.1.1   Activity Structure Theory

In designing the Financial Literacy Interactive Learning Journey ("FLILJ"), the authors used a methodological approach developed by Gros (2007) based on the activity structure theory developed by Engeström et al. (1999), which focuses on the creation of a learning environment, in which experimentation, activity, discussion and reflection are employed to enable learning. Special emphasis was placed to focus on the interaction between community, division of labour and tools. Figure 1 shows the learning process of FLILJ.

Figure 1: Learning Process of FLILJ
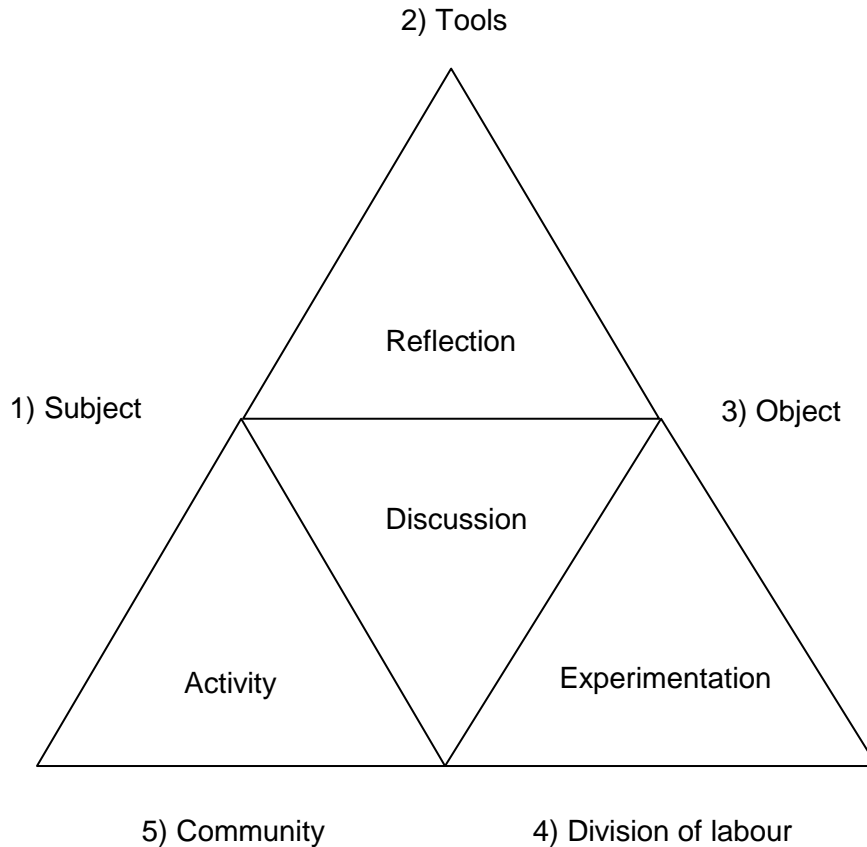
The definitions of each element are as follows:

1) Subject – student learners, station masters

2) Tools – Task sheets, budget templates

3) Object – Ability and confidence to make informed judgments (based on both knowledge and application) and effective decisions regarding the use and management of money and resources.

4) Division of labour – crafters of games, station masters, student facilitators and participants

5) Community (and stakeholders) – the environment, resources, station masters and student facilitators

In designing the FLILJ, interactivity based on the activity structure is built in. Attainment of knowledge and application of financial literacy concepts (objects) were achieved through subjects' interaction with tools, and the community. The development of these tools and facilitation of interaction were enabled through the division of labour – starting from crafters of activities or experimentations, to the involvement of student helpers, station masters and facilitators and the active participation of students. There was a deep sense of ownership and therefore engagement and this contributed towards the overarching goal of building capacity in the students.

Mandell (2009) suggested after his extensive effort to promote financial literacy education that further research should be focused on whether the effectiveness of financial literacy classes can be materially improved through interactivity, relevance and fun. The FLILJ was therefore designed to include these three elements: interactivity, relevance and fun.

2.1.2   Interactivity

Interactivity can occur on two levels: in practice and in instruction (Bétrancourt et al., 2003). The social constructivist approach maintains that knowledge is constructed as one interacts with one's environment (Vygotsky, 1935). Instead of directly transferring knowledge to learners, students learn through taking responsibility for knowledge construction and achieve deeper learning through forming their own learning experiences (Lo, 2010).

In this aspect, the FLILJ was designed to allow students to solve a series of problems through completing different tasks assigned to them related to the four operational definitions of financial literacy.

Instructions were given by station masters before each task was assigned. In addition students were given an e-booklet with station clues and tasks. After a task is completed, the station master will reinforce the learning by immediately providing feedback to the learners concerning their performance and accuracy of the answers. Such teachable moments could potentially convey powerful learning insights to the participants.

2.1.3   Relevance

Relevance is measured by the design of the station with specific aims to cover the activity learning theory of Experimentation (E), Discussion (D), Activity (A) or Reflection (R). Difference in experimentation and activity is defined by the distinction that in experimentation, students have to derive a solution to the problem (for example, through making a series of choices to achieve a certain goal), whereas in an activity, students are required to complete a task (e.g., to convert 3 types of foreign currency to Singapore Dollars). Upon the completion of the requirements of each station, students would have to complete some reflective questions, followed by an interactive debrief session conducted by the station master.

Following Remund's (2010) operational definition for financial literacy, 7 stations were developed with the aim to cover these four areas. Table 1 shows the coverage of the station activities' content to Remund's 4 areas of financial literacy's operational definition.

Table 1: Financial Literacy Learning Journey Stations' Relations to Activity Learning Theory and Remund's Operational Definition of Financial Literacy

Station	Name of the station	Activity Learning Theory	Remund's Operational Definition – 4 areas of Financial Literacy
1	Making the Right Choices	E / D / R	Saving and Investing
2	Currency Scavenger Hunt	A / D / R	Investing
3	Counting the Cost	E / D / R	Borrowing
4	GST: Go Search for Them	A / D / R	Budgeting
5	Growing my Resources	A / D / R	Budgeting, Saving

6	Forming My Investment Portfolio	E / D / R	Investing
7	Protecting My Resources	A / D / R	Saving, Investing

2.1.4 Fun

In order to instil the element of "fun" in the FLILJ, student helpers were assigned to each team to motivate and cheer the students. At each station, station masters from institutions of higher learning interacted with the students from secondary schools. Also, as the FLILJ was carried out in the Central Business District, students were excited about the experience of learning in such an authentic learning environment instead of the routine learning in a classroom. A player learns to think critically while at the same time gain embedded knowledge through interacting with the environment (Annetta, 2008).

2.2 Choosing an Instrument to Measure Financial Literacy

Following the definition stated above for the purpose of this research, a suitable instrument should be chosen to measure financial literacy in compliance with our intention.

Besides measuring the knowledge and application of personal finance matters, it is also important to measure the confidence of an individual to manage personal finances as it has been shown that there is a significant relationship between the perceived self-efficacy and academic achievements (Bandura, 1993).

For the purpose of our research, we adapted the instrument developed by Siu et al. (2012). The instrument was designed and psychometrically validated for financial literacy research in the Singapore context (Siu et al., 2012). It covers four distinct areas of financial literacy defined by Huston (2010) – personal finance basics (including time value of money and purchasing power), borrowing concepts, saving / investing concepts and resources protection (risk and returns, diversification). Eleven questions were asked on knowledge and application, and 3 questions were on financial confidence of the respondent. This questionnaire includes more questions on personal finance basics in local context on Goods and Services Tax, currency exchange rate and on the Central Provident Fund, as compared to 8 knowledge questions asked in OECD's International Network on Financial Education (INFE) Pilot Study (Atkinson & Messy, 2012) which focuses heavily on interest calculation and concept on investments.

3. Results

Both the financial literacy score and the financial confidence score of 121 respondents were analysed.

To compare the constructs on financial literacy score and financial confidence score of the participants, a multivariate analysis of variance (MANOVA) was performed to measure if there was any significant difference in the results in order to assess the effectiveness of the FLILJ. We assume that the two measures are correlated and by performing MANOVA, the correlation of the measures is taken into account. Table 2 shows that the there was a significant effect of the pragma variable (before participating in the FLILJ and after participating in the FLILJ) on the combined dependent variables, $F (2, 239) = 3.894$, $p = .022$.

Analysis of the dependent variables individually showed no effects for financial literacy score. However, the financial confidence score showed a significant improvement at a Bonferroni adjusted alpha level of 0.025, $F (1, 33.47) = 7.646$, $p=.006$. The financial confidence score of participants who took part in the FLILJ reported significantly higher score (M = 11.215) after undergoing the programme as compared to before undergoing the programme (M = 10.471). These results are shown in Table 3 and 4.

Table 2: Multivariate Tests for the Interactive Learning Journey

Multivariate Tests[b]

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.979	5615.575[a]	2.000	239.000	.000
	Wilks' Lambda	.021	5615.575[a]	2.000	239.000	.000
	Hotelling's Trace	46.992	5615.575[a]	2.000	239.000	.000
	Roy's Largest Root	46.992	5615.575[a]	2.000	239.000	.000
Interactive Learning Journey	Pillai's Trace	.032	3.894[a]	2.000	239.000	.022
	Wilks' Lambda	.968	3.894[a]	2.000	239.000	.022
	Hotelling's Trace	.033	3.894[a]	2.000	239.000	.022
	Roy's Largest Root	.033	3.894[a]	2.000	239.000	.022

a. Exact statistic

b. Design: Intercept + Interactive Learning Journey

Table 3: Tests of Between-Subjects Effects

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	FL SCORE	1.653[a]	1	1.653	.457	.500
	FC Score	33.471[b]	1	33.471	7.646	.006
Intercept	FL SCORE	13567.537	1	13567.537	3747.896	.000
	FC Score	28451.967	1	28451.967	6499.828	.000
Interactive Learning Journey	FL SCORE	1.653	1	1.653	.457	.500
	FC Score	33.471	1	33.471	7.646	.006
Error	FL SCORE	868.810	240	3.620		
	FC Score	1050.562	240	4.377		
Total	FL SCORE	14438.000	242			
	FC Score	29536.000	242			
Corrected Total	FL SCORE	870.463	241			
	FC Score	1084.033	241			

a. R Squared = .002 (Adjusted R Squared = -.002)

b. R Squared = .031 (Adjusted R Squared = .027)

Table 4: Estimated Marginal Means for Interactive Learning Journey

Interactive Learning Journey

Dependent Variable Interactive Learning Journey				95% Confidence Interval	
		Mean	Std. Error	Lower Bound	Upper Bound
FL SCORE	Before	7.570	.173	7.230	7.911
	After	7.405	.173	7.064	7.746
FC Score	Before	10.471	.190	10.096	10.846
	After	11.215	.190	10.840	11.590

A two-tailed paired samples t-test with an α of .05 was performed using SPSS as the analysis tool to compare mean financial literacy score of the respondents before participating in the FLIFJ (*M = 7.57, maximum 11, SD = 1.96*) and after participating in the FLIFJ (*M = 7.40, maximum 11, SD = 1.85*). On average, there was a slight decline in the financial literacy score but the difference was not statistically significant, $t(120) = 1.413$, *p > .05*.

A two-tailed paired samples t-test with an α of .05 was also performed using SPSS to compare mean financial confidence score of the respondents before participating in the FLIFJ (*M = 10.47, maximum 15, SD = 2.04*) and after participating in the FLIFJ (*M = 11.21, maximum 15, SD = 2.15*). On average, there was a significant improvement in the financial confidence of the respondents and the difference was statistically significant, $t(120) = 5.218$, p < .05. The results of the paired samples t-test are shown in Table 5 and Table 6.

Table 5: Paired Samples Statistics for Financial Literacy Score and Financial Confidence Score

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	FL Score Pre	7.570247934	121	1.9571511877	.1779228352
	FL Score Post	7.404958678	121	1.8465215605	.1678655964
Pair 2	FC Score Pre	10.4711	121	2.03746	.18522
	FC Score Post	11.21487603	121	2.145563685	.195051244

Table 6: Paired Samples T-Test Result for Financial Literacy Score and Financial Confidence Score

Paired Samples Test

		Paired Differences			t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	FL Score Pre - FL Score Post	.165289	1.28677	.11698	1.413	120	.160
Pair 2	FC Score Pre - FC Score Post	-.74380	1.56806	.14255	-5.218	120	.000

The analysis shows that although the FLILJ did not immediately improve the financial literacy score or knowledge of the participants, it significantly improved the financial confidence level of the participants. This finding is important as it has been suggested by researchers that there is a positive correlation between perceived self-efficacy and academic achievements (Bandura, 1993); an improved financial confidence may lead to future financial literacy level and subsequently enable participants to make better financial decisions (Koranda, 2009; Pinto, 2009).

4.   Significance of the Study and Suggestion for Further Research

As suggested by Mandell (2009) that further research should focus on whether the effectiveness of financial literacy classes can be materially improved through interactivity, currency, enjoyment and motivation, this paper serves to shed some light on the significance of imparting financial literacy knowledge through an interactive learning journey. As a significant improvement was found in the financial confidence level of participants taking part in the FLILJ, it would be of great value to continue to track development of participants who took part in the FLILJ both in terms of financial knowledge as well as the financial behaviour of the participants. In addition, instead of measuring the level of financial literacy score of participants immediately after the participation in the FLILJ, it would be worthwhile to measure their financial literacy score after a certain period of time to allow cognitive formation of deeper learning. As such, further intervention programmes that are engaging could be used as a follow up to the FLILJ for continual learning, thus presenting more opportunities for extensive research.

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International economic integration challenge for Russia

Abstract:

In the face of expanding the process of developing economic connections between countries and regions of the world, pressure from the competition, new threats and changes on the economic and political world map, commitment of countries to the process of integration constitutes a chance of achieving strategic goals and reducing the disproportion in the development. The resources, which ensure wealth to countries, constitute a significant factor to reach a compromise within the scope of satisfying market needs as well as maintaining a proper level of the living standard. The aim of this article is to show the conditions that are the component of the process of the Russian superpower being formed, in the direction of international economic integration.

Keywords: Economic Integration, Russia

JEL Classification: F53, F62

1 Introduction

In the present economic conditions in the world there is no possibility to build effectiveness, competitive advantage as well as the quality of life of societies without integration activities. The term "integration" from Latin *integratio* means restoration and can be considered both as a process and a condition. According to the statement of B. Balass, an integration as a process appears after removing discrimination, not only in the trade, but also in the production factor flow. The discrimination distorts economic connections between countries. Integration as a condition means the lack of any discrimination between various national economies (Röpke 1959: 225). J. Tinbergen calls lifting the obstacles in the flow of goods and production factors a negative integration, whereas creation of institutions in order to harmonize economic policy – a positive integration (Tinbergen, 1954: 95).

The differences in the level of prices and the labor costs or resources, for the countries to take advantage of those differences, constitute an encouragement to establish a cooperation as well as to locate business activity near the boundaries (Krok, 2006). The world economy functions on the basis of the market mechanism adjusted by the countries which, as its basic entities, get engaged into an international cooperation by the system of contracts and international organizations.

The process of economic liberalization of Russian Federation was created after the dissolution of the Union of Soviet Socialist Republics in 1991. At that time the deregulation of prices, privatization, demonopolization, the activation of the market, competition and entrepreneurship mechanism took

place (Bossak, 2008: 301 – 302). There are plenty of factors which, as for the resources, determine the position of Russian economy in the world economy and form it as one of the influential players on the international arena. It is evidenced by the fact that Russia is the biggest exporter of natural gas and petroleum in the world. It seems that bilateral relations bring Russia more measurable results than regional integration, which is more of 'protective' role. It is also proved by the situation that the majority of organizations, which were set up on the territory of Commonwealth of Independent States within the last twenty years, managed to confirm their positions and come into being on the political-economic scene of the region.

Next to the most important world players The United States and The European Union, taking into account growing significance of China on the economic scene, the participation of Russia in the world foreign trade is much smaller than it results from the potential and aspirations of this country. The changes which are currently being made on the international scene put the matter of the Russian potential in the new light and also require dependences as the result of the widely meant economic business.

2   Conditions for Russia being a superpower

Every year there are more and more countries trying to gain the name of "a superpower". However, the fact that The United States are the leader of the world economy has remained unchanged for many decades. They constitute an important source of help in nuclear sphere for Russia as they are on the leader position in international financial institutions. Taking into account the economic potential of Russia, it is worth noticing that, this potential is mainly due to natural resources as well as huge geographical and population resources.

Russian Federation possesses the biggest natural gas deposit in the world, estimated nearly 48 billion m^3, that is almost 1/3 of the world resources. It is worth underlining that the American side established cooperation with Russia in order to explore and produce petroleum and natural gas as well as to build ferry slips that make it possible to transport the material/ product to The United States. It (Russia) is the biggest country in the world, covering the territory of more than 17 billion km^2. Its population reaches 142 million citizens (The Ministry of Foreign Affairs, 2013). Russian Federation was on the 35th position among most rapidly developing countries due to GDP *per capita* (table 1).

Table 1. Ranking of the most dynamically developing economies according to GDP per capita (2012)

Place in ranking	Country	GDP per capita (PPP) USD
1	Singapore	59 710
2	Norway	53 396
3	Hong Kong	49 417
4	United States	48 328
5	Switzerland	44 452
6	Holland	42 023
7	Austria	41 556
8	Australia	40 847
9	Ireland	40 838
10	Sweden	40 705
11	Canada	40 519
12	Germany	38 077
13	Belgium	37 780
14	Taiwan	37 716
15	Denmark	37 048
16	Great Britain	36 522
17	Finland	35 981
18	France	35 068
19	Japan	34 748
20	South Korea	31 220
21	Spain	30 478
22	Italy	30 464
23	New Zealand	28 012
24	Czech Republic	27 063
25	Greece	26 258
26	Portugal	23 363

| 27	Slovakia	23 304
28	Estonia	20 379
29	Poland	20 184
30	Hungary	19 591
31	Lithuania	19 125
32	Argentina	17 659
33	Chile	17 361
34	Latvia	16 818
35	**Russia**	16 736
36	Mexico	14 653
37	Turkey	14 393
38	Bulgaria	13 789
39	Iran	13 184
40	Venezuela	12 566
41	Rumania	12 493
42	Brazil	11 769
43	Republic of South Africa	10 970
44	Thailand	9 398
45	China	8 386
46	Ukraine	7 222
47	Indonesia	4 666
48	Philippines	4 080
49	India	3 663
50	Pakistan	2 786
x	Average	26 135

Source: Globalization Institute.

Russia can be found in the first top ten of the countries considered as the largest exporters in the world trade of goods in 2011.

Table 2: Largest exporters in the world trade of goods (2011, current values)

Place	Exporters	Value (in billion USD)	Share (%)	Annual change (%)
1	China	1899	10,4	20
2	USA	1481	8,1	16
3	Germany	1474	8,1	17
4	Japan	823	4,5	7
5	Holland	660	3,6	15
6	France	597	3,3	14
7	South Korea	555	3	1,9
8	Italy	523	2,9	17
9	**Russia**	522	2,9	30
10	Belgium	476	2,6	17

Source: OECD Economic Outlook, Database; Cisstat.

According to the ranking of the Globalization Institute in 2012 with regard to the inflow of FDI, Brazil has taken a very high place. Although the Russian Federation has not done the best in this respect it has gained a place in the first top ten of the largest exporters of the world. The leader in attracting investments turned out to be China (Figure 3). The United States can only be found in the fourth place, which shows that as a result of expanding the market all over the world, millions of people will be able to improve their standard of living (Chinese, Brazilians and Indian). A move away from traditional places for investment (The United States, France) stems from the accepted models of development by those countries that consist in expanding the social benefits, which is not especially favored by foreign investors due to the increase of costs (Łangalis, 2012).

Figure 1: Inflow of foreign direct investments (2012, billion USD)
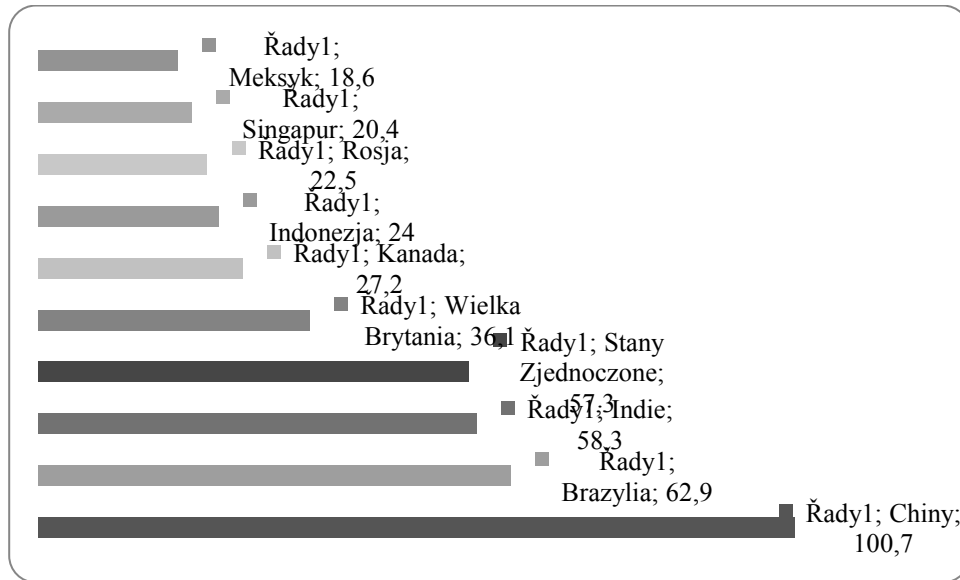
Source: Globalization Institute.

The data shows the fewest investments were drawn by Mexico. And Russia did a little bit more, which mainly was caused by unfavorable political atmosphere. The important place in the FDI inflow category was taken by China and Brazil, which concentrates over 40% of GDP produced by all the countries of South America. Despite the crisis the country is still considered by foreign investors as a fine place for placing FDI (Skąpska, 2013: 276). Brazil is also evaluated positively by credit agencies such as Fitch, Standars & Poors, which put Brazil on BBB note in 2011 (Indian Economy Report, 2013).

Although the beginning of the Russian reforms in the 90's took place decades ago there are still no modern institutions for running macroeconomic policy and creating the market economy. The transformation brought a wide range of goods for consumers, higher quality products, less balanced economy, but much more free for natural persons. One should not forget some fields in Russian economy are considerably technologically advanced e.g. Russia launches more space ships than any other country and is one of the world leaders in the fields of high technologies such as nuclear power and lasers.

3 Russia in "accession taxonomy"

The issues connected with Russia's membership in organizations, including integrative groups, are still changing. Special attention in this respect should, according to the author, be paid in the geo-economic context and economic confrontation is needed with the following regions: The European Union, the BRICS countries and The Eurasian Economic Community (EAEC).

One should stress though that the stages of integration include (Rymarczyk, 2010: 295): free trade area, customs union, common market, monetary union, economic union, political union. They are included in Table 2.

- **free trade area** – a group of several countries, in which customs duties and other quantitative restrictions in an international trade have been lifted. However, each of the countries preserves the right to national customs tariffs and to conduct autonomous trade policy in relation to third countries;

- **customs union** consists in members of union lifting barriers within the flow of goods and establishing common customs tariff as well as standardized trade policy towards external partners;

- **common market** – means that partners provide the freedom of flow of the goods and services as well as production factors such as capital and labor force;

- **monetary union** – a stage, at which participants coordinate or unify monetary policy (among other things limit currency trading band, introduce common currency);

- **economic union** – a higher stage of integration consisting in coordination or unification of economic policy. Such harmonization is required to remove potential disturbances in competitiveness resulting from differences in those policies;

- **political union** consists in the fact that the countries, which integrate with one another have common external policy as well as safety policy.

Table 2: Russian agreements – assumptions and expected results

Integration group	Organizatio n	Main countries	Russia's obligations	Economic effects
Free Trade Area	WTO, OECD	Russia, UE-27	Protection of service trade, tariff quota in exporting wood from Russia, trading in parts and components of motor vehicles and amounts due by way of customs payments in export of raw materials	Improving the stability of transparency and predictability of economic cooperation conditions
Monetary Union	BRICS	Brazil, Russia, India, China, South Africa	Quick reform of International Monetary Fund and World Bank	Increasing the role of the countries developing in world monetary

				institutions
Customs Union **Common Market**	EAEC, CIS	Russia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan	Decreasing economic pressure in relation to neighboring countries	Common economic area
Economic Union				

Source: Prepared by author.

While analyzing the review data gathered in Table 2 one may notice that the assumptions of countries and the expected results, that were to be achieved by Russia, are a demanding challenge, especially in relation to Russian affiliation to World Trade Organization (WTO) in "European family" and Customs Union in "Euro-Asiatic region".

3.1 Russia and European Union

In the conditions of intensification of the world trade liberalization, the competitive pressure is increasing on the side of foreign producers and suppliers on the national and foreign markets. In the face of it even the very distinction gradually loses its significance from the point of view of economic entities that function on broadly open markets and those that are still opening (Social-Economic Strategies Council [Polish: RSSG] at the Cabinet, 2004: 14-15). Economists are unanimous as for the benefits resulting from integration activities. They are the greatest if partners differ from each other. Most of all Russian economy is rich in natural resources and is the receiver of the union cars, telephones and tractors. On the other hand the source for the Union economy's competitiveness is the level of technological advancement and strong social-economic institutions. European Union constitutes an output market for Russian resources – crude oil, oil derivatives and natural gas.

In the center of relations between Russia and European Union there is an issue of its membership in World Trade Organization, which officially began on August 22nd, 2012. Russia's aspirations, connected with joining the WTO, first of all concerned self-liberation from some sort of isolationism. The membership constitutes a kind of affirmation that a given country acts according to commonly accepted canons of an international system. What is more, the succession conditions a broad range of specific results, which to the large extent affect the social-economic development of membership countries (Viswizi, 2010: 304):

- Along with joining the WTO Russian export will gain an easy access to world markets because it will use all the tariff reductions, to which all the other WTO countries committed;

- The WTO membership will authenticate the trade policy of Russian authorities and provide some sort of guarantee that the direction of this policy should not be a subject to major changes, which as a result may serve for attracting investments and generally prompt economic activity in the country;

- Joining the WTO, Russia will be obliged to introduce the range of norms and mechanics indispensable for the market liberalization, improving the transparency of functioning law rules,

respecting trade agreements and development of an independent system of justice. The role of the WTO in this context consists in facilitating the implementation of those reforms through authenticating the economic policy and the assistance during its introduction;

- The membership plays a vital role in the matter of a market access because it has a positive influence on its predictability, safety and transparency e.g. with reference to the customs tariff rates;

- The membership in the WTO means a possibility to solve trade disputes within the confines of quasi-judicial mechanism for solving disputes (dispute settlement mechanism);

- The membership in the WTO means that Russia will gain the opportunity to affect future rules and regulations for functioning the organization.

The most important challenge that Russia is faced up against is rivalry for the area of the closest neighborhood. For many years Russia has been applying the domination-based policy in this region by putting economic and political pressure on the countries of Commonwealth of Independent States (CIS). The domination is contradictory with the processes of democratization of the region, for which the European Union countries strive (Pisarska, 2010: 31).

3.2 Russia in BRICS

The sign of integration of a group of countries which are perceived in the world as world economy leaders is BRICS. It consists of Brazil, Russia, India, China and the Republic of South Africa (RSA), which commenced joining as the last member in 2011. The RSA joining the BRIC shows that BRICS in the future may grow accepting other countries.

Figure 2: GDP per capita in Russia and some countries of the world (2012) and GDP projection per capita (2050, USD)
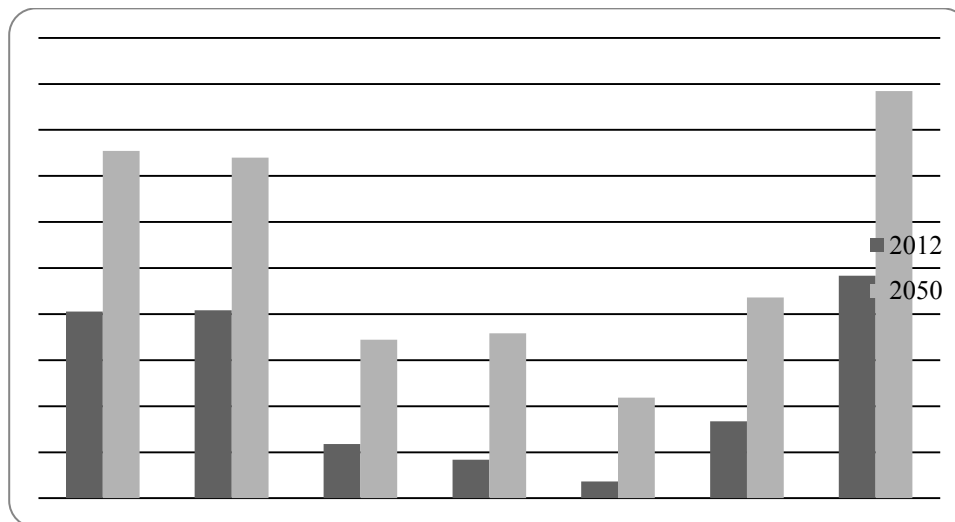
Source: PricewarterhouseCoopers, 2006; Globalization Institute 2012.

Russia concentrates over 40% of GDP. The far-reaching data shows that in 2050, in relation to 2012, all the given national economies shall record significant growth. However, Brazil, China and India as rising countries of social prosperity will experience the biggest leap in the upward direction and, simultaneously, a great difference at the level of GDP per capita in comparison with other prominent world countries: The United States, Canada or Australia. It seems that Russia's position on the world market strengthens the interest of China, but as a matter of fact it is marginal – about 1% of trade exchange value.

According to the business forecast of the World Bank the driving force of the Russian economy will continuously be its membership in BRICS. The countries are superpowers due to their military power and political ambitions. They possess a large part of key world natural resources. BRICS has ¼ of the global gross national product for the year 2011 (Indian Economy Report, 2013). In principle they have not been afflicted with economic crisis, except for Russia. Brazil, RSA and India are regional superpowers. China practically is already a superpower. Brazil, especially after the leadership was taken over by Da Silva, became a real superpower.

Currently, a modern well developed economy is characterized by a dominant role of the service sector, considerable role of the industry and construction, and a small role of the resource sector. The example of BRICS shows that a post-industrial direction of economic development does not prove the rule, and is desired, in all the countries. The driving force of growth may be specialization like services in India, agriculture in Brazil, natural resources in Russia, and production in China.

3.3 Russia in Eurasian Economic Community

The Eurasian Economic Community (EAEC) was created by post-soviet countries in October 2010. Regional integration has been a part of the strategic business of Russian foreign policy since the USSR's break-up. However, not sooner than in 2009 did the Russian administration, under a tight supervision of Vladimir Putin, commence to real creation of the community structures. From Moscow's point of view regional integration was to counterbalance the economic expansion of the third countries and loosen up the ties of the CIS countries with Russia. At the same time the tight cooperation was to guarantee that Russia keeps its strong political-economic influence in this region, particularly in the energy sector, which is a decisive region in the context of the world economy. Determination to force integration process results from, among other things, that Moscow saw strengthening its regional position as a way to increase its importance on an international arena. From economic perspective tightening the cooperation with Belarus and Kazakhstan had limited importance to Russia. Belarus and Kazakhstan are countries which have about 7% of trade exchange and about 5% of investments. Basically none of them is able to offer Russian economy new resources or new technology, anything that Russia does not already possess. The cooperation plays a vital role for political and economic stability of Kazakhstan e.g. by significant dependence on Russian transfer routes, especially on oil infrastructure (Wiśniewska, 2013: 28).

It is worth stressing the Russia's attitude towards its closest neighbors. Instead of being a partner Russia is a superpower and it limits the possibility of effective cooperation. In all neighboring countries Russia is trying to gain control over a part of the energy sector and thus restore previously known dependence. Russia has assigned a key role to Belarusian economy in the matter of transferring Russian gas and oil.

The first actual stage of an integration process of Euro-Asiatic countries – Russia, Belarus and Kazakhstan should be recognized as creation of the Customs Union. In 2010 the agreement was connected with forming, from January of that year until 2015, Common Economic Space. The positive consequence of creating the Customs Union was adjusting the rules that are in force in the structure to the norms of the World Trade Organization. It extracted applying those norms, even by those countries that formally do not belong to the WTO: Belarus and Kazakhstan. Lifting the barriers in internal trade between Russia, Belarus and Kazakhstan offers possibility for exporters and investors from the European Union to act on the markets of third countries from the country that offers the most favorable conditions for business development (in this respect Kazakhstan leads the way).

4 Conclusions

Considering the processes that concern expanding economic areas and deepening the international cooperation one needs to stress that joining the WTO by Russia constitutes an important step in the direction of further integration with the world economy. It is also a way to favorable pro-market and pro-democratic changes in the relationship with the European Union. However, one should take into account threats, which could considerably influence the integrating Russian economy. The union countries are not interested in Russia entering the Euro zone. Together with currency crises and rapid changes of exchange rates, which lead to financial destabilization, there is also risk that Russia will not fully obey international regulations and trade norms that it committed to.

At the stage of international economic integration Russia has still a lot of tasks to do. In the field of economy its biggest challenge is diversification of its industrial base and decreasing the dependence of the Russian economy on the energy resources export. Despite enormous income of the Russian economy from exporting the energy resources, which are directed at importing machines and food, Russia suffers from the lack of capital and foreign investors are careful with the arrival in this country, especially in relation with the foreign direct investments. In the broad range of indices of progress Russia is placed in the group of OECD members, but at the bottom levels. Since 1999 most of the indices have been convergent with the OECD average. However, there are fields that require further modernization. There is a need for fighting against corruption, decreasing the dependence on the resources, and greater openness. Russia needs to conform to the rules of this complex game of global economic dependences with greater effort.

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Buddhist Reform and the Debate on Sustainable Development in Thailand

Abstract:

Sustainable development has become a critical concern in many developing societies, influencing the business environment in which companies operate. Often, this impact comes from increasing application of religious values in the spheres of economics and business. This is certainly an important issue in Buddhist societies.

"Buddhist economics" has been an important part of the debate on sustainable economic systems in many parts of Asia. This paper examines the current debate over Buddhist economics in modern urban reform Buddhism in Thailand. The three movements discussed here, and their versions of Buddhist economics, all have counterparts in many other Buddhist countries. Thus, the discussion is representative of thinking about Buddhist economics much more broadly than only in Thailand. In the West, the economist Ernst Schumacher popularized Buddhist economics as part of his "Small is Beautiful" ideas about economic organization. However, within Buddhist societies, there is actually a much broader range of thinking about Buddhist economics. The Buddha himself taught spiritual development toward enlightenment. His applied teaching style used contexts his listeners could relate to easily, so he did sometimes mention economic issues. But the economic system behind such examples is somewhat ambiguous, not necessarily constituting a complete set of organizing principles for the modern economy.

"Small-is-Beautiful" versions are certainly valid, but one can also integrate Buddhist values into other forms of modern economic organization. The three main streams of Thai urban reform Buddhism all propose versions of Buddhist economics which focus strongly on ethical responsibility in economic actions. They all seek high ethical standards, but they differ substantially in how much they feel behavior is conditioned by context, and thus, in how much the economic system needs to change to achieve a more ethical society. Wat DhammakÄ□ya seems to feel that individual behavior can improve within the current capitalist system, so that major systemic changes are not needed. Santi Asoke is explicitly anti-capitalist. Its more serious adherents live simple lifestyles in agricultural communities which are largely collectivist in economic organization. The BuddhadÄ□sa-type movement is "middle way" between these two, and seems to seek a mixed economy containing both capitalist and socialist aspects. All Buddhist economics includes recognition of the interconnection between individual, society, and environment; interconnectedness in all spheres is a fundamental doctrine in Buddhism. This places Buddhist economics solidly within the broader discussion of sustainability. We apply the framework Hopwood, Mellor, & O'Brien (2005) use in their review on the wide range of work on "sustainable development". Equity is an important element in most definitions, as well as recognition that the environment cannot support ever increasing consumption. Positions on sustainability range along a vertical axis of "increasing socio-economic well-being & equality

concerns", and a horizontal axis of "increasing environmental concerns". Wat DhammakÄ□ya falls in the area considered "status quo", while Santi Asoke aims for "radical transformation." The BuddhadÄ□sa-type movement is "reform" minded, tending somewhat toward "radical transformation."

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Reverse Logistic Term and Recycling of Waste Materials at Local Administrations (Meram Municipality Example)

Abstract:

Reverse logistic concept are the activities regarding to management of "reverse" product flow. A general reverse logistic net includes processes like gathering used products from final consumers, storing, reprocessing and distributing. Recycling as a concept means gaining waste materials to manufacturing processes again as raw material through various recycling methods. Reverse logistic concept is planning, application and control activity of efficient flow of raw material, semi-finished product, finished product and information about those products from consuming point to beginning point to beginning point to make gain value or to dispose in due form. Today, recycling of waste materials and used goods is increasingly draws interest because of ending soil burial or firing capacities therefore the activities set forth by the local administrations gains importance. In this point, the recycling activities performed by a local administration in the exclusivity of Meram Municipality, Konya Province will be assessed over reverse logistic concept.

Keywords: Reverse Logistic, Local Administrations, Recycling, Solid Waste, Meram Municipality

1   Introduction

The waste that is natural and inevitable consequence of the life and waste management have been become the top lose sight of points of the societies; the humanity didn't think that what it do for long time may spoil the natural balance. The solid waste that occurred due to population growth, technological development, industrialization, urbanization, rapidly increasing and differentiated consuming become one of the important environment problems together with its negative affects to environment and human health (Palabıyık).

As it is same in all over the world, in Turkey also, the solid waste has important place regarding to both human and environment health and also economical aspect. The solid waste that should be collected regularly, transported, stored and disposed in point of protecting environment health in rural areas needs a solid waste management that is implemented regularly not to lead great troubles (Yılmaz and Bozkurt, 2010:18).

In our country, rapid economical growing, urbanization, population growth, increasing of welfare level lead waste producing in ever- increasing. Increasing waste quantity requires producimg without waste or as much as less waste, recycling of waste and finally disposing of the waste in the most available way regarding to economy and environment (Eroğlu, 2008:2).

While produced total solid waste quantity was 3-4 million ton in Turkey in 1960's, today only domestic solid waste quantity is more than 30 million ton/year. Therefore, the garbage is not only a waste type that should be disposed in far area but also it needs a management system including so many different components such as collecting, transporting, recycling and disposing. A conclusion of those developments, "Waste Management" term has been placed to our daily language (İlgün, 2010:3).

One of the most important problems met in solid waste management is the presence of lots of little municipalities that conduct its own cleaning services in its area or the presence of municipalities that have premises on solid waste management. Since these municipalities cannot bear such costs, since they do not have satisfactory resources and technologies to conduct such applications and since they cannot bring into action an effective and proper solid waste management, this is not an economic and feasible solution. (Eroğlu, 2008:2).

2   REVERSE LOGISTIC CONCEPTUAL FRAME

Enterprises prevent their products being disposed of to the environment by reverse logistics and as a result they keep the environmental pollution that may be arised due to their products minimum. Many research is needed to prevent environmental pollution, to increase the raw material acquisition and to prevent loss of wastes in a world where environmantal pollution hits the top today (Gilanlı, 2010:169).

Supply Chain Council (SCC) [previous name Logistics Managament Council] made the first definition of reverse logistics at the beginning of 90's. In accordance with this definition; reverse logistics means "the process of planning, implementing, and controlling the efficient, cost effective flow of raw materials, in-process inventory, finished goods and related information from the point of consumption to the point of origin for the purpose of recapturing value or proper disposal. (www.supply-chain.org).

Rogers ve Tibben-Lembke defines reverse logistics as *"conducting projection, execution, and control activities on effective flow of materials, products, inventories and related information from consumption point to the start point for revaluation or properly dispose of them"*(Kara, 2008:5).

On the other hand, according to another reverse logistics definition, recovery of products, environmental concerns, increasing responsibility of the companies, sustainable development, and minor material and resource consumption is increasingly getting popular and so it is defined as recovery of the products that will be prominent in the future and a systematical way of product recovery "the process of managing all products and related information from point of consumption to the point of origin" (Karaçay, 317).

In recycling network that is one of the networks of reverse logistics, profit margin is considerably low since great investments are needed to establish such networks. But the amount of investment may not comply with the profit derived. As a result, it is detected that the investments made for the purpose of profit in the area is no more than the investments made in due course of law (Şengül, 2011:407). Since the local administrations are the political establishments that work for the satisfaction of the public and that work considering the next electoral process, they cannot put into practice the profit-oriented recovery and recovery at source projects. Their primary objective is always providing satisfaction of the public and getting positive political results.

2.1 Recycling and Solid Waste Management

Solid waste management is the sum of all procesess inluding collecting, transporting, recovery and disposal the waste materials aiming getting maximum yield of all resources that are already insufficient , support of low waste production, recovery of the waste material and reuse of them, and disposal of the wastes without damaging air, water, soil, and all kind of living creatures. This is a prominent activity that interferes with technical, economical, and social disciplines (Eroğlu, 2008:2).

When environmental pollution originating from packing wastes is taken into consideration, the prominence of gathering and recovery them comes out. It is already well known that 17 grown up pines needed to be cut down for the production of 1 ton of white paper and for decomposition of the plastics, 1000 years shall be spent (www.selcuklu.bel.tr).

The types of packing wastes follows(www.selcuklu.bel.tr);

Plastics: Bottles for drinking water, beverages, and liquid oils, and nylon wares like detergant boxes, washbowl, and dish drainer, caps of plastic bottles, boxes for youghurt, buttermilk, and margarins.

Glass: Bottles and jars made from glass.

Metal: Cans for oil, conserved foods, and beverage cans made from tin and alluminium.

Paper and Cardboard: Newspapers, magazines, used papers, packing boxes, cardboards, beverage and milk boxes (laminated cardboards).

3 LOCAL ADMINISTRATIONS AND SOLID WASTE MANAGEMENT

3.1 Municipalities and Solid Waste and Cleaning Services in due course of Law

The Turkish Republic Constitution states that "Everyone has the right to live in a healthy, balanced environment. It is the duty of the State and the citizens to improve the natural environment, to prevent environmental health and environmental pollution." In accordance with this provision in the Constitution, all legal and real entities have a concern or relation with environment and it is not possible to evade this responsibility. All powers of the state has the authority and responsibility in relation with the environment.

8th item of the Environmental Act numbered 2872 states that "It is forbidden to dispose, store, or execute similar activities in relation with all kind of wastes or surplus materials directly or indirectly to the receiving environment." Yet, the 11th item of the Act that modifies Environmental Act numbered 5491states that "Metropolitan municipalities and district municipalities are responsible for establishing and operating premises or having such premises being established and operated on the disposal and recovery of domestic solid waste" and this provision entitles local administrations as sole agent on environment and waste management.

14th and 15th items of the Municipal Act numbered 5393 gives all the authority on the matter to the municipalities by stating "...providing all kinds of services at collecting, transporting, sorting, recovery, desposal, and storage of the solid wastes…".

7th item of the Metropolitan Municipality Act numbered 5216 states that "preparing solid waste management plan or buying services to have this management plan being prepared from third parties;

excluding collection of the solid wastes in the origin and transport of them to the transfer station, establishing premises or having such premises being established on recovery, storage, and disposal of solid wastes or excavation materials…" and gives the responsibility of such services to the metropolitan municipalities.

The finance of the costs while applying policies on preventing environmental pollution is very important for the Municipalities. The Municipalities make use of the following finance sources together with their own budgets. (Çoban ve Kılıç, 2009:122):[1]

1. Budget of Provincial Special Administration

2. The shares allocated from echological taxes

3. Professional Association Potentials

4. Voluntary Agencies (Association and Foundations potentials)

5. Private law legal entity potentials (sponsorship)

6. Donations and charities of the Volunteers / Benefactors

3.2 Works Conducted Relating to the Solid Waste Management

Regulation on Packing Waste Control has been effective since 2005. In accordance with this regulation, district municipalities are responsible for the domestic solid waste services together with the packing waste services. Packing wastes shall be collected seperately in origin as stated in this regulation and this service shall be provided in accordance with the "Packing Wastes Management Plan".

Preparing Packing Wastes Management Plan and submitting to the Ministry of Environment and Urbanization is the responsibility of Municipalities and the related department in the Ministry approves this Management Plan if it is duly prepared. The municipalities start working on the subject within the frame of this plan, audits the applications, and takes the proper precautions if deemed to be necessary. If needed, administrative sanctions are executed against packing waste producers. The municipalities conduct the principle of gathering wastes in categories at resource and report the results of auditing and monitoring works to the Ministry in 6 months periods. The Ministry of Environment and Urbanization follows the works of recovery of the packing wastes with these reports. (çevko.org.tr)[2]

4   A VIEW TO MERAM MUNICIPALITY AND REVERSE LOGISTIC ACTIVITIES

Total population in Konya center district Meram is 298.169 according to 2011 year figures. According to Turkish Statistical Institution (TÜİK) data, Meram Municipality has 87 regions. One of two state universities of the city is located in Meram district borders.

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[1] Çoban Ayşe, Kılıç Selim, Türkiye'de Yerel Yönetimlerin Çevreye Yönelik Politikaları: Konya Selçuklu Belediyesi SELKAP Örneği, Selçuk Üniversitesi Sosyal Bilimler Enstitüsü Dergisi, 22 / 2009, s.117-130.

[2] ÇEVKO, Kaynağından Ayrı Toplama "http://www.cevko.org.tr/cevko/Ic-Sayfa/Yerel-Yonetimler/K-A-T--Yontemleri.aspx" (Erişim Tarihi:28.07.2013)

Monthly average 150 tons packing waste is collected in the great section of the district with Meram Decomposition at Resource Project (MERKAP). In 2010, nearly 400 thousands ton solid waste is collected in the district. Project is being applied at all education institutions, hospitals and official institutions and nearly 50 thousands houses in the district.

As it is seen at Table-1, over 191 thousands kilogram recycling waste has been gathered except January, June and July 2012 periods and those wastes have been assessed.

Table-1: Meram Municipality 2012 year Recycling Quantities (Monthly)

2012 YEAR COLLECTED RECYCLING WASTE		
1	JANUARY	170.130 KG
2	FEBRUARY	198.420 KG
3	MARCH	192.150 KG
4	APRIL	185.420 KG
5	MAY	191.430 KG
6	JUNE	179.315 KG
7	JULY	172.405 KG
8	AUGUST	196.412 KG
9	SEPTEMBER	201.315 KG
10	OCTOBER	211.245 KG
11	NOVEMBER	196.670 KG
12	DECEMBER	216.720 KG
2012 YEAR TOTAL		**2.311.622 KG**

Resource: Meram Municipality 2012 year Activity Report[3]

Obtaining income in serious rate has been aimed at the strategic plan covering 2010-2014 that has been prepared by the municipality to collect solid waste better, to make gain those waste to the economy through assessing better. For this purpose, year to year increasing objectives have been set forth under title of "To be leader at Public, Environment Health and Welfare Services" as storing the solid waste not to spoil environment health and esthetic, deploying personnel, supplying vehicles and equipment to transfer solid waste to garbage collection areas.

Again, gaining every kind of waste to economy through recycling project estimate cost and "make conscious the citizens about solid waste" was aimed and as the performance indicator " the difference

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[3] Meram Municipality, 2012 year Activity Report, Konya, 2013.

between Current recycling activities and after those activities" was determined (Meram Municipality, 2009)[4].

Meram Municipality that was established as one of central districts of Konya in 1989 became to give more importance to solid waste management in recent years. An organization was established for primarily "decomposition at resource" phase among storing, decomposition and classification of solid waste studies. Collecting recycling materials such as paper, glass, metal…etc has been aimed by this organization. The firm(s) that awarded "decomposition at resource" process bid dispersed refuse sacks to houses, schools, public institutions and private firms. The materials that are collected suitable for recycling are classified there and leaded to industrial areas to be applied recycling process.

Another activity of Meram Municipality about solid waste management is storing the solid waste that is called rubbish underground in determined centers. So distribution of rubbish to around by street animals is prevented. Also, storing the rubbish underground removes dirty smell and non-suitable views. Solid Waste activities that are managed by a right organization render the city livable. This is the most important indicator of urban- rural distinction.

Recycling and reuse of solid waste will be provided with MERKAP Project and decreasing of negative affects of the waste to the environment and regaining to the economy will be provided so environment pollution arising from solid waste will be removed in the district level.

5   CONCLUSION

Meram Municipality that was established as one of central districts of Konya in 1989 became to give more importance to solid waste management in recent years. An organization was established for primarily "decomposition at resource" phase among storing, decomposition and classification of solid waste studies. Collecting recycling materials such as paper, glass, metal…etc has been aimed by this organization. The firm(s) that awarded "decomposition at resource" process bid dispersed refuse sacks to houses, schools, public institutions and private firms. The materials that are collected suitable for recycling are classified there and leaded to industrial areas to be applied recycling process.

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Are Global Brands Presenting Themselves as Global to Their Global Audience? Evidence from the Websites of 15 Leading Global Luxury Brands

Abstract:

In international brand positioning, the country of brand origin (CBO) is a widely used and influential driver of brand image (Ahmed and d\'Astous 2008). However, global consumers may also use stereotypes based on broader regions like, for example, on "European brands", "Western brands" or "brands from developed countries" (e.g., Batra et al. 2000). And more recent academic research reports that young, urban consumers across the globe infer higher brand quality and prestige from the mere fact that a brand is globally available and successful ("Brand Globalness", e.g., Steenkamp, Batra, and Alden 2003). According to this stream of research, consumers believe that a globally popular brand must have high quality and conveys prestige as a symbol of cosmopolitanism and a "global consumer culture" (e.g., Steenkamp and De Jong 2010). This should be particularly relevant for global luxury brands. So far, no study has compared the relative use of different levels of geo-references by global brands. We analyze, for 15 of the most successful global luxury brands (Armani, Bulgari, Burberry, Cartier, Chanel, Dior, Dolce&Gabbana, Gucci, Hermes, Louis Vuitton, Prada, Ferragamo, Valentino, Versace, YSL), to what extent they present themselves as global rather than as, e.g., French, Italian, or Western brands. A pretest showed that the available Mandarin, Japanese, and English websites were almost absolutely identical for the 15 websites. We thus restricted our analysis to the English websites. For each sub-page of each website, extensively trained coders assessed the explicit-verbal, implicit-verbal, and non-verbal references to (a) the CBO, (b) "Brand Westernness" (BW), measured by model ethnicity and the references to Western countries other than the CBO; (c) References to other developed countries (RDC), and (d) Brand Globalness (BG), yielding a total sample of 6,667 models shown and 4,095 geographical references. We find that leading global luxury brands still most strongly rely on their CBO (on average 44.2% of all references by a brand), followed by RDC (36.5%), pertaining overwhelmingly to other Western countries, with the US alone accounting for 16.5% of all references. On average, 94.3% of model pictures show Caucasian (i.e., white) models, despite the facts that Caucasians account, on average, for only 50% of the visitors of even the English websites analyzed, and that the 15 luxury brands make, on average, more than 25% of their global sales in Asia. BG accounts for only 6.5% of all references and appears mostly as practical (e.g., shop finders) and corporate information, rather than cosmopolitanism or global brand popularity. Leading global luxury brands still employ the West as symbol of success and their CBO as a symbol of sophistication. The findings pose significant questions of managerial nature (is this Western-centric positioning sustainable?), methodological nature (are the results of previous research correct and if so, why do practioners not adhere to them), ethical nature (especially the implicit racial component), and

economical nature (the image of particular countries and the West as competitive advantage of nations) to be discussed at the conference.

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Great Britain and the Nigerian Civil War, 1967-1970

Abstract:

The Nigerian Civil War, sometimes referred to as the Biafran War, was fought between the Federal Government of Nigeria and the Igbo ethnic group called â€□the Biafrans'. While this war continued, major Cold War powers, such as France, Great Britain, Soviets Union, with the exclusion of the United States which preferred to stay neutral, intervened on each side of the parties. The Great Britain and the Soviets Union intervened and gave arms supplies to support the Federal Government of Nigeria; while France gave supports to the Biafran rebels. These interventions on the part of these great powers aroused some suspicions amongst scholars and observers. As a result, the motivations for interventions were deeply interrogated. In the course of their search, most scholars have come to conclusion that the major motivation for these great powers' involvement in the war was mainly economic-Biafran or Nigerian oil. Using some new sources, mostly the British parliamentary documents, this paper intends to examine the Great Britain's primary aim for intervention in the conflict. This paper will, however, maintain a distinct position. It will argue that the primary aim of the Great Britain to intervene in the Nigerian Civil War was political-to ensure united Nigeria-and not for the purpose of oil exploration or exploitation in the concerned country or region. The purpose of this paper will not be to invalidate the economic argument earlier proposed by scholars, but to reveal that the political consideration was stronger than any other considerations. The British were quick to realize the implication of a balkanized or divided Nigeria on their political influence in the country, hence, the need to do everything possible, including struggle to outsmart the two other arms suppliers to the parties in conflict, in order to keep their reputation intact in Nigeria.

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Vocational Higher School Students' Usage Profiles of Information and Communication Tools and their Attitudes towards Computer

Abstract:

Vocational higher schools meeting the needs of qualified intermediate staff are one of the most important schools in terms of our future. Technological developments require vocational higher school students' great knowledge about information and communication tools and applying them. Fast developing communication technologies cause radical changes in the field of education as in every field. Computer which is one of these technologies is used effectively in the fields of teaching and education and with becoming widespread of internet, it has reached different dimensions nowadays. However, that the usage of these communication tools becomes efficient in teaching-education process is closely related to students' attitudes towards computer and internet. The aim of this study is to determine information and communication technologies usage profiles of students in Selcuk University Higher School of Vocational and Technical Sciences, and reveal their thoughts, tendencies, attitudes and behaviors at this point. With this aim, questionnaire study was applied to 50 participants from some departments in Selcuk University Higher School of Vocational and Technical Sciences. With regards to participants demographical information (sex, education, job, age etc.) was offered. Distinctions in behaviors, relationships, attitudes between communication tools and demographical variables were revealed. Participants views obtained were analyzed with statistical software and results indicating students' usage profiles of communication tools, their tendencies towards computer usage and their aims were obtained. The results obtained were evaluated with graphics and rations and question groups were discussed by being compared with cross-correlations.

Keywords: Higher Vocational School, Education, Information and Communication Technology, Usage of Computer and Internet, Tendencies

1. Introduction

Technology eases human life in terms of education field as in many fields. Usage of computer and internet is rapidly becoming common worldwide and especially in our country nowadays. Fast-developing information and communication technologies cause radical changes in education as every field. These changes have reached different dimensions with becoming widespread of internet (Ata, Akpınar and Kelleci, 2011, Kutluca and Baskan, 2013).

Today's world is continuously changing and this puts forward the need of intermediate staff to meet the demand. In this respect, vocational higher schools have a great place in meeting the needs.

In vocational higher schools, vocational education is given to the students related to their departments. The main aim of vocational and technical education is to make students gain basic information, skills and behaviors in order to work in a valid job in work field and promote in this job (Kazu, 2004). For this to happen, only education is not sufficient nowadays. Rapid changes in information and technologies cause available applications in work field to become insufficient and invalid in a short time (Bahar and Kaya, 2013). Therefore, reaching, valuing, organizing, using and sharing information have been of capital importance (Okay and Aydogan, 2010). In today's world, for this to happen as communication technologies computer and internet are very essential but at the same time the attitudes and tendencies of students towards these technologies are very important in both their education and lives.

2. Material and Method

The Aim of the Study

This study aims to determine usage profiles of information and communication tools and their tendency towards computer usage of students in Selcuk University Higher School of Vocational and Technical Sciences. The study indicates their thoughts, tendencies, attitudes and behaviors towards communication tools.

Method

This study is randomly applied to 50 participants including 15 females and 35 males in Selcuk University Higher School of Vocational and Technical Sciences. In the study, the participants' ages attending questionnaire range from 17 to 24 and they are chosen from second grade. Most of the questions in the questionnaire include several options that participants can sometime choose one or multiple. At the end of the questionnaire, also a few open-ended questions exist.

3. Findings

In our country, there are several types of high schools, which one type of them is vocational schools. According to participants, 98% of them state that they graduated from vocational schools and the others say that they graduated from other kinds of high schools.

Selcuk University Higher School of Vocational and Technical Sciences has variety of departments and in the questionnaire, there exists 50 participants randomly chosen from several departments. While 78% of the participants are in the department of Mapping and Cadastre, 10% of them are in the Printing and Media Technologies department. 12% of them are in the department of Furniture and Decoration.

52% of the participants reply to the question related to how many hours you watch television in a day as they watch between one and two hours. 36% of them state that they never watch television and some of them say they watch television between three and four hours within a day.

While 26% of the participants say that they never read, 68% of them state that they read something such as a book or a newspaper for an hour or two hours. Others state they read for three hours or more in a day.

There exists a question asking why they watch television. Some of the participants state that they watch news or films and soap operas. Some participants say they listen to music or watch movies via television. Most of the participants choose more than one option such as both to watch news and follow sports or both to watch magazine or technical programmes and documentaries.

While 42 participants have their own computer, 8 of the participants do not have one. 27 participants state that they have begun using computer before high school and 17 participants say they have started using it in high school. Only 4 participants say they have started using computer in university.

As for the frequency of using computer in a day, only a few participants do not use computer, 42% of the participants use computer between one and two hours within a day, and 44% of them state that they use computer between three and five hours.

Table 1. The range of participants' frequency of computer usage within a day

Frequency of computer usage within a day	F	%
Those who use computer between 1 and 2 two hours in a day	21	42
Those who use computer between 3 and 5 two hours in a day	22	44
Those who use computer 6 hours or more in a day	5	10
Those who never use computer in a day	2	4
Total	**50**	**100**

There is a question in the questionnaire about with which aims they use the computer and there are various reasons that the participants state. Some participants state that they use computer because of office programmes such as Word, Excel and PowerPoint. Some of the participants say that they use computer for vocational works like drawing, designing and analyzing but many participants use computer for various reasons such as both media show and communicating.

50% of the participants remark that they have been using internet for two or four years while 28% of them state they have been using for five or seven years.

Table 2. The range of participants' internet usage period

Period of internet usage	F	%
Those who have been using internet for a year	5	10

Those who have been using internet for between two and four years	25	50
Those who have been using internet for between five and seven years	14	28
Those who have been using internet for eight years or more	6	12
Total	**50**	**100**

In the questionnaire, the question with regards to frequency of using internet in a day is also asked to the participants. 54% of them reply to this question as they use the internet between an hour and two hours. 30% of the participants say that use the internet between three or five hours in a day.

Table 3. The range of participants' frequency of internet usage within a day

Frequency of internet usage within a day	F	%
Those who use internet between 1 and 2 two hours in a day	27	54
Those who use internet between 3 and 5 two hours in a day	15	30
Those who use internet 6 hours or more in a day	6	12
Those who never use internet in a day	2	4
Total	**50**	**100**

The aims of the participants in the questionnaire for using the internet are various. Some state that they use the internet for searching something while some participants state they use it to do their homework via internet. However, most of the participants use the internet multiple reasons. For instance, some participants state that they use the internet for both communicating (e-mail, chat, facebook, etc.) and banking, shopping, downloading something. Some say they use for both media (music, movies, games, etc.) and searching.

The participants are asked whether they think using internet, television, and computer is waste of time or not. While 40% of the participants reply this question positively, 60% of them reply negatively.

In vocational higher schools, two-year education is given to students and therefore, this affects their future. In the study, some questions are asked about their thoughts about their education and future. The participants are asked whether two-year vocational education is sufficient or not. 46% of them

state that the education is sufficient and 46% of them say that it is not sufficient. 8% of the participants are undetermined about this matter.

Table 4. The range of participants' views about the sufficiency of their education

Sufficiency of the education	F	%
Those who think two-year education is sufficient for vocational education	23	46
Those who think two-year education is not sufficient for vocational education	23	46
Those who do not have an opinion	4	8
Total	**50**	**100**

The participants are asked whether they believe that they will work in a job related to their departments they graduated or not. 76% of them state they believe that they will work in a job related to their own departments while only 4% of them do not believe.

Table 5. The range of participants' views about finding a job related to their education

Finding a job related to education	F	%
Those who believe they can find a job related to their education	38	76
Those who believe they cannot find a job related to their education	2	4
Those who do not have an exact opinion	10	20
Total	**50**	**100**

While 54% of the participants think that they will need to use computer for their jobs after graduation, 6% of them believe that it is not necessary. What is more, 40% of them think that using computer in their job after graduation is inevitable.

Table 6. The range of attendants' views about the necessity of computer usage after graduation

The necessity of computer usage	F	%
Those who think computer usage is needed after graduation	27	54
Those who think computer usage is not needed after graduation	3	6
Those who think computer usage is needed inevitably	20	40
Total	**50**	**100**

The participants are also asked about their career plans after graduation. They state that they have various plans and a few plans at the same time. Some participants think that they will prepare for public personnel selection examination or external transfer exam. Some state that they want to work in a public institution while some say that they want to work in a job related to their education. Some participants state that they are undetermined about their plans.

What is more, a few open-ended questions are asked to the participants, such as what they think about the place of the computer usage in their jobs or how computer usage should exist in the curriculum. Ten participants think that vocational drawing and design software (Netcad, AutoCAD, Photoshop, KitchenDraw, QuarkXPress etc.))should be emphasized more while a participant thinks the harms and benefits of computer usage should be explained to people well. Four participant from the department of land surveying also thinks that taking school courses is not sufficient and these vocational drawing software courses should be more emphasized in the curriculum (such as MapInfo).

4. Discussion and Conclusion

Vocational higher schools are fundamental schools in our country in terms of meeting the needs of intermediate staff. Students in vocational higher schools like others face ever-developing world in many respects such as information and communication technologies. Fast-developing information and communication technologies cause radical changes also in education field as in every field (Kose, Savran and Gezer, 2007). Also, rapid development of computer technologies has become, as in every field, an indispensable factor in the field of instruction (Tsungjuang, 2009). Therefore, this study is conducted to reveal Selcuk University Higher School of Vocational and Technical Sciences students' attitudes and tendencies towards internet and computer usage. The study generally indicates that computer and internet usage is common and necessary. Moreover, their thoughts about their education, careers and future plans are given. About this matter, sufficiency of their education in vocational school is debatable but most of them think positively about their careers. Also, there are some thoughts expressed by the participants about education, computer usage and internet usage.

Programmes of vocational higher school should be continuously renewed in a way that they can meet the expectations of private sector. Especially software programmes that are actively used on the market can be included in the curriculum and new software can be developed in accordance with the needs of market. That students' usage of internet is increasing day by day and they reach any kind of information easily and without supervision give way to positive results but at the same time bring negative results (Ata, Akpınar and Kelleci, 2011).

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The Relationship between Trust Propensity, Trust in Technology and Trust in E-Government Implementations: The Case of Konya

Abstract:

Social, administrative and technological developments have made government electronic. E-government has paved the way for the services provided by governments today. However, one should not forget that, e-government has some problems and disabilities as well as many opportunities.

Among these problems, trust issue makes it harder to adopt and widespread e-government implementations. In this sense, trust is a key concept for the governments and public agencies providing information and services through e-government. There are many factors affecting trust in e-government. The subject of this study is the effect of -among the other factors- trust propensity and trust in technology on trust in e-government implementations.

In the study e-government concept, importance of trust in e-government implementations, trust propensity and trust in technology concept will be discussed briefly, and some dimensions of the issue will be put forward through the literature. In the field study part, the results of the questionnaire study made in Konya will be evaluated. In this concept, divergently from other studies, the aim of this study is to discuss trust dimension of e-government and try to put forward trust in e-government and effect of the factors; trust propensity and trust in technology on this trust, using the sample of Konya.

Keywords: E-Government, Problems and Disabilities of E-Government, Relationship between Trust in E-Government and Trust Propensity, Relationship between Trust in E-Government and Trust in Technology, The Case of Konya

JEL Classification: H11, H19, H42, I38

INTRODUCTION

Information is the power in information society and it is impossible to keep information inside the nation state borders, unlike other basic tools. Information is fluid, and is now moving at the speed of light. Transition to information society, not only changed the expectations of the citizens from governments, but also it left the governments to behave in accordance with information society and meet changing expectations of the citizens. From this perspective, e-government implementations came to the rescue the governments, and some objectives in terms of saving time and costs could be realised. There are a number of benefits of e-government, which are achieved by realising and going beyond these objectives.

On the other hand, there are a number of obstacles and also some problems and limitations of e-government implementations. While governments try to implement e-government effectively, there will be some people, who resist or cannot use these implementations due to some impossibility. Also, some people will think that this amount of access to information and services is inconvenient in terms of safety and privacy or some people will not trust in government as the provider or in technology as the environment of all these information and services.

Hence, trust is one of the necessary issues for the adoption and diffusion of e-government implementations. Governments and public institutions using the authority of government eager to develop the services they offer taking a step forward beyond traditional understanding, by introducing e-government implementations. However, for the acceptance and wide spreading of e-government implementations, citizens' equivalent and even more trust in e-government is needed, when compared with traditional government structure.

In this context; in this study, trust propensity and trust in technology, which are thought to be effective on trust in e-government, and trust in e-government will be examined, then the claims and findings of the literature will be checked through the case of Konya. It is expected that, the study will shed light on the trust in e-government implementations in Turkey, through the case of Konya and some strategies will be able to be developed in terms of trust problem in e-government implementations.

1. E-GOVERNMENT CONCEPT

E-government has been necessary, with the trend to transform from traditional closed government structure to open government, from citizens to customer approach, from vertical or hierarchical organisation to horizontal organisation and from single centred government to decentralised governance, which occur in line with the demands, emerged with the changes in the fields of social structure and public administration. E-government is the product of a service-oriented, transparent, participatory, fast and high-quality promising approach, which is sensitive to the demands of citizens (Okçu et al., 2010: 118). E-government, is more than a web site, e-mail, or transactions over the internet. As a result of the technological revolution in the information society, e-government brings up results such as transparency, accountability, citizen participation and efficiency in government functions (Almarabeh and Abu Ali, 2010: 30).

In terms of easy understanding different e-government definitions, which do not appear to be combined under one definition, are given in the following table:

Table 1: E-government Definitions

DEFINITION	SOURCE
Making governmental services online for the citizens to access them at anytime and anywhere they want and for the intra government organisations to provide information safely.	(Boudriga and Benabdallah,2002: 292)
Usage of information and communication technologies together with organisational change and new opportunities by public authorities in order to develop democratic processes and increase support for public	(EC) (Alabau, 2004: 17) (Ferro, Cantanmessa and

policies.	Paolucci, 2004: 174)
A way to provide efficiency, affectivity and equity in the access of citizens and business to the government.	(Reddick, 2007: 290)
Using internet applications to support government functions.	(Ladner and Petry, 2009: 14), (Rana, Williams, Dwivedi and Williams, 2011: 1), (UN, 2005: 14)
Application of electronic trade implementations on the field of public administration.	(Lim, Tan and Pan, 2009: 62,63)
Provision of information and services to public, and citizens' participation in governmental processes.	(Bhatnagar, 2009: 3)
Usage of electronic technologies in the relations between public authorities and civil society, in the actions of public authorities on democratic processes and in the provision of public services.	(Bhatnagar, 2009: 3-4)
A system, where electronic communication devices are used in the communication with citizens, other public institutions and foreign governments and also in the integral communication, by the governments.	(Rahimi, Rana, Ahmad and Gupta, 2010: 71)
A government form, which adopts citizens service demands by providing high quality ICT services in time.	(Young-Jin and Seang-Tae, 2011: 33)

E-government definitions generally put emphasis on one or some of these four issues, which are the answers of how, who, for whom and what questions (Annttiroiko, 2008: XII):

a) Technological devices: This concept, which is the primary and basic issues of all e-government definitions, means adopting and using ICTs and it corresponds to the small "e" in e-government.

b) Goals and role of government: This second issue is the aim of adopting and usage of ICTs by the governments. It usually involves general goals of public administration's transformation and reforms or clearer goals such as improved efficiency, better service or increased citizens' participation.

c) Citizens, customers and stakeholders: Many definitions in recent studies put emphasis on key stakeholders being affected by the adoption of e-government, especially citizens and business. This reflects relational approach to e-government and it is closely related to public governance.

d) Implementation areas: E-government can be defined through implementation areas including administrative functions, financial management, service provision, policy-making, political leadership, public governance and democratic parties or other functional areas.

In the light of all these definitions, we can define e-government as; usage of information and communication technologies by the governments, in all administrative and political areas in order to provide better functions services by allowing civil participation and good governance.

2. THE CONCEPT OF TRUST AND ITS RELATIONSHİP WITH E-GOVERNMENT

E-government is a phenomenon, which has recently passed into the citizens' lives and is newly being used to. In this context, it should be known that; the adoption of this new phenomenon will not completely realise, despite the necessity of using information and communication technologies in service provision due to the increasing demands of citizens for efficient, effective transparent and responsible governments.

On the other hand, like everything, which meets the expectations and significant and positive information is had about, trust in e-government implementations will arise and get mature in time. However it should not be forgotten that for this trust to emerge some preconditions such as citizens' positive perception on e-government and on some factors that cause their trust in e-government must be developed. Accordingly, in this part trust concept and the factors: trust propensity and trust in technology, which are thought to have an impact on trust in e-government, are discussed.

2.1. The concept of Trust

With mistrust becoming one of the most important issues in today's politics in recent years (Ruscio, 1996: 461), many researchers working in the field of political science have focused on the concept of trust, which they see as one of the essential building block of modern democracies and they have put emphasis on the importance of trust in increasing the efficiency of political and economic processes and planting social solidarity. However, it must be emphasized that trust will help to achieve individual and social returns, if all other parties are in a position that deserves trust. Trust, which is a virtue, will turn into a naïve behaviour in the absence of reciprocity, ethics and accountability, rather than a factor supporting public welfare, and trust climate will be undermined (Letki, 2006: 305-306).

Trust is vital in healthy functioning democratic systems. Because, democracy in a sense depends on the existence of people, who are willing to lay their destiny in the hands of the society (Wuthnow, 2002: 64). For the development of social welfare and relations co-operation is essential. Trust, support the co-operation in a society. Regarding how powerful the trust is, the greater co-operation is (Putnam, 1993: 171).

Although many definitions suggest that trust is putting oneself to vulnerable position; according to Solomon and Flores (2001), trust should not be seen as a weakness or vulnerability. Trust has the capacity to open new doors. Thanks to trust, people can get many benefits by building relationships with people previously unknown to them. On the other hand, individuals and institutions, which are late in building trust, miss the opportunities, which trust can offer them (Solomon and Flores, 2001: 43).

Trust, which is effective in business and social relationships, is important for both private enterprise and the public sector, at the same time. This situation has become more pronounced after the industrial revolution in modern societies. Thanks to the existence of a trust climate, not only private sector make investments easier, but also public sector can perform better. This is either the case for ordinary citizens. Citizens, who trust in each other and in the government, have a more comfortable life through

the government mechanism, which they think to be managed efficiently. As a result, elected governments holding the state power are concerned in their basic duties and do not lose energy because of the results of distrust (Braithwaite, 1998: 350).

3. TRUST PROPENSITY

In a trust relationship, not only how the trusted party is perceived but also truster's characteristics is affective, and one of these characteristics is trust propensity, which is general tendency of the individual to trust in others (Skarlatidou, Haklay and Cheng, 2011: 1915). Trust propensity or trust disposition is the tendency of the individual to rely on others in a wide variety of positions, and according to McKnight, Choudhury and Kacmar (2002), this trend is also effective on institutional-based trust (Jones, Leonard, and Riemenschneider , 2009: 198-199).

In other words some factors affective on trust level, which are outside the factors about the trustworthiness of the trusted party, are determined by the trusting party. Accordingly, the character of the trusting party is affective on trust. This means that some people trust more than others (Starnes, Truhon and McCarthy, 2010: 5). One of the factors identified by the trusting party is the propensity to trust. In this kind of tendency, recipients' social trust level is affective. In the studies considering trust completely a psychological attitude, it is suggested that every individual is equipped with a personality, which determines their tendency to trust in certain situations and is associated with other aspects of individual's characteristics. While this psychological characteristics, so-called trust gets stronger, probability to trust is expected to increase in a certain situation (Chopra and Wallace, 2003: 3).

Three premises are effective on trust propensity: personality experiences and culture (Schoorman, Mayer and Davis, 2007: 351). Whether individuals and organizations have already entrained in legal processes or financial losses by individuals or organizations they had trusted before, will affect their attitude of trust in the later cases (Schoorman, Mayer and Davis, 2007: 346), and also the acquired cultural sub-structure (Schoorman, Mayer and Davis, 2007: 351), and their personality that is shaped by this cultural infrastructure will have an impact on their trust.

However, individuals mostly have to make decisions before obtaining enough data to about the trustworthiness of counterpart. In this case, not the trusting party's past experiences, but his/her own dispositional characteristics about trust will be active. This characteristics is a situation of expectation on the counterparts statements and the words could to be trustworthy and in our era, when the possibility to know much things about the counterpart, this kind of tendency gains more important in social processes (Colquitt, Scott and Lepine, 2007: 911).

There is a relationship between trust and "optimism", trust and optimism are two integral parts of the view of the world and dispositions about the world. While optimistic individuals have high level of satisfaction and trust, pessimistic ones emerges as trustless, cynical and non-participating individuals (Delhey and Newton, 2003: 95). Therefore, not knowledge and experience but, characteristics is affective on propensity to trust. Good intentions or tends to good expectations of the individual determine the level of trust.

4. TRUST IN TECHNOLOGY

According to Carter and Weerakkody (2008: 475), the two factors are effective on service-oriented trust. One of them is the trust in service provider, and another is the mechanism that mediates the provision of that service. In general, technology, and in particular the internet, can be evaluated within the scope of these mechanisms, in terms of trust in e-government. For the environments such as internet, where important and sensitive information is shared between far ends, trust in the institution is required, and in this context, institutional trust approach is valid for the Internet. So the adoption of e-government is related to the citizens' belief that this new technology is trustworthy (Carter and Weerakkody, 2008: 475-476).

On this topic, Yıldırım (2010: 9), and Srivastava and Teo (2005: 723) have similar approaches. Accordingly, one of the two factors that impact trust in e-government is trust in government itself and the other is trust in the way of providing of e-government services (Yıldırım, 2010: 9; Srivastava and Teo, 2005: 723). Trust in technology, which can be defined as belief in technology to be satisfactorily used to achieve the desired goal (Srivastava and Teo, 2005: 723), refers to the method of providing services. E-governments means and methods being suitable and proper will form a trust of users in these means and methods, and will feed the tendency to use e-government implementations. For information and communication technologies to be able to serve the social co-operation, and integration of the state with the public; the citizens' trust in technology and interaction to be built on this trust are required (Yıldırım, 2010: 9-10).

In e-Europe 2005 action plan, it is suggested that building trust in online transactions can be possible by acting through three components. These components are: (1) providing information symbols, which make sure that the users have security (2) branding (3) circulation, presentation and technology. at this point the solutions, which are produced by technology, should reflect quality and professionalism of the technology (Tassabehji and Elliman, 2006: 5).

On the other hand, although there is a general acceptance to consider trust about individuals and organisations, for the concept of technology, an effort to achieve trust or disappointing the trusting party is not the case. In this regard, some authors, indicates a doubt about evaluating a concept such as trust in technology in the scope of trust. However, many studies about human-computer interaction suggest that, despite the technology's lack of effort to ensure trust, in terms of technology, the relationship between human and machine can form interdependency in social aspects and a trust relationship can occur. From this point, due to human beings' interacting with technology itself not the power beside it, and technological factors' being able to maintain relationships, which can be considered socially, trust in technology will affect the usage of technology and technological factors. (Chopra and Wallace, 2003: 5). Therefore, trust in technology, will play a key role in using of e-government, which can be defined as the usage of information and communication technologies in governmental services.

Likewise, according to Horsburgh, Goldfinch and Gauld (2011) users' trust in built systems in the areas of service, where technological innovations are used, is effected by their perceptions of trust in technology and its confidence. Particularly security about the security of information shared through the system security, and perceptions about the good intentions of the ones conducting the system, have

positive or negative effects on the trust in using this kind of systems (Horsburgh, Goldfinch and Gauld, 2011: 233).

5. TRUST IN E-GOVERNMENT

In parallel with the recent changes in public administration approach, citizens' expectations from public administration also change. In the new era, information requests from public administration have increased and citizens' participation, transparency and cooperation have become indispensable elements for democratic governments. For both ensuring citizens' access to information to ensure transparency, and establishing participation and co-operation, modernization of the government is required. This modernization should take place in both physical and psychological dimensions. While physical dimension is defined through equipment, and personnel related competencies, the principles form the psychological dimension. It should be noted that, moral disabilities of bureaucrats and public employees at the point of principle, will be able to sabotage even the progress in physical competencies. In this respect, gaining the trust of the citizens requires competency in both dimensions (Kutlu, 2003: 1-2).

For adoption of electronic services, which is a factor of physical modernization, among these two dimensions, especially when it comes to financial or personal information, trust gains important. This point of trust being an important factor in the adoption of e-government is emphasized by many researchers (Vrakas et al., 2010: 299; Carter and Weerakkody, 2008: 475-476; Srivastava and Teo, 2005: 722.723). Moreover, according to Kıvanç et al., success of e-government is directly proportional to the trust of e-government actors in e-government (Kıvanç et al. 2006: 3).

Importance of the problem of trust in conducting electronic services is the need of government putting forward a transformation in service provision to provide the former quality and trustworthiness in the provision of electronic services, at the same rate as that of the traditional service provision methods, in order to be reciprocated about this kind of initiative. This is *"conditio sine qua non"* for electronic transactions, i.e. a mandatory requirement for electronic transactions (Traunmüller and Wimmer, 2003: 10). Otherwise, e-government, for the sake of which a great resource is spent and which includes great expectations, will be defeated by traditional understanding of the services, progress and quality expectations will leave their place to a roll back.

In providing trust in electronic media such as e-government implementations, there are four important areas. These areas are information, information systems, e-commerce and online relationships. Our trust in the knowledge gained through the Internet and other electronic resources, computer-based systems that we cooperate when we transact with electronic media, computer-based, buyers and sellers, whom we transact in these systems, and those we build relationships in the information networks; define our trust in electronic media in total (Chopra and Wallace, 2003 : 4-5). When the issue is addressed in terms of e-government, ones trust in e-government implementations is basically determined by the trust in the information gained through the implementations, a built system (web site), the organisations acting in the system and the employees working in the back stage.

According to Carter and Weerakkody, e-government has not reached maximum maturity and like every new concept, one of the issues determining the trust in e-government entering recently into citizens' lives is the characteristic properties of them. The other issue affecting the trust in e-government is the

information derived about the service and the past experiences about the institutions providing the service and the trust in them as well (Carter and Weerakkody, 2008: 475). On the other hand, it is possible to increase the number of these issues. In fact, the concept of trust in e-government will be able to put forward clearly by determining those factors affecting this trust completely.

6. FIELD STUDY

In this part of our study, the aim and importance of the study will be put forward. Additionally, the findings and evaluation of the field study take place in this part.

6.1. The Aim and Importance of the Study

Electronic government is a component of information society, which is based on information and communication technologies. Information society has emerged after the natural, agricultural and industrial societies. While the technological change in the industrial society caused a development in socio-economical system, it is not abnormal to expect a more or less parallel change from the transformation to information society. Due to this expectation, e-government has become one of the most important goals of our age (Costake, 2008: 101).

Information technologies will be used effectively, when they are trusted. In adopting a policy, governments will face some problems such as the expectations of the citizens in terms of responsibility and service quality. Therefore, the characteristics of the citizens should be determined before making decisions about e-government implementation and wide spreading strategies. (Colesca, 2009a: 8).

Thus, while one of the threats about wide spreading and adoption of an online service and especially e-government is the problem of trust between the institutions and citizens and institutions, increasing transaction areas deepens this gap. The citizens making transactions through e-government share some personal, private information about themselves with the system and they worry about their information to be captured by others through some malware or something else. As a result this situation makes it a dilemma to promote competition or privacy primarily, while making decisions about the policies on electronic transactions (Tataroğlu and Coşkun, 2005: 173). As one can see, the extensiveness and efficiency of e-government are blocked by the trust problem.

The aim of this study is to measure the trust in e-government implementations and to put forward the effect of trust propensity and trust in technology on trust in e-government implementations.

6.2. The Method and Sample of the Study

Questionnaire method was used in the study. The former studies of Srivastava and Teo (2005), Teo, Srivastava, Shirish and Jiang (2008) and Colesca (2009a, 2009b) were used to determine the questions and methodology of the questionnaire. The questionnaire was pre-estimated on a small-scale sample before giving the final form.

The universe of the study consists of the citizens living in Konya, who have used e-government implementations before. Participants were included in the sample according to simple random sampling method, for which probability of each unit making up the universe have equal chance to be in the sample (Ural and Kılıç, 2005: 32) and undergraduate students who reside in the province of Konya helped us for the distribution of questionnaires. 400 questionnaires were distributed between 10th of

March 2013 – 17th of March 2013 and 362 questionnaire forms inclusive of 374 returned, which were duly filled, were taken into consideration.

There are many theoretical and empirical studies on the relationship between trust issue and e-governments (for the findings of some of the studies see: Tan and Thoen (2000), Chopra Wallace (2003), Uslaner (2004a, 2004b), Srivastava and Teo (2005), Tassabehji and Elliman (2006), Bissola and Carignani (2007), Chen and Saeedi (2006), Cullen and Reilly (2007), Mofleh and Wanous (2008), Teo, Srivastava, Shirish and Jiang (2008), Carter and Weerakoddy (2008), Bélagner and Carter (2008), Jones, Leonard and Riemenschneider (2009), Colesca (2009a, 2009b), Rokhman (2011), Alsaghier and Hussain (2012)). Those theoretical and empirical studies were taken into consideration, while determining both the aims and the methodology of our study.

6.3. Analysis and Findings

In line with the aim of the study, close ended questions were used about trust propensity, trust in technology and trust in e-government implementations, together with the demographical characteristics. The questions below are the questions tried to be answered by making this field study:

➢ Whether there is a relationship between demographical characteristics and trust in e-government implementations, trust in technology and trust propensity.

➢ Whether trust propensity has an effect on trust in e-government implementations.

➢ Whether trust in technology affects trust in e-government.

To measure the reliability and intelligibility of the questionnaire, it was tested on 25 participants, and the final form was given to the questionnaire by examining the questions considering the feedbacks. Every question in the questionnaire except the demographical ones were prepared according to five point Likert Scale. While the answer of "1" means "Totally disagree", "2" means "Disagree", "3" means "Partly agree", "4" means "Agree", and "5" means "Totally agree".

In evaluating the data derived from the survey, SPSS 16.0 (Statistical Package for Social Sciences) was used. To measure the internal consistency and reliability of the questionnaire Cronbach's Alpha test is used (Gaur and Gaur, 2009: 134). The reliability of the survey was found to be 0,834. This shows that the questionnaire is reliable, due to Alpha is above 0,70. This means that the items in the questionnaire are harmonised and can be used to measure the same structure (Gaur and Gaur, 2009: 134). The table below shows the reliability analysis result.

Table 2: Reliability Analysis of the Survey

Cronbach's Alpha	N of Items
,834	13

As seen on the Table 2, reliability coefficient of the questionnaire is 0,834. Accordingly, it can be said that the questionnaire is consistent internally and the questions can measure the same structure. Therefore the data obtained from the survey was considered reliable and they were taken to be evaluated, in line with the aim of the study.

Another statistical method used in the study is frequency and percentage distributions of the data. Frequency is "how many times an event occurs" simply. By using percentage distribution "relative frequency" of the event, frequency of which has been measured, is determined (Bryman and Cramer, 2005: 86). Frequency and percentage distribution were used in the study to measure the distribution of the demographical data.

Table 3 : Demographical Characteristics of the Participants

AGE	Frequency	Percent	GENDER	Frequency	Percent
under 18 years	17	4,7	Female	142	39,2
19-25 years	68	18,8	Male	220	60,8
26-36 years	123	34,0	**EXPERIENCE**	**Frequency**	**Percent**
37-47 years	113	31,2	under 3 years	86	23,9
48-59 years	30	8,3	3-10 years	153	42,5
60 + years	11	3,0	10 + years	121	33,6
EDUCATION	**Frequency**	**Percent**	**INCOME**	**Frequency**	**Percent**
Literate	9	2,5	under 500 TL	27	7,5
Primary School	32	8,8	500-1000 TL	45	12,4
Secondary School	69	19,1	1000-1500 TL	49	13,5
High School	65	18,0	1500-2500 TL	123	34,0
Undergraduate	134	37,0	2500-3000 TL	73	20,2
Post Graduate	53	14,6	3000 TL and more	45	12,4

As it can be seen from the Table 3, most of the participants are between the ages of 26-47, undergraduate, male, middle level experienced about internet and have 1000-1500 TL income.

To determine citizens' perceptions on trust propensity and trust in technology and trust in e-government, descriptive statistics were used. Descriptive statistics were evaluated through mean values of the answers. The results are below.

Table 4: Trust Propensity Frequency Analysis

Statement	Mean	Std. Dev.
I easily trust someone / something.	2,21	1,139
My tendency to trust someone / something is high.	2,41	1,144
I tend to trust someone / something even though I have little information about that.	2,33	1,139

According to the Table 4, we can say that participants have a low level of trust propensity. It can be said that the participants having this level of trust propensity will have a low tendency to trust a newly emerged issue such as e-government.

Table 5: Trust in Technology Frequency Analysis

Statement	Mean	Std. Dev.
I always find the work carried out by the government trustworthy.	3,06	1,045
Information and communication technologies to support work carried out by the government is always safe.	2,99	,986
I always trust the technology used to by the public institutions to execute e-government services.	3,16	,928
The measures taken in internet is enough for me to feel comfortable when using it.	2,85	1,018
There are enough technological and regulatory issues for me to be protected from the problems on the Internet.	2,74	,938
During my transactions via the Internet, encryption and other technological tools provide enough for my safety.	2,91	1,007

The participants "partly agree" with the positive statements about trust in technology. This level is above the level of trust propensity. This shows that participants trust in technology, although they have a low-levelled tendency to trust.

Table 6: Trust in E-government Implementations Frequency Analysis

Statement	Mean	Std. Dev.
I think that e-government services are not used to benefit from citizens.	3,25	1,038
E-government services are trustworthy.	3,38	,903
E-government services are run in a way that will not give harm to me.	3,39	,899
I trust in e-government services.	3,34	,902

The participants trust in e-government more than technology. This means that participants, who do not have a high tendency to trust, partly trust in technology and e-government. However, higher values of trust in e-government can be evaluated in terms of trust in government behind the technology. It can also be stated that; for the citizens to prefer e-government implementations to traditional ways of service, trusted governments should take into significant policies in order to promote this situation on behalf of e-government.

Determining the direction and significance of the relationships between demographical characteristics and trust propensity, trust in technology and trust in e-government implementations, is one of the aims of this study. To achieve this aim, Pearson Correlation, which has the opportunity to measure the linear relationship between two factors (Elliott and Woodward, 2007: 78), was used.

Table 7: Correlation of Demographical Variables with Dependent Variables

		Trust Propensity	Trust in Technology	Trust in E-government
Age	Pearson Correlation	,053	-,062	-,016
	Sig. (2-tailed)	,319	,245	,760
	N	359	350	352
Gender	Pearson Correlation	-,005	,113*	,018
	Sig. (2-tailed)	,925	,034	,739
	N	359	350	352
Experience	Pearson Correlation	,051	-,128*	-,117*
	Sig. (2-tailed)	,338	,017	,028
	N	357	348	350
Education	Pearson Correlation	,042	-,164**	-,078
	Sig. (2-tailed)	,428	,002	,144
	N	359	350	352
Income	Pearson Correlation	,055	-,136*	-,084
	Sig. (2-tailed)	,299	,011	,115
	N	359	350	352

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

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

There are some linear relationships between demographical characteristics and trust issues; however the correlations are not so high. For Pearson Correlation, a significant linear relationship is considered between two variables, if r coefficient is above 0,25 and p coefficient is below 0,05 (Elliot and Woodward, 2007: 80-84). Therefore, it is seen that there is no significant linear relationship between demographical characteristics and trust variables.

Table 8: Correlation of Dependent Variables

		Trust Propensity	Trust in Technology	Trust in E-government
Trust Propensity	Pearson Correlation	1	,230**	-,037
	Sig. (2-tailed)		,000	,489
	N	359	348	349
Trust in Technology	Pearson Correlation	,230**	1	,493**
	Sig. (2-tailed)	,000		,000
	N	348	350	342
Trust in E-government	Pearson Correlation	-,037	,493**	1
	Sig. (2-tailed)	,489	,000	
	N	349	342	352

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

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

According to the correlation analysis results between dependent variables on trust, there is a linear significant positive relationship between trust propensity and trust in technology at 99% confidence interval. In this sense, it is seen that citizens having higher values of trust propensity are probable to have a higher level of trust in technology. Additionally, the linear relationship between trust in technology and trust in e-government is positive and more significant at 99% confidence interval. According to the result citizens, who trust in technology, trust in e-government as well. Thus, it is important to provide trust in technology to increase citizens' trust in e-government implementations.

While ANOVA test is used to measure the distribution ratio of the dependent variables over independent variables (Cronk, 2008: 65) One Way ANOVA test is used to form a distributional table through the mean values of independent variables, which belong to only one of them (Levine et al., 2003: 20). In our study, it was discussed whether gender groups have significant differences according to dependent variables, using One Way ANOVA:

Table 9: Gender Groups One Way ANOVA

	GENDER	N	Mean	Std. Deviation
Trust Propensity	FEMALE	141	2,3239	,98153
	MALE	218	2,3135	1,05123
Trust in Technology	FEMALE	138	2,8442	,72807
	MALE	212	3,0197	,77310
Trust in E-government	FEMALE	138	3,3297	,74786
	MALE	214	3,3563	,71788

According to Table 9, the differences between gender groups, in terms of trust propensity, trust in technology and trust in e-government do not have significant values. In other words although there are low levelled differences between gender groups according to trust issues, it is difficult to say those differences are significant to take into consideration.

In our study, it was also discussed whether there are significant differences between age, internet experience, education and income levels of the participants according to their answers to trust related questions.

Table 10: Distribution of Dependent Variables According to Age (ANOVA)

		Sum of Squares	df	Mean Square	F	Sig.
Trust Propensity	Between Groups	4,906	5	,981	,937	,457
	Within Groups	369,782	353	1,048		
	Total	374,688	358			
Trust in Technology	Between Groups	6,185	5	1,237	2,181	,056
	Within Groups	195,124	344	,567		
	Total	201,308	349			
Trust in E-government	Between Groups	2,978	5	,596	1,123	,348
	Within Groups	183,474	346	,530		
	Total	186,452	351			

According to Table 10, there is no significant difference between age groups in terms of dependent variables.

Table 3: Distribution of Dependent Var. According to Internet Experience (ANOVA)

		Sum of Squares	df	Mean Square	F	Sig.
Trust Propensity	Between Groups	1,147	2	,574	,544	,581
	Within Groups	373,296	354	1,055		
	Total	374,443	356			
Trust in Technology	Between Groups	3,602	2	1,801	3,183	,043
	Within Groups	195,196	345	,566		
	Total	198,798	347			
Trust in E-government	Between Groups	2,793	2	1,397	2,653	,072
	Within Groups	182,672	347	,526		
	Total	185,466	349			

When one looks at the Table 11, it is seen that there is no significant differences between internet experience groups according to trust issues, except trust in technology (sig=0,043). Distribution of mean values of responses according to internet experience is given below.

Table 4: Trust in Technology According to Internet Experience (Scheffe)

	EXPERIENCE	N	1
Trust in Technology	**10 + years**	115	2,8623
	3-10 years	149	2,9329
	under 3 years	84	3,1290

Table 12 shows that trust of the participants in technology decreases while their internet experience gets higher. This can be a sign of dissatisfaction with internet and technological features. In other words participants do not enjoy using internet and their concerns about privacy, security and service quality increase day by day while they use internet.

Table 5: Distribution of Dependent Variables According to Education (ANOVA)

		Sum of Squares	df	Mean Square	F	Sig.
Trust Propensity	Between Groups	6,856	5	1,371	1,316	,257
	Within Groups	367,832	353	1,042		
	Total	374,688	358			
Trust in Technology	Between Groups	8,575	5	1,715	3,061	,010
	Within Groups	192,733	344	,560		
	Total	201,308	349			
Trust in E-government	Between Groups	2,537	5	,507	,955	,446
	Within Groups	183,914	346	,532		
	Total	186,452	351			

Table 13 puts forward similar results about trust in technology according to educational status. There is significant difference between mean values of groups according to education, in terms of trust in technology (sig=0,010). Distribution of mean values of responses to the questions about trust in technology, according to educational status is given below.

Table 6: Trust in Technology According to Education (Scheffe)

	EDUCATION	N	1
Trust in Technology	Undergraduate	131	2,8168
	Post Graduate	48	2,9201
	High School	64	2,9479
	Secondary School	67	3,0149
	Literate	9	3,1296
	Primary School	31	3,3763

According to Table 14, undergraduate ones' level of trust is the lowest, while primary school graduates level of trust in technology is the highest. It can be said that while participants have higher education their trust in technology decreases. This can be a result of knowledge about privacy and security problems of technological tools and electronic communication.

Table 7: Distribution of Dependent Variables According to Income (ANOVA)

		Sum of Squares	df	Mean Square	F	Sig.
Trust Propensity	Between Groups	2,131	5	,426	,404	,846
	Within Groups	372,557	353	1,055		
	Total	374,688	358			
Trust in Technology	Between Groups	4,902	5	,980	1,717	,130
	Within Groups	196,406	344	,571		
	Total	201,308	349			
Trust in E-government	Between Groups	2,414	5	,483	,908	,476
	Within Groups	184,038	346	,532		
	Total	186,452	351			

Table 15 shows that there is no significant difference between mean values of groups according to income level, in terms of trust propensity, trust in technology, and trust in e-government.

CONCLUSION

E-government can be defined as; usage of information and communication technologies by the governments, in all administrative and political areas in order to provide better functions services by allowing civil participation and good governance.

Trust is one of the necessary issues for the adoption and diffusion of e-government implementations. Governments and public institutions using the authority of government eager to develop the services they offer taking a step forward beyond traditional understanding, by introducing e-government

implementations. On the other hand, citizens' equivalent and even more trust in e-government is needed for the acceptance and wide spreading of e-government implementations then the traditional methods of public service.

The adoption of e-government as a new phenomenon will not completely realise, if trust of citizens in e-government does not emerge. However, if e-government meets the expectations and significant and positive information is had about it, trust in e-government implementations will increase in time. On the other hand, for this trust to emerge, some preconditions such as citizens' positive perception on e-government are required.

In field study part of our research, participants from Konya, who had used e-government at least for once before, were asked to respond some questions about trust propensity, trust in technology and trust in e-government implementations. Significant results of the study are below.

> Participants, who have low level of trust propensity, will have a low tendency to trust a newly emerged issue such as e-government.

> Participants trust in technology, although they have a low-levelled tendency to trust.

> The participants trust in e-government more than technology. These higher values of trust in e-government can be evaluated in terms of trust in government behind the technology.

> For the citizens to prefer e-government implementations to traditional ways of service, trusted governments should take into significant policies in order to promote this situation on behalf of e-government.

> There is no significant linear relationship between demographical characteristics and trust propensity, trust in technology and trust in e-government.

> Citizens having higher values of trust propensity tend to have a higher level of trust in technology, while citizens, who trust in technology, trust in e-government as well. Therefore, trust in technology is required to increase citizens' trust in e-government implementations.

> Trust of the participants in technology gets lower while their internet experience level of the participants increase. This may mean that citizens are not satisfied with the new technology and their concerns about privacy, security and service quality increase day by day while they use internet.

> While participants have higher education their trust in technology decreases. This can emerge from cognition about privacy and security problems of technological tools and electronic communication.

To conclude we can say that e-government requires to be trusted. Trust in technology is one of the most important issues about trust in e-government. New technologies should be promoted in terms of security and privacy problems.

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District Teacher Educators Mentoring Support and Primary School Teachers Professional Progress

Abstract:

This research was conducted to study the "Impact of District Teacher Educators Mentoring Support upon Primary School Teachers Professional Progress". It was related to both descriptive and survey type research. Questionnaire and Structured Interview were used as instruments in this study. Data were analyzed through percentage measure; Chi- square test was also applied to find out the significance of mentoring Programme and the difference among the opinions of the respondents. On the basis of results obtained from the analysis of data, the questionnaire items were accepted and rejected accordingly. The Sample consisted of 120 PSTs (Mentees) being mentored in these three CTSCs. Moreover, the Heads of 40 CTSCs were also respondents of the study for ascertaining the overall impact of Mentoring Programme in this district. The objectives of the study were; to assess the impact of DTEs mentoring support upon Mentees follow up of annual educational Calendar. To analyse the impact of DTEs mentoral support upon the Mentees skill for the preparation of Lesson Plan, and to investigate the Mentees involvement in Activity Based Learning. Major findings of the study indicated that Primary School Teachers were satisfied about the District Teacher Educators mentoring programme. Primary School Teachers were satisfied in all areas of mentoring support programme such as annual Calendar, Lesson Planning and Activity Based Learning. Conclusions of the study indicated that PSTs have reported overall positive impact of DSD's mentoring support programme while CTSC Heads were not satisfied about the impact of DTEs mentoring support programme. PSTs have clearly indicated positive impact of DTEs mentoring in all areas. But CTSC Heads impact responses have been found broadly varied from it, thus, aiming at further awareness, implementation, reformation and coordination among all stakeholders of mentoral support programme. Specifically an individual study may be conducted to find out the reasons of gap between CTSC Heads and PSTs responses. It also implies that students may also be involved in this impact study to find out the exact impact of Mentoral Support Programme.

Keywords: DTE-District Teacher Educator, PST-Primary School Teacher, TE-Teacher Education, CPD-Continuous Professional Development , DSD-Directorate of Staff Development, CTSC-Cluster Training & Support Centre , DTSC-District Training & Support Centre , INSET-In Service Training of Teacher

Introduction & Literature Review

According to Messurier (2012a), mentoring a significant, long term, beneficial effect on the life or style of another person. It is generally a result of personal one-on-one contact. Jravis (2002a) says about the

concept of mentoring that; Mentoring is an interpersonal process, nurturing process which fosters the growth and development of an individual. Mentoring is a supportive, protective process and finally mentoring is about being a role model. Mentoring is a complex, interactive process, occurring between individuals of differing levels of experience and expertise which incorporates interpersonal or psychosocial development and socialization functions into the relationship.

Messurier (2012b) states that mentoring is a comparatively new idea. The traditional Australian example of an informal mentoring process is the effective elder system of aboriginal and Torres Strait Island peoples. More recently, formal mentoring programmes have begun to develop among employees in middle and senior management positions in both the commercial world and the public sector.

Odell (2012) remarks that the question of what constitutes quality mentoring has been the focus of literally hundreds of studies and both scholarly and practitioner oriented products, and videos. Almost all of these products have included various guidelines, suggestions, and recommendations about what mentoring is and should look like in practice.

Holmes (2009) says that the quality of the mentoring is central experience of induction and being aware of this can help one to ensure that one does not miss out. Jarvis (2002b) points out that effective mentoring are a difficult and demanding task and those performing the role need time and training in order to perfect their mentoring skills. It is increasingly being used as a support and positive activity. Mentoring can be thought of as a multifaceted concept in co-operating personal support and the more rigorous notion of professional development leading to enhanced competence.

Messurier (2012c) defines that a mentor is one who offers knowledge insight, perception, or wisdom that is especially useful to the other person. Shea says as cited in Messurier that a mentor is often described as a coach. Someone who can lead by example and in so doing becomes a role model of their mentee. Sadker (2005) remarks that mentors can offer information about curricular materials, as well as observe a class to offer insights into teaching skills. In the best of circumstances, they guide new teachers to become skilled professional.

Rowntree (1986) points out that a mentor may support the learners in a variety of techniques. At the very last, they may act as a "resource" for learners to draw on and someone with whom to sound out ideas. But they may also take on a more tutorial role, supervising the learner's own practical activities, and even giving informal coaching.

Shukla (2005) notes down about the role of mentor that a role model who offers help to another person. A mentor acting as role model mentors and spends time with individual students once or twice a week encouraging , listening, making suggestions and talking the students to events, activities , or the mentor's place of employment to guide the student learn about a career and consider further education.

Plano Independent School District (2004-2011) reported that an exemplary veteran teacher is selected by the campus administrator to work on a regular basis with one or more teachers. Mentor teacher's major role is to support and help the fresh and new teachers.

According to Long (2004), quality of mentor is that a successful teaching is very important in the area of four time a year. Mentor is expected to observe mentee. Relationship between mentor and mentee is built on trust and communication.

Need for Professional Development of Primary School Teachers (Mentee)

Teacher professional development should ideally begin with the identification of teacher competencies, the knowledge, skills, and attitudes that a teacher should acquire to be able to function as an effective teacher. Teacher competence is crucial for initial teacher preparation, in service training, teacher evaluation, and career advancement. In Pakistan, there are no teacher competencies that are identified and agreed nationally or provincially.(Directorate of Staff Development, 2007).

Holmes (2009) remarks that it is really important for all teachers to be motivated to take responsibility for their own professional development. This encompasses a pretty broad range of activities but in short.

Responsibilities of Mentee

According to Holmes (2009), responsibilities are those of Primary School Teachers (Mentees) school-based activities which focus on class room, coaching partnership, classroom observation, pupil tracking, subject self-review, using information communication technology, personalization, focusing on every child, data analysis and action planning.

Shukla (2002) says about identities of teachers that are needed at the outset. It is largely followed with some modifications, distinguishing among social identities, personal identities, and self-concept. Social identities are attributed to others in an attempt to place or situate them as social objects.

Responsibilities of Primary School Teachers

In this study Primary School Teachers stand for Mentees. Their responsibilities are as under:

1. To participate in in-service training courses, follow-up workshops and a host of other CPD activities;

2. To attend professional meetings regularly;

3. To teach according to the given methods and guidelines;

4. To collaborate with DTEs and teacher colleagues for individual and group professional development;

5. To share experiences and problems with colleagues;

6. To report to the DTE what works and what does not work ;

7. To be available to be observed in classrooms by DTEs and other teacher colleagues;

8. To work constantly to achieve excellence in teaching for effective child learning.
   (Directorate of Staff Development, 2007)

DTE as a Coordinator

1. To coordinate with the CTSC Head and Schools Heads in the Cluster;

2. To organize meetings of Head Teachers for exchange of ideas and experiences and seek solutions to any problems;

3. To encourage teachers to create subject-based professional associations;

4. To assist Head Teachers in the cluster in creating appropriate teaching-learning environment;

5. To plan and conduct a Professional Development Day (PD Day) at the CTSC every month where PSTs gather to review the whole month's activities and develop lesson plans.

Work Jointly with Head Teachers and Teachers for Achievement of Targets;

1 National Education Policy;

2 Student Competencies and Learning Outcomes of each subject , given in National Curriculum 2006;

3 National Teaching Standards adopted by Pakistan;

4 Dastoor-ul-Amal and Academic Calendar;

5 Organizing Professional Development (PD) Day for Teachers;

6 Ensure maintenance of school facilities like safe drinking water, furniture, toilets , building cleanliness through school councils and staff;

7 Ensure optimum use of library, science labs and computer labs;

8 Ensure implementation of English medium scheme in 100% schools;

9 Ensure monthly and periodic tests of students on prescribed formats for preparation of PEC and Board examination.

Main Role of DTEs

The Primary task of the DTE is to enhance the quality of student learning within the schools in the cluster by implementing CPD programmes for Primary School Teachers in close collaboration with the Head of the Cluster Center, Heads of schools and Teachers within the cluster, and other stakeholders. The DTEs have three main roles: trainer, mentor and coordinator. The DTEs report to the TE. The ACRs of the DTEs are written by the TE and countersigned by the Regional Programme Manager.

Professional progress and development

Reddy (2004) defines profession as an occupation based upon specialized study training, the purpose of which is to supply skilled service or advice to others for a definite package, fee, or salary. Tiwari (2006) defines progress as that a measure of how a student is facing over time towards a well-defined goal. Thus the student reaches the goal within an expected time frame.

Concept

Wright (2008) points out about professional that professionalism to do with being a member of a profession. Based as it therefore is on membership, it's essentially bound up with convention and conformity clubs have rules. Balasubramanian (2004) adds that the concept of progress is central to the ideal of quality management.

Professional Responsibilities: Development

Brittell (1959) reports that when one graduates from college, one's preparation for teaching is not complete. Continued study is necessary for the advancement of one's professional standing and

personal outlook. Doctor and the dentist, one must constantly expand one's knowledge. Similarly, teachers must constantly expand their knowledge.

Gentzler (2005) notes down that professional development is generally considered to be a person's activities and projects that promote his or her continual professional growth. One has much to consider when one first assumes one's role as an educator. However, one also has an obligation to begin charting the course for one's own professional development based identified by one's mentors and administrators.

Fraser & McGee (2001) remarks that like the members of other helping professions, professional teachers fulfill responsibilities to honorable clients. Compulsory nature of primary and secondary schooling increases the ethical responsibility of professional teachers because parents do not have the opportunity to choose who will teach their children.

The Impact of Mentoring Programmes on the Support and Collaboration of Teachers

According to Roff (2010), this case study addressed the gap in literature by focusing on how teachers perceived the impact of mentoring programmes on the support and collaboration of teachers. A qualitative case study design was conducted using interviews and documents. A sample of 16 teachers from 2 different schools was taken.

Findings of this study could be applied to foster additional support and collaboration for mentees and mentors and possible improvements to existing mentoring programmes.

Effectiveness of Modular Teaching in English at Secondary Level

Behlol (2007) points out about this study that the concept of Modular teaching explored differences between module and lecture method: checked the effectiveness of Modular teaching in the academic achievement of students in English at secondary level and its impact on the academic achievement of low and high achievers. Pre-test, Post-test was applied for checking the effectiveness. Samples were divided into control and experiment group on the basis of pre-test. Findings showed that the students of different abilities learnt better by the Modular teaching as compared to the traditional methods of study.

METHODOLOGY

The study was related to both descriptive and survey type research. It was an evaluative research. Its primary purpose was impact assessment of Directorate of Staff Development's on going mentoral support programme.

Population: The study was limited to one District of Punjab. This District was included in the first phase of Punjab Government's Mentoring Programme. Population of the study was based upon: All District Teacher Educators (DTEs) working in Layyah district for improving Mentoral Support of Primary School Teachers. All Primary Schools Teachers (PSTs) male and female working in public schools in Layah district.

Instruments of Data Collection: It was a descriptive survey type study. Therefore, questionnaire and structured interview were used as instruments in this study. These instruments were relevant tools for this purpose.

Sampling in the Study: In district Layyah working 40 CTSCs were working one Cluster Training and Support Centre from each one Tehsil, geographically, located in the Centre was chosen systematically from that Tehsil. Thus, forty CTSC Heads were involved in this study. The sample consisted of 40 PSTs (Mentee Teachers) from each Tehsil. And, all CTSC Heads of 40 CTSCs were involved in the impact assessment of DTEs Mentoring Support Programme in District Layyah.

Nature and Type of Data : Data was related to the eight areas of Mentoral Support Programme. Eight areas of Mentoral Support were as under: Annual Calendar, Lesson planning and Teaching through Activities; each area was sub divided into five more items. Mentoring progress related to each item was noted according to five options given as under: Very Much, Much, Less, Very Less, and No. Data was generated from following two sources:

1. Primary School Teachers (PSTs), i.e., Mentees;

2. Cluster Training and Support Centre Heads i.e., (CTSC Heads).

Mode of Data Collection: The researcher himself conveyed Questionnaires to all Primary School Teachers (PSTs) on their Professional Development days. Again the researcher himself collected back all filled in Questionnaires from the participants. Questionnaire was meant for PSTs. Structured Interview was prepared for CTSC Heads. Structured Interview sheets were dispatched to CTSC Heads through Pakistan Post along with self-addressed postage stamp affixed envelopes.

Data Analysis & Interpretation:

Table 1 *Primary School Teachers Responses about DTEs Mentoring Support in the 1st Area-Annual Calendar-at CTSC*

Number of Respondents	Items Contained in the 1st Area	Availability of Annual Calendar		Availability of revised Annual Calendar		Availability of guidance about the use of Annual Calendar			Usage of Annual Calendar by Primary School Teacher during teaching				Increase in PSTs professional skill by the use of Annual Calendar		
		Yes	No	Yes	No	No	Much	Very much	Less	No	Much	Very much	No	Much	Very much
40	40	40	-	32	08	01 19		4 25	-	5 28		– 7	-- 22	8 10	-

Number of Responses reflected in Percentage measure	100% -	80% 20%	2% 12% 2% 62% 22%	- 12% - 70% 18%	- 20% - 55% 25%
Combined impact grade	A+	A+	A+	A+	A+

Note: Primary School Teachers response about "**Annual Calendar**" shows positive impact of DTEs mentoral support.

Table 2 *Primary School Teachers Response about DTEs Mentoring Support In the 2ⁿᵈ Area-Lesson Plan-at CTSC*

Number of Respondents	Items Contained in the 2ⁿᵈ Area → ↓	Availability of lesson plan		Effectiveness of lesson plan in view of local requirement		DTEs guidance about the preparation of lesson plan			Improvement in teaching process through lesson plan				Improvement in professional skill through usage of lesson plan		
		Yes	No	Yes	No	No	Much	Very much	Less	No	Much	Very much	No	Much	Very much
40		38	2	37	3	1 - 4	8 27		-	7 26		– 7	1 19	6 14	-
Number of Responses reflected in Percentage measure		95%	5%	93%	7%	2% 68%	20% 10%		-	17% 66%		- 17%	2% - 48%	15% 35%	
Combined impact grade		A+		A+		A+			A+				A+		

Note: Primary School Teachers response about "**Lesson Plan**" shows positive impact of DTEs mentoral support.

Table 3 *Primary School Teachers Response about DTEs Mentoring Support In the 3ʳᵈ Area-Activity Based Learning-at CTSC*

Number of Respondents	Items Contained in the 3rd Area ⟶	DTEs guidance about Activity Based Learning			Usage of stories and examples in teaching process				Usage of Activity Based Learning Method during teaching			Satisfaction about the activities given in (BFM) Basic Foundation Module				Improvement in professional skill through usage of activities		
	⟱	No	Less	Very Less	Much	No	Less	Very Less	No	Less	Very Less	Much	No	Less	Very Less	No	Less	Very Less
40		15	22 3	-- --	10 --	23	--	7	11 --	23 6	- --	4 8	27 --	1		11 --	25 3	- 1
Number of Responses reflected in Percentage measure		38% -	55% 7%	-- --	25% 17%	58% --	--		27% --	58% 15%	--	10% 20%	68% --	2%		28% --	62% 8%	-- 02%
Combined impact grade		A+			A+				A+			A				A+		

Note: Primary School Teachers response about "**Activity Based Learning**" shows positive impact of DTEs mentoral support.

Table 4. *Frequency Observed (fo) Area Wise Response of PSTs about DTEs Mentoring Programme at District Level   (Area- 1-   Taleemi Calendar)*

Item No.	Yes	No	V. Less	Less	Much	V. Much	Total
1	119	01	-	-	-	-	120
2	78	42	-	-	-	-	120
3	-	02	01	09	71	37	120
4	-	-	-	11	79	30	120
5	-	01	-	10	59	50	120
Total	197	46	01	30	209	117	600

Table 5 *Frequency Observed (fo) Area Wise Response of PSTs about DTEs Mentoring Programme at District Level Area 2 (Lesson Planing)*

ItemNo	Yes	No	V.Less	Less	Much	V.Much	Total
1	116	4	-	-	-	-	120
2	88	32	-	-	-	-	120
3	-	01	1	15	78	25	120
4	-	01	1	8	81	29	120
5	-	-	2	9	68	41	120
Total	204	38	4	32	227	95	600

Table 6. *Frequency Observed (fo) Area Wise Response of PSTs about DTEs Mentoring Programme at District Level Area 3 (Activity Based Learning)*

ItemNo	V.Much	Much	No	Less	V.Less	Total
1	53	61	02	04	-	120
2	35	72	-	12	01	120
3	38	72	1	9	-	120
4	23	69	04	21	03	12
5	47	64	02	06	01	120
Total	196	338	9	52	5	600

FINDINGS OF STUDY

Description of the above six tables of analysis shows that as this study was related to ''The Impact of District Teacher Educators Mentoring Support upon Professional Progress of Primary School Teachers in Layyah For this purpose, PSTs (Mentees) responses were collected through Questionnaire and CTSC Heads responses were collected through Structured Interview. Findings of the Mentees responses about mentoring support related to eight areas have been given in this chapter,   area- wise and item-wise, respectively as under:

Primary School Teachers Response about DTEs mentoral Support;

Area .1, Annual Calendar

Availability of Annual Calendar; Ninety-nine Percent of PST's reported that Annual Calendar was available to them. One Percent of PSTs reported that Annual Calendar was not available to them.

Availability of Revised Annual Calendar; Sixty-five percent of PSTs endorsed that revised Annual Calendar was available to them. Thirty-five percent of PSTs endorsed that revised Annual Calendar was not available to them.

Availability of Guidance about the Use of Annual Calendar; Thirty percent of PSTs replied that *very much* guidance about the use of Annual Calendar was available to them. Fifty-nine percent of PSTs replied that *much* guidance about the use of Annual Calendar was available to them. Eight percent of PSTs replied that *less* guidance about the use of Annual Calendar was available to them. One percent of PSTs replied that *very less* guidance about the use of Annual Calendar was available to them. Two percent of PSTs replied that guidance about the use of Annual Calendar was *not* available to them.

Usage of Annual Calendar by Primary School Teacher; Twenty-five percent of PSTs reported that Annual Calendar was in *very much* usage during teaching. Sixty-four percent of PSTs reported that Annual Calendar was in *much* usage during teaching. Eleven percent of PSTs reported that Annual Calendar was in *less* usage during teaching. None of PSTs reported that Annual Calendar was in *very less* usage during teaching. None of PSTs reported that Annual Calendar was *not* in usage during teaching.

Increase in PSTs Professional Skill by the Use of Annual Calendar; Forty-two percent of PSTs verified that they had found *very much* increase in their professional skill by the usage of Annual Calendar. Forty-nine percent of PSTs verified that they had found *much* increase in their professional skill by the usage of Annual Calendar. Eight percent of PSTs verified that they had found *less* increase in their professional skill by the usage of Annual Calendar. None of PSTs verified that they had found *very less* increase in their professional skill by the usage of Annual Calendar. One percent of PSTs verified that they have *not* found increase in their professional skill by the usage of Annual Calendar.

Area 2, Lesson Plan

Availability of lesson plan; Ninety-six percent of PSTs reported that Lesson plan was available to them. Four percent of PSTs reported that Lesson plan was *not* available to them.

Effectiveness of Lesson Plan in view of Local Requirement; Seventy-three percent of PSTs replied that Lesson plan was effective for the local teaching requirement. Twenty-seven percent of PSTs replied that Lesson plan was *not* effective for the local teaching requirement.

DTEs Guidance about the Preparation of Lesson Plan; Twenty percent of PSTs endorsed that DTEs *very much* guidance about the preparation of Lesson Plan was available to them. Sixty-five percent of PSTs endorsed that DTEs *much* guidance about the preparation of Lesson Plan was available to them. Thirteen percent of PSTs endorsed that DTEs *less* guidance about the preparation of Lesson Plan was available to them. One percent of PSTs endorsed that DTEs *very less* guidance about the preparation of Lesson Plan was available to them. One percent of PSTs endorsed that DTEs guidance about the preparation of Lesson Plan was *not* available to them.

Improvement in Teaching Process through Usage of Lesson Plan; Twenty-four percent of PSTs responded that *very much* improvement occurred in teaching process through usage of Lesson Plan. Sixty-eight percent of PSTs responded that *much* improvement in teaching process occurred through usage of Lesson Plan. Six percent of PSTs responded that *less* improvement in teaching process

occurred through usage of Lesson Plan. One percent of PSTs responded that *very less* improvement in teaching process occurred through usage of Lesson Plan. One percent of PSTs responded that *no* improvement in teaching process occurred through usage of Lesson Plan.

Improvement in Professional Skill through Usage of Lesson Plan; Thirty-four percent of PSTs verified that they had found *very much* improvement in professional skill through usage of Lesson Plan. Fifty-six percent of PSTs verified that they had found *much* improvement in professional skill through usage of Lesson Plan.Eight percent of PSTs verified that they had found *less* improvement in professional skill through usage of Lesson Plan. Two percent of PSTs verified that they had found *very less* improvement in professional skill through usage of Lesson Plan. None percent of PSTs verified that they had found *no* improvement in professional skill through usage of Lesson Plan.

Area 3 Activity Based Learning

DTEs Guidance about Activity Based Learning; Forty-four percent of PSTs reported that DTEs *very much* guidance about Activity Based Learning was available to them. Fifty percent of PSTs reported that DTEs *much* guidance about Activity Based Learning was available to them. Four percent of PSTs reported that DTEs *less* guidance about Activity Based Learning was available to them. None percent of PSTs reported that DTEs *very less* guidance about Activity Based Learning was available to them. Two percent of PSTs reported that DTEs *no* guidance about Activity Based Learning was available to them.

*Usage of Stories and Examples in Teaching Process;*Twenty-nine percent of PSTs replied that stories and examples were in *very much* usage during teaching process. Sixty percent of PSTs replied that stories and examples were in *much* usage during teaching process. Ten percent of PSTs replied that stories and examples were in *less* usage during teaching process. One percent of PSTs replied that stories and examples were in *very less* usage during teaching process. None percent of PSTs replied that stories and examples were *not* in usage during teaching process.

Usage of the Activity Based Learning Method During Teaching; Thirty-one percent of PSTs endorsed that Activity Based Learning Method was in *very much* usage during teaching. Sixty percent of PSTs endorsed that Activity Based Learning Method was in *much* usage during teaching. Eight percent of PSTs endorsed that Activity Based Learning Method was in *less* usage during teaching. None percent of PSTs endorsed that Activity Based Learning Method was in *very less* usage during teaching. None percent of PSTs endorsed that Activity Based Learning Method was *not* in usage during teaching.

Satisfaction about the Activities Given in BFM; Nineteen percent of PSTs responded that they had found *very much* satisfaction about the activities given in Basic Foundation Module (BFM). Fifty-seven percent of PSTs responded that they had found *much* satisfaction about the activities given in Basic Foundation Module (BFM).Nineteen percent of PSTs responded that they had found *less* satisfaction about the activities given in Basic Foundation Module (BFM Two percent of PSTs responded that they had found *very less* satisfaction about the activities given in Basic Foundation Module (BFM). Three percent of PSTs responded that they had *not* found satisfaction about the activities given in Basic Foundation Module (BFM).

Conclusions

Conclusions reached through review of the findings of Mentees Responses were as under: The impact of DTEs mentoral support upon Mentees follow-up of Ta'leemi Calendar has been found reasonably positive. However, this impact has been noted comparatively weaker in the availability of revised Ta'leemi Calendar. The impact of DTEs mentoral support upon Mentees skill for the preparation of lesson plan was analyzed as reasonably positive according to the mentees own responses. However, this impact has been noted less dominant and comparatively weaker in the particular aspect of the lesson plan effectiveness for the local requirement. The impact of DTEs mentoral support upon mentees involvement in activity based teaching and learning was investigated reasonably positive according to mentees own responses. However, this impact has been noted less dominant and comparatively weaker in the satisfaction about the activities given in Basic Foundation Module The impact of DTEs mentoral support upon mentees skill in the use of support material was found out reasonably positive according to mentees own responses. However this impact has been noted less dominant and comparatively weaker in the availability of A.V. Aids in class-room. The impact of DTEs mentoral support upon Mentees interaction with the students was determined reasonably positive according to mentees own responses. However, this impact has been noted less dominant and comparatively weaker in the teachers' skill improvement for interaction with students in large classes. The impact of DTEs mentoral support upon Mentees skill in the area of class-room management has been analyzed as reasonably positive according to mentees own responses. However, this impact has been noted less dominant and comparatively weaker in the specific management for specific class-room activities.

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Civil-Military Relationship between 2000 and 2012 in Turkey in the Context of Modern State

Abstract:

The EU process, shaping the dominant policy and enhancing civil liberty in Turkey and the implementations, desire and determination of the political government, which has governed the country since November 3rd, 2002, regarding wide spreading political field; together with the global and local progresses during 2000s, paved the way of military to give up their habitual immunities. Since 2000 to our time, it is certain that important steps have been taken and important developments have occurred regarding efforts for harmonization to EU standards, for the civil-military relationship to normalise just as the developed democracies. The events experienced in this process had reflections on political structure. However, it cannot be stated that impact areas of the military on civil life have been completely eliminated.

In this study, the legal regulations to be made and constitutional reforms needed; for the civil-military relations to normalise and be conducted on a proper and healthy base, just as a modern state, and for the democracy and law to rule over state affairs, will be discussed.

Keywords: Politics, Military, EU Process, Normalising, Democracy

JEL Classification: D71, D72, D74, D79, H11

INTRODUCTION

Turkey is a country, which has for almost fifty years tried to enter the European Union and to become a modern state of law, and however, went away from its goals as a results of chronic decennial military interventions.

All the states, which want to take an active position in the world, have to renew their political, economic and legal systems and institutions according to the needs of the time. Taken steps, based on the principle of democracy and the rule of law, and the innovations in the EU process, in Turkey in recent years, significantly increased Turkey's international development level. However, the delay of change, have negatively affected the success of the whole state system in economic, legal and other aspects and delayed the solution of our problems blocking Turkey's being a developed country.

1. Civil-Military Relationships in a Modern State

It is observed in many states around the world that, the military do not constantly intervene the regime in order to have the power, and transfer it on a regular basis to its rightful owners. This situation is seen in the Ottoman Empire and the Republic of Turkey. The power was transferred to Sultans during the Ottoman period, and since 1950 to the democratically elected governments in the Republic period (Cornell, 1998: 79).

Since the military coup of 27 May 1960 to the present day, TAF (Turkish Armed Forces), has become an essential element of political life either by having the administration of the country directly or by making its affect felt indirectly. Sometimes this effect was reduced, and sometimes reproduced, but it is difficult to speak of a period, when democratic control was implemented in accordance with international standards (Demirel, 2010: 4-5).

The reason that motivated Turkish Armed Forces (TAF) to interfere in politics directly or indirectly, finds an expression in 35th Article of Armed Forces Internal Service Law. Duty of TAF in this article is defined as "to protect and preserve Turkish homeland and the Turkish Republic of Turkey, which is determined by the Constitution…". As part of this task undertaken, TAF has a prominent place in the national system as a ready, organized, disciplined, trained major power. In democracies, this great power is at service or the government, which comes to power legitimately. However, as a country in the process of development in Turkey, special attention is given to the position of the armed forces in the constitutional order. While armed forces have been tried to be prevented from being completely in control of political power, the military's specific structure and functioning has been provided not to be interfered. On the other hand, equilibrium points such as the National Security Council (NSC) and the Supreme Military Council (SMC) were established (Öztürk, 2006: 177).

Civil-military relations in Turkey and its institutional structure can be said to have three interpenetrated important features (Akay, 2009: 5):

1) An administrative structure based around the concept of an extensive and vague defined national security, which has been created and deepened with every military intervention in historical continuity.

2) A trusteeship model, in which the army role plays an auditor role rather than an audited one.

3) An internal organization in the army, which is autonomous and highly centralized among other institutions.

Before proceeding with how civil-military relations in a modern state should be, it is considered useful to refer to the dimensions of political modernization. In a modern society, dimensions of political modernization can be collected under three headings (Çam, 2002: 224-225):

First, political modernization is rationalisation of political authority. This, refers to political authority's, being ahead of religious, familial, ethnic and traditional political authorities. In modern-democratic societies, political decision-making mechanisms are centralized; departed from arbitrary methods and the authority coming from tradition is weakened.

Second, political modernization is orientation of social groups to policy and governing, rather than political participation. Modernization of this size can be explained as increasing the

participation of modern participatory culture in political process, by people through groups and political parties and rational and legal legitimacy taking its basis from the sovereignty of the people.

Finally, political modernization is a structural and functional change. Administrative, legal, military and scientific fields are separated from political fields and independent specialized bodies fulfil the functions, according to their institutional purposes and structure.

Considering this last dimension of political modernization, a modern state is expected to provide happiness to the whole community, rather than to make a social class happier than others. Like civil servants, workers, farmers, bureaucrats, artists, scientists, traders, politicians and government officials, soldiers should make their profession. Not only no one except soldiers should intervene with their work, but also the soldiers should not interfere with the others' work (Plato, 2010: 116).

Armed forces are a very special kind of political organization. There are four reasons, which separate the army and other institutions and sometimes provide them a different and even an overwhelming advantage when compared with those of civil organizations (Heywood, 2007: 534-535):

1) As an organization established for war, the army generates a power of real monopoly of arms and as a result, compulsion. While the armed forces have the power to continue or overthrow a regime, their loyalty is mandatory for the survival of the state.

2) The military is a well-disciplined body, trained through the tradition of a rank hierarchy and absolute obedience, where a strict organisation is dominated. This generates organizational efficiency.

3) The armed forces motivates its personnel with a team spirit that motivates them to fight, to kill and even to die, through an always distinguishable corporate culture and value system.

4) The military protects security and the unity of the state; this causes them to gain significant status and respect. In particular, this situation increases the tendency of the military to interfere with the political life, when they notice a dangerous situation according to themselves.

According to Huntington, "Military profession requires has expertise and has a limited structure". While the members of the profession have a specialized competence in their field, they have shortcomings of knowledge and proficiency in the areas except their fields. Relationship of the military profession with the state, civil bureaucracy and the politics consists of only a natural division of labour. Military experts, political experts and public officials have different areas of competence. After the professionalization of military science in 19th century, it has become impossible for an individual to operate in both areas (Huntington, 2004: 99).

Politics is beyond the field that is covered by military competence and military participation in politics shades professional competency and professionalism of them. That, belonging to military science, not only is subject to the political field, but also it is independent from it and it should be as well. Such as the war serves to political goals, the military profession serves to the purposes of the state. However, public official has to respect military profession, its integrity and activity area. Soldiers, have the right to expect political guidance from public official as a political expert. It is possible to talk about civil audit, only when this autonomous profession is considerably subject to political purposes (Huntington, 2004:100).

In developed countries, armed forces, due to their training as a different professional group, are susceptible to be separate. Additionally, the administrative and political expertise is a factor that prevents the government or the economy to be managed by the military (Giddens, 2008: 324). In democratic regimes, military serves as subject to the elected civilian authority. They explain their views in the relevant platforms of the state, not to public, except for the occasional exceptions. Soldiers do not work as though they are party or state in the state. If one is over the line, if does not care about the rules of the democratic tradition, will be shown the door, and wished success in civilian life (Cemal, 2001).

2. Intervention Fields of Soldiers to Civil Life

In Turkey armed forces, have undertaken effective roles; in *politics* through the National Security Council and the media, in *industry and trade* through foundations and OYAK, in *judiciary* through their military judicial privilege. Currently, the compulsory military service socialises military values and an understanding of secularism and nationalism rather than a civil- democratic culture, and a parliamentary oversight cannot be fully generated on defence expenditure. Therefore, in the EU accession process, democratization of the status and functions of the Turkish Armed Forces remains as one of the necessary arrangements (Yıldız, 2006: 12). TAF, which was a dominant force in civil-military relations in Turkey between the years 2000-2012 and before, provided its impact on civilians, using different instruments and a different channels. The followings are the fields, where soldiers' intervention is seen on political life, democratic and civil processes:

2.1. Administrative and Political Field

The military make an effective intervention to administrative and political fields, by using their effectiveness in National Security Council and the Supreme Military Council, and using the individuals, who are close to themselves and have political and administrative positions.

In an analysis made in 2009, the remarkable scene in terms of civil-military relations of those days is summarized as follows (Akay, 2009: 5):

1) Even though the reform process especially including the NSC, which started in the 2000s, contained important arrangements for the demilitarization of the organization; NSC sill serves as a centre producing official policies for a great field, through a description, limits of which are unpredictable, including external and domestic threats.

2) Despite civilianization of the NSC General Secretariat, some of the assignments reflected in the media, especially in the field of internal security, are the sign of the armed forces to retain their power.

3) Non-formal mechanisms, which began to be used by the TAF, claims of direct intervention on judicial process and attempts to social engineering, are the signs indicating that domination understanding has not changed.

4) Centralist understanding and autonomy, which means that the army retains all authority on its internal structuring, is still protected significantly in spite of some regulations made.

5) Due to some secret regulations, some practices having uncertain legal basis and confusion of authority and responsibility between institutions, in the field of internal security, the militarization of the field goes on.

2.2. Legal Field

First of all, the establishment of a military justice system parallel to the civil justice by the soldiers when they take over the control, lays behind the independent position of military against civil authority. (With May 27, 1960 military coup, the Military Court of Cassation had become a constitutional institution, for the first time. With March 12, 1971 coup, decisions of the Supreme Military Council were excluded to judicial review. Most important, military power formed a Military Council of State with the name: High Military Administrative Court.) Thus, the military became nearly a "*state in a state*" by giving itself a position which reviewed the system but did not give the permission for itself to be reviewed by the civil authority.. Soldiers broke themselves off civil judiciary by using their own courts. They created an administrative and criminal judicial area for only themselves in their chain of command, by using descriptions such as military zone and military mission, area of which were intentionally held widely (Cemal, 2010: 348)

Military domination avoided judgement of the military personnel in civilian courts even in non-professional actions, by establishing a self-styled military judiciary system, while they also intervened civil and political life through SSCs (State Security Courts), which were removed in 2004, SBJP (Supreme Board of Judges and Prosecutors) and CC (Constitutional Court), structures of which were changed by the constitutional amendment referendum on 12 September 2010.

2.3. Economic Field

There are two ways of the influence of the military in economic field: *First*, while the military domination system is constructed, making regulations allowing the military to make some commercial activities, moreover giving them some advantages such as tax exemptions. The other is lack of transparency, lack of audit on military spending differently from other public institutions, avoidance of relevant legislation or precedent on audit of the Court of Auditors and the parliament.

Armed Forces Pension Fund (OYAK): Through OYAK army, acting as a collective group of capital and having direct investments on production, service, trade and financial sectors is an important aspect of the militarization in Turkey (Akça, 2010: 17).

Unauditibility of Defence Spending: Only the General Staff determine Priority and principles on the issues of Turkish Armed Forces' personnel, organization, intelligence, training and logistics services. The government restricts itself to providing the necessary funds and approving them (Ünsaldı, 2008: 242).

2.4. The Field of Media

After the military coup, TAF, by giving up holding the administration in their hands, imposed the politicians to implement the National Security Policy determined by their own. Their assistant on this issue is are the accredited media and civil bureaucracy (Balcı, 2000: 241). TAF even intervened with and directed the next day headlines of the media outlets, which are close to them.

In addition, they led to the emergence of an atmosphere of censorship across the country including the academic community, using threats and judicial proceedings against the human rights defenders, journalists and academics. After that, a police raid was organised to the centre of Nokta Magazine, with the order of the Public Prosecutor acting on behalf of the General Staff Military Prosecutor. An internal

directive of General Staff limited freedom of the press on military issues. The directive prohibited invitation of the most critical journalists against the army; to military receptions and briefings (European Commission, 2007: 14).

3. Some Regulations Made for Normalisation

1. Military members were removed SSCs (State Security Courts) during 1999-2002. The number of members of NSC (National Security Council) was increased and NSC was turned into a board, commenting when required and evaluated by the government.

2. In August 2004, for the first time a civilian was appointed as Secretary-General of the NSC. In order to increase the transparency of the budget, the Court of Auditors, were given the authority to audit military and defence spending. Military representative assemblies were removed from civil boards.

3. Despite the attempts of the military to interfere in political life, during the 2007 presidential election process, and their statements to the public, result of the constitutional crisis in the spring of 2007 reaffirmed the primacy of the democratic process.

4. In February 2010, the government repealed the secret protocol of police, law enforcement and support units: named as EMASYA, which allowed the execution of military operations without the consent of the civil authorities.

5. Investigations launched about Şemdinli event, Ergenekon and coup plans led to the arrest of people, including the retired generals among them.

6. SSCs were removed as a part of a package of constitutional amendments adopted in May 2004.

7. The most important development of 2010 is September 12 Plebiscite, by which a referendum was hold on a constitutional amendment package. Constitutional amendment package proposed by the government brought up a change in the formation of Constitutional Court and SBJP (Supreme Board of Judges and Prosecutors), limited the powers of the military courts, recognized the right to appeal against the decisions of SMC (Supreme Military Council), included a legal arrangement for the September 12 coup to be judged, brought up the authority of Constitutional Court to judge Chairman of the Parliament and the high military bureaucrats and also the right to individual petition to the Constitutional Court.

8. Regarding civilian oversight of military expenditure, a positive development was made in December 2010 by adopting the Law on the Court of Auditors. That law provided an opportunity to external audit on the expenditure of the Armed Forces.

4. Future of Civil-Military Relationships in Turkey and Recommendations

Since the early 2000s, the Turkish Armed Forces' (TAF) political role and privileged position in the system, started to be questioned more than the previous years. Although the dominative line lost power, the political role and privileged position of the Turkish Armed Forces can be perceived as legitimate by the civilian bureaucracy and some social groups, so that a serious opposition can be put forward against

the steps taken in accordance with democratisation. The ones, who wish normalization of civil-military relations, should be aware of these trends in TAF. They should avoid the attitudes and behaviour, which have a high potential to strengthen the dominative line, as far as possible, while drawing the ones adapting controlled change to a more democratic line. (Demirel, 2010: 3).

For normalization of civil-military relations, however constitutional reforms are important, it is clear that these innovations will not be sufficient for the elimination of military domination system. Therefore, all legislation adopted since the May 27 military coup to now, should be revised systematically and the extraordinary powers given to military authorities should be taken back (Erdoğan and Yazıcı, 2011: 30).

Civil-military relations in Turkey require to be rearranged in line with the examples of modern democracies. In this context, in our day, when a civil constitution is being tried to be made, is thought to be beneficial to put forward the following recommendations (SDE, 2011: 21-22):

1. The General Staff should be affiliated to the Ministry of National Defence (MND), and force commands should be converted into units of the General Staff.

2. TAF should focus on overseas defence, which is the basic issue of them, obligation of domestic security and public order should not be their case.

3. A radical reform should be realised, which will provide a functional reduction, restructuring and modernisation in the structure of TAF, which was organized in accordance with the perception of threat in the Cold War era conditions, and did not make a significant reduction of power after the period of threat.

4. The number of Colonels in TAF has risen to 6.350 and the number of generals and admirals has risen to 363. This situation brings together a serious cumbersome structure. In TAF, promotion system should be given a structure, which highlights scientific and professional performance, in accordance with competitive environment, rather than within the framework of established practices.

5. Minister of National Defence, should sideline the military personnel, who are suspected for Balyoz and the Ergenekon lawsuits, due to the his authority coming from 65th Article of the TAF Personnel Law No. 926.

6. There should be no legal or practical obstacles for State Audit Court to audit TAF spending; and transparency and accountability should be dominated in this regard.

7. Budget, training, and personnel policy of TAF should be revised in order to have an accountable position.

8. Military Law should be rearranged under the new vision to be determined in terms of new requirements.

9. Military High Administrative Court and the Military Court of Appeals should be removed; military justice should face only military disciplinary offenses.

10. Military educational institutions, curricula should be revised. In this context, the military high schools should be removed.

11. In fighting terrorism, Ministry of Interior should take the initiative and this fight should be done by the professional teams composed of Gendarmerie and Police special forces.

12. Gendarmerie General Command should be affiliated to the Ministry of Interior, Gendarmerie should be civilised and given a professional structure such as the Police Service.

13. TAF should transform into professional army gradually.

CONCLUSION

Global and local developments in the 2000s, EU accession process, which continue to shape domestic politics, and increase freedom, and the applications, requests and stability of political power to expand the existing political space, shows the way to the military to give up their usual privileges in Turkey. The establishment of a democratic constitutional order requires armed forces to be regulated in an equivalent status with the other public institutions.

In Turkey, the development of democracy, human rights, freedom of belief and expression, social and democratic rights, making of a healthy constitution, transformation of the laws and the judiciary to an independent structure so as to make the really justice, civil-military relations need to be improved to how it is in developed democracies. Laws and institutions, which allows military authority to become an unaccountable, uncontrolled structure and which can be considered a kind of equilibrium point in terms of military domination, which should be changed and democratised. It should not be ignored that; soldiers -like all other institutions and authorities-, should be dependent to civil administration for being a democratic, secular, social state of law.

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The Effect of Emotional Intelligence on Leadership Performance

Abstract:

Emotional Intelligence (EI) plays a vital role in a way that leaders direct and facilitate teamwork effectively and efficiently. This implies that by encouraging all employees work together and share responsibilities in order to effectively keep things running smoothly is another responsibility of outstanding leader. This paper is suggesting the conceptual framework of the effect of Emotional Intelligence (EI) on leadership performance. The conceptual framework is developed through review of literatures. Goleman's Emotional Intelligence is discussed its concepts and explored how it relates to leadership performance. Goleman defined Emotional Intelligence into five components as self-awareness, self-regulation, motivation, empathy, and social skills. These five components are directly applied to leadership performance. Being outstanding leaders, Emotional Intelligence is one of the most important factors driving them to perform better. Emotional intelligence not only distinguishes outstanding leaders but also can be linked to strong performance. (Goleman, 2004) To fulfill the future part, the conceptual framework will be processed through the process of measuring leaders' emotional intelligence related to their leadership performance. As a result, it will be indicated the key factors of emotional intelligence for successful leaders in financial sector. In addition, the relationship between emotional intelligence and leadership performance will be explored in the further study. Subsequently, it can be applied to the field of human resource development and human resource management for developing and improving leaders and their performance. This study also benefits to other related topics in HRD.

Keywords: Emotional Intelligence, Leadership Performance, Self-Awareness, Self-Regulation, Motivation, Empathy, Social Skills

INTRODUCTION

Intelligence is defined in several ways such as logic, thinking, understanding, communication, learning, emotions, planning, problem solving, etc. Intelligence is the aggregate or global capacity of the individual to act purposefully, to think rationally, and to deal effectively with the environment. (Wechsler, 1958) Intelligence is divided into two main types as cognitive and non-cognitive intelligences. (Cherniss, 2000) Firstly, cognitive intelligence is the intellectual ability to reason, logic, reading, writing, analyzing and prioritizing. People who have cognitive intelligence will have great control over their own emotions in order to resolve problems. The most popular of the cognitive intelligence is known as Intelligence Quotient (I.Q.). There are many researcher stated that Intelligence

Quotient (I.Q.) can drive people to success in their life. People who have high I.Q. always perform better than others such as getting a degree from Ivy League universities, getting a doctorate, etc. (Snarey&Vaillant, 1985; Cherniss, 2000) However, it is more important that the high I.Q. people need to learn how to deal with people around them. Even though I.Q. can drive people to be in a good place but it cannot drive people to persist in the difficult and to get along well with other people. (Snarey&Vaillant, 1985; Cherniss, 2000; Goleman, 2004) Therefore, non-cognitive intelligence is also important factor driving people to achieve their goals. Non-cognitive skills are any skills that are not cognitive, such as memory, attention, planning, language and thinking skills. Non-cognitive skills include emotional maturity, empathy, interpersonal skills and verbal and non-verbal communication. Non-cognitive skills influence the overall behavior of a person. (Harms, 2004; Cunha&Heckman, 2006; Postlewaite, 2006)

Emotional Intelligence will be discussed in this paper. The term of Emotional Intelligence is the intersection between cognitive and non-cognitive intelligences as the emotional systems. (Mayer & Salovey, 1995) Standards of intelligence are most commonly applied to cognitive performance, and standards of adaption to emotion reactions. (Mayer & Salovey, 1995) In addition, Emotional Intelligence is one of the important factors to drive people success in life and work life. (Thorndike & Stein, 1937; Wechsler, 1958; Goleman, 2004) There are many concepts of emotional intelligence in both psychologists' and non-psychologists' views. Also, Emotional Intelligence can be applied to many areas such as psychology, human resource areas, etc. This paper is the conceptual framework paper reviewing the relationship between emotional intelligence and leadership performance focusing on business area.

The purpose of this paper is to construct the conceptual framework addressing the effect of emotional intelligence on leadership performance. The conceptual framework will be created from reviewing literatures documented concepts of emotional intelligence and exhibiting relationship between emotional intelligence and leadership performance. There are five parts in this paper. The first part is discussed about the concepts of emotional intelligence that are divided into four main concepts as ability model, mixed model, trait model, and Bar-on model. Next, the relationship between emotional intelligence and leadership performance will be indicated. Then, five components of Goleman's emotional intelligence will be defined. Five components of Goleman's emotional intelligence are self-awareness, self-regulation, motivation, empathy, and social skills. Then, further steps of the conceptual framework will be stated. Lastly, the paper will be provided the conclusion.

CONCEPTS OF EMOTIONAL INTELLIGENCE

The concepts of emotional intelligence are defined in many ideas. There are four main concepts of emotional intelligence as follow. In this part will be discussed shortly about the concepts of emotional intelligence. Salovey and Mayer created the first concept of emotional intelligence in 1990. They defined Emotional intelligence as the capacity to process emotional intelligence information accurately and efficiently, including that information relevant to the recognition, construction, and regulation of emotion in oneself and others. Moreover, emotional intelligence involves the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions. (Salovey&Mayer, 1990; Mayer&Salovey, 1997; Mayer, Salovey,

Caruso, &Sitarenios, 2001; Salovey&Grewal, 2005) The second is the concept of Goleman's emotional intelligence. Daniel Goleman is the first person that applied the concept of emotional intelligence to business with his 1998 Harvard Business Review. He defined emotional intelligence is a wide array of competencies and skills that drive leadership performance. There are five components in Goleman's emotional intelligence. The five components are self-awareness, self-regulation, motivation, empathy, and social skills. (Goleman, 1998; Goleman, 2004) Later, five components will be discussed. Trait model is the third concept of emotional intelligence. Trait emotional intelligence refers to an individual's self-perceptions of their emotional abilities. The definition of trait emotional intelligence encompasses behavioral dispositions and self-perceived abilities and focuses on personality framework. (Petrides&Furnham, 2001) The last concept of emotional intelligence is Bar-on model. Bar-on defined Emotional Intelligence as being concerned with effectively understanding oneself and others, relating well to people, and adapting to and coping with the immediate surroundings to be more successful in dealing with environmental demands. (Bar-on, 1997; Bar-on, 2006)

After reviewed literatures about emotional intelligence, Goleman's emotional intelligence will be applied to leadership performance in the next part of this paper. This is because Daniel Goleman is the only one who applied the term emotional intelligence into business area and also linked to leadership performance directly. The next part is reviewed the relationship between emotional intelligence and leadership performance.

EMOTIONAL INTELLIGENCE AND LEADERSHIP PERFORMANCE

Goleman's research (2004) in global companies found that qualities traditionally associated with leadership—such as intelligence, toughness, determination, and vision—are required for success, they are insufficient. Truly effective leaders are distinguished by a high degree of emotional intelligence, which incudes self-awareness, self-regulation, motivation, empathy, and social skill. Without emotional intelligence, a person can have the best training in the world, an incisive, analytical mind, and an endless supply smart ideas, however, he still won't be a great leader. (Goleman, 2004) In addition, leaders begin to manage their inner life with good emotional and behavioral chain reaction, it can result in financial result as business success. Leaders with good mood make people around them view things positively. Those people are optimistic, creativity, efficiency decision-making, and fairness. They also have the greatest impact on performance. (Barsade, 1998; Barsade & Gibson, 1998; Cherniss, 2000; Goleman, Boyatzis, &McKee, 2001; Goleman, 2004)

FIVE COMPONENTS OF EMOTIONAL INTELLIGENCE

Daniel Goleman defined emotional intelligence into five components that are self-awareness, self-regulation, motivation, empathy, and social skills. All five components will be discussed as follow.

Self-awareness means having a deep understanding of one's emotions, strengths, weaknesses, needs, and drives. People with strong self-awareness are honest with themselves and with others. They will speak accurately and openly about their emotions and the impact they have on their work. They will be

able to recognize how their feelings affect them, other people, and their job performance. People who have high degree of self-awareness will get jobs done well in advance.

(Goleman, 1998; Goleman, 2004) Secondly, self-regulation is the component of EI that frees us from being prisoners of feelings. People who are in control of their feelings and impulses—that is people who are reasonable—are able to create an environment of trust and fairness. In such environment, politics and infighting are sharply reduced and productivity is high. (Goleman, 1998; Goleman, 2004) Thirdly, motivation is one trait that all effectively leaders have. Motivation is one of the key factors that drive people to achieve beyond their expectations and others' expectations. (Goleman, 1998; Goleman, 2004) Fourthly, empathy refers to thoughtfully considering employees' feeling in the process of making decisions. Empathy is one of the most crucial factors of leaders due to the rapid change of globalization and the growing need to retain talent. Leaders need empathy to develop and keep good people. The reason is when good people leave organization; they take knowledge of their organizations with them. (Goleman, 1998; Goleman, 2004) Lastly, social skills are a person's ability to manage relationships with others similarly to empathy. Social Skills refer to friendliness with a purpose such as moving people in the direction that you are desire. Social skills people have ability for finding common found with people of all kinds. People with social skills can have a network when the time for action comes. (Goleman, 1998; Goleman, 2004)

FURTHER STEPS

The further step is to apply this conceptual framework to identify participants considered as leaders and measure their emotional intelligence. The measurement will be able to indicate the key components of emotional intelligence of leaders (participants). After that, the study will investigate the relationship between leaders' emotional intelligence and leadership performance based on quantitative approach.

CONCLUSION

Emotional intelligence is one of the key factors driving people to succeed in their life and work life. It also plays important role for leaders to deal with people around them. Goleman's emotional intelligence is applied to business area, especially focusing on leadership performance. Leaders who have high emotional intelligence will perform better than leasers who have low emotional intelligence. This study can be applied to the field of Human Resource Development (HRD) and Human Resource Management (HRM) for improving and developing leaders and their performance. It also benefit to other related topics in HRD and HRM.

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Perceptions of Households towards Urbanization‟s Impact: A Study of the Hinterlands of Khon Kaen City, Thailand

Abstract:

Asia is moving into an era of unprecedented urbanization. This change brings both prosperity and problems. This research article aims to study the impact of urbanization on its hinterlands, by focussing on the perceptions of the household heads in the hinterlands of a small city, which is the major type of the cities in the Mekong region and Asia. Khon Kaen city in the northeast region of Thailand was selected as a case study. The research defined Khon Kaen hinterlands as the areas of 5 kilometres lying further from a ring road surrounding the city, where 10,476 households were situated. A questionnaire survey was conducted with a sample of 409 households in 35 villages. Data were analyzed by descriptive statistics and mean ranking. The research found that the top ten most favorable impacts were on better access to health and educational services, better employment and educational opportunities, women's decision making power and social status, as well as positive impact on local government. As for the negative impacts of urbanization, pre-marriage sexual relationship, co-habitation and inappropriate dressing of village youths were identified as major problems. Apart from youth's problems, other social problems namely gambling and drug addiction were identified, as well as household economic problems including shortage of farm lands, higher household expenditure and debts. Among the top ten highest ranks of negative impacts, only one environmental problem, namely noise pollution, was identified. However, it is remarkable that environmental sector contained the highest numbers of unfavorable impacts that had mean value less than three. In other words, among the seven sectors explored, namely the household economy, the village economy, the society, the political and administration, the ideology and culture, the women and youths and the environment, the research found that environmental sector got the highest number of negative items of urbanization impacts.

Keyword: urbanization, hinterland, impact, perception, Khon Kaen, Thailand

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A Comparative Analysis of Thai and ASEAN Multinationals' Internationalization in the Rubber Industry

Abstract:

This research aims to develop a conceptual framework for the analysis of internationalization factors of ASEAN firms. The empirical evidence is largely based on case studies of Thai and key ASEAN multinational enterprises operating in the rubber industry. The preliminary findings help identify country and firm specific factors influencing these firms' export, import and investment. Major country specific factors are abundance, quality and price of raw materials, international investment measures, and labor quality and quantity while critical firms' internal factors are efficiency in production and management of raw materials, ability to integrate horizontally and vertically, ability to serve firms in related industry, technological capability as well as ability to develop business networks. The resulting policy recommendations emphasize the importance and roles of ASEAN's openness policy and regional negotiation strategy in promoting ASEAN firms' inward and outward international expansion.

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Employee Counselling and Career Development

Abstract:

Research evidence has shown that employees are interested in and satisfied about workplace counselling support in relation to private-life and work-life problems. However, little is known about employees' opinions concerning the guidance to be provided by workplace counsellors for their career development. Therefore, a study with a qualitative methodology was planned and in-depth interviews were implemented with a convenience sample of forty employees. The study highlighted that employee counselling was perceived as an alternative for determining career related decisions.   Individual expectations for counsellor-supported improvement included recognizing strengths and weaknesses, setting growth-related goals, adopting new attitudinal and behavioural patterns, and participating in personal development activities. Also, an organizational facilitator role was attributed to the counsellor for improving organizational practices such as training and performance evaluation. Emphasis was put on the cooperation between workplace counsellors and human resource professionals for achieving a better coordination of efforts conducted to facilitate career development.

Keywords: Employee Counselling, Career Development, Human Resource Management

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Assessment in Teacher Education: North and South of Ireland

Abstract:

Central to successful learning and teaching is assessment. Therefore, this small-scale, Irish, cross-border research project investigates the assessment of school-based placements as experienced by a sample of primary and post-primary students. Specifically, it explores various teaching practice assessment techniques and the extent to which these are found to be satisfactory in the opinions of a selection of tutors and students. The resultant connections between such professional practices and subsequent planning, teaching and learning are also examined. Rogoff's (1995) socio-cultural theory underpins this project since it closely mirrors current thinking on formative modes of assessment. More importantly, it has particular relevance to the experience of pre-service teachers, in that it explores the balance between personal, interpersonal and cultural factors in learning as the student teacher journeys toward newly-qualified status. Due to the "lived" nature of this research project, an interpretative approach is taken in the form of descriptive, thematic analysis. The project illuminates the reduced time and space students have in order to explore their teaching, integrate theory and pedagogy, reflect on practice and have professional, collegial conversations. Extraneous and repetitive college paperwork, in the opinions of some excludes them from the community of practice within their schools. Current assessment methods are seen as being subjective and somewhat non-representative of teaching practice placement especially in terms of relationships forged and learning completed. Although assessment for learning is a journey that both tutors and students largely endorse, students tend to formalize the process in order to achieve high grades. Students discuss a disconnect between the reality of practice that occurs within individual, engrained school cultures and systems of operating and college provision. Perhaps more disturbingly, there were few if any linkages made by the students between their own experiences of being assessed and their subsequent planning, teaching and assessment of their pupils.

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The Evaluation of Prospective Mathematics Teacher´s through Computer Aided Concept Mapping Method

Abstract:

Concept mapping is a widely used as a visual method to support learning and teaching and a graphical mean of communicating information. Concept maps, widely applied in teaching and learning, are also used for determining misconceptions. In this study, pre-service elementary teachers' misconceptions about the subject "angle" were investigated through computer aided concept maps. Inspiration9 package program was used in this case study to show that, students' concept mapping process can be used as an effective assessment technique and future research directions are suggested.

Keywords: Concept Map, Geometry, Angles, Mathematics Teaching

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Reading Globalization through the Examples of Tobb (Union of Chambers and Commodity Exchanges of Turkey) and Koc Group

Abstract:

This paper analyzes the globalization process by TOBB (The Union of Chambers and Commodity Exchanges of Turkey), which is the organization of the capital fraction, and by Koç Holding which is the individual capital. Analyzing globalization process by TOBB ensures understanding the struggles between capitalist classes and comprehending the state as an area that capital fractions struggle. And analyzing this process by Koç Holding provides understanding globalization process in a concrete analysis.

The aim of this paper is to provide an alternative analysis against state-centric approach and outward-centric approach. The integration of Turkey with global capitalism is related with the tendency of capital, not with the decision of the states (as independent from classes) or the compulsion of outward dynamics. The internal market had arrived to its limits for big productive capitals in the process of inward-oriented accumulation. Accordingly big productive capitals had wanted to change the model of accumulation because they can reach to higher profit rate with the process of outward-oriented accumulation.

Keywords: Globalization, Accumulation of Capital, Productive Capital, TOBB, Koc Group

INTRODUCTION

This article is an attempt to present an alternative explanation vis-à-vis approaches that prioritize the state or external dynamics in their analyses of globalization. By choosing TOBB as a case study, the analysis in this article will emphasize the impact of historically specific class dynamics as opposed to approaches that understand the nation-state independently of classes or simply ignore internal dynamics. The approach adopted in this article is useful for understanding the state along class lines rather than as a self-proclaimed actor within the process of globalization, as far as the case of TOBB is concerned. On the other hand, Koc Group enables us to think about a historical analysis to be carried out through the different constituents of capital at a more concrete level. Similarly, focusing on Koc Group as a case study – vis-à-vis studies that emphasize the determinative role of external factors – is fruitful for illuminating the level that internal dynamics have reached in Turkey.

Pre-1980 DYNAMICS of OUTWARD ORIENTED ACCUMULATION MODEL

Analyses on Turkey's integration with global capitalism have rightly focused on post-1980 years. However, it is also possible to see those post-1980 dynamics even prior to 1980. Despite this continuity, many researchers and analysts have fetishized 1980, the transitional year towards outward-

oriented accumulation model. Such analyses have argued that 24 January 1980 Economic Resolutions constituted the seeds of the outward-oriented accumulation model and capitalist social relations. One of the reasons as to why this approach holds such assumptions is because it ignores relations of production. This article aims to demonstrate the tendencies of outward-oriented accumulation that actually existed during inward accumulation process and therefore demystify the fetish status of 1980 by focusing on relations of production prior to 1980.

The approach that capitalist social relations became determinative after 24 January Resolutions, which opened domestic markets to international capital, ignores relations of production just like Dependency School, which considers relations of commerce and exchange at the heart of the transition towards capitalism. Inspired by Dependency School, the kind of analyses that are criticized in this article regards import-substitution model as if it was outside the system, while seeing export-oriented accumulation process as the period within which markets materially come into being.

This perspective stems from the inability to grasp capital as a social relation. T. Angotti criticizes Dependency School for failing to understand the necessity of seeing the concept of capital and capital as a social relationship. "Robert Brenner's analysis (1977) aptly illuminates how Dependency School distorts capital - the fundamental Marxist category of Dependency School - and the ways in which capital as a social relationship emerged during the transition from feudalism to capitalism" (Angotti, 1992: 141). As a result of not seeing capital as a social relation, there has emerged a tendency to see 1980 as the beginning of a period within which intra-capital competition would increase. This approach grasps capital – a relation intrinsic to capitalism – as external to social relations.

24 January 1980 Resolutions paved the way for a new development model and a debate started as to which development model would be chosen. H. Gulalp argues that this debate is engaged without the theoretical and historical perspective that it requires:

It is almost that Turkey faced capitalism for the first time and the rules of liberalism were discovered for the first time in Turkey. At the same time, those who criticize liberalism equate statism with socialism and associate Turkey's strategy to pursue an inward oriented industrialization strategy with being outside the capitalist system. However, both liberalism and statism exist within capitalism (Gulalp, 1980: 38).

Indeed, analyses of the period almost create the impression that Turkey is encountering consumption society for the first time in its entire history. Nevertheless, quantitative, rather than the qualitative dimension of social change is at stake. It is clear that the global increase of intra-capital competition resulted in a gigantic increase within consumption patterns. However, to attribute what is called the consumption society only to the period after 1980 is problematic. While consumer goods were imported prior to 1950-1960, a process within which consumption was promoted began due to the fact that consumer goods began to be produced domestically as well, since this process also depends on the scale of production. U. Korum explains the process as such:

"Domestic consumption is encouraged when a nation starts to domestically produce and assemble consumer goods and goods of import substitution. This is how the economy transitions into a consumption economy… We can call this "the liberalization of consumption" (Korum, 1977: 38).

If we are to grasp capital as a social relation vis-à-vis approaches that fetishize the change in the capital accumulation model in 1980, we can then make a case as to how the tendencies of capital accumulation necessitate an outward accumulation model. The change within the accumulation model can neither be attributed to the policies of the state as an independent actor nor only to external dynamics.

To understand capital as a social relation enables us to make connections with the dynamics of capital accumulation. The definition of capital as a social relation brings about a mandatory relation between capital and labor. In this relationship, it is imperative that a sustained and increased extraction of surplus value is maintained for capital. Within the framework of the definition of capital, the sharing of surplus value is shaped with respect to the fractions within capital. At this point, what matters for us is that capital needs to constantly create accumulation and this process is shaped by the struggles between social classes. In this sense, it will be meaningful to empirically demonstrate – thorough the tendencies of capital – that the articulation of Turkey with global capitalism started prior to 1980.

Capital accumulation, which accelerated after mid 1950s showed the productive capital in the country both the limits of the market and the need for extending beyond the nation-state. Because the increase of capital accumulation at the national level comported well with the internationalization needs of productive capital, opening beyond the domestic market was supported by international dynamics. For instance, "OECD, which supported Turkey's import substitution throughout 1960s, referred for the first time, to the necessity of exporting industrial goods in 1968 and warned that foreign exchange scarcity would pose a serious obstacle" (Gulalp: 1983: 162).

It could be argued that there are two reasons for OECD to construct its argument that there is a need for exporting industrial goods in relation to the scarcity of foreign exchange. First of all, import could potentially stop if foreign exchange scarcity is exacerbated. It is clear that this is not an acceptable condition within the internationalization process of productive capital. Secondly, the fact that foreign exchange scarcity would reach a point to stop import and in turn bring a halt to domestic industrial capital accumulation constituted a threat to the sustainability of capital accumulation. Major productive capital also expressed the idea of expanding beyond the domestic market along with the discourse of foreign exchange scarcity. We can give a statement by Vehbi Koc as an example here: "As we all know, today's industry is not able to engage with export. We have to get involved with export in order to reduce our foreign exchange deficit" (Cumhuriyet, 5 April 1968). It could be argued that opening towards international markets could reduce foreign exchange, but it is also clear that this will be realized simultaneously by increasing the public debt.

The accelerated accumulation achieved by productive capital encountered some obstacles in certain sectors and the need for internationalization within these sectors emerged in 1960s. Unless internationalization was achieved, profit rates would fall down. In this period, just like other major productive capital owners, Koc Group also emphasized the need for internationalization in certain sectors of industry:

"Now, we have entered a new phase with our decision to enter the European Common Market. The country decided to join the European Common Market. In this process, for the industry of our country to survive, for the costs to decrease and to realize exports, certain measures need to be taken and we need to move in a planned manner… In all industries that are orienting towards export, every kind of accommodation needs to be put into practice so as to reduce costs to be able to compete in external

markets, as well as customs duty needs to be eliminated and exemption for investment has to be optimally implemented" (Cumhuriyet, 5 April 1968: 5).

As I tried to make it clear, it wasn't only Koc Group that expressed this demand. A survey conducted by *Cumhuriyet* newspaper with Vehbi Koç, Nejat Eczacıbaşı, Ertuğrul Soysal, Ali Mansur and Fazıl Zobu reveals that these industrialists were in agreement with respect to internationalization within certain sectors of industry. In these surveys, Eczacibasi clearly expressed the industry sector that needed to expand beyond the domestic market:

"Import substitution should be limited to investment goods. For consumer goods, we need to re-orient towards export industry. Unless we are oriented towards export, our market will shrink within the limits of the domestic market and not be able to flourish. If we lose time by keeping engaging with import substitution, claiming that we are saving foreign exchange, we will stay away from the healthy competition environment of the global markets (Cumhuriyet, 6 April 1968: 5).

During a panel discussion in 1970, titled "Necessary Measures For Our Industry to Adapt to the Common Market", Vehbi Koc expressed his views that were similar to Eczacibasi in relation to the sectors that needed to open up to international markets:

… As representatives of the private sector, we initiated our research to measure the conditions for our competitiveness of our industrial enterprises within the Common Market … On its own terms, one of our manufacturing firms that has a national capacity, will be able to compete as long as it can obtain its raw materials based on global prices… For instance, manufacturing sector for cotton, wool, and silk apparel is quite established within our national borders and as far as its value is concerned, it has a significant share in industrial production. The technical expertise and the potential for export in this sector are high. Let's open this sector towards foreign competition. Let's liberalize this sector completely… (IKV, 1970: 7-8).

We can perhaps epitomize the saturation of domestic market for major owners of productive capital as follows: Some circles began to express the need for subsidies for import and export in order to transcend the limits of domestic accumulation opportunities in certain sectors. For instance, there is a surplus capacity of 26.5 % within the cotton textile sector and to export this surplus, tax return for exports is demanded in an article – Tax Return for Export – published in the "The Industrialists Speak" section of Istanbul Chamber of Industry Journal (Istanbul Sanayi Odası Dergisi, 1966, Vol 1). Another example relevant to the issue can be given from the idle capacity within canned food industry. The measures to be taken to eliminate this idle capacity are:

a-) to increase the opportunities for export by way of reducing costs,

b-) to maintain collaboration between industrialists of canned food and producers' cooperatives in order to sustain increased continuity of export (İstanbul Sanayi Odası Dergisi, 1966, Vol 2: 17).

These examples demonstrate how the saturation of the domestic market constitutes an obstacle for increasing the profit rates of major owners of productive capital. In this case, major owners of productive capital articulated their interest in internationalization so as to create more surplus value. The attempts to internationalize capital reflect the demands of major owners of productive capital. According to E. Balikci, "major capital owners who owe their industrial practices and significant

growth rates to policies of import substitution supported Turkey's decision to join the Common Market and emphasized the need for internationalization so as to increase the competitiveness of Turkish industry (Balikci, 2012: 41).

This process would unfold through centralization and concentration of capital. Dr. Osman Okyar who presented a paper at "European Economic Community and Turkey", organized by IKV in 1967, expressed this phenomenon:

… At a first glance, opening our industry to price mechanisms and competition might look like a nightmare for many of us who did not leave their comfort zones before. When jumping into the sea, it is a dream to expect everyone to learn how to swim and demand this from everybody. There will be some who will be lost, drowned or simply fail to adapt. However, there will also undoubtedly be ones who will manage to adapt and make progress by way of disciplining themselves … (İKV, 1967: 378-379).

As it has been demonstrated through empirical examples, the internal dynamics for internationalization initiated by productive capital has begun to emerge since 1950s. As I discussed above, even during 1960s, major owners of productive capital wanted to pursue internationalization. In that sense, the dynamics of outward economic orientation existed within the inward-oriented accumulation process. In the process of inward accumulation, a relationship between advanced capitalist countries and developing countries was established and the content of this relationship would intensify later on. According to C. Bina and B. Yaghmaian, Third World was integrated more into the global production networks during the period of import substitution in relation to industry. Import substitution in the realm of industry enabled the formation of a material connection between developing countries and the global market (Bina ve Yaghmaian, 1988: 238).

Internationalization during 1960s was relevant for a few sectors. However, towards 1980s, outward orientation became mandatory for many sectors within which major owners of productive capital operated. Therefore, major owners of productive capital and their representative TUSIAD began to highlight the urgency for transitioning towards an outward-oriented accumulation model. For instance, in the Activity Report of Koc Group from 1979, it was clearly stated "inward-oriented accumulation model needs to be abandoned" (Bizden Haberler (News from Us), April 1979: 1).

GLOBALIZATION PROCESS AFTER 1980: THE EXAMPLES OF KOC GROUP AND TOBB

We can state that following 1980, intra-capital struggles escalated and in turn the tendency of capital towards centralization and the importance of money-capital increased[1]. According to Marx, all of these are internally linked and for him, the two strongest mechanisms of centralization of capital are competition and credit.

"The competition war that start due to falling rates of profit result in the withdrawal of some capital from production and even a partial extermination… On the other hand, credit system enables the

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[1] In 1980s, the increasing significance of money-capital and the acceleration of the centralization of industry can be observed by analyzing holdings. See Sönmez, 1992: 295-304.

concentration of monetary resources that are socially dispersed in the hands of the capitalists and therefore transforms into a giant mechanism through which capital is centralized" (Marx cited in Demir, 2003: 63).

These statements of Marx in relation to the credit system, as summarized by G.S. Demir, enable us to understand the role of money-capital in the process of capital accumulation ias it has unfolded since 1960s. TOBB, TUSIAD, or Koc Holding as a group operating as a productive capital owner has often articulated the issue of money-capital since 1960s. Especially during 1960s, capital markets were one of the fundamental issues of contention. The demands of major owners of productive capital towards money-capital has been in line with Marx's perspective and targeted monetary resources dispersed across the society and attempted to realize more capital accumulation. It will be meaningful to quote Marx at length here:

"… with capitalist production emerges a completely new power: credit system. During the first phases, this system silently enters the picture as a modest collaborator of accumulation and draws money resources that are socially dispersed in small or large amounts into the hands of capital owners – in the form of independent businesses or partnerships – with its invisible ropes. However, before it's late, the credit system mutates into a new and devastating weapon in the war for competition, and becomes a giant social mechanism for the centralization of capital" (Marx, 2000: 597).

Since 1960s, productive capital in Turkey has expressed its demands for concentrating socially dispersed monetary resources, as articulated by Marx. We can state that the realization of this demand and its transformation into a weapon within intra-capital struggles has intensified following 1980s. For example, the fact that Sabanci Holding owned a bank meant that the group would have a competitive edge and this ownership enabled its realization of a swift capital accumulation within the context of their struggle against other capital groups. On the contrary, because Koc Holding did not own a bank meant a disadvantage for them and Vehbi Koc articulated this.

Throughout the sections up to this one, I have analyzed how the mandatory tendency of capital is to pursue an outward-oriented strategy when certain sectors within industry reach a saturation point in the domestic market. Domestic capital accumulation during 1960s has taken place along with the tendency of capital towards centralization. After 1980s, outward orientation within industry has accelerated the centralization of capital on a global scale. As R. Went puts it, along with finance and production, centralization and concentration of capital beginning from 1970s has reached an unprecedented level of internationalization. (Went, 2003).

Following 1980, the new international competition at the level of production resulted in a giant merger wave that necessitated reduction of costs and increase in productivity, and in turn created an increase in the centralization of capital (Katz, 2001: 5)[2]. This increasing tendency at the global level became also relevant for the case of productive capital in Turkey after the transition towards outward-oriented accumulation model. The process following 1980s and 1990s was such that money-capital became more important due to the fact that intra-capital competition increased.

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[2] Similarly, G. Demir too argued that falling rate of profits during 1970s increased the competition between firms and in turn accelerated the tendency for centralization and concentration of capital (Demir, 2003, 72).

In other words, this is a process within which the struggle over formerly produced surplus value takes place. Throughout this process, important legal, institutional, and social changes took place in order to articulate with global capitalism. Since early 2000s, the internationalization dynamics of Turkey-centered major capital owners of productive capital have reached quite advanced levels.

As a result of this tendency, today we can observe that major owners of productive capital, along the struggle axis determined by the concentration and centralization tendencies of capital, are focusing on certain strategic sectors and reducing or completely terminating their investments in other sectors. Today, in the competitive environment of the global market, major owners of productive capital are choosing to concentrate in a few sectors and aiming to become pioneering international leaders in these sectors in their attempts to respond to falling rates of profit. When the increasing role of money-capital for intra-capital struggle is considered, the strategy to focus on a few sectors becomes pertinent to the national scale as well[3].

Concentrating on the few sectors where the holding is strong secures the continuity of capital accumulation and enables the realization of high profit rates. For instance, Koc Holding in this process reoriented towards the strategy of focusing on four main sectors and aimed to become a "global leader" in these sectors[4]. These four sectors are automotive, durable consumer goods, energy and finance. We can say that Koc Holding's level of monopolization in these four sectors is significant at the domestic level and this is valid at the international level where such potential exists. The evaluation of B. Bulgurlu, CEO of Koc Holding, in relation to these four sectors is as such: "Almost all of our companies are leaders of their own sectors in Turkey. Our goal is to make all of them global companies. Many of them have made a significant amount of progress towards this goal" (Bulgurlu, *Capital*, 1 December 2007).

The potential towards monopolization in these chosen sectors to become a "global player" is a crucial criterion. For example, in durable consumer goods – an area where Koc Group wants to become a global player – Arcelik, as of 2007, was the third largest producer of domestic appliances in Europe, while Beko became the second biggest producer as far as television is concerned. As the company reached this level, it is possible to observe the centralization tendency of capital. In this respect, it is important that Aka Gunduz Ozdemir, General Director of Koc Holding's Durable Consumer Goods and Arcelik, emphasized that all the mergers and acquisitions of Arcelik since 2000 are concrete evidence of the company's steps along the axis of globalization (*Aydabir*, January 2008, "It is hard to

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[3] We might give an example from Referans Newspaper, regarding Sabanci Holding: "Guler Sabanci stated that the Group needed to come up with a major financial resource in order to continue their business in the food sector. To achieve this goal, Guler Sabanci said that they were reorienting themselves towards retail sector. She continued: We had major brands in food sector. We could have continued if we wanted to. However, this would have necessitated the provision of a major financial resource. So, our question was whether to use this resource here or for retail sector where we already have a built up position. Then, we decided to go with retail. Independently of this, it didn't seem to be possible to simultaneously carry out food business and food retail in equal terms" (Özgentürk, Referans Newspaper, 22 October 2007).

[4] It is striking that Guler Sabanci – the CEO of Sabanci Group which operates in five main sectors – said that they wanted to "focus on main businesses" since this bears similarities with that of Koc Holding (Radikal Newspaper, 23 October 2004).

contain Arçelik within its Borders"). The companies that Arcelik bought and where it consequently ended up is summarized in Arcelik's magazine, *Aydabir*:

"Arcelik bought German domestic appliance company Blomberg and Austiran domestic appliance company Elektra Bregenz in 2002. In the same year, Arcelik also acquired British domestic appliance companies Leisure and Flavel, and Romania's largest domestic appliance company and brand Arctic. Arcelik is now providing goods and services for more than 100 countries with its 10 brands" (Aydabir, January 2008, "Beko Elektronik A.Ş. bought the 50 % shares of Grundrig Multimedia and became the ultimate owner of the company).

With the aim of becoming the leader in Europe, the other "global player" of Koc Holding, Beko, had bought out Grundrig in partnership with Alba and then ended up buying 50 % shares of Alba in 2007. In addition to this, the international potential of Tupras was considerable for Koc Holding to decide to buy it in 2005. Koc Group declared its strategy to transform Tupras into an effective player in Europe (25 January 2006, http://www.koc.com.tr/tr-TR/MediaRelations/MediaNews/Haber_25012006.htm).

It is possible to observe the centralization and concentration dynamics of capital for major owners of productive capital other than Koc holding. For instance, Sabanci Holding, through two acquisitions of yarn and cord fabric production, has attained the leadership position in South America since 2005 (16 May 2005, http://www.sabanci.com/basinbulteni_detay.asp?ID=151). Another example is that after acquiring the 50 % shares of DuPontSa from its partners for 108 million dollars, the group became the leader company in Europe in the realms of polyester raw materials, polyester fabric, fiber, and resins (Hurriyet, 9 October 2004). At the end of 2007, Ulker bought the world-famous chocolate brand Godiva for 850 million dollars. "The acquisition of Godiva by Ulker is crucial to demonstrate the immense progress that Turkey and Turkish companies have made as far as globalization is concerned since this also means the acquisition of a global leader in its sector" (http://www.ulker.com.tr/ulkerportal/haberler/info.cfm?iid=1146).

Approaches that are state-centered and perspectives that prioritize external dynamics ignore the ways in which major owners of productive capital are becoming a major actor at the international scale as seen in the case of Koc Holding. The location of Koc Holding within the capital accumulation process at the global level demonstrates how important internal factors are as far as Turkey's articulation with global capitalism is concerned. While approaches that foreground external dynamics will consider "international monopolistic capital" as determinative at the global scale, they also regard examples like Koc Holding as dependent on international monopolistic capital and acting as their vendors. As I discussed with respect to the case of Koc Holding, Turkey-based productive capital can now attain monopolistic positions in the global market. Moreover, Koc Holding has started to make investments in countries like Russia and China. If we assumed that the approach that prioritize external dynamics was also used in Russia and China, then this would mean to define Koc Holding as international monopoly in these two countries. However, external dynamic-based approach considers Koc Holding to be "comprador bourgeoisie". Therefore, it can be understood that such an approach becomes quite conflictual when examples like Koc Holding become internationalized.

The dynamics underlying the position achieved by Koc Holding are related to the production of absolute surplus value and relative surplus value[5]. For Koc Holding or other internationalized owners of productive capital, cheap labor force to be able to compete is one of the most important factors. The dynamic of competition for productive capital became more important after switching from inward-oriented accumulation model to outward-accumulation model during 1980s. The fact that the need for cheap labor force and production of absolute surplus value became vital in turn increased the role of SMEs. The relationship between SMEs and major owners of productive capital accelerated in this period. This relationship depends on maximizing the pressure to extract more surplus value from the labor force. While SMEs have the conditions to maintain the capital accumulation through absolute value extraction and benefiting from cheap labor force, major productive capital owners linked with SMEs have the conditions for increasing relative surplus value extraction.[6]

Flexible production, which accelerated in 1990s, has further intensified the relationship between SMEs and major productive capital owners. Necati Arikan, Head of the Planning Group of Koc Holding, once stated that connections with subsidiary industries in flexible production was very important, as well as underlining the need to maintain a smooth coordination with subsidiary industries and adding that they worked with such industries as if they were partners (Ekonomik Forum, 1995).

SMEs, whose costs for having access to money-capital as a result of increased intra-capital competition went high, directly increased their pressure on the labor force. TOBB, which mainly represents SMEs, has articulated its demands with respect to the legal-institutional infrastructure of this pressure throughout the period. Still, TUSIAD, as the representative of major productive capital, did not leave the increasing importance of SMEs to the determinative power of TOBB in the light of the developing links between main industry and subsidiary industries. Along these lines, TUSIAD pioneered in founding TURKONFED (Turkish Enterprise and Business Confederation) in 2004. In addition to deploying cheap labor force through SMEs, powerful owners of productive capital recently started making international investments as signs of concentration and centralization of capital. For example, Koc Holding expanded its production to China, Romania, Russia, and Austria by purchasing companies in the domestic appliance sector.

CONCLUSION

Against state-centred analyses or perspectives that foreground external dynamics, this article focused on the examples of Koc Holding and TOBB and examined the centrality of internal dynamics within the process of Turkey's articulation with global capitalism. Even during 1960s, major owners of productive capital began demanding internationalization in durable consumer goods sector in order to have access to more surplus value. This tendency intensified towards 1980 and the country transitioned into the outward-oriented accumulation model after 24 January Economic Resolutions. In the new process of an outward-oriented accumulation model, intra-capital struggles accelerated and to have

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[5] For an accumulation model based on the simultaneous increase in absolute and relative surplus value production, see Ercan, 2004.

[6] For a proposal to consider Anatolian capital or SMEs to be determinative as far as absolute surplus value is concerned, see Ercan, 1997.

more money-capital became important for productive capital. In the context of increased competition between different capital groups, major owners of productive capital simultaneously realized absolute and relative surplus value production. Throughout the period, SMEs and their representative institution TOBB, became more important for the production of absolute surplus-value. In the meantime, major groups of productive capital took the lead in organizing TURKONFED. For productive capital, the goal to maintain accumulation via money-capital became foregrounded till the end of 1990s. That is to say, a struggle for sharing formerly produced surplus value took place. Throughout the whole process, centralization and concentration of capital intensified. Therefore, major productive capital groups accumulated a gigantic amount of capital. As the example of Koc Group since 2000s reveal, the internationalization of productive capital gained momentum. For major owners of productive capital, internationalization took place simultaneously with centralization tendencies. In this process, Koc Holding acquired many firms and developed a strategy to focus on four sectors, within which profit rates and level of monopolization were high. Koc holding secured a major position at the global scale or perhaps has the potential to maintain such a position. This tendency is by no means limited to Koc Holding and reveals the major progress that productive capital has made as far as internationalization is concerned.

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Cognitive Innovativeness, Environmental Considerations, Consistency and Predictability as Positive Traits of Consumers Do Really Comply with or Contradict to Their Materialistic Behavior? A Field Research from Eskisehir-Turkey

Abstract:

This study intends to find out consumers' cognitive innovativeness, environmental considerations, consistence and predictability with respect to their materialistic attitudes. A survey is applied to 550 respondents selected via stratified sampling from Eskişehir, a city of Turkey with 700.000 inhabitants where 475 of the responses are found eligible... The respondents are required to answer 35 questions of which five are related to demographic characteristics of these respondents. The rest 30 are statements which are designed to reflect the behavior of these people. The study consists of five parts. The first part is an introduction where the scope and the purpose of the study are concisely stated. The second part relates to the theoretical background of the subject matter and the prior researches carried out so far. The third part deals with research methodology, basic premises and hypotheses attached to these premises. Research model and analyses take place in this section. Theoretical framework is built and a variable name is assigned to each of the question asked or proposition forwarded to the respondents of this survey. 30 statements or propositions given to the respondents are placed on a five-point Likert scale where. The remaining five questions about demographic traits as age, gender, occupation, educational level and monthly income are placed either on a nominal or ratio scale with respect to the nature of the trait. Ten research hypotheses are formulated in this section. The fourth part mainly deals with the results of the hypothesis tests and a factor analysis is applied to the data on hand. Here exploratory factor analysis reduces 30 variables to five basic components. In addition non-parametric bivariate analysis in terms of Chi-Square is applied to test the hypotheses formulated in this respect. The fifth part is the conclusion where findings of this survey is listed.

Keywords: Change and Variety Seeking, Materialistic Behavior, Environmental Consideration, Preference for Consistency, Consumer Information Seeking, Innovative Behavior

1. Introduction

Consumption, beginning with the needs, is an important part of our daily life. It is not only simply purchasing a commodity or service but also a process. This process gets complicated as answers to what, why and how anything is purchased although seems basic. Today consumption diverted from merely meeting the needs, considered a cultural and psychological as well as an economic phenomenon (Bocock, 1977). Those developments in consumption brought out the consumption culture Notion today. According to Odabaşı (1999), consumption culture "is a culture where consumers demand and

seek non convenient commodities and services with status, interest of others and novelty producing features look for them, purchase and exhibit".

In materialistic societies where individuals are assessed with how much money they have and what they can afford, the idea of better living coincides with more consumption. This materialistic thought is individual oriented rather then society oriented. It needs more research to comprehend contemporary societies.

This research tries to figure out if there is compliance between materialistic consumption behavior and change expectation, environmental sensitivity, consistency in preferences and innovative behavior.

2. Literature Review and Prior Research

2.1. *Materialistic Behavior*

Individuals are using certain products and product groups to gain status and credit within the society today as well as in the past. Status quo and pretentious consumption has examined by Eblen for the first time. According to Veblen, consumption is not only a behavior of meeting the needs but also of pretentious nature (Veblen, 1970). Consumption is an important determinative of social class and status of individuals' nowadays especially.

Wackman and Ward (1971) searched the materialism concept fort he first time and defined as "an orientation which views material goods and money as important for personal happiness and social progress"

Materialism, used to be discussed in religious, philosophy and sociology fields, became a subject of research in fields of economy, psychology and consumer behavior. Research of materialism grows as materialistic consumer behavior increases lately. Pioneering research by Belk (1983, 1984, 1985, 1988,1990) followed by Richins (1987), Fournier and Richins (1991), Richins and Dawson (1992) and Richins (1994) contributed to the subject..

Belk (1985) defined materialism as "attributed importance for the material assets by individuals". He also considers materialism as composition of three personality characteristics: ownership, stinginess and pretentiousness. Richins and Dawson (1992) define materialism as acquisition centrality, acquisition as the pursuit of happiness and possession defined success. They studied materialism under these three titles of centrality, acquisition and happiness and possession. In order to measure the materialism scales developed by Belk (1985) and Richins and Dawson (1992) are usually used.

Two approaches are followed for the researches of materialism. First, is about to personal values related to individualistic behavior and objectives (Mueller and Worhhff, 1990), Richins and Dawson (1992) and Richins (1994) set the Materialistic Values Scale o measure individualistic materialism. Second approach of materialistic values research is about socio-political materialism (Ahuvia d Wong, 2002). Initial studies of materialism concluded that materialistic individuals feel happy when they own goods (Wacman and Ward, 1971). On the other hand, some latest studies conclude that materialism produces conflict between personal and social values and create mental tension and anxiety (Burroughs and Ringfleisch 2002, Michalos 1995, 1981). Some other studies show that people avoiding materialistic values have increased life satisfaction (Arnold, Landry and Wood, 2010).

Materialism has also been conceptualized as one end of a materialist – post materialist continuum (Inglehart 1981; Knutsen 1990) where post-materialist values stress self-expression, belonging, and quality of life and reject the notion that possessions are the source of happiness. Post materialism is the opposite of materialism. Socio-political materialists consider growing rate, low crime rates and powerful national defense as important social priorities. Post-materialists, on the other hand, consider freedom of expression, more participation of people in government decisions and nature improvement are more important. According to Inglehart's theory materialist and post-materialist values exclude each other, where some other researchers consider both concepts are multi faced and both values are accepetable simultaneously (Bean and Papadakis, 1994; Braitwaie et al., 1996).

Watson (2003) expresses living conditions dictates materialistic life style. Some studies shows that consumers with materialistic values tend to consume more and focused on status building, unique products (Fournier and Richins, 1991; Mason, 1981; Lynn and Harris, 1997). Watson (2003) expresses that social status; power and prestige obtained from material assets have effect of diminishing self esteem. Watson (2003) also concluded that individuals possessing high materialistic values have bigger tendency to make loans. Some researchers determined that materialism results misery (Buizjen and Volkenburg, 2003).

2.2 Materialism and Compulsive Buying

Fig .1. Antecedents of Compulsive Buying and Materialism
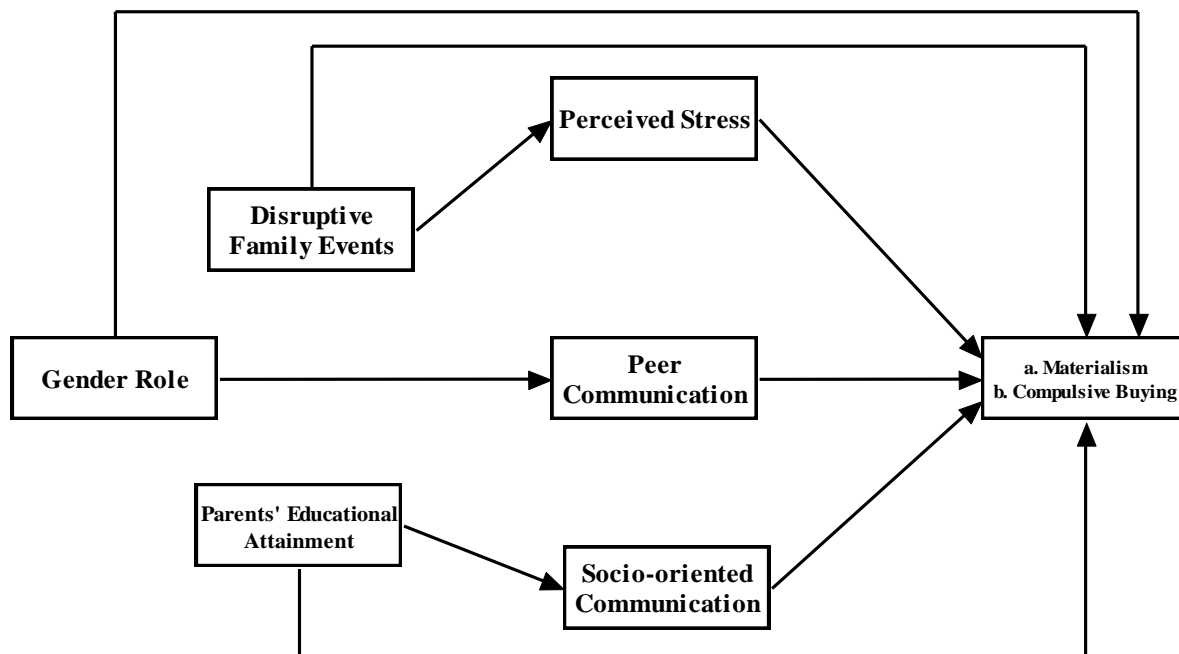
Materialism is defined as "the importance a person places on possessions and their acquisition as a necessary or a desirable form of conduct to reach desired end states, including happiness" (Richins and Dawsons, 1992). Compulsive buying is motivated by an internal triggger such as stress or anxiety and shopping and spending is an escape from the internal trigger. Compulsive buying can develop into addictive buying when it becomes s a need to continuously spend in order to alleviate stress and anxiety" (Johnson and Attman, 2009). Another definition of compulsive buying is given by Michael R.

Solomon (2004): "Compulsive consumption is the process of repetitive, often excessive shopping used to relieve tension, anxiety, depression, or boredom". The following diagram depicts the antecedents and processes which lead to compulsive buying and materialism (Weaver, S Todd; Moschis, George P; Davis, Teresa, 2011):

2.3 Predictability of Consumer Behavior

Prediction of consumer attitudes and consumer behavior has different façades to be analyzed. This subject matter can first be investigated from '*brand purchase behavior'*. The study carried out by William Moore and colleagues proposes "a joint space analysis of preference or choice should yield predictive models which explicitly account for the properties of individuals and choice objects" (William Moore et al, 1979). Predictability of '*consumer purchase intentions' is* also another important subject, which is suggested by Chung, Stoel, Xu and Ren in the following diagram (Chung et al):

Fig.2.   Antecedents of Predictability of Consumer Purchase Intentions
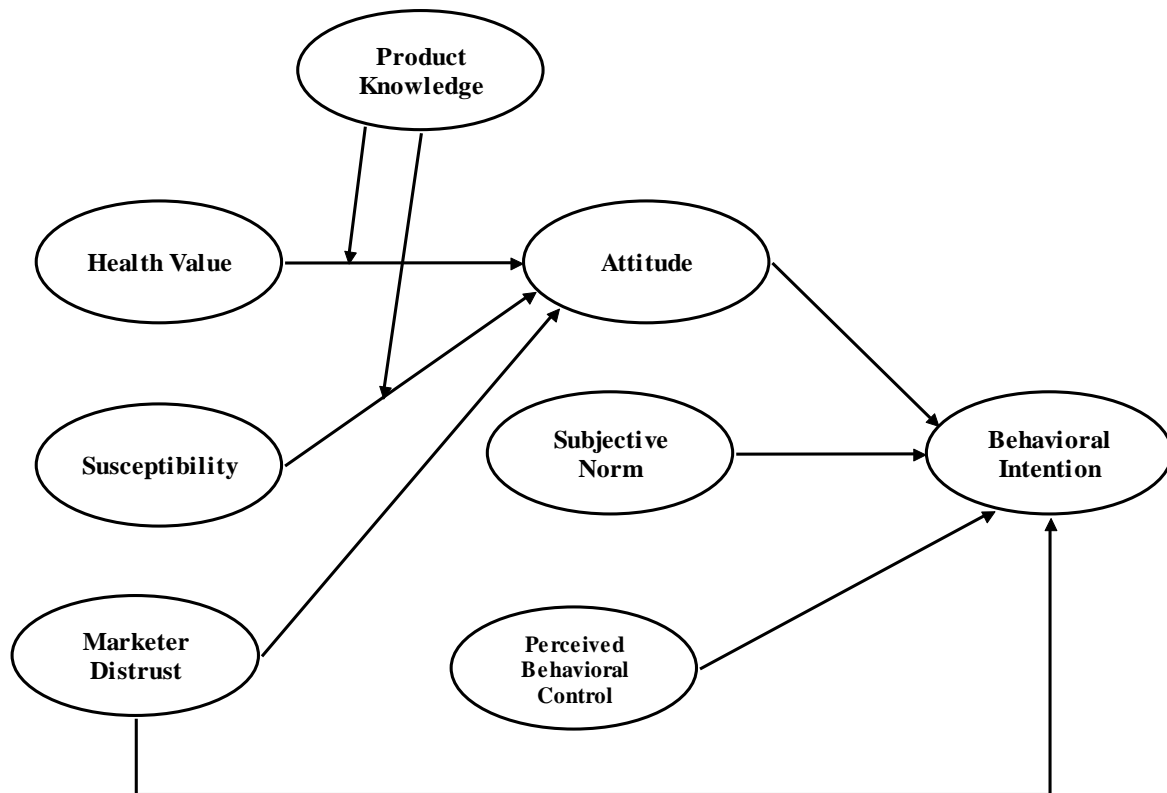
2.4. Variety Seeking Behavior

Variety Seeking Behavior garnered increasing attention in marketing literature and has been much discussed since the 1950's (Faison, 1977). Variety Seeking Behavior is defined as "proverbial spice of life" is known to be one of the major factors in brand changing (Mc Alister and Pessemier, 19829. Variety Seeking Behavior may arise even when consumers are happy with brand and strongly prefer it. (Faison, 1977). Mc Alister and Pessemier (1982) reviewed existing literature, developed a theoretical frame and suggested a system of motives for Variety seeking Behavior.

Variety seeking behavior is conceptually an exploratory behavior and explains the consumer behavior by motives (Raju, 1980; Steenkamp and Burgess, 2002). Raju (1980) has defined seven aspects of exploratory behavior. These can be listed as repetitive behavior proneness, innovativeness, risk taking, exploration through shopping, interpersonal communication, brand switching and information seeking.

2.5. Environmental Sensitivity Behavior

In today's world continuously increasing consumption causes environmental problems to increase. Accordingly the efforts to resolve these problems are increasing. In this context consumers are stimulated to behave with environmental responsibility. So called green consumers tend to prefer environment friendly products and just enough amount of consumption instead of over consumption. Studies to define environment conscious consumers are started with studies of Berkowitz and Lutterman (1968).

Studies showed that environmental sensitiveness and behaviors change according to demographic specs, values, personality and personal attitudes (Balderjahn, 1988).

Since the materialist way of living spread over and become global, materialism, which is a social and philosophical concept included in environmental issues (Kilburne and Pickett, 2007). Materialism pattern of western societies is supported and rewarded by interaction of societies. This results in affecting individuals' level of perception of themselves and the environment. Environmentalists' consumption preferences are determined by values and beliefs imposing preservation of environment, where, possession and consumption are main values and preferences which provide happiness and success. Deriving from here, there is a common opinion suggesting perception of environmental problems decreases as materialism level increases. This conclusion denotes and inverse relation between materialism and environmentalism. As a matter of fact, studies showed that both materialism and environmentalism affects consumer behavior (Kilbourne an Pickett, 2007; Banerjee and Keage, 1994). Kilbourne and Pickett, (2007) determined growing materialistic way of life decreases the anxiety for environmental issues.

Pürütçüoğlu's (2000) study on relaton between materialistic values and attitude and behavior to the environment showed that materialistic values has very little effect on attitude and behavior to the environment.

Post materialistic values care less monetary and economical rewards concentrate on social goals and develop a collective approach to problem solving. Thus, environment protection complies with post materialism values (Knutsen 1990).

2.6. Information Seeking Behavior

The information needed in all aspects of live today becomes an important component in purchasing decisions. Within the purchasing process, consumer starts to look for options and information about these options as soon as his need arises. Acquired information works in many ways for the consumer (Odabaşı, Barış, 2007) like making correct and quick decisions, reduced perceived risk of choice, increase trust to the decision made, eliminating options and participate in justifying purchasing behavior.

The information need for consumers to make purchasing decision consist of these subjects (Hawkins,Best, Coney, 2004):

- Information about appropriate criteria to solve the problem

- Information about alternatives

- Information about each alternatives' success rate on criteria

Klein and Ford's (2002) study showed that on line information seeking outdated traditional information seeking behavior.

2.7. Behavior of Consistency in Preferences

Humans are rational decision makers according to classical economic thought. They decide to maximize their interest and profit by assessing all alternatives systematically. Rationality includes consistency and logic. The discipline of economy always underlines people have complete information on production, trade and consumption activities an always act with pure rationality. On the other hand, today, vague social structure and variables together with unavailability of information in real life can create obstacles to making rational decisions. Emotions involved in decision making process is the most important element causing making non rational decisions (https://dosya.sakarya.edu.tr/Dokumanlar/2013/398/195997476_enm_319_b1_karar_vermeye_giris.pdf .). Thus, it is hard to say individuals' decisions are always consistent and rational. Furthermore it can be said that most of the decisions are non rational.

According to Simon (1956) limited rationality is valid for individuals but not rationality. Limited rationality has two components. According to first of these individuals has limited mental capacity and process ability. Thus individuals do not behave consistently and coherently. According to second component individuals interact with their environment and this interaction affects their decision making behavior. Changes in environmental conditions prevent consistent behavior. According to Simon's approach individuals make decision which satisfies them, not the best.

2.8. Innovative Behavior

Consumer innovativeness has become one of the most research conducted areas. Measuring consumer innovativeness is significant in many aspects. It has an importance for businesses as a guide in making marketing decisions. To market an innovation properly is only possible by defining innovative consumers and understanding their behaviors. To measure innovativeness in cognitive level there are a number of scales developed by researchers (Wood and Swait, 2002; Girardi, Soutar and Ward, 2005; Vandecasteele and Geuens, 2010).

Consumer innovativeness is defined as "consumers' adoption proneness to new products" (Tellis, Yin and Bell, 2009). There are two different innovativeness description in literature as cognitive and sensual (Dobre, Dragomir and Preda, 2009). Cognitive innovativeness means consumer's rational thinking tendency, problem solving and other mind exercises. Sensual innovativeness means senses of consumer stimulates consumer for new experiences. Sensually innovative consumers take more risks in trying a new product and make no rational assessment in satisfying his need.

Consumer innovativeness handled in many dimensions in literature ad classified. Bartels and Reinder (2019) classified consumer innovativeness into three:

- Innovativeness as a personal characteristic, innate innovativeness or innovativeness tendency

- domain-specific innovativeness

- Innovativeness as performed behavior or innovative behavior.

All three dimensions of consumer innovativeness are used as variables in research. Consumer innovativeness is also related to many variables as status hunger, personal values, materialism, self esteem and social acceptance.

Innovative people are classified according to adoption time of innovation. Rogers (1962) grouped the individuals in five groups from earliest to latest adopters.

Consumer's innovativeness tendency and innovative behavior do not mean the same. Tendency may not become a behavior always. There are different approaches to innovative behavior in literature. Midgley and Dowling (1978) conceptualize innovativeness as purchasing new product where Hirschmann (1980) as realized innovation search and Girardi, Soutarand and Ward (2005) as innovation in utilization.

In a study by Park, Burns and Rabolt (2007), a positive aspect relation between materialism and innovativeness is defined. Individuals may adopt innovations for credit, show off or status as well as with a functional approach (Vandecasteele and Geuens, 2010).

3. Research Model and Hypotheses

This field research was conducted in May 2013 in Eskisehir, Turkey, a large city with 700,000 inhabitants. 400 consumers were selected on a random basis using the Stratified Sampling Method, of which 358 were found eligible to be included in the research project. Thirty-two senior students taking a "Marketing Research" course were selected as pollsters and given extra credits for collecting reliable information. The respondents were required to answer a total of 35 questions, of which 30 statements were of the five-point Likert scale type ranging from "1= strongly disagree" to "5= strongly agree." The rest five questions are of demographic type placed on ratio and nominal scales. All 35 answers (statements) are transformed into variables as in the following table:

Table 1. Variables and Their Explanations

Variable	Explanation	Mean	SD
RIGHTQUE	When I do shopping I always choose the right questions to ask about the product or service.	3.71	1.05
HAPPINES	I believe that money can buy happiness.	2.86	134
SELFNAY	I like to question and analyze my own feelings and actions.	3.92	1.03
ECOLDİSD	Ecological disadvantages of the products must be revealed in commercial advertising.	3.99	2.25

| STABLEPE	My friends and relatives consider me as a stable person.	3.69	1.05
NOMAILAD	I don't read mail advertising since it is a waste of time.	3.37	1.31
MEANINGW	I always try to find out the meaning of the words which I don't know.	3.45	1.13
LIKESHOP	I like shopping and look for new displays.	3.49	1.16
GOVERNACT	Governments instead of individuals should take action to stop environmental pollution.	3.51	1.30
CHANGENOV	I want to experience change and novelty in my daily affairs.	3.85	1.07
MONEYIMP	In selecting a job or occupation, money is the most important criterion.	3.38	1.293.81
1.06ENVIRONC	I take utmost care that the products I use should not harm the environment.	3.57	1,05
DISCUSUN	I like to discuss unusual ideas and propositions.	3.73	1.06
OPINCHNG	I don't favor the people who frequently change their opinions.	3.77	1.14
EXITNGJOB	I always looked for a job which offers excitement, travel, adventure and change even that job may include something dangerous.	3.20	1.24
JUDGEWPR	My friends and relatives judge me with respect to the products and brands I use.	2.32	1.23
INFSOURCE	I always know the sources of information before the purchases I make	3.48	1.05
CONSISTCY	I believe that consistency and predictability are the important traits of a person.	3.81	1,06
SHRTSTDIS	I like to calculate the shortest distances from one city to another.	3.29	1.26
OWNEPENS	My greatest dream in life is to own expensive things and lead a luxurious life.	2.62	1.31
EXPLNDIFF	I like to explain the same thing in different ways.	3.65	1.03
PRDCTACT	I always try to predict the actions and reactions of the people around me.	3.78	0.94
NEWPRACS	When I am bored by daily routines; I seek for some new and unfamiliar practices.	3.62	1,08
HIGHPRICE	I am ready to pay a higher price for an environment-friendly	3.35	1.10

	product.		
OBTAININF	Before important purchases I do a lot of research to obtain information.	3.83	1.10
ECONGRWTH	Economic growth is more important for me than environmental considerations.	2.65	1.09
IMPRSSOTH	I like to purchase expensive things to impress other people.	2.22	1.25
ACTBELIEF	My actions are always in conformity with my beliefs.	3.71	1.05
ADMRRICH	I admire people who possess expensive clothes, accessories, houses and cars.	2.64	1.22
NEWIDEAS	New ideas and experiences are what I am looking for.	3.78	1.05
AGE	Age	1.98	0.85
GENDER	Gender	N,A,	N.A.
OCCUPATI	Occupation	N.A.	N.A.
EDUCLEVL	Educational Level	N.A.	N.A.
INCOME	Monthly household income	2.48	1.03

Hypotheses

1. *Relationship between materialistic behavior and environmental concern:*

H1: Materialistic thinking people differ significantly from non-materialistic people as far as environmental considerations are concerned.

2. *Relationship between materialistic behavior and consistency and predictability*

H2: Materialistic and non-materialistic people differ significantly from each other in assigning importance to consistency and predictability of behavior.

3. *Relationship between materialistic behavior and cognitive innovativeness and information seeking.*

H3: There is a significant difference between materialistic and non-materialistic people as far as cognitive innovativeness and information seeking behaviors are concerned.

4. *Relationship between materialistic behavior and change and variety seeking behavior.*

H4: Materialistic thinking people behave significantly different than non-materialistic thinking people where change and variety seeking behavior is in concern.

5. *Relationship between materialistic behavior and consumer demographics.*

H5: Materialistic thinking people differ significantly with respect to their consumer characteristics.

1. Analyses and Results

H1 is accepted at all levels of environmental concern at r<0.01 significance level. The results of Chi-Square analysis is listed in the table below:

Table 2. Relationship Betwen Materialistic Thinking and Environmental Concern:

	Materialistic Thinking									
	OWNEPENS		MONEYIMP		HAPPINES		IMPRSSOTH		ADMRRICH	
Statement	**Agree Materialisic**	**Agree Non-materialistic**	**Agree Materialisic**	**Agree Non-materialistic**	**Agree Materialisic**	**Agree Non-materialistic**	**Agree Materialisic**	**Agree Non-materialistic**	**Agree**	**Disagree**
Economic growth is tmore important for me than environmental considerations.	27.6 %	14.3 %	36.6 %	30.2 %	17.5 %	18.9 %	39.4 %	15.0 %	39.0 %-	19.1 %
I am ready to pay a higher price for an environment-friendly product.	63.8 %	48.5 %	57.6 %	46.5 %	63.7 %	56.7 %	60.6 % (*)	49.1 %	56.1 %	46.0 %
Governments instead of individuals should take action to stop environmental pollution.	51.8 %	60.6 %	59.4 % (*)	53.5 %	44.9 %	59.5 %	57.6 %	59.7 %	53.6 %	56.8 %

Ecological disadvantages of the products must be revealed in commercial advertising	62.1 %	84.7 %	72.8 %	83.8 %	60.8 %	85.6 %	66.7 %	80.6 %	65.9 %	77.6 %
I take utmost care that the products I use should not harm the environment.	62.1 %	68.6 %	63.0 %	67.4 %	63.7 %	72.2 %	60.6 %	63.6 %	68.3 %	59.5 %

Materialistic thinking: (*) accepted at □□□□□ significance level.

OWNEPENS : My greatest dream in life is to own expensive things and lead a luxurious life.

MONEYIMP : In selecting a job or occupation, money is the most important criterion.

HAPPINES : I believe that money can buy happiness.

IMPRSSOTH : I like to purchase expensive things to impress other people.

ADMRRICH : I admire people who possess expensive clothes, accessories, houses and cars.

Fig 3. Distribution of Materialistic Thinking

Mean =3,38
Std. Dev. =1,285
N =475

In selecting a job or occupation, money is
the most important criterion.

Mean =2,86
Std. Dev. =1,341
N =475

I believe that money can buy happiness.

Mean =2,22
Std. Dev. =1,245
N =475

I like to purchase expensive things to
impress other people.

I admire people who possess expensive
clothes, accessories, houses and cars.
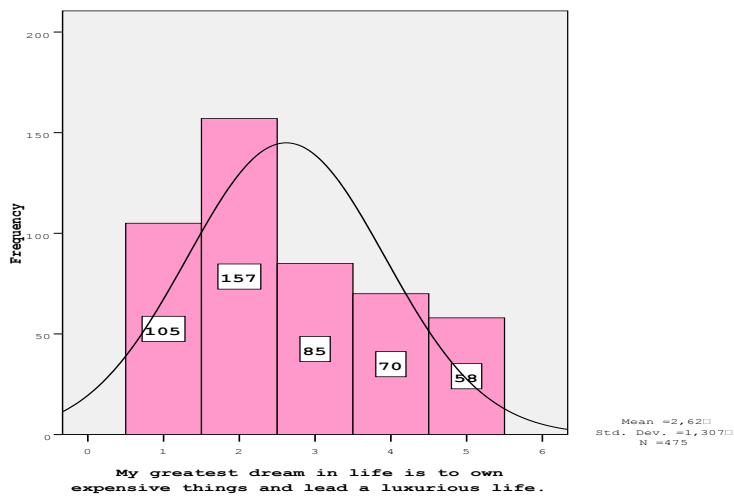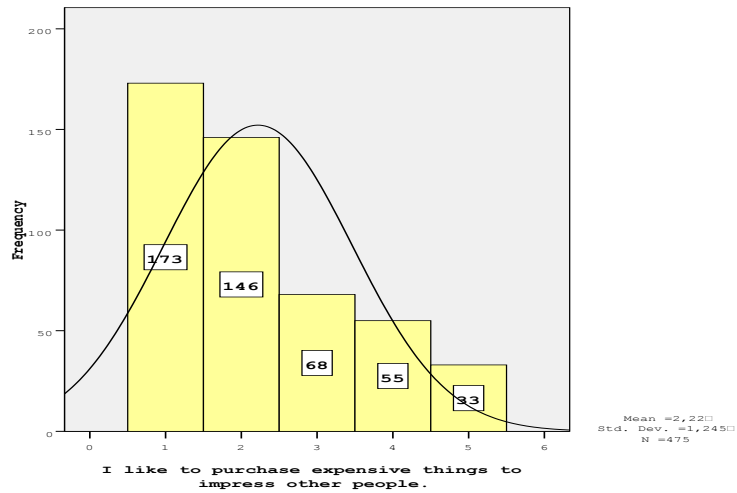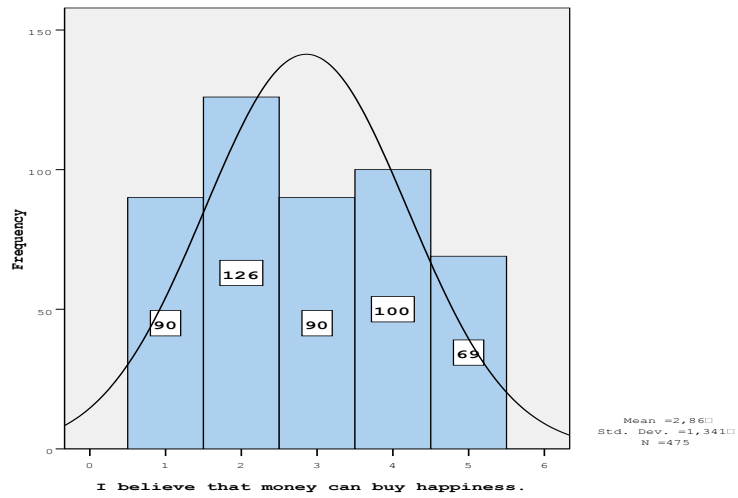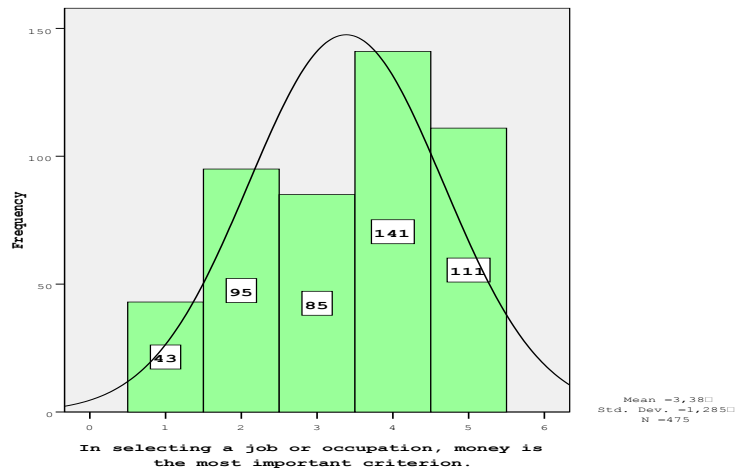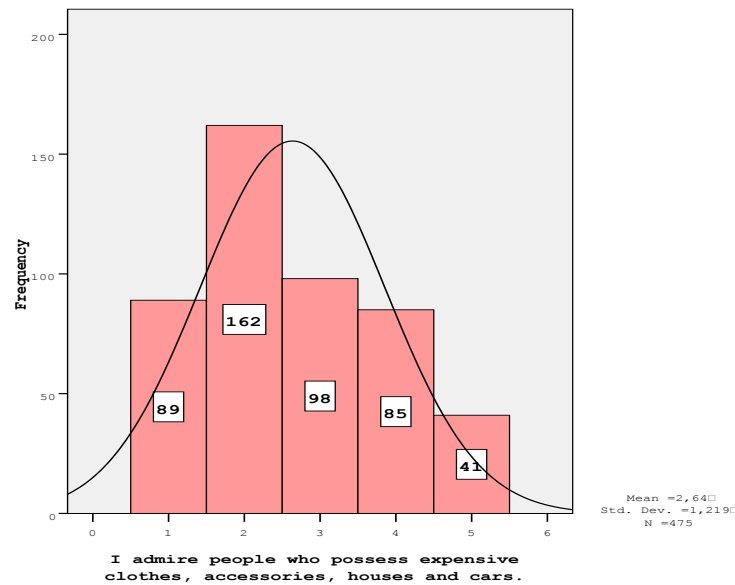
The above tables indicate that only one of the five propositions reflecting materialistic behavior is highly accepted by the majority of people. In other words, most of the consumers under the context of this study are reluctant to exhibit materialistic behavior except one single condition where "In selecting a job or occupation, money is the most important criterion".

From "environmental concern" point of view, the analysis indicates some significant differences between materialistic and non-materialistic views. Firstof all materialistic thinking consumers give more importance to economic growth than environmental considerations. Second conclusion derived from the analysis is that materialistic behavior give little emphasis to price sensitivity and these people are more ready to pay higher prices for environment-friendly products. The idea of government involvement in stopping environmental pollution is not quite adopted by materialistic thinking people and they give more emphasis to individual initiative in this matter. Moreover, these people strongly favor the proposition that "ecological disadvantages of the products must be revealed in commercial advertising"; they however fall behing and differ significantly from non-materialists. The same conclusion is gathered from the last proposition as "people should take utmost care that the products theyuse should not harm the environment".

In short, **H1** is accepted at at levels of materialistic thinking, but this does not necessarily mean that materialistic thinking disregards environmental considerations. In fact these people are well adapted to environmental concerns.

H2 is accepted at all levels of predictability and consistency at $r<0.01$ significance levels. The results of Chi-Square analysis is listed in the table below:

Table 3. Relationship Betwen Materialistic Thinking and Consistency and Predictability of Behavior:

Statement	Materialistic Thinking									
	OWNEPENS		MONEYIMP		HAPPINES		IMPRSSOTH		ADMRRICH	
	Agree Materialisic	Agree Non-materialistic	Agree Materialisic	Agree Non-materialistic	Agree Materialisic	Agree Non-materialistic	Agree Materialisic	Agree Non-materialistic	Agree	Disagree
I believe that consistency and predictability are the important traits of a person.	62.0 %	77.1 %	72.0 %	60.5 %	69.5 %	75.5 %	79.2 % (*)	71.7 %	75.6 %	73.1 %
My friends and relatives consider me as a stable person.	62.1 % (*)	72.4 %	66.6 % (*)	56.1	63.8 %	64.4 %	78.8 %	63.6 %	59.9 %	62.8 %
I don't favor the people who frequently change their opinions.	51.7 %	75.2 %	68.4 %	60.5	55.0 %	78.9 %	54.5 %	69.9 %	58.5 %	76.4 %
I like to question and analyze my own feelings and actions.	63.8 %	83.8 %	73.8 %	81.4 %	58.0 %	83.4 %	66.7 %	76.8 %	70.7 %	78.7 %

My actions are always in conformity with my beliefs.	38.0 %	77.2 %	53.1	76.8	39.1 %	77.8 %	54.5 %	68.2 %	60.5 %	69.7 %

Materialistic thinking: (*) accepted at □□□□□ significance level.

OWNEPENS : My greatest dream in life is to own expensive things and lead a luxurious life.

MONEYIMP : In selecting a job or occupation, money is the most important criterion.

HAPPINES : I believe that money can buy happiness.

IMPRSSOTH : I like to purchase expensive things to impress other people.

ADMRRICH : I admire people who possess expensive clothes, accessories, houses

The table reveals that from 'consistency and predictability' point of view, materialistic and non-materialistic people differ from each other, yet none of them surpasses the other at all levels of materialistic thinking. In this respect materialistic thinking people who disclose strongly that "in selecting a job or occupation, money is the most important criterion" and "in selecting a job or occupation, money is the most important criterion" believe the proposition: "consistency and predictability are the important traits of a person" more than non-materialistic thinking people. The same is also true for the clause "considering him/herself as a stable person". For the remaining three propositions there is an overwhelming majority of non-materialistics over materialistic thinking in assigning importance to consistency and predictability of consumer behavior.

H3 is sustained at all levels of cognitive innovativeness and information seeking.

Table 4 Relateonship Betwen Materialistic Thinking and Cognitive Innovativeness and Information Seeking

	Materialistic Thinking									
	OWNEPENS		MONEYIMP		HAPPINES		IMPRSSOTH		ADMRRICH	
Statement	Agree Materialisic	Agree Non-materialistic	Agree Materialisic	Agree Non-materialistic	Agree Materialisic	Agree Non-materialistic	Agree Materialisic	Agree Non-materialistic	Agree	Disagree
I always know the sources of										

information before the purchases I make	43.0 %	52.3 %	53.1 %	55.6 %0	56.4 %	52.2 %	63.6 % (*)	45.7 %	70.8 %	48.3 %
When I do shopping I always choose the right questions to ask about the product or service.	55.2 %	60.9 %	58.6 %	60.5 %	63.7 %	67.7 %	72.8 %	62.0 %	75.6 %	55.1 %
Before important purchases I do a lot of research to obtain information.	(**)	(**)	83.8 %	53.5 %	55.1 %	57.8 %	54.6 %	70.0 %	68.3 %	76.4 %
I always try to find out the meaning of the words which I don't know.	62.0 %	59.1 %	57.6 %	58.1 %	55.1 %	55.8 %	63.7 % (*)	53.7 %	67.9 %	47.2 %
I like to calculate the shortest distances from one city to another.	48.2 %	41.9 %	53.1 %	44.2 %	65.2 %	40.0 %	45.5 %	48.0 %	(**)	(**)

Materialistic thinking: (*) accepted at □□□□□ significance level.   (**) rejected

OWNEPENS : My greatest dream in life is to own expensive things and lead a luxurious life.

MONEYIMP : In selecting a job or occupation, money is the most important criterion.

HAPPINES : I believe that money can buy happiness.

IMPRSSOTH : I like to purchase expensive things to impress other people.

ADMRRICH : I admire people who possess expensive clothes, accessories, houses

H3 is also accepted at all levels of materialstic thinking yet there is not a cear-cut behavior dufference btween these two groups as in the case of two former hypotheses. The analysis reveals that materialistic thinking can lead to information seeking and information innovativeness. The materialists who yearn for a rich and prodigal life always know the sources of information before the purchases they make and when they do shopping they always choose the right questions to ask about the product or service.. The mariaalistic people who regard money as the most important criterion in selecting a job or occupation do a lot of research to obtain information before important purchases.. Once more the materialists who yearn for a rich and prodigal life always try to find out the meaning of the words which they don't know.

H4 is also sustained for all levels of materialistic thinking.

Table 5. Relationship Between Materialistic Behavior and Change and Variety Seeking Behavior:

	Materialistic Thinking									
	OWNEPENS		MONEYIMP		HAPPINES		IMPRSSOTH		ADMRRICH	
Statement	**Agree Materialisic**	**Agree Non-materialistic**	**Agree Materialisic**	**Agree Non-materialistic**	**Agree Materialisic**	**Agree Non-materialistic**	**Agree Materialisic**	**Agree Non-materialistic**	**Agree**	**Disagree**
New ideas and experiences are what I am looking for.	**70.7%**	**66.7%**	**77.4%**	**62.8%**	**78.3%**	**68.9%**	**81.9%**	**63.6%**	**87.8%**	**64.0%**
I want to experience change and novelty in my daily affairs.	**69.0%**	**62.9%**	**83.7%**	**55.8%**	**76.8%**	**68.8%**	**93.9%**	**77.6%**	**87.8%**	**64.0%**
When I am										

bored by daily routines; I seek for some new and unfamiliar practices.	53.4 %	58.0 %	65.7 %	62.8 %	56.5 %	63.4 %	57.6 %	59.0 %	65.8 %	62.4 %
I like shopping and look for new displays.	48.3 %	45.7 %	55.8 %	53.4 %	53.6 %	61.1 %	63.6 % (*)	47.4 %	58.6 %	46.1 %
I like to explain the same thing in different ways.	60.4 %	66.7 %	62.1 %	58.1 %	63.8 %	70.0 %	63.6 %	62.5 %	68.3	57.3 %
I always looked for a job which offers excitement, travel, adventure and change even that job may include something dangerous.	48.2 %	34.3 %	53.1 %	39.1 %	63.7 %	41.1 %	63.6 %	37.0 %	57.6 %	39.3 %

Materialistic thinking: (*) accepted at □□□□□ significance level.

OWNEPENS : My greatest dream in life is to own expensive things and lead a luxurious life.

MONEYIMP : In selecting a job or occupation, money is the most important criterion.

HAPPINES : I believe that money can buy happiness.

IMPRSSOTH : I like to purchase expensive things to impress other people.

ADMRRICH : I admire people who possess expensive clothes, accessories, houses and cars.

As far as 'change and variety seking is concerned, materialistic thinking overwhelms non-materialistic thinking where three of the six propositions of the above table unanimously support this idea. These propositions are as follows:

New ideas and experiences are what I am looking for.

I want to experience change and novelty in my daily affairs. And,

I always looked for a job which offers excitement, travel, adventure and change even that job may include something dangerous.

Consequently it could be claimed that materialistic thinking people adopt change and variety seeking behavior more than the others. There **H4** is also accepted.

Table 5. Relationship between materialistic behavior and consumer demographics.

(mod values)

Demographics ☐ Materialistic Behavior ☐	Age	Gender	Occupation	Educational Level	Income Level
My greatest dream in life is to own expensive things and lead a luxurious life.	**33.9 %** (Young adults 26-40 years old)	(*)	**40.0 %** (Tradesmen & Businessmen)	(**)	(**)
In selecting a job or occupation, money is the most important criterion.	(**)	(**)	(**)	(**)	(**)
I believe that money can buy happiness.	(**)	**40.8 %** (Males) (*)	(**)	**40.0 %** (College & University Graduates)	(**)
I like to purchase expensive things to impress other people.	(**)	(**)	**28.2 %** (Tradesmen & Businessmen)	(**)	**37.6 %** (Highest Income Group $4800+)
I admire people who possess expensive clothes,	**33.9 %** (Young	(**)	(**)	**29.5 %** (High	**41.0 %** (Higher

accessories, houses	adults 26-40 years old)			School Graduates)	Income Group $2401-4800)

(*) = Accepted at r < 0.05 significance level   (**) = Not Sustained

An exploratory Factor analysis is carried out which reduces 30 variables into five components as follows:

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,816
Bartlett's Test of Sphericity	Approx. Chi-Square	4657,583
	df	435
	Sig.	,000

Fig Scree Plot

Scree Plot
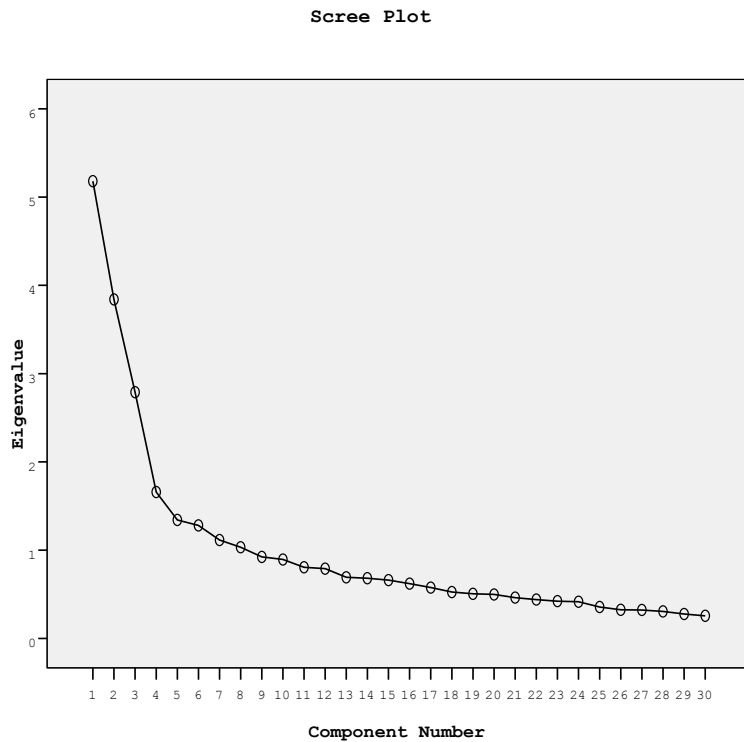
Table 6 Rotated Components with factor scores and scale reliabilities

Variables	Scores
Component 1. Cognitive Innovativeness and Information Search	**0.**
I always know the sources of information before the purchases I make	**806**
When I do shopping I always choose the right questions to ask about the product or service.	**800**
Before important purchases I do a lot of research to obtain information.	**632**
I always try to find out the meaning of the words which I don't know.	**528**
I like to calculate the shortest distances from one city to another.	**379**
Cronbach's Alpha (□)	**713**
Component 2. Materialistic Behavior	
My greatest dream in life is to own expensive things and lead a luxurious life.	**805**
In selecting a job or occupation, money is the most important criterion.	**763**
I believe that money can buy happiness.	**733**
I like to purchase expensive things to impress other people.	**649**
I admire people who possess expensive clothes, accessories, houses	**635**
Cronbach's Alpha (□)	**795**
Component 3. Change and Variety Seeking	
New ideas and experiences are what I am looking for.	**754**
I want to experience change and novelty in my daily affairs.	**687**
When I am bored by daily routines; I seek for some new and unfamiliar practices.	**669**
I like shopping and look for new displays.	**538**
I like to explain the same thing in different ways.	**496**
I always looked for a job which offers excitement, travel, adventure and change even that job may include something dangerous.	**436**
Cronbach's Alpha (□)	**701**
Component 4 Consistency and Predictability of Behavior	
I don't favor the people who frequently change their opinions.	**709**
I like to question and analyze my own feelings and actions.	**618**
My actions are always in conformity with my beliefs.	**598**
I believe that consistency and predictability are the important traits of a person.	**520**

My friends and relatives consider me as a stable person.	**497**
I always try to predict the actions and reactions of the people around me.	**531**
I like to discuss unusual ideas and propositions.	**492**
My friends and relatives judge me with respect to the products and brands I use.	**451**
I don't read mail advertising since it is a waste of time.	**303**
Cronbach's Alpha (□)	**507**
Component 5. Environmental Considerations	
Economic growth is tmore important for me than environmental considerations.	**639**
Ecological disadvantages of the products must be revealed in commercial advertising	**603**
I am ready to pay a higher price for an environment-friendly product.	**551**
Governments instead of individuals should take action to stop environmental pollution.	**509**
I take utmost care that the products I use should not harm the environment.	**365**
Cronbach's Alpha (□)	**390**

Overall Score of Cronbach's Alpha (□)   0.773

2. Findings

The following conclusions are derived from this study:

1. Materialistic thinking gives more importance to environmental considerations than economic growth.

2. Materialist people are not "Price-sensitive" since they are ready to pay higher prices for environment-friendly products.

3. They object to the proposal that ecological disadvantages of the products should be commercially advertised.

4. Non-materialistic consumers think that "people should take utmost care that the products theyuse should not harm the environment". Materilistic behavior also supports this idea but to a lesser degree.

5. Consistency and predictability are also traits which materialistis people favor, nevertheless they fall behind the non-materialistics especially in confronting the proposition "My actions are always in conformity with my beliefs".

6. Cognitive innovativeness and information seeking behavior has significant positive effects on materialistic thinking.

    a. Materialistic thinking style which considers money as the most important criterion in selecting a job or occupation is most accentuated at a certain cognitive innovativeness and information search behavior where consumers do a lot of research to obtain information before important purchases

b. In terms of change and variety seeking behavior, materialistic consumers unanimously asserted that they want to follow new ideas and experiences much more than non-materialistic consumers.

c. Materialistic consumers differ significantly and positively from non-materialistic consumers as far as "looking for a job which offers excitement, travel, adventure and change even that job may include something dangerous" are concerned.

d. Consumer demographics differ signifiantly alongthe propositions concerning materialistic behavior. In this respect, young adults (26-40 years old) and Tradesmen and businessmen assert that "their greatest dream in life is to own expensive things and lead a luxurious life".

e. "Money can buy happiness" claim is most adopted by males, and college and university graduates.

f. Tradesmen and businessmen and the highest income group ($ 4800+) believe that they like to purchase expensive things to impress other people.

g. Young adults (26-40 years old), high school graduaes and higher income group ($2400-4800) consumers admire people who possess expensive clothes, accessories and houses.

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Consumer Beliefs and Perceptions about Advertising on Their Purchase Decisions, a Field Study from Eskisehir, Turkey

Abstract:

Consumer attitudes towards advertising can be summarized in terms of beliefs and perceptions where advertising can either have positive or negative effects on consumers. In this respect, a survey is applied to 400 respondents selected via stratified sampling from Eskişehir, a city of Turkey with 700.000 inhabitants where 358 of the responses are found eligible. The respondents are required to answer 35 questions of which five are related to demographic characteristics of these respondents. The rest 30 are statements which are designed to reflect the behavior of these people. The study consists of five parts. The first part is an introduction where the scope and the purpose of the study are concisely stated. The second part relates to the theoretical background of the subject matter and the prior researches carried out so far. The third part deals with research methodology, basic premises and hypotheses attached to these premises. Research model and analyses take place in this section. Theoretical framework is built and a variable name is assigned to each of the question asked or proposition forwarded to the respondents of this survey. 30 statements or propositions given to the respondents are placed on a five-point Likert scale where. The remaining five questions about demographic traits as age, gender, occupation, educational level and monthly income are placed either on a nominal or ratio scale with respect to the nature of the trait. Ten research hypotheses are formulated in this section. The fourth part mainly deals with the results of the hypothesis tests and a factor analysis is applied to the data on hand. Here exploratory factor analysis reduces 30 variables to five basic components. In addition non-parametric bivariate analysis in terms of Chi-Square is applied to test the hypotheses formulated in this respect. The fifth part is the conclusion where findings of this survey is listed.

Keywords: Ad Trust and Ad Mistrust, Celebrity Endorsement, Attitude Toward The Ad, Advertising Attributes, Ad Involvement, Ad Skepticism, Consumer Memory

JEL Classification: M31

1. Introduction

Advertising which is the most important component of the final "p" of marketing mix, brings forth a controversial issue whether or not it has a direct effect on sales or on consumers as the other "p"s do. It is therefore a debatable issue on the role of the consumers' beliefs and attitudes toward advertising either positively or negatively structured. Although the purpose of this study does not comprise

advertising effectiveness, a careful eye can easily detect that the main topic revolving around the positive and negative beliefs and perceptions finally lead to advertising effectiveness which is supposed to be the companies' main concern. The authors of this paper therefore wish to attract attention on the pros and cons of advertising derived from consumers' beliefs and perceptions. After a series of analyses it will be possible to categorize consumers as "those who favor advertising" and "those who repudiate advertising.

2. Literature Review and Prior Research

2.1 Consumer Memory and Brand Selection

One of the basic tasks of advertising is that it can influence memory for consumer experience. It can produce a powerful effect on the manner where consumers refer to their past experiences with a product *(LaTour, Pickrell and Loftus, p. 7)*. Consumers rely on their experiences in their decision-to-buy process. In this respect advertising helps the consumers to appraise their experiences. Prior market studies reveals that consumers pay more attention to advertising after using a product *(Lodish et al. 1995, p. 126)*. Human memory is not only a reproduction of past experience, but also a complicated reconstruction process in which people give meaning to their experiences. In this respect, if advertisers fail to recognize the reconstructive memory and solely rely on its reproductive side, it would not be easy to divert consumers from their unfavorable past experiences during their purchase decisions. An experimental design as been carried out to test consumers' memory at two levels of information as print and screen media. In this respect, the ad copy which is considered persuasive and consumer information which is regarded as non-persuasive are used as explanatory variables. Consequently from the points of the two levels of information, print media seems to be more effective on consumers' recall than screen media; however when recognition is in question there is no such clear distinction between these two information levels. In other words, print information is recalled easier, yet screen information is also kept in memory. From marketing communications point of view, brand name is recalled more effectively from print media than print media where non-persuasive information surpasses persuasive information as far as consumer memory is considered *(Jones et al, p. 623)*.

2.2 Emotional and Rational Advertising

A brand is described by some of its characteristics which are created by emotional advertising where brand differentiation and consumer decision-making-process take place. Emotional advertising concentrates on consumers' specific psychological experience by sending information about self-satisfaction, social identity and sensual stimulation and relates to self-improvement and emotional appraisal. On the other hand, rational advertising uses the tools of reason, logic and objective information to persuade the consumers by supplying them product and service functions so as to satisfy their needs *(Chaoying et at, p.45)*. Distinguishing between rational and emotional advertising depends on three sets of criteria where Resnik and Stern defines the first set of criteria as, if the advertisement is related to one of the following information types then it could be regarded as a rational advertising: product and service price, quality, function, material, purchasing time and place, sales promotion information, information on taste, product nutrition, packaging, promise to consumer, product safety, independent research results and new product concept. If the advertising is related to none of the

information types, then it can be regarded as an emotional advertising *(Resnick and Stern, p. 51)*The second set of criteria comprises ad recognition, brand attribution, ad evoked feelings, cognitive and affective reactions and attitude towards the ad and emotional content holds *: humour, enthusiasm, nostalgia, sex, anger, fear and other emotions. (Pelsmacker and Geuens, p.227).* The third set of criteria was suggested by Flint-Goor & Liebermann (1996) and includes two kinds of information content where *the types of information related to rational advertising* are price, product characteristics or make-up, function, purchase time and place, sale information, product packaging, promise of product quality, market share, research results, convenience, health and nutrition and product safety. On the other hand, information related to emotional content are sex, position and prestige, youth, sports, beauty, gender, enthusiasm and living style *(Chaoying et at, p.47).*

Rational and emotional ad contents lead to brand attitudes as shown in the following relationship *(Chaoying et at, p.49)*:

Fig. 1. Consumer Information Handling Styles Serving as Moderating Variable Between Advertising Perceptions and Brand Attitude
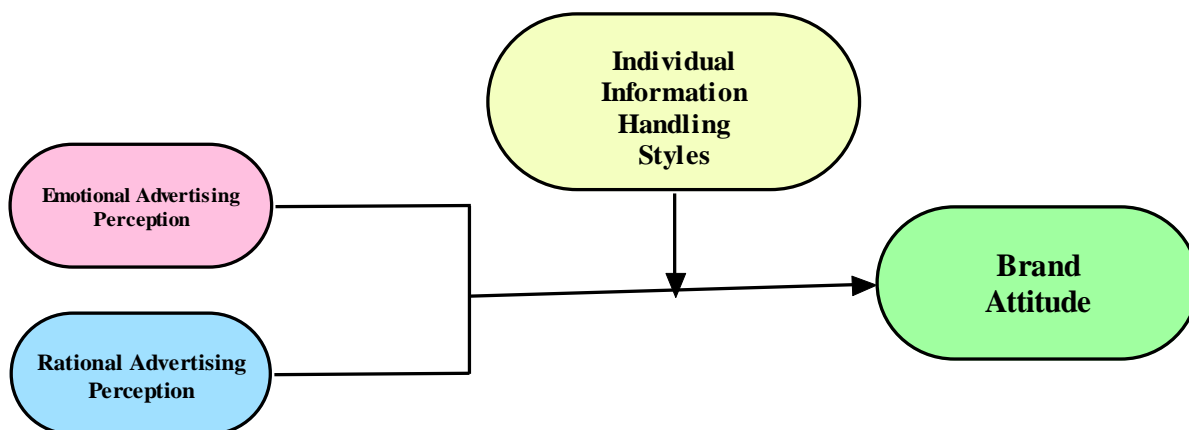
2.3 Advertising and Brand Choice

Attitude toward the ad is refined as the "predisposition to respond in a favorable or unfavorable manner to a particular advertising stimulus during a particular advertising stimulus during a particular exposure situation" (MacKenzie and Lutz, p.49). From ABÇ model of attitudes point of view, this definition reflects and evaluative or affective response to the commercial stimulus and does not comprise cognitive and behavioral constructs. On the other hand, advertising credibility is defined as, " the extend to which the consumer perceives claims made about the branding the ad to be truthful and believable" (ibid, p.51). Advertising credibility reflects consumers' perceptions about the credibility of the advertisements. A prior research by Biehal, Stephens and Curlo suggests that attitude toward the ad has two potential impacts on brand choice. First of all it might have influence on the encoding of brand characteristics information related to ads and inferences obtained from brand formed during the processing of ads (Biehal et al, p.34). Environmental claims on advertising also affect the purchase intention and consequently the brand choice of a product.

2.4 Consumer Loyalty and Deceptive Advertising

Deceptive advertising is defined as "the use of fake or deceptive statements in publicity". Deceptive publicity has been around since the inception of time and is still common today. An advertisement or marketing is considered deceptive if it misleads the customers. The deceptive advertising can best be classed around three central figures which include fake advertising which is an absolute lie, false advertising which involves a claim- information discrepancy, such as not revealing all the conditions attached to a product/ products being advertised and deceptive advertising which involves a claim- faith interaction . The literature and many empirical evidence has confirmed that the advertisers and advocates of advertisers are always engaged and at times rigorously engaged in any/all of three stated categories of deceptions while campaigning for their products" (Hasan, S. Akif et al, p. 262). In this context, a research is carried out by Chin-Feng Lin to explore the relationships among involvement, trust, loyalty, social marketing and demarketing after consumers read a deceptive advertisement, and provide the government with information regarding consumers' perceptions of deceptively advertised products in order to implement effective social marketing or demarketing strategies offers the following relationship *(Chin-Feng Lin, p.3)*:

Fig. 2. Relationship Between Consumer Involvement, Trust and Loyalty, Social Marketing and Demarketing
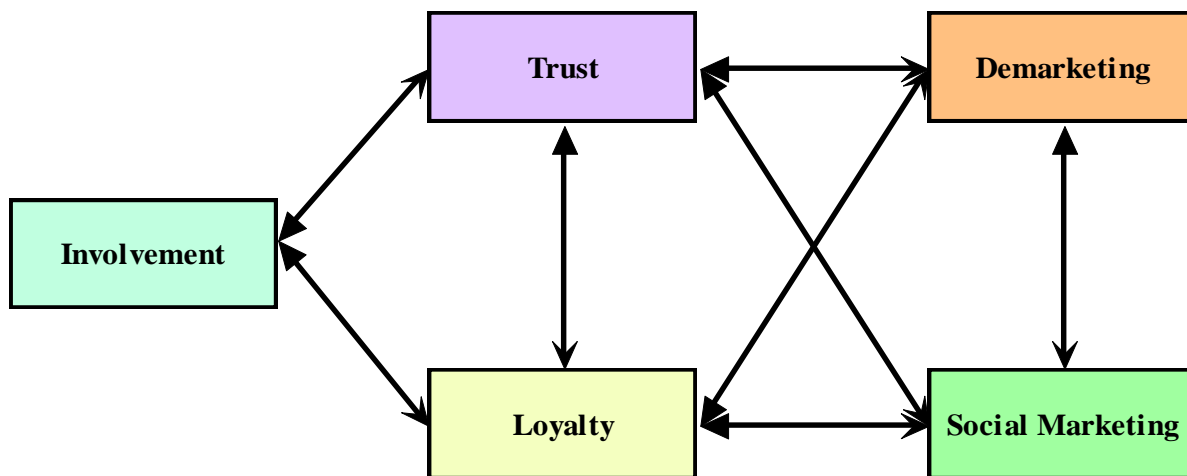
A study carried on misleading and factual environmental claims where "higher levels of perceived deception are associated with lower levels of perceived corporate credibility, less favorable attitudes toward the ad, less favorable attitudes toward the advertised brand, and decreased purchase intentions toward the product in the ad" *(Newell et at, p.48)*. The study also found that perception of deception creates negative feeling toward the ad, whether the ad is objectively misleading or not. The following illustration depicts the flow of relationships where environmental concern leads to purchase decision *(Newell et al. p52)*

Fig. 3. Factors Leading to Purchase Intention:
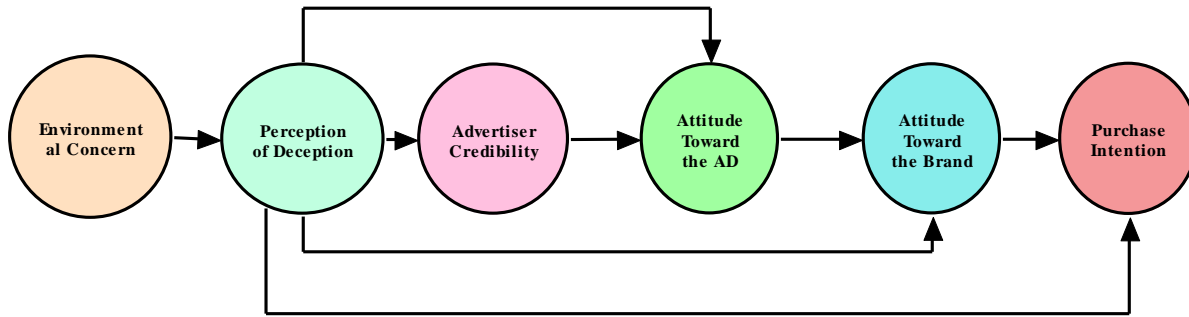
2.5 Ad Perception and Brand Switching

It is a convention of marketing is that 'brands are more than products' i.e., products reflects the physical characteristics where brands produce ties between the products and the consumers in terms of special relationships

On the other hand, advertising is a means for positioning the product in consumer mind and tries to find out some means to reach target consumers. The dynamics of the marketplace attracts the consumers' attention. As far as the purpose of marketing is to attract new customer and stimulate brand switching behavior, advertising plays on important role in initiating the cognition of consumers and further influencing purchasing decisions. *(Hsu and Chang, 2003, pp.322-3)*

Hsu and Chang (2003) proposed a model on classifications of consumers with different levels of ad perceptions versus brand switching illustrated Figure 3. (Hsu and Chang, 2003, pp.323) As shown in figure 3, the x-axis indicates different levels of brand switching behavior. And the y-axis is advertising perceptions of consumers. According to the model, consumers can be classified into four segments based on the levels of advertising perceptions and possibilities of brand switching Consumer segments are described like as: *(Hsu and Chang, 2003)*

- *Loyal customers are familiar with the current market information but are not attracted by the offers of the other brands and they are not affected by advertising easily.*

- *Innovative consumers have higher levels of advertising perceptions and large possibilities to switch brand.*

- *Information laggards have relatively low levels of advertising perceptions and they are not sensitive to newly marketed brands. They are temporarily loyal to the brands and may not have strong motivations to search information of other brands. They do not pay much attention to advertising information*

- *Random purchasers are less sensitive to advertising information and have higher tendencies to switch brand.*

Fig. 4. Classification of Consumers with Different Levels of Advertising Perceptions Versus Brand Switching
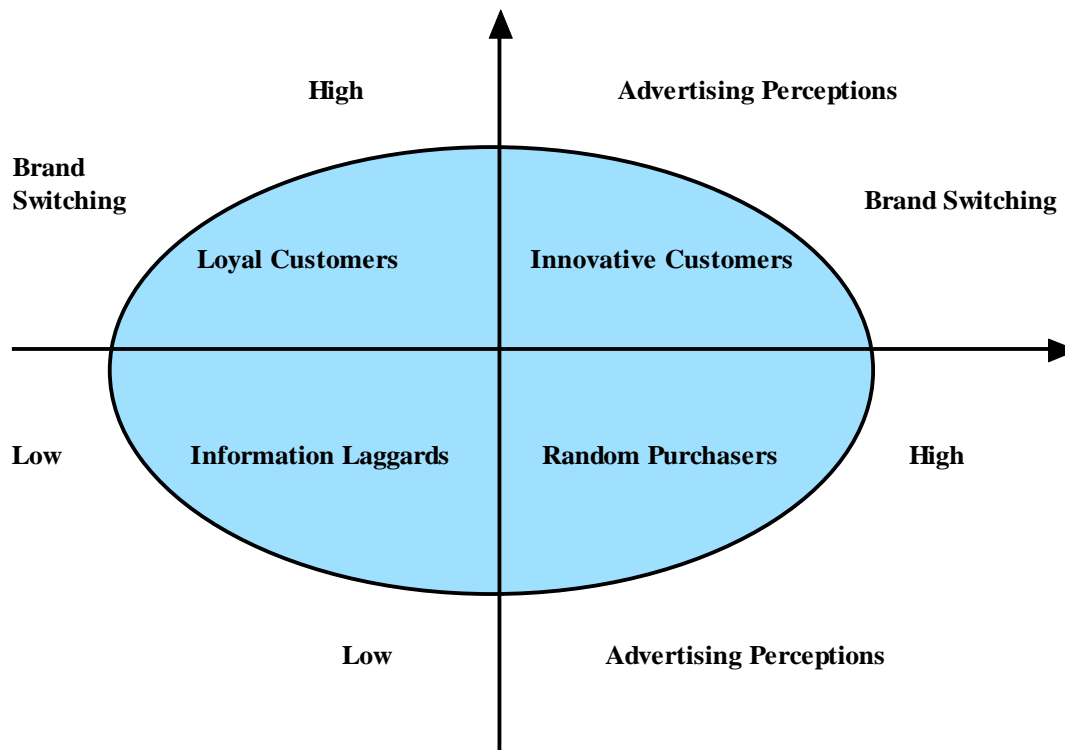
Source: Hsu and Chang, 2003, pp.323.

3. Research Model and Hypotheses

This field research was conducted in May 2013 in Eskisehir, Turkey, a large city with 700,000 inhabitants. 400 consumers were selected on a random basis using the Stratified Sampling Method, of which 358 were found eligible to be included in the research project. Thirty-two senior students taking a "Marketing Research" course were selected as pollsters and given extra credits for collecting reliable information. The respondents were required to answer a total of 35 questions, of which 30 statements were of the five-point Likert scale type ranging from "1= strongly disagree" to "5= strongly agree." The rest five questions are of demographic type placed on ratio and nominal scales. All 35 answers (statements) are transformed into variables as in the following table:

Table 1. Variables and Their Explanations

Variable	Explanation	Mean	SD
SINCERDM	Ads mostly present a true and sincere demonstration of the product.	2.73	1.21
NONEEDBY	Ads force people to buy a lot of unnecessary things which they don't really need.	3.37	1.21

BETTERPR	Advertising directs public to buy better products.	3.01	1.11
PUTMYSLF	Some ads encourage me to put myself in the situation exhibited.	3.25	1.09
RECALCOM	When I think of a product, I first recall its' commercial.	3.38	1.24
ANNOYING	I find most advertisements as annoying.	3.13	1.25
TRIGGCOMP	In general advertising triggers the competition which consumers get benefit.	3.47	1.15
PERSUADE	Advertising persuades people to buy things they really want to buy.	3.18	1.25
INFOSOUR	Advertising can be considered as a reliable source of information about products.	2.79	1.19
AMUSING	I watch commercials on TV. Because they are mostly amusing and entertaining.	2.84	1.24
MISLEAD	I think advertisements are getting more misleading recently.	3.33	1.20
ELIMINA	If most advertising were eliminated, then consumers would be able to make better purchase decisions.	3.23	1.19
VALUEDET	The values of our society are deteriorated by some advertisements.	3.15	1.15
CELEBRIT	I rely on the advertising where celebrities take part.	2.63	1.21
EASYPERS	I can hardly be persuaded by any kind of advertising.	3.13	1.15
ADVHELPS	Advertisements help the consumers to make comparisons between products.	3.56	1.06
SENTMNAD	I frequently get involved in the sentimental sides of the ads.	2.93	1.27
LERNFASH	I learn a lot about fashion goods and new products from advertisements and this is a good way to impress others.	3.06	1.26
HGHPRICE	Advertising costs are the major causes of high priced products.	3.46	1.07
DECEPTIV	Deceptive is a better word in explaining advertising than informative.	3.25	1.22
CNTRBECO	I think advertising makes a lot of contribution to our country's economy.	3.34	1.03
MATERIAL	Advertising makes people more materialistic and makes them desire to own things that they don't really need	3.48	1.19
FAVCELEB	I like to watch TV commercials since my favorite celebrities	2.65	1.21

	take part in those commercials.		
FANTASY	All we get from advertisements have nothing to do with real life yet they offer a world of fantasy.	2.97	1.15
UNFAVORB	In general I consider advertising unfavorable.	2.77	1.21
HELPSECO	Advertising helps the economy and results in lower prices.	2.75	1.07
SOURCINF	Advertising is a dependable source of information.	2.69	1.15
TRSTONAD	Generally I trust on advertised products more than unadvertised ones.	3.21	1.14
SUITLIFE	I like to watch the commercials which suit my lifestyle.	3.4003	1.16
RECLLMES	I often recall the message given by a commercial rather than the product itself.	3.38	1.05
AGE	Age	1.95	0.91
GENDER	Gender	N,A,	N.A.
OCCUPATI	Occupation	N.A.	N.A.
EDUCLEVL	Educational Level	N.A.	N.A.
INCOME	Monthly household income	2.30	0.98

Hypotheses

1. *Relationship between brand trust and the information content of advertisements.*

H1: Consumers who perceive advertisements as a major source of information trust in advertising more than those who perceive not.

2. *Relationship between the materialistic and emotional concepts adapted by the consumers.*

H2: There is a significant inverse relationship between the sentimental and materialistic views of the consumers.

3. *Relationship between consumers' memory on commercials and the role of celebrity endorsement in advertising.*

H3: Consumers with high celebrity endorsement recalls message given or the commercial itself rather than the product advertised.

4. *Relationship between consumer segments involved in advertising perception and price sensitivity.*

H4: There is a significant difference between consumer segments involved in advertising perception and price sensitivity.

5. *Relationship between advertising perceptions and consumer demographics.*

H5: There is a significant relationship between advertising perceptions and consumer demographics.

4. Analyses and Test Results

All the hypotheses formulated in the preceding section are tested at $\rho < 0.01$ significance level (except a few at $\rho < 0.05$ level) and following results are obtained:

H1 is sustained at two levels of information as :

- Advertising can be considered as a reliable source of information about products.

- Advertising is a dependable source of information.

69.6 % of respondents who perceive advertising as a reliable source of information asserted that they trust on advertised products than non-advertised products.

Similar results are obtained from regarding advertising as a dependable source of information. 65.3 % of consumers who see advertising as a dependable source of information trust highly on advertised products than non-advertised products; whereas 19.5 % of opponents exhibits their distrust.

Fig. 5. Brand Trust, Reliability and Dependability of Advertised Products

Advertising can be considered as a reliable source of information about products.

Mean =2,79
Std. Dev. =1,187
N =358

Advertising is a dependable source of information.

Mean =2,69
Std. Dev. =1,153
N =358
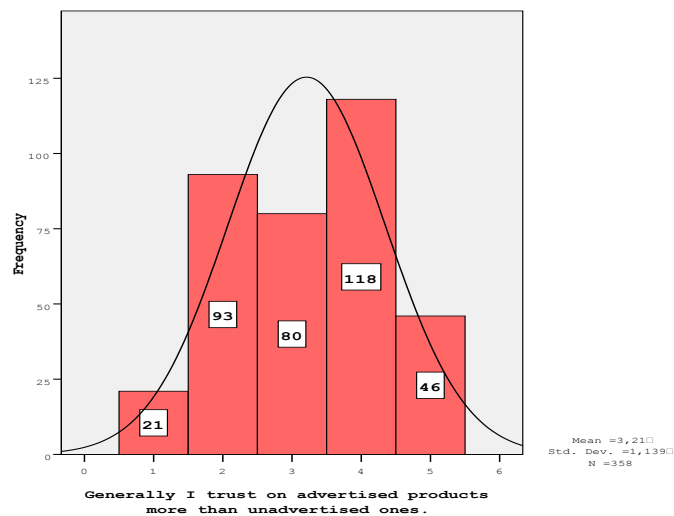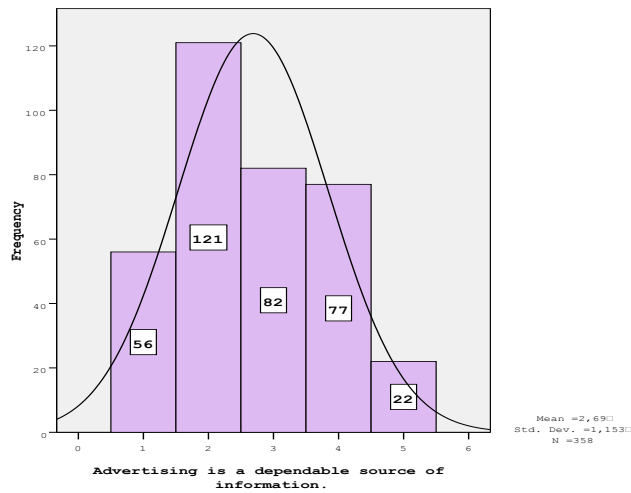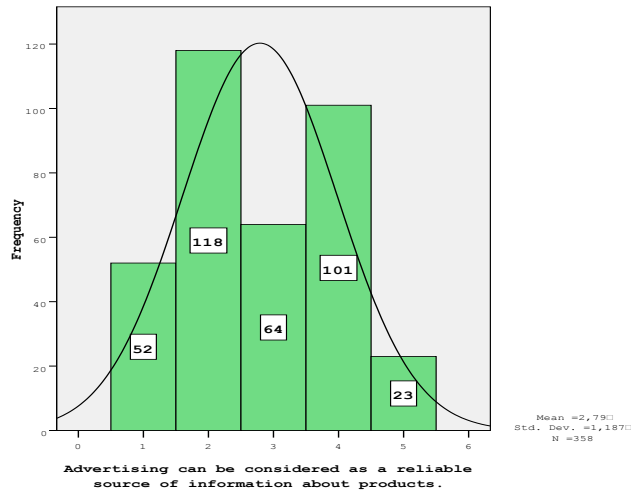
As could be seen from the above charts, respondents' level of trust on advertised brands is highly supported, whereas their agreement to the reliability and dependability of advertising information is not accepted that much. For these two variables disagreement of respondents surpasses their agreement level.

H2 is accepted at □□□□□□□□significance level

48.6 % of the respondents who are involved in the sentimental sides of the ads reject the idea that advertising makes people more materialistic and makes them desire to own things that they don't really need. On the other hand only 37.8 % of them adopts this idea.

Fig. 6. Distribution of Emotional and Materialistic Concern of Consumers Over Advertising
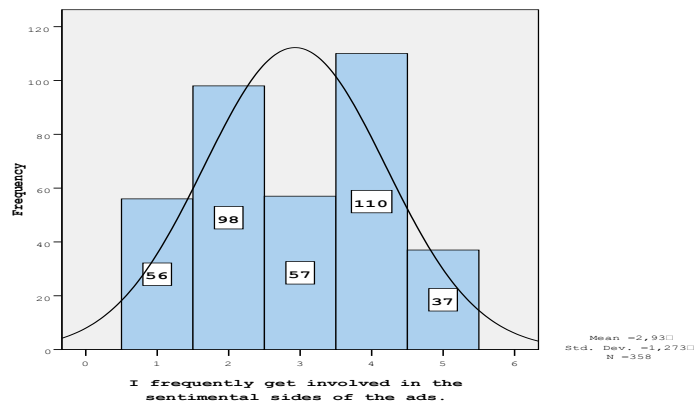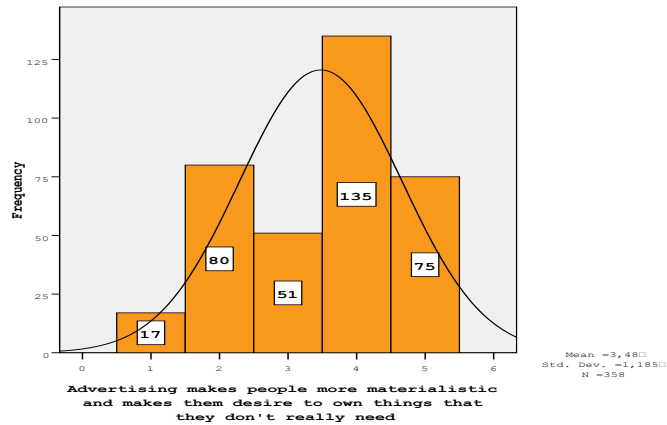
As could be seen from the above distributions, the former is negatively skewed (-0.404), that is respondents' view about materialism of advertising overwhelms the opposite view; whereas the view on sentimental side of advertising is almost balanced from skewness point of view (-0.019). The inference from these distributions is that, people are more prone to see the materialistic side of advertising than the emotional side.

H3 is accepted

Here we use a 2x2 relationship consumer memory and celebrity endorsement using following propositions:

- When I think of a product, I first recall its' commercial.
- I often recall the message given by a commercial rather than the product itself.
- I rely on the advertising where celebrities take part.
- I like to watch TV commercials since my favorite celebrities take part in those commercials.

Table 2. Relationship Between Consumers' Memory On Commercials and The Role of Celebrity Endorsement in Advertising

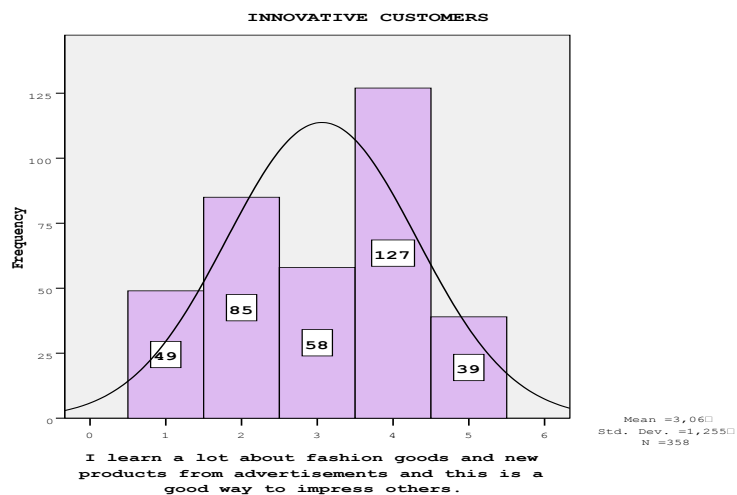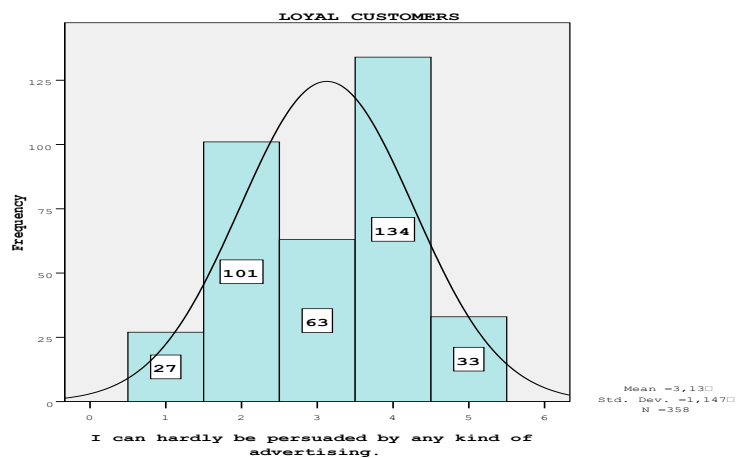|	Recall the Commercial			Recall the Message		
Statement	**A**	**B**	**C**	**A**	**D**	**C**
I rely on the advertising where celebrities take part.	55.3	66.6	22.2	55.1	64.0	11.1
I like to watch TV commercials since my favorite celebrities take part in those commercials.	55.3	82.6	4.3	55.1	62.5	17.4

A = Average Agreement Level (Strongly agree + agree) %

B = Agreement level for Celebrity Endorsement Strongly agree + agree) % in terms of ad trust

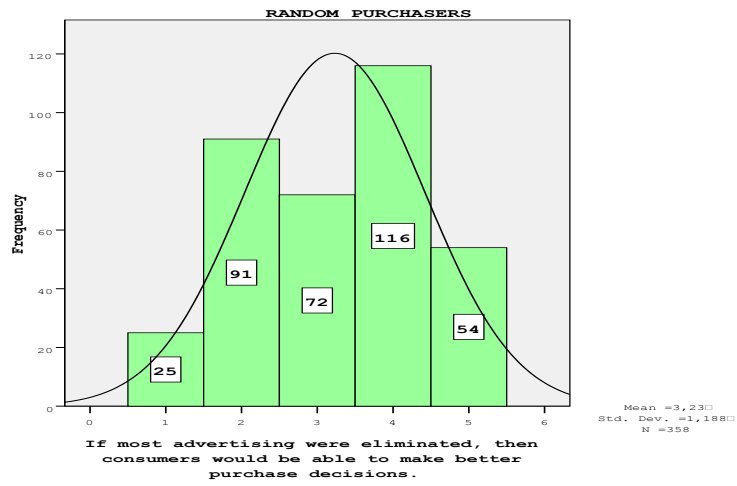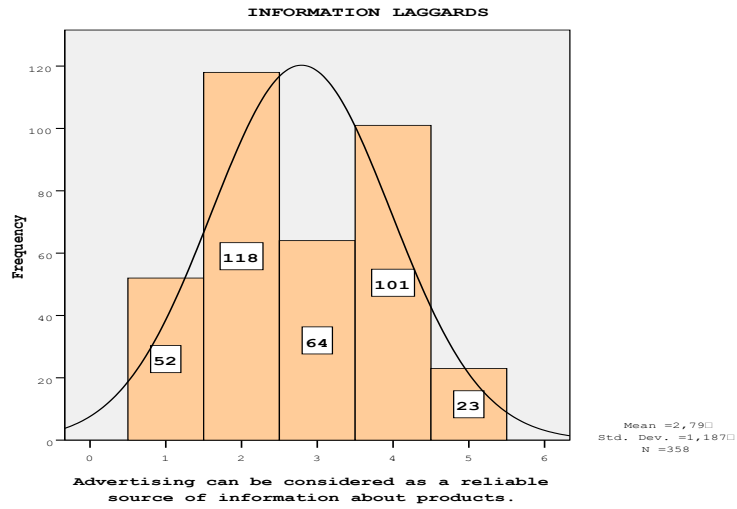**C** = Disagreement Level for Both Propositions (Strongly disagree + disagree) %

D =Agreement level for Celebrity Endorsement Strongly agree + agree) % in terms of watching TV,

The table above reveals the fact that the disagreement level for both propositions overwhelms their agreement levels. In other words, celebrity endorsement has significant positive effects on consumers' memory in terms of either recalling the message given by the commercial or the commercial itself precedes the product or service suggested by the advertisement. The reverse proposition on the other hand has more drastic outcomes. For both propositions 93.3 % disagreement level reveals the fact that these consumers do care about the product itself rather than the message, commercial and celebrities who take part in the ads.

Fig. 7. Distribution of the Celebrity Endorsement Levels and Message or Commercial Appeal

I like to watch TV commercials since my favorite celebrities take part in those commercials.

Mean =2,65
Std. Dev. =1,213
N =358

I often recall the message given by a commercial rather than the product itself.

Mean =3,38
Std. Dev. =1,054
N =358

When I think of a product, I first recall its' commercial.

Mean =3,38
Std. Dev. =1,239
N =358
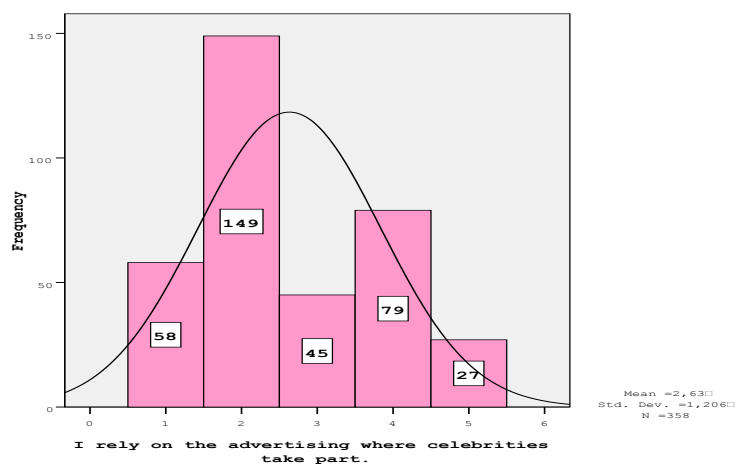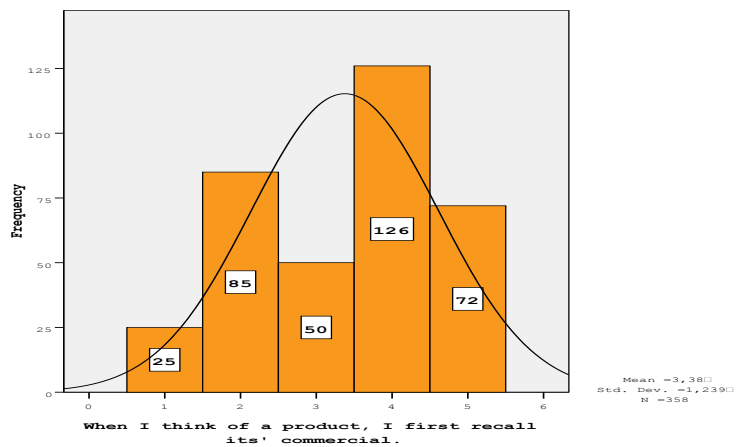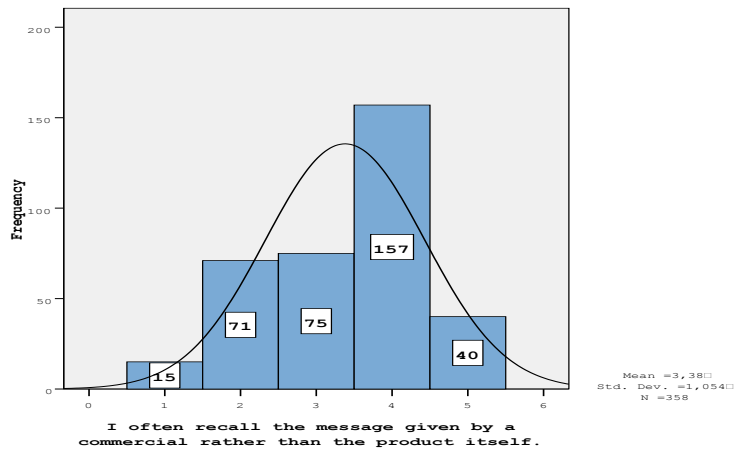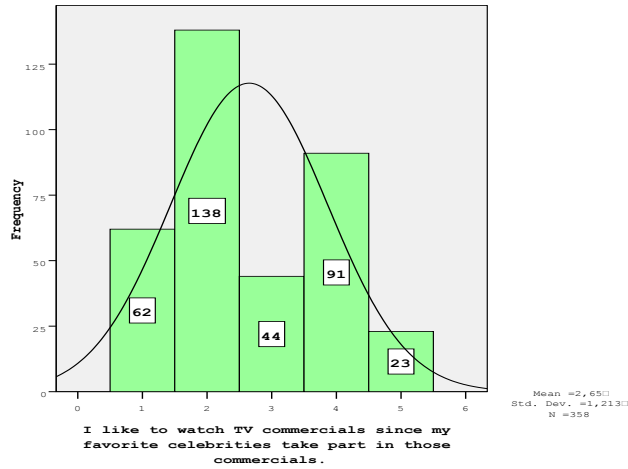
H4 is accepted at all levels of consumer segments

Propositions used in this analysis:

- I can hardly be persuaded by any kind of advertising. Loyal customers

- I learn a lot about fashion goods and new products from advertisements and this is a good way to impress others. Innovative customers

- Advertising can be considered as a reliable source of information about products. Information laggards (disagreement)

- If most advertising were eliminated, then consumers would be able to make better purchase decisions. Random purchasers

- Advertising helps the economy and results in lower prices. Price consciousness (affirmative)

- Advertising costs are the major causes of high priced products. Price consciousness (negative)

Table 3. Relationship Between Consumer Segments Involved in Advertising Perception and Price Sensitivity

	Price consciousness (affirmative) %				Price consciousness (negative) %			
Statement	A	B	C	D	A	B	C	D
I can hardly be persuaded by any kind of advertising. Loyal customers	24.8	12.2	45.5	75.7	54.7	78.8	21.8	9.1
I learn a lot about fashion goods and new products from advertisements and this is a good way to impress others. Innovative customers	24.8	38.4	45.5	28.2	54.7	41.0	21.8	38.4
Advertising can be considered as a reliable source of information about products. Information laggards (disagreement)	24.8	6.7	45.5	71.2	54.7	77.9	21.8	5.7
If most advertising were eliminated, then consumers would be able to make better purchase decisions. Random purchasers	24.8	25.9	45.5	48.2	54.7	66.6	21.8	13.0

A = Average Agreement Level (Strongly agree + agree) %

B = Agreement level for Price Consciousness in Consumer Segments (Strongly agree + agree) % in terms of ad trust

C = Average Disagreement Level (Strongly disagree + disagree) %

D = Disagreement level for Price Consciousness in Consumer Segments (Strongly agree + agree) % in terms of ad trust

The above table reveals the fact that, loyal customers and information laggards rejects the idea that "Advertising helps the economy and results in lower prices." On the other hand, they believe that "Advertising costs are the major causes of high priced products." Random purchasers also adopt the latter proposition.

Innovative consumers exhibit an opposite attitude with respect to the former segments. This group support the idea that "advertising costs are the major causes of high priced products" and rejects that "Advertising costs are the major causes of high priced products.

Fig. 8. Distribution of Consumer Segments and Price Consciousness

INFORMATION LAGGARDS

Advertising can be considered as a reliable
source of information about products.

Mean =2,79
Std. Dev. =1,187
N =358

RANDOM PURCHASERS

If most advertising were eliminated, then
consumers would be able to make better
purchase decisions.

Mean =3,23
Std. Dev. =1,188
N =358

PRICE CONSCIOUSNESS (AFFIRMATIVE)

Advertising helps the economy and results
in lower prices.

Mean =2,75
Std. Dev. =1,071
N =358

H5 is sustained for most of the consumer demographics. The following tables are produced according to the components derived from factor analysis.

Table 4. Relationship Between Ad Trust-Ad Involvement and Demographic Factors

Consumer Demographics ⬜	Mod Values (Significantly different) %				
Customer Trust and Involvement in Advertising ⬜	**Age**	**Gender**	**Occupation**	**Educational Level**	**Income Level**
Advertising can be considered as a reliable source of information about products.	(**)	**Female** **39.5** **(***)**	(**)	(**)	(**)
Advertising directs public to buy better products.	**62+** **63.0**	(**)	(**)	**Elementary** **45.7** **(***)**	(**)
Ads mostly present a true and sincere demonstration of the product.	(**)	(**)	(**)	(**)	(**)
In general advertising triggers the competition which consumers get benefit.	(**)	(**)	(**)	(**)	(**)
Advertising directs public to buy better products	**62+** **53.6** **(***)**	**Female** **32.3**	**Retired&** **Housewife** **40.0**	**Elementary** **42.8** **(***)**	(**)

		(***)		
I think advertising makes a lot of contribution to our country's economy.	(**)	**Female 54.1 (***)**	(**)	(**)	(**)
Advertising persuades people to buy things they really want to buy.	(**)	(**)	**Housewife 70.0 (***)**	(**)	(**)
Generally I trust on advertised products more than unadvertised ones.	(**)	(**)	(**)	**Elementary 51.4 (***)**	(**)
In general I consider advertising unfavorable. (*)	**26-41 44.3 (***)**	**Male 39.6**	(**)	(**)	(**)
Some ads encourage me to put myself in the situation exhibited.	(**)	**Female 52.3**	(**)	(**)	(**)
I think advertisements are getting more misleading recently. (*)	(**)	**Male 59.2 (***)**	(**)	(**)	(**)
I learn a lot about fashion goods and new products from advertisements and this is a good way to impress others.	(**)	**Female 58.7**	(**)	(**)	(**)
Advertising helps the economy and results in lower prices.	(**)	(**)	**Self-emp. And Man. 40.0 (***)**	(**)	(**)

(*) Reversed proposition (negatively asked)

(**) Rejected relationship

(***) Accepted at □□□□□□

The above table does not yield favorable results since most of the relationships are rejected. It is however possible to derive some conclusions from the table and could be made a general conclusion as

"Consumers do not differ much from their appraisal of advertising trust and involvement in terms of their demographic characteristics".

Table 5. Relationship Between Celebrity Endorsement and Entertainment in Advertising and Demographic Factors

Consumer Demographics ⬚	Mod Values (Significantly different) %				
Celebrity Endorsement and Entertainment in Advertising ⬚	**Age**	**Gender**	**Occupation**	**Educational Level**	**Income Level**
I like to watch TV commercials since my favorite celebrities take part in those commercials.	(**)	**Female** **40.8**	(**)	(**)	(**)
I rely on the advertising where celebrities take part.	(**)	(**)	(**)	**Elementary** **54.3**	(**)
I watch commercials on TV. Because they are mostly amusing and entertaining.	(**)	**Female** **49.7**	(**)	(**)	(**)
I frequently get involved in the sentimental sides of the ads.	**18-25** **46.0**	**Female** **52.3**	**Housewife** **62.5**	(**)	(**)
I find most advertisements as annoying. (*)	(**)	**Male** **52,2** (***)	(**)	(**)	(**)

(*) Reversed proposition (negatively asked)

(**) Rejected relationship

(***) Accepted at ⬚⬚⬚⬚⬚

Table 6. Relationship Between Deceptive Advertising and Consumer Mistrust and Demographic Factors

Consumer Demographics ⬜	Mod Values (Significantly different) %				
Deceptive Advertising and Consumer Mistrust ⬜	Age	Gender	Occupation	Educational Level	Income Level
Advertising makes people more materialistic and makes them desire to own things that they don't really need	(**)	(**)	(**)	(**)	(**)
Advertising costs are the major causes of high priced products.	(**)	(**)	(**)	(**)	(**)
Ads force people to buy a lot of unnecessary things which they don't really need.	41-62 62.2 (***)	Males 63.5 (***)	(**)	(**)	$0-600 63.5
Deceptive is a better word in explaining advertising than informative.	(**)	(**)	(**)	(**)	(**)
I can hardly be persuaded by any kind of advertising.	(**)	Females 54.6 (***)	Self-emp. And Man. 56.0	Elementary 51.4 (***)	(**)
All we get from advertisements have nothing to do with real life yet they offer a world of fantasy.	(**)	Males 41.3	(**)	(**)	(**)

(*) Reversed proposition (negatively asked)

(**) Rejected relationship

(***) Accepted at ⬜⬜⬜⬜⬜

Table 7. Relationship Between Consumer Memory and Choice Behavior and Demographic Factors

Consumer Demographics	Mod Values (Significantly different) %				
Consumer Memory and Choice Behavior	**Age**	**Gender**	**Occupation**	**Educational Level**	**Income Level**
I often recall the message given by a commercial rather than the product itself.	(**)	**Females 63.2** (***)	(**)	(**)	(**)
When I think of a product, I first recall its' commercial	(**)	**Females 64.4**	**Housewives 80.0** (***)	(**)	(**)
I like to watch the commercials which suit my lifestyle.	(**)	**Females 69.0**	(**)	(**)	(**)
Advertisements help the consumers to make comparisons between products.	(**)	**Females 75.9**	**Housewives 82.5**	(**)	(**)

(*) Reversed proposition (negatively asked)

(**) Rejected relationship

(***) Accepted at □□□□□

Table 8. Relationship Between Ad Repudiation and Demographic Factors

Consumer Demographics	Mod Values (Significantly different) %				
Ad Repudiation	**Age**	**Gender**	**Occupation**	**Educational Level**	**Income Level**
If most advertising were eliminated, then consumers would be able to make better purchase decisions.	(**)	(**)	**Self-emp. And Man. 64.0** (***)	(**)	(**)
The values of our society are deteriorated by some advertisements.	(**)	(**)	(**)	(**)	(**)

(*) Reversed proposition (negatively asked)

(**) Rejected relationship

(***) Accepted at □□□□□□

Factor Analysis

Factor analysis conducted within the scope of this study reduced 30 variables into five basic components as follows:

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,950
Bartlett's Test of Sphericity	Approx. Chi-Square	5657,401
	df	435
	Sig.	,000

Table 9. Rotated Components with Factor Scores and Scale Reliabilities

Variables	Scores
Component 1. Ad Trust and Involvement	**0.**
Advertising can be considered as a reliable source of information about products.	**698**
Advertising directs public to buy better products.	**691**
Ads mostly present a true and sincere demonstration of the product.	**679**
In general advertising triggers the competition which consumers get benefit.	**649**
Advertising is a dependable source of information.	**630**
I think advertising makes a lot of contribution to our country's economy.	**626**
Advertising persuades people to buy things they really want to buy.	**586**
Generally I trust on advertised products more than unadvertised ones.	**528**
In general I consider advertising unfavorable. (*)	**510**
Some ads encourage me to put myself in the situation exhibited.	**502**
I think advertisements are getting more misleading recently. (*)	**502**
I learn a lot about fashion goods and new products from advertisements and this is a good way to impress others.	**446**
Advertising helps the economy and results in lower prices.	**383**

Cronbach's Alpha ($\square$)	**909**
Component 2. Celebrity Endorsement and Entertainment in Advertising	
I like to watch TV commercials since my favorite celebrities take part in those commercials.	**728**
I rely on the advertising where celebrities take part.	**703**
I watch commercials on TV. Because they are mostly amusing and entertaining.	**624**
I frequently get involved in the sentimental sides of the ads.	**530**
I find most advertisements as annoying. (*)	**466**
Cronbach's Alpha ($\square$)	**831**
Component 3. Deceptive Advertising and Consumer Mistrust	
Advertising makes people more materialistic and makes them desire to own things that they don't really need	**733**
Advertising costs are the major causes of high priced products.	**725**
Ads force people to buy a lot of unnecessary things which they don't really need.	**605**
Deceptive is a better word in explaining advertising than informative.	**560**
I can hardly be persuaded by any kind of advertising.	**428**
All we get from advertisements have nothing to do with real life yet they offer a world of fantasy.	**401**
Cronbach's Alpha ($\square$)	**812**
Component 4. Consumer Memory and Choice Behavior	
I often recall the message given by a commercial rather than the product itself.	**761**
When I think of a product, I first recall its' commercial	**666**
I like to watch the commercials which suit my lifestyle.	**615**
Advertisements help the consumers to make comparisons between products.	**542**
Cronbach's Alpha ($\square$)	**776**
Component 5. Ad Repudiation	
If most advertising were eliminated, then consumers would be able to make better purchase decisions.	**793**
The values of our society are deteriorated by some advertisements.	**520**
Cronbach's Alpha ($\square$)	**456**

Overall Score of Cronbach's Alpha ($\square$)   **0.780**

5. Findings

The following conclusions are derived from this study:

1. Trust on a product significantly depends upon the high level of perception about the reliability of information offered by advertising.

2. Advertising develops trust on consumers since they trust is more on advertised products than unadvertised products (45.8 % vs. 31.8 %).

3. Controversial to the conclusion above, the majority of the respondents are reluctant to accept advertising as a dependable source of information (27.6 % vs. 49.4 %).

4. Consumers who are involved in the sentimental side of advertising reject the idea that advertising makes people more materialistic (48.6 % vs. 37.8%); however the total number of respondents accept this idea throughout a great majority (58.6 % vs. 27.1 %)

5. Celebrity endorsement is not supported by the total population of respondents (358 units of whom 31.8 % and 29.6 % agree but 55.9 % and 57.8 disagree). However, when the same proposition is offered to them with a clause 'what if message or commercial itself precedes the product in terms of importance' the result is totally reversed. This time the consumers who give priority the commercial have an overwhelming agreement level (66.6 % vs. 22.2 %) and 82.6 % vs. 4.3 %); and those who care for message and recall it have similar scores (64.0 % vs. 11.1 % and 62.5 % vs. 17.4 %)

6. From customer segments point of view, the appraisal of advertising effects whether positively or negatively on prices brings forth different results for these segments. Loyal customers feel that advertising has negative effects on the prices of products; Innovative consumers on the other hand, adopt just and opposite idea. Information laggards and random purchasers also take part on loyal customers.

7. *Consumer trust and involvement in advertising* is one of the main concerns of this study. In this context, ***Females*** consider advertising as a reliable source of information about products; ***senior citizens* (+62)**, and ***elementary school graduates*** believe advertising directs public to buy better products; ***senior citizens, females, retired people and housewives*** consider that advertising directs public to buy better products. ***Females*** also think advertising makes a lot of contribution to our country's economy, and some ads encourage them to put themselves in the situation exhibited. ***Housewives*** on the other hand are the defenders of advertising and claim that advertising persuades people to buy things they really want to buy. Trusting on advertised products more than unadvertised ones is a common practice of ***elementary school graduates.*** ***Self-employed professionals and managers*** assert that advertising helps the economy and results in lower prices.

Mistrust and disentangle from advertising is an opposite behavior of what has been mentioned above. Here ***young adults (26-41 years old) and males*** adopt this behavior and in general consider advertising unfavorable and think advertisements are getting more misleading recently.

8. Among consumers who are involved in *celebrity endorsement and entertainment traits of advertising **youngsters (18-25 years old), females and housewives*** watch commercials on TV

and frequently get involved in the sentimental sides of the ads.. In addition *females* also like to watch TV commercials since their favorite celebrities take part in those commercials and they are mostly amusing and entertaining.

Objection to this clause arises from *males* since find most advertisements as annoying.

9. *Deceptive advertising, and consumer mistrust* is a common perception on the part of *middle-aged people (41-62 years old), males and lowest income group ($0-600)* who think ads force people to buy a lot of unnecessary things which they don't really need. Another group of people, *females, self-employed professionals and managers and elementary school graduates* believe that they can hardly be persuaded by any kind of advertising.

10. *From consumer memory and choice behavior points of view, females and housewives* are the champs, since they claim when they think of a product, they first recall its' commercial and believe that advertisements help the consumers to make comparisons between products. In addition, *females* often recall the message given by a commercial rather than the product itself and assert that they like to watch the commercials which suit their lifestyles.

11. *Ad repudiation* is most evident for *self-employed professionals and managers* and their wish is that if most advertising were eliminated, then consumers would be able to make better purchase decisions.

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The Examination of the Levels of Job Satisfaction of Sport Experts who Work in Youth Services and Provincial Directorate of Sports in Turkey in Terms of Some Variables

Abstract:

The purpose of this study is to determine the level of job satisfaction of sport experts in terms of some variables (gender, marital status, age, professional seniority, corporate bond). The population of the study consists of totally 252 voluntary sport experts including 80 females and 172 males who work in Youth Services and Provincial Directorate of Sports within the scope of 12 cities. In this study, with the aim of determining the level of job satisfaction of sport experts, Minnesota job satisfaction scale that Dawis and friend developed in 1967 and was adapted to Turkish by Baycan has been used. The data collected in the research is recorded to the database which is created by using Statistical Package for Social Science for Windows (SPSS 15.0) and the data obtained is analyzed with the percent frequency, one-way analysis of variance and t-test by being statistically evaluated. According to research findings; it is determined that level of the job satisfaction of female sport experts rather than male sport experts, sport experts working as contract rather than working permanent, divorced sport experts rather than single and married is more higher, there is no meaningful difference in terms of variables of age and professional seniority.

Key Words: Job Satisfaction, Sport Expert

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"Aircraft" in Turkish Law & International Aviation Law: A Brief Overview

Abstract:

Aviation law is the branch of law that concerns flight, air travel, and associated legal and business concerns. Some of its area of concern overlaps that of admiralty law and, in many cases, aviation law is considered a matter of international law due to the nature of air travel. However, the business aspects of airlines and their regulation also fall under aviation law. In the United States, the "Federal Aviation Administration (FAA)", in Turkey the "General Management of Civil Aviation (SHGM)" governs applied aspects of flight. In the international realm, the International Civil Aviation Organization (ICAO) provides general rules and mediates international concerns to an extent regarding aviation law. The ICAO is a specialized agency of the United Nations. This article contains the basic species, elements and components of "aircraft" in Turkish Law and International Aviation law.

Keywords: Aircraft, Aviation Law, International Aviation Law, Definition and Elements of Aircraft, Types of Aircraft, Airplane

1   THE DEFINITION OF 'AIRCRAFT'

The term '*aircraft*', technically, means any machine that can derive support from the atmosphere of a planet by means of its airfoils or any machine that can take off due to its being lighter than the atmosphere where it has already been and any machine that can fly in the air. In this way, an aircraft shows resistance against the gravity and, in some occasions, against the thrust caused by the engines by using its static and dynamic lift[1].

"Turkish Civil Aviation Code – (*Türk Sivil Havacılık Kanunu* (TSHK.))" defines the term 'aircraft' as '*a machine that can take off and has the ability to fly in the air*' (Art. 3/ (b)). The ICAO. defines the same term as '*any machine that can derive support in the atmosphere from the reactions of the air other than the reactions of the air against the earth's surface*'[2,3].

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[1]   Since rockets and missiles do not have airfoils and their engines are designed for only takeoff, not for flight, they are not considered as 'aircraft' although they have the ability to fly in the air. For detailed information, see, Wikipedia Online Encyclopedia, http://en.wikipedia.org/wiki/Aircraft, (03.08.2011).

[2]   '*Any machine that can derive support in the atmosphere from the reactions of the air other than the reactions of the air against the earth's surface*', (ICAO. Annex 2 to the Convention on International Civil Aviation, "International Standards, Rules of the Air", Ninth Edition, July 1990, Chapter 1, Definitions, "Aircraft").

[3]   See, ICAO. Annex 2 to the Convention on International Civil Aviation, "International Standards, Rules of the Air", Ninth Edition, July 1990, p.1.

The term 'aircraft', legally, has been defined by some regulations while it has been left in suspense by other regulations. That is, "Warsaw Convention - *Varşova Konvansiyonu* (VK)".Art.1/ 1[4], this Convention applies to international carriage 'by an aircraft', but it has not explained clearly what kind of crafts are included in the term 'aircraft'. In VK.m.1/ f.1, though the definition of '*aircraft'* is only used for 'aeroplanes', it is better to use the definition for all aircrafts. The reason is that the international passenger carriage is performed by also other aircrafts not only by aeroplanes[5].

For VK., it is considerably important to specify what an 'aircraft' is and to specify to apply the Convention provisions on what carriages performed by what machines. Another opinion on this matter which is controversial in the doctrine, states that the term '*aircraft'* in VK.Art.1/ 1 involves only 'planes' according to the formal Turkish translation of the Convention.

In this way, the Warsaw Convention should be applied to the carriages only performed by a plane and all the other aircrafts such as helicopter, glider and *hovercraft* [6] should be segregated from this Convention provisions[7]. Another opinion is that the term '*aircraft*' in VK.Art.1/ 1 should involve 'all the aircrafts' not only the planes as in its English version of the Convention[8].

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[4]   The original article is '*This Convention applies to all international carriage of persons, luggage or goods performed by aircraft for reward. It applies equally to gratuitous carriage by aircraft performed by an air transport undertaking.*'

[5]   **Kırman,** Ahmet, Hava Yolu İle Yapılan Uluslararası Yolcu Taşımalarında Taşıyıcının Sorumluluğu, Ankara 1990, p. 54; **Ülgen**, Hüseyin, Hava Taşıma Sözleşmesi, İstanbul 1987, p. 16, 42; **Canbolat**, A. Gül, Hava Taşıma Sözleşmesinde Taşıyıcının Sorumluluğu, Ankara 2009, p. 9. Counterview, **Sözer**, Bülent, Türk Hukukunda ve Uluslararası Hukukta Hava Yolu İle Yük Taşıma Sözleşmesi, 2. Baskı, İstanbul 2009, p. 17.

[6]   A *Hovercraft* (*Air – Cushion Vehicle* (ACV.) is a craft that operates by creating a cushion of low-pressure, high volume air between the hull of the vessel and the surface below and typically this cushion is contained within a flexible ' skirt'. The hovercraft that is designed for moving both on the land and sea needs also another ground except air although it is an air-cushion vehicle, so it is not considered as an ' aircraft' but ' land shark' in both engineering and in international air law. See, Wikipedia Online Encyclopedia, http://en.wikipedia.org/wiki/Hovercraft, (04.08.2011). In 1944 Chicago Convention, Annex 7 headed 'Aircraft Nationality and Registration Marks', it is stated that hovercraft is not an aircraft. See, **Ülgen**, p. 16 – 17; **İşgüzar**, Hasan, Türk Sorumluluk Hukukuna Göre Sivil Hava Aracı İşletenin Akit Dışı Sorumluluğu, Ankara 2003, p. 63; **Kırman**, p. 57; **Canbolat**, p. 10.For detail about some countries' such as England and Switzerland considering the hovercrafts and other land sharks as a ship, See, **Tekil**, Fahiman, Deniz Hukuku, 6. Baskı, İstanbul 2001, p. 77. For detail about hovercraft's being not an aircraft but differing from a ship, See, **Martin**, Peter, The Hovercraft in Law, Flight International Supplement, 30 December 1965, p. 85. For detail about hovercraft's being considered as an 'aircraft', See, **Sözer**, p. 17.

[7]   **Sözer**, p. 17.

[8]   **Schleicher / Reymann / Abraham,** Das Recht der Luftfahrt, Kommentar und Quellensammlung, Erster Band: Allegemeine Einleitung und Internationales Luftrecht, Dritte Auflage, Kölne – Berlin, 1960, Art.1, Anm. 2, p. 258; **Kırman**, p. 54; **Ülgen**, p. 16, 42; **Canbolat**, p. 9; **Kaner**, İnci D., Hava Hukuku (Hususi Kısım), 2. Baskı, İstanbul 2004, p. 14; **Göknil**, M. Nedim, Hava Hukuku, İstanbul 1951, p. 140; **Çağa**, Tahir, Hava Hukuku, I, Genel Kısım, İstanbul 1963, p. 4.

However, some authors who support this opinion state that in VK. (1929) Art. 34[9] whereas the Convention includes all the aircrafts, its provisions can not be applied to the carriages performed by the aircrafts such as zeppelin, glider or balloon as '*the carriages by these carriages are performed in extraordinary circumstances outside the normal scope of an air carrier's business*'[10].

Yet, in Lahey Protocol (1955) Art.XVI and the different VK. Art.34[11], it is stated that the aforementioned opinion has lost its importance because it is maintained in Lahey Protocol and the different VK that the provisions of Articles 3 to 9 inclusive relating to documents of carriage shall not be applied[12].

It will be coherent to define the term '*aircraft',* available in the Convention, as all the 'aircrafts'. In the doctrine, it is possible to see the term 'air ship' to be defined as 'aircraft'[13]. However, any ship is a boat (ETK.m.816) and a boat is an object which is empty inside and uses the lift force of the area where it has been[14]. The fuselages of heavier-than-air-aircrafts are not the same with a boat, so the term 'airship' should be used for lighter-than-air-aircrafts. It is because these crafts use lift force of the air to take off. ICAO. Annex 7 changes the definitions of 'aircraft' and 'airship' and defines 'airship' as power-driven, lighter-than-air crafts[15].

However, it is still unclear which machines are included in this term and which of them will be included into the provisions of the Convention, and for this reason it is obligatory to explain the term with its national and international legal definition to specify the word 'aircraft' clearly[16].

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[9]   VK Art.34 (1929), '*This Convention is does not apply to international carriage by air performed by way of experimental trial by air navigation undertakings with the view to the establishment of a regular line of air navigation, nor does it apply to carriage performed extraordinary circumstances outside the normal scope of an air carrier's business.*'.

[10]   **Schleicher** / **Reymann** / **Abraham**, Art.1, Anm. 2, p. 258.

[11]   Lahey Protocol (1955) made the following article go into effect on 01.08.1963 by abrogation Article 34., '*The provisions of Articles 3 to 9 inclusive relating to documents of carriage shall not apply in the case of carriage performed in extraordinary circumstances outside the normal scope of an air carrier's business.*'

[12]   **Ülgen**, p. 16, fn. 29.

[13]   See, **Kaner**, p. 14 vd.; **Göknil**, p. 140; **Ülgen**, p. 16. **Çağa** states that it is not suitable to define the crafts that are not used for people and cargo carriage as 'aircraft' or 'airship'; however, he also states that he will be using the term 'airship' until he finds a better definition. See, **Çağa**, p. 4. An 'Airship' is, in encyclopedia, a power-driven, lighter-than-air-aircraft such as zeppelins. See, Wikipedia Online Encyclopedia, http://en.wikipedia.org/wiki/Airship, (06.08.2011).

[14]   See, **Tekil,** p. 67.

[15]   See, ICAO. Annex 7 to the Convention on International Civil Aviation, "Aircraft Nationality and Registration Marks", Fifth Edition, July 2003.

[16]   **Kırman**, p. 55.

2   THE ELEMENTS OF AN AIRCRAFT

A) TAKING OFF

In order to define a machine as an 'aircraft', in Turkish Civil Aviation Legislation, it should first have the ability to takeoff. However, it is not given an explanatory definition to the term 'takeoff' in this legislation. In dictionaries, 'takeoff' means 'to leave the ground and to fly in the air [17]', but it is possible to define it as the movement of the aircraft in order to fly in the sky by leaving the earth's surface[18].

Takeoff is performed by various aircrafts with different methods and different techniques. For instance, powered *fixed – wing aircrafts* such as *aeroplanes* usually need a *runway* and taxiing. Takeoff in such crafts takes place when their wings produce the power for the maximum takeoff weight.

Maximum Take Off Weight (MTOW.) is calculated by parameters. For example, Airbus A330 weights 230 ton; when it is empty, it is 125 ton. When its fuel tank is empty, with passengers and cargo it weights 170 ton. The aeroplane can take 136.000 liter gas (fuel) and it equals 110 ton. For that reason, when an aeroplane is full with passengers and cargo, it cannot take off. Passengers, cargo and 110 ton gas equal 280 ton, but the maximum takeoff weight is 230 ton. In this way, Airbus A330 should leave 50 ton gas out. An aeroplane also needs a runway (3500 meter)[19].

How long the aircraft will taxi on the ground and when it will take off is a designed parameter depending on all the features of this craft. For instance, it is mentioned that when an engine is integrated into an aeroplane as the same weight, its wings will reach the speed needed for takeoff in a shorter distance[20].

The weight of the aeroplane is also important for taxiing, because all the things affecting the weight, taxiing and takeoff of an aeroplane also change the takeoff parameter[21]. The gliders that have no engines usually take off by towing. It is also possible to say kites take off with the same method[22]. On the contrary, the air balloons, zeppelins, helicopters and the specialized fixed-wing aircrafts/"vertical take-off and landing (VTOL.)" that can take off vertically such as '*Harrier*' do not need a runway and taxiing. 'AV-8B Harrier II' is the most well-known one among the aeroplanes that can perform 'vertical take-off and landing (VTOL.).

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[17]   See, TDK. Büyük Türkçe Sözlük, http://tdkterim.gov.tr/bts/, (12.09.2011).

[18]   See, Wikipedia Online Encyclopedia, http://en.wikipedia.org/wiki/Takeoff, (12.09.2011).

[19]   For more information, see, Wikipedia Online Encyclopedia, http://tr. wikipedia.org/ wiki/Azami_Kalk%C4%B1%C5%9F_A%C4%9F%C4%B1rl%C4%B1%C4%9F%C4%B1, (12.09.2011). To produce the needed power depends on the aircraft's taxiing for a while on the runway.

[20]   Headwind is a kind of wind that blows through the fuselage of the aeroplane and it can decrease taxiing by its speed. That is, the more the headwind is, there will be less taxiing (time). Takeoff speed of a normal jet is approximately 150-180 mph (240-285 km). It is 60-65 mph (100 km) for light planes such as ' Cessna 150' and it is less for ultra light ones. See, Wikipedia Online Encyclopedia, http://en.wikipedia.org/wiki/Takeoff, (12.09.2011).

[21]   See, NASA's Beginner's Guide to Aeronautics, http://www.grc.nasa.gov/WWW/K-12/airplane/, (12.09.2011).

[22]   Kites are also considered as an aircraft, see, **Kaner**, p. 15.

Today, there are two kinds of aeroplanes that have the VTOL. feature. One of them is 'Bell Boeing V-22 Osprey' which has the rotor turning system and the other is 'Harrier Jump Jet' family which has the jet propulsion system. It is stated that 'F-35' will be designed for that kind of aeroplane[23].

Accordingly, to state a craft as an aircraft legally, what is necessary is its ability to take off, but not its method to takeoff, size, whether it is controlled by a human, by a remote control, by a computer or by its own, or its being lighter than the atmosphere [24] (TSHK.m.3/ (b)).

B) FLIGHT

For Turkish Civil Aviation Legislation, take off is not enough on its own to define a craft as an aircraft; it also should have the flight ability (TSHK.Art.3/ (b)). For that reason, the term 'aircraft' should be evaluated in terms of both 'takeoff' and 'flight'.

'Flight'[25] means an object's controlled moving to anywhere, except the surface of the earth, sea and ocean; it can take place in the atmosphere or in the space[26]. However, as the flight outside the atmosphere is not included in the aviation law and aviation legislation, as it is stated before [27], but included in space law, here the meaning of 'flight' should be considered mainly as 'a craft's controlled running from the point in the atmosphere to another one again in the atmosphere.'.

It is not important whether it is being acted out by the engines as in the aeroplanes, helicopters, zeppelins, gyroplanes or ornithopters or not by the engines as in the air balloons and gliders. The aircraft's being heavier or lighter than the air is not important for the flight as well.

Nevertheless, it will not be possible to mention about 'flight' if the movement in the atmosphere is not relatively controlled. That's why the aircrafts that are designed only to land on the ground such as parachutes are not a kind of aircraft for TSHK.[28]. The movement of a parachute does not seem as a flight action; for they are tend to land on the earth although they can take off by means of any crafts. In this way, parachute is evaluated as 'an object that is thrown by an aircraft' in terms of liability law[29].

As well as the parachutes, rockets are not accepted as an aircraft because their engines are only designed for takeoff against the gravity even though it has the ability to move in the atmosphere, like a stone thrown from the catapult. Indeed, rocket is the name of the engine which forms high energy propulsion. As a result of the injection of hot gases with a high speed, a rocket can accelerate forward.

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[23]　　　See, Wikipedia Online Encyclopedia, http://tr.wikipedia.org/wiki/AV-8B_Harrier_II, (14.09.2011).

[24]　　**İşgüzar**, p. 62; **Göknil**, p. 141 – 142; **Kaner**, p. 15.

[25]　　'Flight' is defined as ' Flying in the air by aeroplanes or any aircrafts or any special machines' in TDK. Büyük Türkçe Sözlük. See, TDK. Büyük Türkçe Sözlük, http://tdkterim.gov.tr/bts/, (14.09.2011).

[26]　　For more detailed definition of 'Flight', see, Wikipedia Online Encyclopedia, http://en.wikipedia.org/wiki/Flight, (14.09.2011).

[27]　　See, **Pazarcı**, Hüseyin, Uluslararası Hukuk Dersleri – 2. Kitap, 8. Baskı, Ankara 2005 (2), p. 425; **Günel,** Reşat Volkan, Uluslararası Havacılık Hukuku (International Aviation Law), İstanbul 2010, p. 20; **Ülgen**, p. 1 – 2.

[28]　　See, **İşgüzar**, p. 62. Counterview, **Kaner**, p. 15.

[29]　　See, **İşgüzar**, p. 62. For opinions on this topic, see, **İşgüzar**, p. 62, fn. 10.

The engine used in space ships are also called rocket. That is because rockets can be used in space as they can operate in a no-oxygen environment. Rockets are categorized according to their gas injection speed and burn-up speed. Their working principle is based on momentum. That is, by means of their ballistic and momentum principle, rockets enable the cargo that they carry to go ahead their ways like a bullet leaving from the gun and a stone thrown from the catapult[30].

Likewise, a *hovercraft*[31] that operates by air and does not touch on the land or the sea and the trains that run on a magnetic field are not considered as an aircraft; because these kinds of machines need a surface beside the air, their movements cannot be shown as an example for 'flight'.

3 TYPES OF AIRCRAFTS

Aircrafts are generally classified with their 'takeoff methods', 'takeoff thrust' and 'areas they are used for'. Considering their 'takeoff methods', they are divided into two: '*aerostats*' such as air balloons and air ships; '*aerodynes*' such as aeroplanes and gliders. Aerodynes are also classified as '*fixed – wing*', '*rotorcraft*' and '*ornithopters that use the flapping movement*'.

Considering an aircraft's 'takeoff thrust', they are divided into two: 'powered *aircrafts*' and 'unpowered *aircrafts'. Propeller – driven aircraft*s, *rotorcraft*s, *jet – engined air craft*s and *aircrafts that run by thrust* are all powered ones. Finally, considering the aircrafts' ' areas they are used for' , they are classified as '*military*', '*civil*', '*experimental*' and '*model*' aircrafts [32,33].

ICAO., In 1944 Chicago Convention, Annex 7, divides the civil aircrafts into two as '*lighter – than – air – aircraft*' and '*heavier – than – air – aircraft*' . In this way, free and captive air balloons are shown as '*non – power – driven, lighter – than – air – aircrafts'* while the dirijabl and airships are shown as '*power – driven, lighter – than – air – aircraft*'. In this document, the 'heavier-than-air-aircrafts' are categorized as '*powered*' and '*non-powered'*; and '*gliders*' and '*kites'* are defined as '*non-powered aircrafts'*.

Again in the same document, '*power-driven, heavier-than-air-aircrafts*' include '*aeroplanes, rotorcrafts and ornithopters'. 'Helicopters*' and '*gyroplanes*' are shown examples for the rotorcrafts[34].

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[30]   See, **Allen / Eggers**, A Study of the Motion and Aerodynamic Heating of Ballistic Missiles Entering the Earth's Atmosphere at High Supersonic Speeds, Report 1381 – National Advisory Committee for Aeronautics, 1958, pp. 1125 – 1140. The military types of the rockets are called 'missile'. See, **Van Riper**, A. Bowdoin, Rockets and Missiles: The Life Story of a Technology, Greenwood Technographies, USA. 2004. See also, NASA. History: Rocket Vehicles, http://www.hq.nasa.gov/pao/History/conghand/vehicles.htm, (15.09.2011).

[31]   See also, **Ülgen**, p. 16 – 17, fn. 29; **İşgüzar**, p. 63. Counterview., **Sözer**, p. 17.

[32]   See, NASA.'s Beginner's Guide to Aeronautics, http://www.grc.nasa.gov/WWW/K-12/airplane/index.html, (03.08.2011). See also, Wikipedia Online Encyclopedia, http://en.wikipedia.org/wiki/Aircraft, (03.08.2011).

[33]   The definitions and categories of the aircrafts such as *aeroplane*, *aircraf, airship*, *balloon*, *helicopter*, *ornithopter*, *rotorcraft* are given in ICAO. (*Annex*) 7. See, ICAO. Annex 7 to the Convention on International Civil Aviation, "Aircraft Nationality and Registration Marks", Fifth Edition, July 2003.

[34]   See, ICAO. Annex 7 to the Convention on International Civil Aviation, "Aircraft Nationality and Registration Marks", Fifth Edition, July 2003, p. 3, Table 1.

4   CONCLUSION

In order to define the term 'aircraft' different methods have been used in different legal systems. For instance, some legal systems tell what an 'aircraft' means[35] whereas others tell what kind of crafts are included in an aircraft and they do not accept the other crafts as an 'aircraft'[36]. There are also some countries that state illustrative enumeration for what crafts are included in aircrafts and state them as the general rules of an aircraft[37].

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[35] The countries that adopted this system called *objective system* are Brazil, Canada, Chile, France, Greece, India, Italy, Colombia, Mexico, Panama, Portugal, Tunisia, Austria, USA, and Turkey. See, **İşgüzar**, p. 61, fn. 3. See also, **Kırman**, p. 55 and fn. 210; **Canbolat**, p. 9.

[36] The countries that adopted this system called *subjective system* are Denmark, Finland, Norway, Sweden, Czechoslovakia and Venezuela. See, **İşgüzar**, p. 61, fn. 2. See also, **Kırman**, p. 55; **Canbolat**, p. 9.

[37] See, **İşgüzar**, p. 61, fn. 4.

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Domestic Violence and Protection of the Victim within the Scope of Turkish Civil Code and Relevant Legislation

Abstract:

"General Provisions of Marriage" (TCC Art. 185-201) constitute the third part of Family Law in Turkish Civil Code and these provisions create the difference from other codes with protecting women and infants even though the marriage is a relationship between equals. In other words the spirit of Turkish Civil Code always intends protecting victims, generally women and infants on principle based on habitual of geography where the code is being implemented. Provisions of Turkish Civil Code which intends to protect victims (women and infants) are these: TCC Art. 185, 186, 187, 190, 192, 194, 195, 196, 197, 198, 202 and other marital property provisions. The prominent ones among these provisions are TCC Art. 187, 192, 194 and 202 et. seq. TCC Art. 187 vests to a woman using her family name before her husband's family name. Before January 1, 2002 married women could not use their family names during marriage. TCC Art. 192 vests to a woman choosing her own occupation and work without not necessary her husband's consent. Also before January 1, 2002 married women could not chose her occupation freely and she could not work if her husband did not want. TCC Art. 194 receives non-owner of the spouse's consent if the owner of residential dwelling wants to sell it or institute restricted real rights over it. Finally the regime of participation in acquired property appears in Civil Code with the Art. 202 et. seq. This regime is more for the benefit of women then other regimes in Code. Furthermore over and above these, it is necessary to lay stress on *The Code for Protecting Family and Preventing Violence against Women* which was legislated on March 8, 2012 in Turkey.

Keywords: Domestic Violence, Preventing Domestic Violence, Protecting Victims of Violence, Violence Against Women and Infants, Preventive and Protective Actions to Prevent Violence, Code Number 6284

LIST OF ABBREVIATIONS

Art.	: Article
CWPV	: Center of Watching and Preventing Violence
et.seq.	: et sequences (and the followings)
fn.	: footnote
No.	: Number
p.	: page
Prg.	: Paragraph
TCC	: Turkish Civil Code (Code Number: 4721)
Vol.	: Volume
WHO	: World Health Organization

1 IN GENERAL

The essential basis of Civil Law which regulates the relationship between persons from birht to death is the Turkish Civil Code No. 4721. Turkish Civil Code consists of four books. The second book of Civil Code is the *Family Law*[1]. Second book of Code with the name family law comprises of the rules which establish the unity of family, provides the continuance of unity of family. Also it comprises of the rules which solve problems when persons violate mentioned rules. Some other rules of family law regulate the termination of marriages.

The first Article of Civil Code says that the law must be applied in all cases which come with in the letter or the spirit of any of its provision. Concerning this principle, the third part of family law book called "*General Provisions of Marriage*" (TCC Art. 185-201)[2] is significant for protecting victims. These articles create the difference from other codes with protecting women and infants even though the marriage is a relationship between equals. So the spirit of the Turkish Civil Code, also the letter of the code has the aim of protecting women and infants as a victim when we take notice of this geography's people's old habits. Once again, In the Constitution of The Republic of Turkey Art. 41 says that *family is the basis of Turkish society and based on equality between spouses*[3].

Despite these positive regulations, traditional faith of people who live in country and patriarchal family structure brings the domestic violence in Turkey[4]. Other factors of violence are the *influence of the media*[5],

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[1]   For further information about family law please see, **Akıntürk**, Turgut / **Ateş Karaman**, Derya, Türk Medenî Hukuku, Aile Hukuku, Cilt 2, 15. Bası, İstanbul 2013; **Dural**, Mustafa / **Öğüz**, Tufan / **Gümüş**, Alper, Türk Özel Hukuku, Cilt 3, Aile Hukuku, İstanbul 2005; **Öztan**, Bilge, Aile Hukuku, 5. Baskı, Ankara 2004; **Oğuzman**, Kemal / **Dural**, Mustafa, Aile Hukuku, 2. Baskı, İstanbul 1998; **Öztan**, Bilge, Medenî Hukukun Temel Kavramları, 33. Baskı, Ankara 2010, p. 403-541; **Tekinay**, Selâhattin, Sulhi, Aile Hukuku, 7. Baskı, İstanbul 1990; **Velidedeoğlu**, H. Veldet, Türk Medenî Hukuku, C. II, Aile Hukuku, 5. Baskı, İstanbul 1995; **Zevkliler**, Aydın / **Acabey**, Beşir / **Gökyayla**, Emre, Medenî Hukuk (Giriş-Başlangıç Hükümleri-Kişiler Hukuku-Aile Hukuku), 5. Baskı, Ankara 1997; **Schwarz**, Andreas, B., Aile Hukuku, (translator: Bülent Davran) 2. Baskı, İstanbul 1946; **Deniz**, Mehmet Bülent, Aile Hukuku, 2. Baskı, İstanbul 2012.

[2]   These are called as provisions that regulate personal sequences of marriage. See **Tuor,** Peter **/ Schnyder,** Bernhard **/ Schmid,** Jörg **/ Rumo-Jungo,** Alexandra, Das Schweizerisches Zivilgesetzbuch, 12. Auflage, Zürich-Basel-Genf 2002, p. 272; **Dural** / **Öğüz** / **Gümüş**, p. 155.

[3]   See, **Badur**, Emel, Ailenin Korunması Alanındaki Son Gelişmeler, Türkiye Barolar Birliği Dergisi, N.84, 2008, p. 63-92, p. 6. For more explanation about these kinds of reformist policies see, **Öztan**, p. 149-150.

[4]   **Özbilen**, Arif Barış / **Soygüt Arslan**, Mualla Buket, 6284 Sayılı "Ailenin Korunması Ve Kadına Karşı Şiddetin Önlenmesine Dair Kanun"Un Değerlendirilmesi, "10. Yıl'a Armağan" İstanbul Ticaret Üniversitesi Sosyal Bilimler Dergisi, Year: 11, No: 22, 2012/2, p. 365- 387, p. 2; **Berktay**, Fatmagül, Can There Be Any Excuse For Violence Against Women? http:// www.icapff. com/arsiv/ikinciFestTebligleri. pdf#page=49, p. 906-907; **Beril**, Esen, Domestic Violence against Women in Turkey, https:// hamilton. edu/ documents/ Beril %20Esen%20Levitt%20Paper.pdf, p. 9-10. Fundamentally, violence directed against women by their intimate partners is an epidemic of global proportions. See, **Choudhry**, Shazia, Violence Against Women And The European Convention On Human Rights, İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http://www. humanlawjustice. gov.tr/ Upload/Kitaplar/kadina_yonelik_siddet.pdf; **Baker**, Monya, Violence Against Women at Epidemic Proportions, http://www. scientificamerican. com/ article. cfm?id=violence-against-women-at-epidemic-proportions&page=2.

[5]   For influences of media about violence against women please see, **Baran**, Aylin Görgün Medyanın Kadına Yönelik Şiddet Olaylarına Yaklaşımı: Habercilik ve Diziler, İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında

the education levels of people[6], religious belief[7], participation in the economic life (Socio-cultural and Socio-economic Factors), internalized oppression, social learning theory (Psychological Factors), Judicial Factors and Political Factors[8]. In recent years dramatic ending marriages come in sight. Without doubt there had been domestic violence formerly. But nowadays women know what their rights are and they do not sit down under to their husband. So, angry husbands resort the use of violence. There has been consensus on this issue in the society.

By the way İstanbul Convention, in other words, *Convention on Preventing and Combating Violence against Women and Domestic Violence[9]* was signed by Committee of Ministers of the Council of Europe in Turkey on May 11, 2011. As a result of this convention *The Code for Protecting Family and Preventing Violence against Women[10]* was legislated on March 8, 2012 in Turkey and it was put into

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Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http://www. humanlawjustice.gov.tr/ Upload/Kitaplar/kadina_yonelik_siddet.pdf.

6. For the role of education to prevent violence against women see, **Otaran**, Nur, Kadına Yönelik Şiddetin Önlenmesinde Eğitimin Rolü, İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http://www.humanlawjustice.gov.tr/ Upload/ Kitaplar/ kadina_ yonelik_siddet.pdf.

7. For influence of religion about violence against women see, **Güner**, Osman, İslam Düşüncesinde Kadına Yönelik Şiddet Söylemine Bir Bakış, http://dergi.ilahiyat.omu.edu.tr/Makaleler/263355172_20072303062.pdf.

8. See, **Beril,** p. 9-19. Also see, **Ertürk**, Yakın, Birleşmiş Milletler Kadına Yönelik Şiddet Özel Raportörlüğü: Standartlar ve Engeller, İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http://www. Human lawjustice. gov.tr/ Upload/ Kitaplar/ kadina_ yonelik_ siddet.pdf, p. 426.

9. This is the unique convention which has power of sanction over international law. For further information about convention see, **Çördük** Murat / **Güleryüz**, Çağrı, Kadına Yönelik Yönelik Şiddet ve Aile İçi Şiddetin Önlenmesi ve Bunlarla Mücadeleye Dair Avrupa Konseyi Sözleşmesi Namı Diğer İstanbul Sözleşmesine Genel Bir Bakış, 1.Kadın Avukatlar Kurultayı, Ankara 2012, http:// tbbyayinlari. barobirlik.org.tr/TBBBooks/444tubakkom.pdf#page=69; **Nelles**, Johanna, The Council Of Europe Convention On Preventing And Combating Violence Against Women And Domestic Violence (Istanbul Convention), İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http://www.humanlawjustice.gov.tr/ Upload/Kitaplar/kadina_ yonelik_siddet.pdf; **Kıymaz** Bahçeci, Şehnaz, Evaluation of Istanbul Convention: Its Contributions And Constraints For Elimination Of Violence Against Women In Turkey, September 2012; **Moroğlu**, Nazan, Kadına Yönelik Şiddetin Önlenmesi, 6284 sayılı Yasa ve İstanbul Sözleşmesi, http://tbbdergisi.barobirlik.org.tr/m2012-99-1169; **Moroğlu,** Nazan, Kadına Yönelik Şiddetin Önlenmesinde Avrupa Konseyi'nden Kararlı Bir Adım: "Kadına Yönelik Şiddet ve Aile İçi Şiddetin Önlenmesi ve Bunlarla Mücadeleye Dair Avrupa Konseyi Sözleşmesi", www.tukd. org.tr /dosya/TUBAKKOM_Avrupa_Konseyi_Sozlesmesi.doc?; **Moroğlu**, Nazan, Uluslararası Sözleşmeler Ve Türk Hukukuna Yansıması; İstanbul Sözleşmesi Ve 6284 Sayılı Yasa, 1. Kadın Avukatlar Kurultayı, Ankara 2012, http:// tbbyayinlari. barobirlik.org.tr/TBBBooks/444tubakkom.pdf#page=69; **Özbilen/Soygüt-Arslan**, p. 366. Also see, **Memecan**, Nursuna, Combating Violence Against Women and the Council of Europe, 2. Uluslararası Suç Ve Ceza Film Festivali, Kadına Karşı Şiddet ve Ayrımcılık, http://www.icapff.com/arsiv/ikinciFestTebligleri.pdf#page=73, p. 47 et. seq; **Yılmaz**, Sabire Senem, Kadına Karşı Şiddetin Önlenmesi Uluslararası Sözleşmeler Ve Türk Hukukuna Yansıması, www. muglabarosu.org.tr/upload/userupload/file/kadına.ppt? For a general overview to historical development of women rights see, **Kunig**, Philip, Der Schutz von Frauen im Völkerrecht –Normen, Defizite, Perspektiven, http://www.icapff.com/arsiv/ikinciFestTebligleri.pdf#page=73, p. 130 et. seq; **Sallan Gül,** Songül, Türkiye'de Kadına Yönelik Şiddetle Mücadeleye Tarihsel Bakış, İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http://www.humanlawjustice.gov.tr/Upload/Kitaplar/kadina_yonelik_siddet.pdf.

10. See, **Bozkurt-Gevrek**, Özlem, Ailenin Korunması ve Kadına Karşı Şiddetin Önlenmesine Dair Kanun, http://spmk.ku.edu.tr/sunumlar/bozkurt-gevrek.ppt; **Ülker**, Şener, 6284 Sayılı Ailenin Korunması ve Kadına Yönelik Şiddetin Önlenmesine Dair Kanun Ne Getiriyor? http://www. tepav.org.tr/upload/files/ 13330268091.6284_Sayili_Ailenin_Korunmasi_ve_Kadina_Yonelik_Siddetin_Onlenmesine_Dair_Kanun_Ne_Getiriyor.pdf; **Uğur**, Hüsamettin, Kadın ve Aile Bireylerine Yönelik Şiddete Karşı 6284 Sayılı Kanunun Getirdikleri, Changes Brought By The Law (Law No: 6284) In Relation To Fight Violence Against Women And Family Members, Türkiye Barolar Birliği Dergisi No. 101, 2012, p. 333-366.

force on March 20, 2012 after the publication the official gazette (Code Number 6284, Art. 24)[11]. Thereby Turkish Civil Law earned a new code which regulates procedures, principles for preventing and stopping violence to women, infants, family members, victims of persistent follow[12]/[13].

Now the regulations of Turkish Civil Code about protecting injured party will be referred to in the first paragraph. After that, the provisions of *The Code for Protecting Family and Preventing Violence against Women* will be mentioned.

2 PROVISIONS IN TURKISH CIVIL LAW

The significant provisions of Turkish Civil Code which protect victims are Art. 185, 186, 187, 190, 192, 194, 195, 196, 197, 198, 199 and 202 et. seq[14]. The first heading of protecting provisions is *"Rights and Obligations of Spouses"*. TCC Art. 185 regulates this rights and obligations in general. TCC Art. 186 is about *choosing residential building, management of unity of family and participation costs*. TCC 187 arranges the *surname of woman*. The common heading of TCC Art. 188, 189, 190 and 191 is *representation of unity of family*. TCC Art. 192 regulates how a woman can choose her occupation. According to TCC Art. 193 wife and husband can make legal transactions with other one or third parties. The legal transactions about residential building and their validity are put in an appearance TCC Art. 194. TCC Art. 195-201 is about protecting the unity of family in detail[15]. The details of these articles are below.

A. TCC Art. 185

The first of articles which protect one of the spouses to other one is TCC Art. 185. Pursuant to TCC Art. 185/2, spouses are obligated to ensure the happiness of marriage cooperatively and to care, train and supervise of children together.

At the same time spouses are obligated to live together, stay faithful and help each other (TCC Art. 185/3). By force of these provisions children are guarded from parents. In addition to this, spouses are compelled to respect each others' personal rights. Art. 185 can be named as the constitution of marriage[16].

B. TCC Art. 186

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[11]   Legal current affairs about violence against women see, **Polat**, İsmet Yıldız, Kadına Yönelik Şiddetle Mücadelede Yasal, Kurumsal ve Uygulama Kapasitenin Arttırılması: Yeni Gelişmeler, İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http://www. humanlawjustice.gov.tr/ Upload/Kitaplar/kadina_yonelik_siddet.pdf.

[12]   **Erdem,** Mehmet, Aile İçi Şiddet ve 4320 sayılı Ailenin Korunmasına Dair Kanun, Türkiye Barolar Birliği Dergisi, No. 73, 2007, p. 46-77, p. 60; **Akdeniz**, Hilal, Kadına Yönelik Şiddetle Mücadelede Hukuki Düzenlemelerin Yeterliliği ve Etkililiği, İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http://www. humanlawjustice. gov.tr/Upload/Kitaplar/kadina_yonelik_siddet.pdf, p. 548.

[13]   Homosexuals, lesbians and bisexuals are not ranked in the Code number 6284 as a victim. But these can be protected by judical discretion. See, **Akdeniz**, p.548, fn.8. In general, for protecting people under threat see, **Eryılmaz**, Mesut Bedri / **Güleç**, Hüseyin Başol / **Büker**, Hasan, Tehdit Altındaki Kişilerin Korunması, Ankara 2012; **Güleç**, Hüseyin Başol, Tehdit Altındaki Kişilerin Korunmasında Mülki İdare Amirlerinin Rolü ve Proje Sonuçlarının Değerlendirilmesi, İdarenin Sesi, Mart-Nisan 2012, p. 60-65.

[14]   For Further information see, **Karınca**, Eray, Sorularla Kadına Karşı Şiddet, Ankara 2010, p. 41 et. seq.

[15]   **Badur**, p. 64.

[16]   **Tuor** / **Schnyder** / **Schmid** / **Rumo- Jungo**, p. 275; **Dural** / **Öğüz** / **Gümüş**, p. 157; **Öztan**, p. 150.

According to Art. 186/1, wife and husband chose the residential dwelling together. Also they manage the unity together (TCC Art. 185/2). They provide financial assistance for expenses of family with their labor and assets (TCC Art. 185/3). By means of this special article abrogated the old article which says *husband is the head of unity of marriage.* This change expresses a revolutionary process in Turkish Civil Law[17].This change means to break into a male-dominated society and also means no longer women have the right to speak openly of the house management and financial issues.

C. TCC Art. 187

TCC Art. 187 is about a woman's surname when she marries. In accordance to this article even if a woman must use her husband's surname when they marry, she can use her maiden name before her husband's surname. Enjoyment of this right, she has to petition to registrar of marriage or registrar. This demand always can be used, because there is no lapse of time that regulated by law[18]. By this way another protective provision for the rights of the woman's personality takes place in Civil Code.

Woman must use her husband's surname. Also this is a right for her. Because to use husbands surname as a family name is an obligation both wife and husband. In this regard, according to Turkish Civil Code, it must be rejected the use of wife's surname as a family name[19]. Naturally if parties still be married when a child born, that child must use only his father's surname. In that TCC Art. 187 there is an imperative provision[20].

D. TCC Art. 190

Each of the wife or husband can represent the other for common constant needs of the unity of family during the continuation of marriage (TCC Art 188/1). Where authority has been exceeded the representer, one is jointly and severally liable towards third parties (TCC Art. 189/1). If one of them is insufficient to use this authority, judge can remove the authority with the other's demand (TCC Art. 190). With this precaution wife's (at the same time husband's) possible loses can be prevented.

E. TCC Art. 192

Before Turkish Civil Code Art 192, wife's business and career choice was a serious problem due to patriarchal family structure in Turkey. A big majority of husbands still do not want that their wives work. The formerly abolished Civil Code (Code Number 743) Art. 159 regulated that if husband did not want, his wife could not work. This article was abolished by Constitutional Court in consequence of unconstitutionality[21].

TCC Art. 192 which was regulated instead of the old provision as follows, *each of the spouses can choice of profession or business does not have to get permission from other.* This provision indicates that career choice is a part of the economic personality of women[22]. Thus a regulation was adopted in

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[17] **Dural** / **Öğüz** / **Gümüş**, p. 157.
[18] **Oğuzman** / **Dural**, p. 155; **Dural** / **Öğüz** / **Gümüş**, p. 167.
[19] **Akıntürk** / **Ateş Karaman**, p. 117-118. Also see, **Karınca**, p. 54 et. seq.
[20] 18. High Court (of Civil Law) 21.10.2002, 6380/10081; **Dural** / **Öğüz** / **Gümüş**, p. 167; **Akıntürk** / **Ateş Karaman**, p. 117.
[21] This judgement of Court (29 November 1990 dated, 30/31 numbered) can be seen Official Gazette, 2 July 1992, No. 21272.
[22] **Dural** / **Öğüz** / **Gümüş**, p. 196-197.

favor of women. However the choice of occupation and their execution are kept in mind the peace and the benefit of unity of marriage.

F. TCC Art. 194

Probably the most prominent provision that protects women against man during marriage is TCC Art. 194. This article is concerning with residential dwelling which is called a house, flat, room even a caravan that is chosen by spouses continuously or temporarily[23]. Residential dwelling is also independent from underlying relationship (rent, ownership, loan et seq.)[24].

According to Art. 194, "One of the spouses who has the residential dwelling does not alienate or establish restricted real rights on its own residence unless the consent of the other spouse." Besides, in the case of abusing this right, the spouse who does not give consent or does not give consent to it without a justified reason can consult to the judge (TCC Art. 194/2).

If residential dwelling is rented, the spouse that is the party of the rental contact does not annul the contract (TCC Art 194/1). In addition for preventing acquisition of third parties, the spouse who has not residential dwelling can want putting an annotation to the book of real estate registers (TCC Art. 194/3)[25].

G. TCC Art. 195

The heading of the Civil Code Article 195 is "Protecting the Unity of Marriage". Accordingly in case of one of the spouses does not fulfill own obligations or spouses dispute about an important matter, each of the spouses can want intervention of judge jointly or separately (TCC Art. 195/1)[26]. Moreover judge is authorized to warn or conciliate spouses and want expert's assistance by joint consent of spouses (TCC Art. 195/2). Judge is also authorized to take other precautions included in the code at the request of one of the spouses (TCC Art. 195/3).

H. TCC Art. 196

While spouses living together, at the request of one of the spouses judge determines the each spouse's contribution to the welfare of the household. In the same way additional works in home as houseworks, take care of kids, unpaid work other spouse's personal business are taken notice of determining the amount of contribution (TCC Art. 196).

3 TCC Art. 197

In the case of reliefing live together, each of the spouses is be entitled to live separately. But for this, personality, economical safeness or family peace of the requesting spouses must be seriously in danger. This right is an exception for the necessity of living under the same dwelling. If reliefing live together is based on a valid excuse, judge determines the financial contribution of one spouses to other at the

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[23] **Dural** / **Öğüz** / **Gümüş**, p. 169; **Benli**, Fatma, Kadın Hakları Lehine Değişen Yasaların Yargı Kararlarına Yansı(Yama)ması, http://www.icapff.com/arsiv/ikinciFestTebligleri.pdf#page=73, p. 66.

[24] **Dural** / **Öğüz** / **Gümüş**, p. 169.

[25] Despite this clear provision, according to Council of State to put an annotation to the book of real estate registers, court judgement is required. See, **Benli,** p. 90.

[26] **Badur,** p. 67.

request of one of the spouses. Judge also makes provision about enjoyment of residential dwelling, household goods and administration of estates.

Precautions above can be taken if one of the spouses avoids living together or living together is impossible because of any reason. By force of Article 197 judge is authorized to take precautions for kids according to provisions which arrange relationship between parents and kids. By this way it can be said that Turkish Civil Code has not neglected protecting infants too (TCC. Art. 197).

J. TCC Art. 198

Turkish Civil Code Article 198 is about *Precautions of Borrowers* and *Restriction of Power of Disposition.* By favour of this article it is wanted to contribute financially to one of the spouse who may be the needy. In accordance with Article 198, if one of the spouses is careless about financial needs of unity of marriage, judge can order to borrowers of careless spouse, pay partly or wholly to the needy spouses.

K. TCC Art. 199

For protecting family's economic presence or if there has been a financial obligation arising out of marriage, judge can allow act of disposal to one spouse by consent of other spouse. Judge also can take necessary measures. Further if one spouse's act of disposal is removed, judge can inform this to the book of real estate registers headship (TCC Art.199).

L. TCC Art. 202

Eventually taking part regime of participation in acquired property in Civil Code is an arrangement in favor of women individually. Regime of participation in acquired property[27] that is legal marital property in the applicable law was non-existence in old Civil Code[28]. In that separation of estate regime was adopted in old Civil Code and it was disadvantageous to women[29]. In that case TCC Art. 202, 218 and followings can be considered as positive provisions in the meaning of protecting victims.

4   PROVISIONS IN THE CODE NUMBER 6284[30]

A. IN GENERAL

Code Number 6284 is provided to prevent domestic violence and protect victim of violence in Turkey[31]. By the way of this Code a protecting shield was created for not only women but also infants

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[27] In Doctrine, *Regime of Participating Acquisitions* is been suggested for *Regime of Participation in Acquired Property*. See, **Dural** / **Öğüz** / **Gümüş**, p. 320.

[28] **Dural** / **Öğüz** / **Gümüş**, p. 320; **Benli,** p. 65; **Karınca**, p 51.

[29] **Benli,** p. 66.

[30] Code Number 6284 is called *"The Code for Protecting Family and Preventing Violence against Women"* was legislated on March 8, 2012 and promulgated in Official Gazette on March 20, 2012, No. 28239.

[31] German legislator's operations about protecting women from domestic violence please see, **Emek**, Şeyda, Gesetzgeberische Akte zum Schutz der Opfer von häuslicher Gewalt in Deutschland, http://www. icapff. com/arsiv/ikinciFestTebligleri.pdf#page=73; **Kahl**, Wolfgang, Violence against Women in Germany, İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http://www. humanlawjustice.gov.tr/ Upload/ Kitaplar/ kadina_yonelik_ siddet. pdf; **Kahl**, Wolfgang, Working Together to Combat Domestic Violence: Cooperation, Intervention, Support, Prevention; German Efforts to Reduce Domestic Violence, to Support Victims and to Change a Culture of Accepted Customs, http://www.humanlawjustice.gov.tr/_Upload/ Kitaplar/ kadina_ yonelik_ siddet.pdf. For France see, **Topaloğlu**,

and other family members[32]. Otherwise victim of persistent follow is been protected within in the scope of Code Number 6284[33]. On behalf of solving problems which come out of enforcement of Code an implementation regulation was enacted[34].

Aim of protecting victim which already exists in equity of statute was been continued through the efforts of Ministry of Family and Social Policies[35]. Apart from that Ministry of Family and Social

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Binnaz, La Lutte Contre Les Violences Faites Aux Femmes Et Aux Violences Au Sein Du Couple, http://www. icapff.com/arsiv/ikinciFestTebligleri.pdf#page=73. For other countries also see, **Akida**, Mohamed, Les crimes d'honneur Rapport national d'Egypte, http://www. icapff.com/ arsiv/ikinciFestTebligleri. pdf#page=73; **Ambrož**, Matjaž / **Filipčič**, Katja, Prevention of Family Violence against Women In Slovenia, http://www.icapff. com/arsiv/ikinciFestTebligleri. pdf#page=73; **Avram** (Voican), Mădălina, Romania Report on Violence against Women, http://www.icapff.com/arsiv/ikinciFestTebligleri. pdf#page=73; **Bakir**, Hadi Hiba, Irak Ülke Raporu, http://www.icapff.com/arsiv/ikinciFestTebligleri. pdf#page=73; **Cho**, Byung-Sun, Law and Practice in Sexual Violence Crimes and Sexual Harassment in South Korea, http://www. icapff.com/ arsiv/ ikinciFestTebligleri.pdf#page=73; **Dadkhah**, Malihe, Iranian Women, Victims of Iranian Justice Review of Gender-inequality in Iranian Domestic Law and Cultural Stereotypes, http://www.icapff. com/arsiv/ ikinciFestTebligleri.pdf#page=73; **Giovanoglou**, Sofia, Violence against Women in Greece, National Report, http://www.icapff.com/arsiv/ikinciFestTebligleri. pdf#page=73; **Huertas,** Inmaculada Montalban, Prevention Of Violence Against Women In Spain, İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http://www.humanlawjustice.gov.tr/Upload/Kitaplar/kadina_yonelik_siddet.pdf; **Jiwani**, Almas, Country Report on Violence and Discrimination against Women Canada, http://www. icapff.com/arsiv/ikinciFestTebligleri. pdf#page=73; **Kocaqı**, Monika, Country Report, Albania, http://www.icapff.com/arsiv/ikinciFestTebligleri.pdf#page=73; **Leite**, André Lamas, Violence And Discrimination Against Women: Portuguese Report, http://www.icapff.com/arsiv/ikinciFestTebligleri. pdf#page=73; **Manes**, Vittorio, Sexual Violence against Women in Italy, http://www.icapff.com/arsiv/ikinciFestTebligleri.pdf#page=73; **Olamendi**, Patricia, Violence against Women Crimes of Honour in the Mexican Legislation, http://www. İcapff com/ arsiv/ ikinciFestTebligleri.pdf#page=73; **Pérez Kasparian** Sara, The Situation of Violence and Discrimination Against Women in Mexico, http://www. icapff.com/arsiv/ikinciFestTebligleri.pdf#page=73; **Rimo**, Alberto Alonso, The Fight Against Gender-based Violence in Spain: Lights and Shadows, http://www. icapff.com/arsiv/ikinciFestTebligleri.pdf#page=73; **Rosi**, Elisabetta, Violence against Women In Italy, İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http://www. humanlawjustice.gov.tr/Upload/Kitaplar/kadina_yonelik_ siddet.pdf; **Sabadell**, Ana Lucia / **Dimoulis**, Dimitri, Domestic Violence in Brazil: Social Problems and Legislative Interventions, http://www.icapff.com/ arsiv/ ikinciFest Tebligleri. Pdf # page=73; **Scotland**,Baroness, Violence Against Women in the United Kingdom, İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http://www. humanlawjustice.gov.tr/ Upload/ Kitaplar/ kadina_yonelik_siddet.pdf; **Silverberg**, Helene, Sexual and Domestic Violence Laws in the United States, http://www.icapff .com/arsiv/ ikinciFest Tebligleri.pdf#page=73; **Sprangers**, Lily, Country Reports of the Netherlands, http://www.icapff. com/arsiv/ikinciFestTebligleri.pdf#page=73; **Szomora**, Zsolt, The Legal and Institutional Approach to Violence against Women in Hungary, http://www.icapff.com/arsiv/ikinciFestTebligleri.pdf#page=73; **Wróbel**, Włodzimierz, Discrimination and Violence against Women, Poland – National Report, http://www.icapff.com/arsiv/ikinciFestTebligleri.pdf#page=73; **Millaleo**, Salvador H., Gewalt und Diskrimierug gegen Frauen in Chile, http://www. icapff.com/arsiv/ikinciFestTebligleri.pdf#page=73; **Elizabeth**, V.S., Country Report India, http://www. icapff.com/arsiv/ikinciFestTebligleri.pdf#page=73; **Genc Isik**, Seyma / Deveci, Ümmügülsüm, Länderbericht Österreich http://www. icapff.com/ arsiv/ ikinciFestTebligleri.pdf#page=73.

[32] **Elver**, Hilal Hukukta Çifte Standart: Kadına Yönelik Şiddetin Önlenmesi Yasası ve Ayrımcılık, http://www.icapff.com/arsiv/ikinciFestTebligleri.pdf#page=73, p. 912; **Tığlı**, Hüseyin, Ailenin Korunmasına Dair Kanun'nda Yer Alan Tedbirler ve Bunların Uygulaması, Türkiye Adalet Akademisi Dergisi, Vol. 2, No. 5, p. 487-538, p. 498.

[33] **Özbilen/Soygüt-Arslan**, p. 369.

[34] This implementing regulation was promulgated in Official Gazette on 18.01.2013, No. 28532.

[35] For public policy of Turkey about domestic violence see, **Çalı**, Hasan Hüseyin, Aile İçi Şiddet: Bir Kamu Politikası Analizi, Atatürk Üniversitesi Sosyal Bilimler Enstitüsü Dergisi, Vol: 16, No. 2, 2012, p. 1-25.

Policies and Religious Affairs Directorate signed a "Cooperation Protocol on Protection of Family and Ensuring Contribution of Religious Officials in the Prevention of Violence against Women."

The protocol aims at fulfilling in-service-training activities to raise awareness and sensitivity of staff of Religious Affairs Directorate in protection of family and prevention of violence against women. Common efforts will be carried out in improving human rights of women[36], fight against violence against women and children, strengthening the family structure, boosting communication within the family, and enlarging capacity of members of the family in problem solving.

Staff of Religious Affairs Directorate will be given seminars on boosting family ties and communication within family, enlarging capacity of family members in problem solving, women's human rights, social gender equality, as well as fight against violence against women and children within the scope of the protocol. The protocol will be in effect for five years [37].

B. DEFINIONS

Even if the term *domestic violence* is internalized everyone, there has been a significant discussion over the definition of domestic violence. By means of Code Number 6284 the definition of domestic violence gained a legal basis and it became a legal term other than a sociological term.

1. Domestic Violence

Code Number 6284 has a definition which overlaps domestic violence. According to Art.2/(a), *Violence in house (domestic violence)* is all kind of physical[38], sexual, psychological and economical violence[39] which occurs between family members. In terms of Code Number 6284 for mentioning about domestic violence, family members are not needed living in the same dwelling[40].

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[36] For The European Convention on human rights and women rights see, **Ertürk**, Yakın, Birleşmiş Milletler Kadına Yönelik Şiddet Özel Raportörlüğü: Standartlar ve Engeller, İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http://www. humanlawjustice.gov.tr/Upload/Kitaplar/kadina_yonelik_siddet.pdf; **Kanat**, Gülsun, STK'lar, Devlet Kurumlarıyla İşbirliği ve Karşılaşılan Sorunlar, İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http://www. humanlawjustice. gov.tr/Upload/Kitaplar/kadina_yonelik_siddet.pdf; **Choudhry**, p. 448 et. seq.

[37] See,http://www.aile.gov.tr/en/24922/Cooperation-Protocol-on-the-Protection-of-the-Family-Ensuring-Contribution-of-Religious-Officials-in-the-Prevention-of-Violence-Against-Women-signed.

[38] Physical violence to someone is also guilt. See physical and domestic violence in point of Criminal Law, **Sözüer**, Adem / **Baytaz**, Abdullah Batuhan / **Kelep**, Tuba, Kadına Yönelik Şiddet Ve Ayrımcılıkla İlgili Bilimsel Rapor, http://www.icapff. Com /arsiv/ ikincifesttebligleri.pdf#page=73; p. 314 et.seq.; **Karınca**, p. 35-40; **Badur**, Emel / **Ertem,** Burcu, Evlilik İçi Şiddet Ve Aile Hukuku Yansımaları, http://cws. emu. edu. tr/ en /conferences/2nd_int/pdf/Emel%20Badur%20&%20Burcu%20Erdem.pdf. p. 1. According to the authors, common types of domestic violence are *physical, psychological and sexual.* Sexual violence is not a type of physical violence; it is an invidual type of violence. See, **Badur/Ertem,** p. 1-2 and fn.1.

[39] For further information about types of violence see, **Beril**, p. 5-9; **Sallan Gül**, p. 519-520; **Deniz**, p. 8-9; **Erdem**, p. 55-59; **Tığlı**, p. 496 et. seq; **Karınca**, Eray, Sorularla Kadına Karşı Şiddet, Ankara 2010, p. 1-13.

[40] **Özbilen/Soygüt-Arslan**, p. 369.

2. Violence

Pursuant to Code Number 6284 Art. 2/(d) the definition of *violence*[41] *is* every kind of action and manner which ends up or probably ends up with someone's physical, sexual, psychological, economical suffering or damaging either including threat and compulsion which occurs at social[42], public or private sphere.

3. Victim of Violence

Victim of violence are persons who are directly and indirectly exposed[43] or at risk of exposure either affected or at risk of affect from actions or manners defined as violence (Code Number 6284 Art. 2/ (d) and (e).

4. Violence Against Women

In accordance with the above definitions, *violence against women[44]* is every kind of action and manner that is used to women just as women or included sexual apartheid[45], caused human right abuse[46] and defined as violence in Code Number 6284. (Code Number 6284 Art. 2/ (ç)).

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[41] For a general definitions of violence see, **Akdeniz**, p. 547-548; **Subaşı**, Nükhet / **Akın**, Ayşe, Kadına Karşı Şiddet, Nedenleri ve Sonuçları, http://www. huksam. hacettepe.edu.tr/ Turkce/SayfaDosya/ kadina_yon_siddet.pdf, p. 1. Also see, **Badur,** p. 75; **Erdem**, p. 54; **Tığlı**, p. 494

[42] For social dimensions of violence see, **Yeğenoğlu**, Meyda, Kadına Yönelik Şiddetin Kavramsal Ve Sosyolojik Boyutları, İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http://www.humanlawjustice.gov.tr/Upload/Kitaplar/ kadina_yonelik_siddet.pdf.

[43] Women who experienced violence generally from her partner are more likely to be infected with sexually transmitted diseases, to have an abortion, to give birth to underweight and premature babies, and to attempt suicide. They are also more likely to use alcohol and other substances and are twice as likely to experience depression. See, **Baker**, p. 2. Women deaths because of violence are approximate value women deaths because of cancer. See, **Özkara**, Erdem / **Can** İ. Özgür, Kadına Yönelik Şiddetle İlgili, Güncel Yasal Değişiklikler Ve Adli Tıp, http://portal.ubap.org.tr/App_Themes/Dergi/2012-99-1166.pdf, p. 342.

[44] Violence against women is a human right abuse and there has been no excuse of it, see **Choudhry**, p. 447 et. seq.; **Berktay**, p. 908-911. The biggest risk group in terms of violence are women from all ages. See, **Alay**, Cemal / **Polat**, Oğuz, "Pedofili" Nedir, Ne Değildir? Değişen Dünyada Biyoetik, İstanbul 2012. In archaeological excavation it was seen that mummified corpse had broken bones and 30-50% of them were women. **Sokullu-Akıncı**, Füsun, Şiddetin Normalleştirilmesi Süreci ve Aile İçi Şiddet, http://www. icapff. com/ arsiv/ikinciFestTebligleri.pdf#page=73; p. 885. Violence against women at business life see, **Ergeneli**, Azize, Çalışma Hayatında Kadına Yönelik Mobbing, İnsan Hakları Standartlarının Etkili Uygulanması Bağlamında Kadına Yönelik Şiddetle Mücadele, Uluslararası Sempozyum, http:// www. humanlawjustice.gov.tr/Upload/Kitaplar/kadina_yonelik_siddet.pdf. Other risk groups are; kids, old persons, disabled persons, immigrants, homelesses, refugees, ethnic minorities. See, **Subaşı/Akın**, p. 2; **Arslan Öncü**, Gülay, Kadına Karşı Şiddetle Mücadelede Bir Enstrüman Olarak Kadınlara Karşı Her Biçimiyle Ayrımcılığın Ortadan Kaldırılması Sözleşmesi, http://www.icapff. com/ arsiv/ ikinciFestTebligleri.pdf#page=73, p. 51. For characteristic features of women victim of violence also see, **Subaşı/Akın**, p. 6.

[45] A significant kind of violence against women is sexual abuse. For further information see, **Subaşı/Akın**, p. 7. Also see, **Beril**, p. 8-9; **Badur,** p. 76; **Arslan Öncü**, p. 51; **Thaman**, Stephen C., The Transformation of the Elements of the Crime of Rape and the Procedural Protections of Rape Victims in the U.S. as Result of the Feminist Inspired Reform Movement", http://www.icapff. com/arsiv /ikinciFest Tebligleri.pdf#page=73; **Balkır**, Gönül, Toplumsal Cinsiyet ve Toplumsal Cinsiyet Ayrımcılığı, 1.Kadın Avukatlar Kurultayı, Ankara 2012, http://tbbyayinlari.barobirlik.org.tr/TBBBooks/444tubakkom. pdf#page=69.

[46] The most important women rights abuse has been honour killing in Turkey. For further information see, **Koca**, Mahmut, Türk Ceza Hukukunda Töre Saikiyle Öldürme, http://www.icapff. com/ arsiv/ ikinciFest Tebligleri.pdf#page=73. Also see **Özgül**, Gökçesu, Türkiye'de Kadın Cinayetleri Gerçeği Ve Durdurmak İçin Çözüm Yolları, Kadın Cinayetlerini Durduralım Platformu Adına, Değişen Dünyada Biyoetik, İstanbul 2012, **Locke**, William, The Treatment of Men and Women Who Kill Their Mates in Anglo-American Law,

5. User of Violence

User of violence is defined as persons who use violence, use actions and manners which are proper definition of violence. In this definition persons can be counted as users of violence who are risk of use violence (Code Number 6284 Art. 2/ (g)).

C. PREVENTIVE AND PROTECTIVE PRECAUTIONS

Code Number 6284, continues with *Provisions Related Preventive and Protective Precautions*[47] after the heading of *definitions.* By force of these provisions (Art. 3-13) legislator wants to put into practice the aim of preventing violence.

As regards these provisions, judgement of protective precautions can be taken by civilian authority or court judge who is present at the locality of violence or heard violence information (Code Number 6284 Art. 3 and 4). Authorized civilian authority is governor in the province and district governor in the district[48]. At non-delayable cases, some precautions (Code Number 6284 Art. 3/1, (a) and (ç)) can be taken by police commander[49]. Authorized judge is *judge of Family Court*[50].

Except protective precautions, preventive precautions can be taken only judge of Family Court. In this regard preventive precautions can not be taken by civilian authority. In other words some of protective precautions can be taken by civilian authority and some of can be taken by judge of Family Court. But the preventive precautions which were arranged in the code can be taken by only judge of Family Court (Code Number 6284 Art. 5).

According to Code Number 6284 Art. 9 relevant persons can raise an objection to Family Court within two weeks since pronouncement or notification date of the judgement[51] (Code Number 6284 Art. 9/1). If some kinds of precautions are taken by judge of Family Court, petitioner must appeal to followed number Family Court. For example if 2nd Family Court took the precautions, the petitioner must appeal to 3rd Family Court. If the precautions were taken by last numbered Family Court, the petitioner must appeal to 1st Family Court[52].

If there is one Family Court in that location, the petitioner must appeal to *Court of First Instance*. If the judge of Family Court and Court of First Instance is same, petitioner must appeal to nearest Court of First Instance. By this way the rights of petitioner and defendant to appeal upper authorities were not ignored compatible with state of law.

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[47] http://www.icapff.com/arsiv/ikinciFestTebligleri.pdf#page=73; **Pohlreich**, Erol, Kann Ehre ein Grund für die Tötung einer Frau sein? http://www. icapff. com/ arsiv/ ikinciFestTebligleri. pdf#page=73.

[47] Also see, **Çetin, Ali,** Kadına Yönelik Şiddete Karşı Hukuki Yaptırımlar ve Şiddet Mağduru Kadının Sahip Olduğu Olanaklar, http://www.humanlawjustice.gov.tr/Upload/Kitaplar/kadina_yonelik_siddet.pdf**.** For role of medical staffs and medical jurisprudence to prevent violence against women, see, **Özkara/Can,** p. 345-346.

[48] **Arslan**, Metin Murat, 6284 Sayılı Ailenin Korunması Ve Kadına Karşı Şiddetin Önlenmesine Dair Kanun'un Polise Bakan Yönleri, http://www.Polismerkezi.Org/?Part=Yazar&Gorev=Oku&İd=553, p. 2. Also see, **Karınca**, p. 67 et. seq.

[49] For further information see, **Akdeniz**, p. 549; **Elver**, p. 914; **Polat**, p. 567; **Güneş**, İsmail Dinçer, Kitap İncelemesi: Aile İçi Şiddet ve Polis, Polis Bilimleri Dergisi, Vol. 15, No. 1, p. 159-167; **Arslan**, Metin Murat, 6284 Sayılı Ailenin Korunması Ve Kadına Karşı Şiddetin Önlenmesine Dair Kanun'un Polise Bakan Yönleri, http://www. polismerkezi.org/?part=yazar&gorev=oku&id=553.

[50] **Karınca**, p. 92; **Erdem**, p. 73; **Akdeniz**, p. 554; **Tığlı**, p. 502.

[51] **Özbilen/Soygüt-Arslan**, p. 384.

[52] **Akdeniz**, p. 553.

Solely the judgement of upper authority on appeal is a definitive judgement. In that case there has been any alternative control request chance of petitioner (Code Number 6284 Art. 9/3).

D. CENTRE OF WATCHING AND PROTECTION VIOLENCE, SUPPORT SERVICES, COORDINATION OF INSTITUTES

The heading of the Code Number 6284 is *"Establishing Centre of Watching and Protection Violence, Support Services, Coordination of Institutes* (Code Number 6284 Art. 14-16)"*. Legislator aims not only to prevent violence but also to establish centers for supporting victims and protecting them from existing violence. And so the objectives of these provisions (Art. 14-16) are supporting rooting for victim of violence by establishing support services with sense of social responsibility as a social state[53].

Code Number 6284 Art. 14 rules to establish Centre of Watching and Protection Violence (CWPV). According to Art. 14 in the support centers expert crew must officiate. Also the crew must be preferably female within possibility. Support centers operate their service on the basis of seven days, twenty-four hours.

Besides the authority to establish Centre of Watching and Protection Violence is given to Ministry of Family and Social Policies (Code Number 6284 Art. 14/1). Thereby realistic steps have been taken on behalf of the realization of the purpose of the code.

5 CONCLUSION

According to the WHO report, 42% of women who experienced violence were physically injured by their partners[54]. And according to a research 90% of domestic violence was used by males[55]. Then in Turkey one in every three women says that she experienced some kind of violence at least once in her life. Similarly domestic violence and especially violence against women have become a major problem in Turkey and all over the world during the recent years.

This problem and also its remedy have lots of extents, such as social, economical, cultural and educational[56]. In this study the subject of protecting victims was analysed from two points of view. First one is in terms of Turkish Civil Code. All in all it can be expressed that the aim of Turkish Civil Code provisions on the subject of protecting victims (Art. 185, 186, 187, 190, 192, 194, 195, 196, 197, 198, 202) are inadequate unaided. Principally these provisions are against to moral violence. Mostly these provisions can not prevent physical violence. Whereas violence in Turkey which revealed in domesticity can not be ruled out and prevented by a lex generalis (general code).

Indeed the objection to violence against women in Turkey has utilized several different tools and approached this struggle to end violence against women since 1980's. But this different tools and struggle failed to satisfy non-governmental organizations and social conscience. Because of undeniable

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[53]   **Polat**, p. 571.

[54]   See, http://www.who.int/gender/violence/who_multicountry_study/summary_report/chapter2/en/index2.html.There is no country where violence does not occur. Because violence is in the nature of the beast of human. See, **Sokullu-Akıncı**, p. 885; **Baker**, p. 2.

[55]   **Arslan,** p. 10. For characteristic features of prone to violence males see, **Subaşı/Akın**, p. 4.

[56]   **Özbilen**/**Soygüt-Arslan**, p. 366. Also see, **Çarkoğlu**, Aslı / **Kafescioğlu**, Nilüfer, For Whose Sake Is It Anyway? Evaluation of Explicit Family Policies in Turkey, http://link.springer.com/chapter/10.1007/978-1-4614-6771-7_16, p. 2 and et seq. For medical causes of violence see, **Subaşı/Akın**, p. 2-3.

domestic violence fact in Turkey, *The Code for Protecting Family and Preventing Violence against Women* (Code Number 6284) was regulated parallel to international regulations.

Under favour of this Code it raised awareness in the matter of domestic violence. Besides, another aim of code is to provide conversion of mentality. With the intensive efforts of government this conversion of mentality has been come true gradually. Early from enforcement date of this Code, domestic violence matter was passed over by officials and unofficial environments. However, existence of this Code with stricted rules has prevented to pass over all types of the violence. Once and for all from the view point of de lege ferenda (with a view to the future law) this enactment about violence problem in Turkey is unerring and pertinent.

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Training Social Workers in Contemporary Russia: the Bolonian Format

Abstract:

The Degree in Social Work appeared in Russia in 1991 as a consequence of social problems arising at that time and the society's growing awareness of these. However, the professional field of the social worker is expanding rapidly. While social work is traditionally addressed to such groups as lonely elderly people, orphans, the disabled, etc., nowadays practically anyone may get into a difficult life situation. This phenomenon can be explained by the fact that in the globalized world new social problems appear and need to be addressed: climate change, terrorism, the global economic crisis, environmental and humanitarian disasters, and much more. In addition, the evolution and humanization of the society have led to recognizing social problems previously not considered as such, for example, domestic violence, child abuse, refugees, labor migration, etc. In connection with the above, in the past 20 years the Degree in Social Work has been in great demand. There is a need for social workers in educational, health and employment services as well as at human resources departments of large and medium-sized companies and institutions. Such a demand has led to a wide network of educational institutions providing training for social workers at various levels. To date, there are four basic levels of training of social workers in Russia: - Vocational training offering two options: basic and in-depth;- Bachelor's degree at university level offering two options: applied and academic; - Specialization aimed at gaining a specific orientation on a particular area (will soon disappear);- Master. This four-tiered system of professional training in the field of social work has emerged by 2010 as the result of Russia's accession to the Bologna process. As further implementation of the Bologna principles, there is a growing tendency to develop joint educational programs (usually at Master's level) by two or more universities from different countries. In addition to providing academic mobility such a scheme allows students to gain further insights into social work, which makes this option even more advanced. Such a diversification of vocational education, in our view, is beneficial to students as it allows them to choose the necessary (and sufficient) level while meeting individual life goals and developing capacities. However, the society itself has not yet formed a clear understanding of the various educational levels specifics. Experience shows that neither employers nor the students themselves (not to mention the teachers who train future professionals) are fully aware of these differences, which may adversely affect the education system efficiency. To provide a solution to this, we propose applying functional approach to determine the characteristics of professional social workers trained at various levels (Kupriyanov et al. 2009)[1]. This approach allows distinguishing certain components in existing social systems and describing their roles (or functions) in relation to each other. We have developed a technique of applying this approach to revise the educational content and competences of social workers developed for each level (Kupriyanov & Kozlova 2012)[2] to make them match the employers' expectations.

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Exploring Preschool Children's Information Literacy: Bulgarian Case Study

Abstract:

The level of preschool children's information literacy and the possibilities for its optimization are discussed in the paper. The presented study of some aspects of information literacy of 5–7-year-old children is accomplished by an inquiry. The inquiry design and items are a result of a collaborative work of students in "Pedagogy of Mass and Artistic Communication" at Sofia University "St. Kliment Ohridski", supervised by the author of this paper. As a working definition is used the definition proposed by the American Library Association: Information literacy is a set of abilities requiring individuals to "recognize when information is needed and have the ability to locate, evaluate, and use effectively the needed information" (ALA, 1989). Moreover, in the contemporary socio-technological environment, information literacy is much more than skills to handle information – it has not only cognitive but also emotional and behavioral parameters. The current empirical research and the development of the survey is based on the understanding that information literacy is not only a collection of different types of literacy – basic, media, computer, digital, visual, technology, network, library, cultural, but also an individual's fundamental ability to be adjusted and active in the infosphere.

Keywords: Children's Access to Information, Information Literacy Skills, Information Literacy Exploration, Information Culture, Preschool Education, Teacher Training

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Explaining Demand for Higher Education

Abstract:

Recognising the relevance of higher education for economic and social development, some countries established ambitious targets for the percentage of graduates in their population by 2020. However, in the current economic context, peripheral European Union countries may find increasing, or even sustaining, participation in higher education a challenging goal. Effective policies are needed and information on the main determinants of aggregate demand is indispensable for the design of such measures. In this study, we employ the partial least squares methodology, which allows modelling with many variables even with relatively few observations, to identify the most relevant determinants of demand for higher education. For reasons of data availability, we focus in the case of Portugal, but our results, suggesting that the most relevant determinants are policy dependent and may be managed to support strategic objectives, are also useful for other countries.

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Distance and Academic Performance in Higher Education

Abstract:

In this paper, we examine whether distance from permanent residence is a significant determinant of a student's academic performance in higher education. As shown in the literature, a large number of different individual, institutional and socioeconomic factors can influence graduation grades. After controlling for these factors, we investigate whether road distance is also a statistically influential variable. We employ data on both admission and final graduation grades from a Portuguese public university to estimate a model of relative academic performance, using an instrumental variables two-stage least squares estimator to account for possible endogeneity bias. We find distance to be a significant negative determinant of relative academic performance in higher education. The effect is less pronounced for female students, suggesting a greater capacity of adaptation to a more independent way of life. This finding has important implications for both policymakers designing the national network of higher education institutions, and for individual universities' student support services.

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Changes in the Transition from Dependency to Independency: Shifts in Youth's School to Work Transition

Abstract:

This paper examines the shifts in youths' transition from dependence to independence; from the assumed linear process of fifty years ago to a more fragmented and individualised process. It focuses specifically on the shifts in the institutionalisation of the transition to adulthood through the educational setting and the labour market. Such shifts in transition is examined within the framework of Western socio-economic changes in the Anglo-American context; from the 'affluent' post-war 'golden age' characterised by Keynesian Interventionism economy to the contemporary global neo-liberal situation. This paper uses ethnographic accounts with individuals who pursued post-compulsory education, yet who lived their youth fifty years apart. This paper contributes to an understanding of generational differences in youth's transition to independence.

Keywords: Youth, Education, Work, Individualisation, Political Economy, Anglo-American Movement

Introduction

Young people are arguably facing more 'complex' transitions into adulthood. This paper examines the shifts in the transition of youth from dependence to independence; from the assumed linear process of fifty years ago, mediated by family background, class and gender, to a more fragmented and individualised process. Such changes in modes of behaviour of youth need to be interpreted in line with various societal changes including cultural and socio-economic changes. However the aim of this paper is to focus specifically on the shifts in the institutionalisation of the transition to adulthood through the educational setting and the labour market, all intersecting in the production of individual trajectories. There is an obvious dissimilarity in the life experiences of youth since the 1960s, as they move from post-compulsory education to work. It is the scope of this paper to explore the key characteristics contributing to these generational differences. This paper uses ethnographic accounts with individuals who pursued post-compulsory education, yet who lived their youth 50 years apart. Such comparison is made to make sense of the changes in the lives experiences of youth in their transition to independence.

The school-work transition is examined in this paper within the framework of Western socio-economic changes especially featured in the Anglo-American context; from the so-called 'affluent' post-war 'golden age' characterised by the use of Keynesian Interventionism economy to the contemporary global neo-liberal situation. The economic stability in the late 1950s and the first half of the 1960s in countries like Britain have arguably enabled youth to have a straightforward transition from school to

work. Furthermore, it was a popular belief that this transition in the 1960s was more or less a homogenised process for all those who shared a similiar habitus. Youth transition into adulthood is considered to have become more extended with increasing complexities. It is also maintained that young people are more than ever lengthening their dependency on their family of origin and they are more subject to unemployment and short-term contract jobs. Furthermore, youth are expected to navigate their own life trajectories in highly individualised ways. The concept of individualisation, as a subjective mode of neo-liberal capitalism, is used to make sense of the way youth have more choice in their school-work transition, yet they are also shouldering more responsibility.

This paper uses ethnographic accounts as a tool to grasp the participants' interpretation of their school to work transition. Two groups of participants who experienced their youth fifty years apart are studied in order to make sense of the changes in the shift from the school to work transition.

<u>The Common Western European Experience: The 'Golden Age' of 'Post-War Consensus'</u>

The post Second World War period roughly up to the beginning of the 1970s is often characterised as a 'golden age' of economic growth, rise in the standard of living and working conditions as well as advancement in technology (Hobsbawn, 1996). Such circumstances have arguably paved the way for smooth and linear transitions from school to work (Ashton and Field, 1976). In their work *Youth Workers: The Transition From School to Work*, Ashton and Field (1976) addressed the predictable and uncomplicated nature of youth transitions during this time. They identified different youth groups, each attaching different meaning to work and experience. For instance, the group they called 'the extended careers' associated with more middle class youth who focused on long-term rewards through academic paths. Their long period in training guaranteed them high and secure incomes. This guarantee was made possible according to Ashton and Field (1976) because of the social, political and economical changes that occurred during the thriving second half of the twentieth century in the West. The biographical trajectories of youth in the 1960s were socially designed by the growth of the welfare state and economic stability (Hobsbawn, 1996).

<u>Reforms in the Educational System</u>

The expansion and extension of the educational system as well as the provision of full employment were distinguishable factors for the creation of a straightforward transition for youth into adulthood. When looking at the changes in the British education system for instance, it is undoubtedly clear that youth benefited directly from measures aimed at combating 'ignorance' and inducing mass participation in higher education (Heath, 2003). Education as a fundamental human right, recognised as one of the pillars of the economic system was attributed meticulous attention during the second half of the twentieth century.

The real concern of the 1944 'Education Act' in Britain was the promotion of educational opportunity for all pupils under a unified system of free compulsory schooling between the ages of 5 to 15 (ibid.). The eleven-plus exam was introduced in this Education Act with the main intention to channel pupils into state secondary schools, geared to their abilities. However, when Anthony Crosland became Secretary of State for Education between 1964 and 1970, he worked for the abolition of this exam in an attempt to facilitate greater equality of opportunity and promote social mobility (Fenwick, 1976);

'education, not nationalisation, was to be the main engine in the creation of a more just society' (Crosland, 1982:69).

The commitment to free education aimed at maximising the number of students attaining higher education. For instance, in 1956, the Anderson Committee offered student support grants to reach those with financial difficulties, based on the principle of equality of opportunity. Moreover, the Robbins Report enhanced the educational opportunities for many young people in 1963, which committed the government to increase students in higher education by 50 per cent in four years and by 250% in 1980 (Dunford and Sharp, 1990).These actions led to a large expansion in the number of university students as well as university institutions.

Actions were also carried out with the intention to develop an all inclusive educational system. The increase in polytechnics ensured that those students who did not qualify for universities had the opportunity to follow courses up to a degree level (Lawton, 2004). The White paper in Britain 'A Plan for Polytechnics and other Colleges' published by Crosland in 1966 was designed to create or upgrade a number of LEA (Local Education Authority) Colleges to higher education standards.

Despite the fact that meritocratic principles were promoted to encourage higher education, this is in no way suggesting that gender, class and ethnic inequalities were abolished (Bourdieu 1973, Bowles and Gintis, 1976, Willis, 1977). It was also the case that a number of students decided not to undergo any kind of training and joined the workforce at school-leaving age. However, there was a social welfare cushion that protected these young people and guaranteed them secure economic conditions by the state (Hobsbawn, 1996).

Those young people who entered the labour market at school-leaving age had much better benefits and opportunities than previous generations; they surely had 'far more independent spending power than their predecessors' (Hobsbawn, 1996:327). Hence, the provision of full employment itself, as well as wage increases and benefits, provided a fertile ground for a smooth school to work transition in the late 1950s and 1960s (Ormerod, 1994, Hobsbawn, 1996).

Reforms in the Labour Market

The younger generation entering the workforce in the early 1960s benefited directly from full employment that was safeguarded and enshrined in the 1945 Charter of the Universal Human Rights of United Nations. In the report 'Full Employment in a Free Society', the British economist Beveridge (1944) presented measures to maintain employment in a healthy society. He stressed that,

full productive employment in a free society is possible...it is a goal that can be reached only by conscious continuous organisation of all our productive resources under democratic control (Beveridge, 1944:16).

Beveridge's (1944) report included possibilities and methods for achieving full employment by the state in which individuals would have freedom to choose their occupation and manage their personal income (Beveridge, 1944). Aside from having unemployment reduced to short intervals, Beveridge also asserted that jobs should offer fair wages. The Keynesian notion of full employment provided grounds 'where there are at least as many job openings as there are persons seeking employment' (Vickery, 1993:4). Arguably, the Keynesian economics aimed at the well-being of all classes by

providing a welfare system for the inclusion of everyone and full employment, was a way forward out of the severe downturn in economic activity during the interwar period (Hobsbawn, 1996).

The low level of unemployment and high average weekly earnings provided a smooth move for youth into financial autonomy. In line with this, Pollack (1997) maintained that 'leaving school at the earliest opportunity and going straight into full-time work has the obvious advantage that a young person can become quickly financially independent' (Pollock, 1997:625). In effect, the transition from school to work followed a straightforward pathway. Furlong and Cartmel (2007[1997]) elaborated on the gender-segregated transition in which young males were making 'mass transitions from the classroom to the factories and building sites, while young women followed pathways leading straight from school to shops, offices and factories' (Furlong and Cartmel, 2007[1997]:12). The pillars of the prosperous economic environment and the power of trade unions therefore strengthened and secured youth as an intermediary life course. As a consequence, young people were offered protection through institutionalised means whilst securing the assumed homogenising pathway leading to adulthood (Pollock, 1997). Despite the validity of these works, other scholars stress on the need to re-examine the individual transitional experience and question the extent to which youth transitions in the 'golden age' were as straightforward and smooth as the popular belief (Goodwin and O'Connor, 2005, Vickerstaff, 2003).

Vickerstaff (2001) doubted the post-war smooth transition for those youth following apprenticeship. Rather than being a single straightforward step transition, she explained that their experiences were much more fragmented than assumed to be. Whereas she admitted that the choices available led to 'greater homogenisation of possible pathways and individuals may have had less expectations of being able to design their own trail' (2001:3), however, she maintained that it was far from a straightforward transition. They still 'had to negotiate and manage their own trajectory, whether it was of their own choosing or not' (ibid.). More recently, Goodwin and O'Connor (2005), focusing on Leicester as their case study, also questioned the linearity of such transition and maintained that this conventional wisdom underestimated the level of complexity that characterised youth's transition in the 1960s and 1970s.

It bears much truth that young people lived through a period in which the state was responsible for the provision of employment for all. The rise of neo-liberal market-driven conditions has encouraged a kind of governance that transfers the responsibility of personal well-being from the state onto the individual. The crisis of the welfare state and the growing insecurity and risk amongst young people are considered as some of the factors leading to fragmented life course transitions (Lasch, 1991, Sennett, 1998, Beck and Beck-Gernsheim, 2008[2002], Ehrenreich 2002, Kamenetz, 2007).

'Fragmented' Youth Transitions

A thorough explanation of the fragmentation of life-course transitions requires addressing the concept of individualisation. Beck and Beck-Gernsheim (2008[2002) elaborated on the fragmented identity of the individual into separated functional spheres, which is further affirmed by nation-state institutions. In effect, individualistic tendencies hand in hand with the neo-liberal market ideology emphasise Beck and Beck-Gernsheim's criterion of 'your own life – your own failure' (2008[2002]:24). Biographies are

no longer safeguarded by a system of values which places the collective on the forefront before the self. Life course transitions become less rigid and more fragmented. The market forces that abolished the normality of a 'job for life' were in part responsible for the increase disruption of the school to work transitions.

Such processes related to the labour market economy are said to have brought about the blurring and even disintegration of life course divisions (Bauman, 1995, Jones, 2005[2002]). Various scholars maintained that young people are considered to have 'patchwork careers' characterised by part-time and casual jobs interspersed with periods of unemployment (Beck and Beck-Gernsheim, 2008[2002]). Risk also became predominant, especially when the individual is blamed for personal failure like unemployment (Beck, 1992[1986]). Sennett (1998) stressed this when he said that 'apprehension is created in a climate emphasising constant risk, and apprehension increases when past experience seems no guide to the present' (1998:97).

Furlong et al. (2002) referred to the 'normalisation' of unemployment in contemporary society and short periods of unemployment which became part of youth's biographical patterns. They regarded more complex transitions as those that 'involve breaks, changes of direction and unusual sequences of events' (Furlong et al., 2002:8). In an earlier work with Evans, Furlong maintained that

Analysis of the contemporary situation of young adults highlights an increasing fragmentation of opportunities and experience; the processes of youth are highly differentiated, reflecting and constructing social divisions in society in complex ways… As possible pathways out of school have diversified, young people have to find their own ways forward and their own values in education, consumption, politics, work and family life. (Evans and Furlong, 1997: 33)

Transformations at Work: The Increase of Short-Term Contract Jobs and Unemployment

Pierre Bourdieu (1998) stressed that precariousness is a new mode of domination in contemporary capitalism. Building on this, Doogan (2009), speaking on the 'New' Capitalism, suggested that the contemporary transformation of work has given rise to new employment relations, mainly characterised by a sense of precariousness and instability;

the decline of traditional industries which offered stable and secure jobs and their replacement in a new contingent economy that offers temporary, part-time and casual work, much of which is based on flexible contracts (Doogan: 2009:3).

In the last decade, there was an increase in involuntarily fixed-term jobs in most European countries (European Commission, 2008). The number of European workers employed in fixed-term contracts increased from 6.5% to 7.5% for women and from 5.5 to 6.5% for men. Young people less than 30 years of age are more likely to have fixed-term employment contracts with almost a third of employments (ibid.).

Furthermore, when looking at European statistics for instance, the rate of unemployment amongst young adults have increased dramatically, currently reaching over 20% in countries of the European Union (Eurostat, 2011). As a consequence, young people are extending their years in training to increase their marketability. Various societal, technological and economic transformations are the

driving forces for the transformation of work, considered here in terms of changes in employment patterns, shifts in job stability and increase in precarious employment.

Also, the changes in the demographic ratios in the West as a result of increasing life-span and lower birth rates, is contributing to a financial burden on society. The shrinkage in well-paying jobs is resulting in greater competition for youth with older workers for jobs that pay a living wage. Older people are extending their working years and thus the replenishment of the workforce by the younger generation has stalled (Bynner and Côté, 2008). Bynner and Côté (2008) quoted UK statistics in their study on how during the past decade they observed a relative stagnation in youth's earnings. Individuals experiencing their youth at such economic and social situations are prolonging their dependence on their guardians, partly because of the increasing difficulty in finding a secure job.

It is not just the availability of work that changed but also the working experience underwent dramatic shifts. Sennett (1998) in his account on *The Corrosion of Character–The Personal Consequences of Work in the New Capitalism*, examined the changes in the life experiences of youth's job experiences living twenty-five years apart. This work is particularly notable for explaining the changing world of work since 'social capitalism' to the present stage of the 'new capitalism' by referring to the lived experiences of a father and a son. Sennett's study is embedded in the wider socio-economic change from 'organised' to neo-liberal capitalism.

More recently, Sennett (2006) addressed the impact of the economic transition to global capitalism in *The Culture of the New Capitalism*. He stressed the dismantling of the Weberian so-called 'iron cage' structure, made up of fixed corporate organisation of bureaucracy. This key transformation resulted in the ever-changing working conditions within the 'new economy', giving way to what Sennett (2006) referred to as the new form of 'flexible capitalism'. One definite aspect of this new system is the lack of long-term stability and benefits for the workers who have to face continuous uncertainties and risk without established guidelines. Sennett explained this by saying that

today the phrase flexible capitalism describes a system which is more than a permutation on an old theme. The emphasis is on flexibility rigid forms of bureaucracy are under attack, as are the evils of blind routine. Workers are asked to behave nimbly, to be open to change on short notice, to take risks continually, to become even less dependent on regulations and formal procedures (Sennett, 2006: 9).

In a similiar manner, Louis Uchitelle (2006), writing about *The Disposable American*, stressed that until the 1970s, the majority of employees in America held long-term jobs. Since then, downsizing in companies resulted in a large number of individuals becoming unemployed. Whereas, voluntary or involuntary job changing was associated with improvement in wages in the 1960s, today job changes are said to result in poorer working conditions and wages (Uchitelle, 2006).

In the same vein of thought, Lash and Urry (1994) argued that the post-industrial society is disorganised because nothing is 'fixed, given and certain, while everything rests upon much greater knowledge and information' (Lash and Urry, 1994:10-11). Moreover, the workforce is much more 'flexible' than ever before. The decline in career-long employment is replaced with contingent contracts and mobile workforce. In their 'insecurity thesis,' Heery and Salmon (2000) examined how the changes in the external labour market and national systems of employment regulation resulted in greater insecure employments in recent years. This phenomenon has become even more prominent with

the advent of corporate globalisation. Employees are increasingly regarding themselves as insecure partially because of the exposure of domestic markets to intense global competition. In addition, the cost reduction policies within national economies through short-term management of company assets are primarily safeguarding the financial interests of 'shareholder value'. In the globalised climate, countries are competing for the provision of good conditions to attract transnational companies (Bourdieu, 1998). Since the 1970s, the intensification of neo-liberal policies pushed forward the opening of markets for deregulation and free-trade.

Milton Friedman's ideas, as part of the Chicago School, supported *laissez-faire* economics and the diminished authority of the state in economic affairs. Free markets, free trade and the minimal role of the government, protecting only the civil freedom of individual are key factors of the neo-liberal ideology. For Friedman (1962), the days of government intervention in private affairs would disappear. Countries like the United Kingdom and France adopted these free-market policies creating a new environment by shifting public policy to strategise along free market principles. Companies have the potential to move their registered offices to more advantageous locations around the world. The advantageous locations are those that offer the lowest rates of taxation, a cheap workforce and the least regulated employment laws (Gorz, 1999).

Although short-term contracts may seem that they are promoting opportunistic bargaining for employees, workers tend to suffer both from economic and psychological effects (Heery and Salmon, 2000). Some have argued that the replacement of stable jobs with 'flexible labour' mainly in the form of fixed contracts is the result of neo-liberal consumer choice (Bauman, 1998). In the name of individual 'sovereignty', neo-liberal mechanisms built an arena where individuals compete with one another in the fight for economic security. This Darwinian conflict is being fuelled by threats of restructuring and the fear of job loss. In effect, the increase in involuntary job contracts in countries such as Britain and the USA brought about an increased risk of unemployment and reduced earnings. It also downplayed on employees rights such as sick leave and occupational pensions (Heery and Salmon, 2000). Due to these dire conditions especially for unskilled young people, Bynner and Côté (2008) stressed that 'youth have had little choice but to seek post-secondary educational credentials in the hope of gaining an advantage in access to better-paying jobs' (2008:260).

Extending the Years in Training for the Privileged Youth

Roberts's (1995) asserted that 'the scarcer young people's employment opportunities have become the more attention has been paid to their preparation and eventual entry into the labour market' (1995: 23). Up until the 1980s, having no academic qualifications did not hinder finding work in Britain. The labour market practically absorbed virtually all youth and opportunities for the unqualified and unskilled were easily available (Bynner, 2001). A distinctive marker between the two generations of youth understudy is the increase in the importance of qualifications. The achievement of qualifications, especially a university degree, had become a universal goal for the majority of middle class youth.

Some studies focus on how young people in late modernity are burdened by the responsibility to finance their own education with the consequence of entering into significant debts before joining the workforce (Kamenetz, 2007). The financial burden of this youth generation is best articulated in the

work of the American journalist Anya Kamenetz (2007). Although focusing specifically within the American social reality, this work can be seen as having wider applicability especially in countries like Britain with continuous rising in tuition fees. Kamenetz exhausted her book *Generation Debt* with everyday accounts of young people to illustrate the crisis they are living through as a consequence of the current political climate. Primarily Kamenetz highlighted the unequal distribution of economical resources in which older people are 'taking far more than their fair share' (2007:xiii).

Neo-liberal policies that dismantled the welfare state in areas such as education, health care, and social services, were part of an economical move to cut state obligations and place the burden on personal responsibilities. Reform of the welfare state included policies for 'replacing social welfare systems by private insurance schemes and private pension funds (Gorz, 1999:20). The tug of war for the allocation of resources is continuously building up tension amongst the working population and the 'first wave' of baby boomers as they enter retirement and become part of the welfare dependent population. The inequalities in wealth distribution are fertile grounds for tension between the generations.

Kamenetz (2007) maintained that this generational conflict is because the 'young' elderly or what she called the 'greediest generation' are having their pensions being paid by younger people who cannot themselves secure a career let alone invest in their pensions. Whilst presented with the 'American dream' of a middle class existence and surrounded by the inescapable tentacles of aggressive marketing in the consumer world, young people are facing a harsh reality of maxed out credit cards and student loans.

In the chapter 'College on Credit' Kamenetz (2007) described the severe situation of credit card debt among students to make ends meet. The increase in tuition fees contrast sharply with the post World War years characterised by an increase in grants and the expansion of public higher education. Notwithstanding that 'financial aid' is provided to American students, the offered grants are a far cry from the remaining balance that needs to be settled by the student. As in the narrative account of one student, 'Fred', Kamenetz wanted to stress the frustrating situation of students who anxiously sought for higher education yet they lacked financial backing. 'I registered for classes, showed up, and I wouldn't be on the roll. They drop you from classes if the cheque doesn't come. So I would crash classes to try to get in' (2007:28). Indeed, such desperate situations, which are the result of minimum state intervention, compel young people to give up higher education and hope to find full-time employment.

Kamenetz (2007) addressed the way that hedonistic consumerism coupled with student loans to finance higher education, credit card debt and high cost of housing is resulting in a gloomy life situation for young people, not just in America but worldwide. It comes to no surprise the trend for young people to leave their parental home at a later age or even to return back living with their parents after college because of financial difficulty; some even called this a 'boomerang' generation for its trends to keep going back to their parental home (Newman, 1999).

Prolonging Parental Dependence

Increased job competition has contributed to increasingly prolonged and precarious transitions to financial independence (Bynner and Côté, 2008). Traditional life-course transitions to adulthood have

become broken down into interconnected events, in no specific chronological order. The event of household formation, for example, has become separate from family formation. Thus leaving parental home became in itself an important rite of passage. This does not always denote the transition to adulthood, in particular when young people still depend on parental financial support. Furthermore, the predominance of the lack of normative organisational stages in human lives is mostly evident with the de-institutionalisation of marriage in the twentieth first century. Joint households are no longer only tied by marital relationships (Bumpass and Lu, 2000). This is notable in the increased rate of cohabitation and reconstituted arrangements. Also, the increased rates of divorce is also bringing about destabilised life courses because in some cases divorcees are returning to their parental home and becoming once again financial dependent on their parents.

Alongside these complex transitions into adulthood, one cannot ignore the extension of the period of economic dependence of youth on parents. The longevity in educational and training because of higher unemployment, the changes in welfare structures and the increase in short-term contract jobs have had considerable impact on the transition of young people into independent living. Karen Evans (2002), referring to her contribution in the study 'The Youth, Citizenship and Social Change Research Programme', maintained that more than 60% of their sample of 18-25 year old individuals felt that they were partially dependent on parents in all respects except financially.

Prolonging of partial dependence of youth is also the consequence of the increase in house prices over recent decades. The ability to have an independent lifestyle at young age in a separate dwelling became harder to access in the twentieth-first century. A total of 44% of young Europeans stated that they cannot afford to leave parental homes, whereas 28% agreed that not enough affordable housing is available (Eurostat, 2009).

Compared to the era of the 'golden age of marriage' in the 1950s and 1960s, marriage and living arrangements underwent dramatic change. The delaying in marriage and family formation partially due to changes in educational patterns is indicative of the reshaping of life courses (Irwin, 2006). This is evident when looking at European statistics having the average marriage age of men in countries of the European Union at 29.8, whereas for women it is 27.4 years. Furthermore, the age at which women give birth to their first child increased; now reaching an average of 28 years of age (European Commission, 2008).

Ethnographic Accounts of Youth Living Fifty Years Apart

Shifts in the structures of dependency are, in part, the consequences of economic change. In the advanced global neo-liberal economy, based on competition, young people are expected to be highly skilled before joining the workforce. Youth's academic performance has become a prerequisite for economic survival, in a climate of increasing job competition (Beck, 1992). The social group of youth who are privileged enough to have opportunities for higher education are in an advantageous position for having an array of courses to choose from, compared to older participants. University courses became greatly accessible, especially for middle class youth, who possess social and cultural advantages. The system is more diverse, with a range of academic and vocational courses to choose from.

Even though the shifts in youth's school to work transition may vary within a location, it seems to be applied to various countries at different times. Malta, a Southern European island was chosen as a case study to make sense of the changes in the school to work transition in relation to the economic system. In this regard, it is important to note the peculiarities of the research location, such as its colonial status that had significant impact on the adaptation to this Anglo-American model of change. For instance, whereas Britain was experiencing a time of prosperity in the 1960s, Malta, as a newly independent state in the late 1960s, was experiencing economic instability and high unemployment. Therefore, Malta adapted to the Anglo-American shifts in the school to work transition in a slower motion due to its socio-economic and cultural conditions, such as its slower application of neoliberalism and individualisation, its religious belief system, and its strong kinship network (Visanich, 2012).

Ethnographic interviews were conducted with two particular social groups of youth in post-compulsory education, experiencing their youth fifty years apart. Participants selected for this study had the necessary social and material capital that allowed them opportunities for post compulsory education. The presentation of a symmetrical approach in studying the life situation of youth at different moments in history was crucial and a challenging task. Whilst present-day youth were speaking about their current experiences as young adults now, the older generation relied on the memory of fifty years ago to describe their lived experiences as youth.

Younger respondents regarded themselves as having more autonomy in deciding what to do with their life. When I spoke to twenty-two year old Mona, she addressed what she considered to be her advantageous position of being young today compared her grandmother's youth.

In certain ways we are better off. Better off in terms of opportunities but at the same time we need to see it within that context and see what opportunities they had back then. My grandmother when she was my age she didn't have so much opportunities for higher education. Also they didn't use to encourage women to advance in their education, and that is something that I don't like. My grandmother lived in a small village and back then they had the idea that she needed to quit school to help her mother and siblings. We are better off in that regard because we have opportunities.

Educational achievement for youth in Malta in the 1960s was still based on ascribed characteristics like class and gender and the number of young people in post-compulsory education was limited. University courses were out of reach for most middle class youth and only a limited number of vocational courses were available for this youth group, such as teaching and nursing. Paul emphasised how 'university was purely for the well-off. I never ever dreamt of going to university'. When speaking about their educational opportunities, respondents considered their family background as a key factor in determining one's chances in life. Coming from an upper middle class family background, Victor earnestly explained his class roots when referring to his father as the only notary in the village and his grandfather as the first dental surgeon in Malta. He commented on his parent's educational expectations for his siblings and himself. His brothers entered university and studied medicine or law, whereas, he finished post-compulsory education and found a job within the civil service. He also recalled how his eldest brother even pursued post-graduate education abroad.

For the average middle class youth however, career paths were limited in the 1960s. The life chances of most middle class youth in the 1960s were aptly highlighted by Paul when he said that this youth group

could opt for 'either do the civil service exam to work for the government or else you work as a teacher'.

Richard also outlined the same argument when saying

It was not easy, in the 1960s to say that I want to work in this or that line of work, or that office, or have that kind of job especially if you come from a low class background.

A significant distinctive marker between the two generations of youth is the increase in the importance of qualifications. The achievement of qualifications, especially a university degree, had become a universal goal for the majority of middle class youth. Older participants maintained that an Ordinary Level of education was much more prestigious than it is today. Richard told me that 'it was a big deal doing your O' Levels at that time, not like today'. There was also a dramatic shift in the structure of the courses. Courses like teaching and nursing were part of vocational education, whereas today they are taking place at university. Grace pointed to such a structural difference in courses emphasising in particular the fact that the nursing course was not a university degree during her training years as a nurse. Speaking about the teaching course, Mary pointed out that 'nowadays students need to obtain a Bachelors degree in education but in those days teachers used to follow a two year course as boarders'. In a similiar manner, Paul compared his life situation to that of his son-in-law today;

My son-in-law just finished his Masters in Radiography. Back then if you wanted to work within that field, you would simply learn at the workplace and maybe spend some time as an apprentice taking X-Rays. Not like today, you have to do a four year academic course to be a radiographer.

Therefore, the delayed transition to the labour market because of training has created extended periods of dependence. Key factors identified by Beck (1992) and Giddens (1991) on late modernity are manifested in particular in the shift in youth's experiences within the educational setting. Beck and Beck-Gernsheim crystallised this new form of dependency when saying:

What we call a life of one's own is thus neither the expression of a bubbling individualism and egoism that has reached epidemic proportions, nor a life in which individuals float free in determining themselves, but rather a life of thorough conformity that is binding on more and more groups within the context of labour markets buffered by the welfare state (2008 [2002]:151).

Within a global neo-liberal climate of competition and diminishing job security as well as increasing flexible short-term contract jobs, young people are anxious and find it a must to spend more time in education and equip themselves with a couple of degrees. Irrespective of the fact that Beck and Beck-Gernsheim (2008[2002]) deny the connection between individualisation and neo-liberalism, there is a close affinity between the two (McGuigan, 2010). In a neo-liberal society, the focus is on the individual, rather than on society as a whole. With the privatisation of state enterprises such as in telecommunications, attention is put on the individual competitor. By using the paradox of 'institutional individualism', Beck and Beck-Gernsheim (2008 [2002]) referred to the way that legal norms of the welfare state are making individuals rather than groups dependent on institutions as well as the way that 'dependency upon the market extends into every area of life' (2008 [2002]:203).

Youth are increasingly expected to negotiate as individuals. Young people I spoke have pointed out this fact. There is a tendency for youth, living in a neo-liberal climate of competition, to invest in their

marketability to compete in the job market. Mark thought that having a second degree is necessary today. With the increase in flexible short-term jobs and the diminishing of 'stable' jobs, middle class young people like Mark and his friends, find it adequate to lengthen their years in full-time education especially in a climate of uncertainty. A second degree is almost a natural step after obtaining a first degree especially for middle class young people like the fieldwork participants. In effect, the educational system is more than ever becoming a structure of dependency of youth. Mark told me that it is taken for granted that one has to obtain qualifications before even attempting to join the job market and getting married;

I think that 15 years in your life is programmed beforehand for learning. Even those who do not enter university, usually get some kind of diploma...It is only after obtaining a Masters degree today that young people can start thinking of starting their own life and get married.

The life situation of youth is more anxious and intense, with increasing pressures to obtain more qualifications in a highly commodified educational system. In a form of compromised choice, young people are presented with a multitude of alternatives to choose from however they felt insecure in their decisions. Uncertainty tends to sow the seeds of anxiety in youth. It is a matter of fact that most young people I spoke to were concerned about their future. For instance, Lara expressed her sense of anxiety when saying;

I am studying but I don't know for what. It was just a normal process that I had entered university after obtaining my Advanced Levels. But still, I don't know what I want to do in life and which job to go for.

Despite having more access to post-compulsory education and obtaining more degrees, young people are not guaranteed secure jobs. Jobs fluctuate with the demands of the market. Various scholars refer to the Anglo-American movement, from the late 1950s to the early 1970s, as the mass transition from the classroom to the workplace (Furlong and Cartmel, 2007[1997]). This process was delayed in the research location, in part, because of its colonial status and independence in the 1960s that generated high unemployment, especially amongst youth. Nevertheless, for youth in the 1960s with more social and capital advantages, their post-compulsory training secured a 'job for life'. To my question, whether in the 1960s young people with post-compulsory education felt anxious when seeking a full-time job, Victor replied that youth with post-compulsory education were automatically guaranteed a job.

Elise also remarked how a teaching diploma guaranteed a job for life; 'For me the fact that I had a certificate made it easier to find employment'. Moreover, she maintained that she felt stress-free after finishing her teaching course because she knew she had a job for life. She said 'I was twenty-one when I started working, but at least I had the job. I think now they have much more stress'.

Moreover Paul, emphasised the need in his youth to have job stability, especially within the civil service. He elaborated on this by saying that

after finishing post-compulsory education, I sat for the civil service exam and when I passed I went to work at the customs department. I worked there for the next 42 years.

The notion of greater choice within the process of individualisation is therefore contradictory. In the neo-liberal socio-economic context, youth are conductors of their own lives yet they have no guarantee of job stability. What's more, individuals are burdened with the blame when facing unemployment.

Conclusion

This paper explored the shifts in youth's school to work transition. It examined the institutional changes in the education system and work, shifts in job opportunities and patterns of unemployment; all affecting the life situation of youth in their transition to adulthood (Evans and Furlong, 1997, Furlong and Cartmel, 2007[1997], Heinz, 1991). The labour market was often seen as largely being responsible for the increasing shifts in the school to work transition (Furlong and Cartmel, 2007[1997]). The socio-economic changes that took place during the post-war years had a significant impact on the life course normative expectations and experiences of young people. For youth in the 1960s, especially those growing up in the Anglo-American context, they experienced an increase in the standards of living through the expansion of the welfare state, education and the availability of employment coupled with frequent wage rises were amongst the beneficial factors of the 'golden age' (Hobsbawn, 1996). Nevertheless, due to the peculiarities of the research location, such shifts in youth's life course took place in a 'slower motion' compared to the Anglo-American context.

However irrespective of socio-economic and cultural conditions, it is evident that the school to work transition in the research location is becoming more fragmented in late modernity. With reference to ethnographic accounts with youth, this paper examined how neo-liberal conditions that encouraged self-reliance, coupled with the transformation of work has contributed to a complex school to work transition (Mills and Blossfeld, 2001). Indeed the life course transition for youth in late modernity is undoubtedly significantly at odds with the social reality of younger people in the 1960s.

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The Model of Rebuilding Public Trust in Governing Institutions in Latvia

Abstract:

The level of public trust in national parliament and government in Latvia is more than two times lower than the European Union average rate. According to the Eurobarometer 79 data, only 15 % of respondents trust the parliament of Latvia and 20 % of respondents trust the government. As a result, a very large proportion of Latvian residents leave to live and work in other countries, but the remaining part of the citizens of Latvia does not believe that the politicians will be able to lead the country in the direction of development after its emerging from the crisis.

However, without the restoration of the public trust in governing institutions, stability and growth in Latvia is not possible. This article aims to provide fact-based model of rebuilding public trust in governing institutions in Latvia, which can be used to study systematically the problem of public confidence in Latvia as well as in other countries.

Keywords: Public Trust, Citizen-Government Relations, Government, Local Governments, Parliament, Society

JEL Classification: D70, H11

1   Introduction

The decrease of public trust over last decades is an urgent and widely researched problem among public administration researchers whose studies have particularly been dealing with the reduction of public trust in the developed democracies such as the United States of America, Canada and the Member States of the European Union.

In the Member States of the European Union, including Latvia, the indicators of public trust in the national parliaments and governments are measured twice a year amid many other indicators. The latest Eurobarometer 79 (Public Opinion in the European Union, Fieldwork: May 2013) data show that on average 26% residents trust the national parliament of their country and 25% residents have trust in their national government. According to public trust in the public power of each country, the countries can be divided into four large groups:

a) countries with medium-high level of public trust. This group includes Sweden (trust in Parliament – 70%, trust in Government – 60%), Malta (62%; 59%), Finland (61%; 54%), Austria (53%; 50%), Luxembourg (49%; 62%), the Netherlands (49%; 44%), Belgium (48%; 45%), Germany (47%; 44%) and Denmark (60%; 34%);

b) countries with medium level of public trust. This group ranks Estonia (30%; 36%), Hungary (29%; 31%), Slovakia (28%; 28%), United Kingdom (25%; 22%), France (25%; 24%), Romania (16%; 26%) and the Republic of Cyprus (20%; 25%);

c) countries with low level of public trust. This group lists Poland (13%; 14%), Portugal (13%; 10%), Latvia (15%; 20%), Lithuania (13%; 27%), Italy (12%; 11%), Ireland (18%; 18%), Bulgaria (13%; 16%) and the Czech Republic (11%; 16%);

d) countries with very low level of public trust. This group includes Greece (10%; 9%), Spain (7%; 8%) and Slovenia (6%; 10%).

The public trust indicators in Latvia are markedly low and Latvia belongs to those Member Countries of the European Union whose level of public trust is defined as low. However the average indicators in the European Union are not satisfactory either since they have decreased almost twice over last decade. It is almost impossible to notice any successful attempts to rebuild public trust. An exception is Malta - a Member State of the European Union - that, by including public trust among the government priorities, during last year has raised the public trust in the parliament from 29% (Eurobarometer 78, 2012) to 62 % (Eurobarometer 79, 2013) and has increased the public trust in the government from 34% (Eurobarometer 78, 2012) to 59% (Eurobarometer 79, 2013), which is a big success in rebuilding public trust.

Figure 1. Political Trust in Governing Institutions (percent, %)
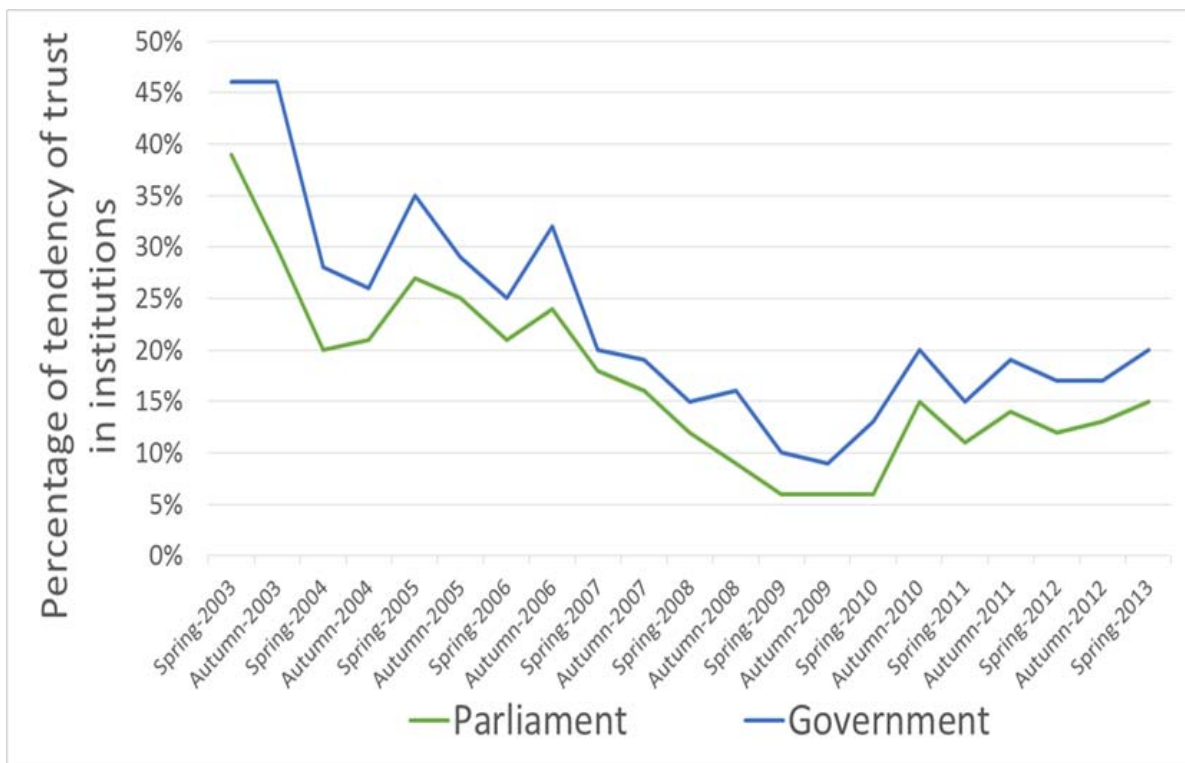
Source: Standart Eurobarometer (2003-2013)

According to the latest Eurobarometer data, 15% Latvian residents have trust in the Parliament of Latvia - the Saeima, but 85% lack this trust, which means that only every sixth resident of Latvia trust

in the performance of the parliament. A slightly higher level of public trust belongs to the government which is trusted by 20% or every fifth resident. Over last decade public trust in the government of Latvia has decreased by 26 percentage points but trust in the parliament has reduced by 24 percentage points (see Fig. 1).

Public trust measurements show that the Latvian society wants changes and it is satisfied neither with the recent democracy form of parties, nor with their manifestation in the public and municipal performance. Along with overcoming of the economic and political recession, which was particularly hard for the residents of Latvia, the public trust crisis remains to be still observable. As a result, a large number of Latvian residents have emigrated and are still emigrating to other countries. Whereas, the remaining part of society is not confident that the politicians will be able to promote the development of the country. The trust of remaining population is reduced by the dominance of the negative information about politicians' performance in the media and politicians' unwillingness to understand the socio-economic problems of residents, which have resulted from the crisis.

State stability and growth are not attainable without rebuilding public trust. Public trust is not only a particular measurement that the politicians should take into account before elections; public trust reflects residents' attitude towards the events in the country thus promoting the payment of taxes, the willingness to engage in entrepreneurship in this country and all in all creates the willingness to live in the particular country.

Although the problem of public trust in Latvia is alarming, public trust is not widely researched in Latvia unlike in many other countries. Both political experts and politicians have acknowledged the above problem in Latvia, but politicians' attempts to rebuild public trust in power have failed whereas the experts do not offer a set of specific solutions whose implementation could rebuild public trust in the public power in Latvia.

The aim of this article is to offer a fact-based model for rebuilding public trust in Latvia. The article comes forward with a public trust formula whose application enables us to research the above problem in depth and systematically, to understand the most significant factors that form public trust and to provide solutions for their facilitation or rise of their assessment level. Following the modification and adaptation of the aforementioned model to the particular needs of each country, it is also applicable in other countries, municipalities or other territorial units.

For the purposes of the research of the opportunities to rebuild public trust, the article uses such research methods as the interpretation of political analysis, the statistical data analysis and the analysis of scientific studies.

2 Theoretical Framework

2.1 Definition of Trust

Trust is a complex concept whose definition is not simple and which is difficult to explain. Researcher Russell Hardin explains the concept of trust as follows: „Trust has three parts: A trusts B to do X (or respect to matters X)." Hardin describes trust as a form of encapsulated interest. A trust in B is typically encapsulated in A`s interest in fulfilling B`s trust. A trusts B because A presumes it is in B's interest to act in a way conformable with A's interest (Hardin, 1998: 12).

Trust is based on person's assumptions about another person and/or a process that he/she trusts in. Author Margaret Levi emphasizes that the more a person is tended to trust, the less he/she will make effort to obtain any additional information about the person he/she believes in and this person's loyalty. A person trusts someone because he/she believes that he/she will benefit from positive collaboration and the likelihood that the trustee will use his/her trust for good purposes. Author Margaret Levi considers knowledge to be one of the main trust factors: „Although a reasonable belief that the trustee will act consistently with the truster's interests depends on knowledge of the trustee, this can but need not be detailed, personal knowledge." (Levi, 1998: 78) So, if a person has insufficient knowledge or wrong information about another person, his/her trust may be false.

Having reviewed various definitions of trust, we can conclude that, when defining trust, part of the authors tend to base the definitions more on psychological aspects, for instance, defining trust as „A psychological construct, the experience of which is the outcome of the interaction of people`s values, attitudes, and moods and emotions." (Jones and George, 1998: 253).

Other authors, when defining trust, have a tendency to hold an opinion that the formation of trust is influenced by the conclusions, drawn from the previous deeds, and rational considerations, defining trust as "an expectation about outcomes based on perceptions and life experiences" (Golembiewski and McConkie, 1975: 142).

Trust can be divided into two main directions or divisions. One of them is the so-called political trust but the other - social trust. Political trust is observable when the residents approve the performance of the government and its institutions, the political direction that is taken by the government (it is called macro-level trust or organizing trust) and/or individual leader's performance, honesty and keeping promises, which is called individual political trust or micro-level trust. Political trust can be defined as "judgement of the citizenry that the system and the political incumbents are responsive, and will do what is right even in the absence of constant scrutiny" (Miller and Listhaug, 1990: 358).

Political trust does not exist apart from the society and its norms therefore social trust also plays a very important role. Social trust means the trust among the members of society. The majority of theorists agree that social trust and political trust do not exclude each other, but the theorists hold different opinions about the probability that political trust rises along with the rise of social trust and vice versa. Public administration researchers Gabriel Almond and Sidney Verba (Almond and Verba, 1965: 228) emphasize that "Belief in the benignity of one's fellow citizen is directly related to one's propensity to join with others in political activity. General social trust is translated into politically relevant trust."

Speaking about political trust and residents' motivation for trusting political leaders or institutions, we conclude that the residents' decision-making concerning the governing politicians' performance is varied - some of them reason rationally during the evaluation of government, parliament or local authority performance. Such people take decisions on the basis of concrete facts by calculating expenses and profit in relation to the events that can influence them. However, there is also irrational part of people who are guided by the opinions and impact of different social groups as well as by the collective opinion of society (Houghton, 2009: 6).

2.2 Public Trust Models

Although public trust formation factors have been widely researched by both public administration and sociology researchers as well as the researches of other sciences, there are still few researchers who offer a public trust model that would show the importance of various factors in the process of public trust formation to governments. The development of a public trust model could be practically useful to countries for enabling them to rebuild public trust.

One of the exceptions is public trust researcher Margaret Levi (Levi, 1998: 89) who offers the so-called Model of Contingent Consent (see Fig.2). Within the framework of this model the author demonstrates how inter-personal trust with regard to politicians transforms itself into institutional trust. The basic idea of this model says that the residents trust in the government if the government acts in accordance with residents' interests.

Figure 2. Model of Contingent Consent (Levi, 1998: 89)
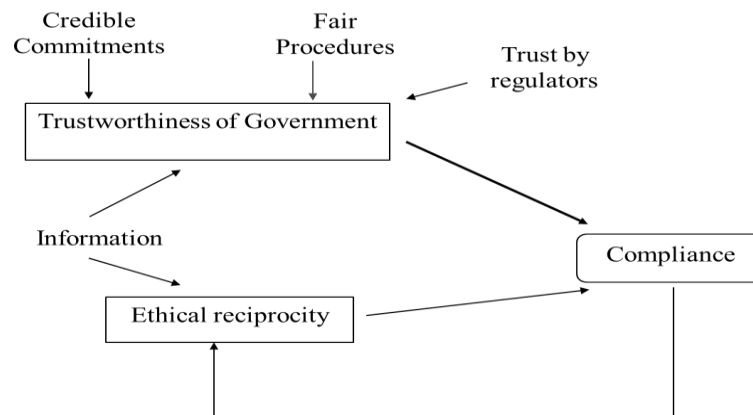
Levi's model has an importance in the development of public trust research because it exactly characterizes the institutional trust in government; however this model also has significant deficiencies. One of the main drawbacks is the lack of explanation how trust in government results in citizens compliance.

Another researcher who has elaborated and substantiated an institutional public trust model is the Kansas State University researcher Seok-Eun Kim (see Fig.3). Having conducted careful research of other researchers' public trust definitions and variables, Kim concludes that five principal dimensions are essential to achieve society's trust in the government. They are credible commitment, benevolence, honesty, competency, and fairness. He defines public trust as residents' wish to be vulnerable, believing that the government will meet the society's expectations i.e. the government representatives will be inherent in the aforementioned trust dimensions. Kim argues that all five factors influence public trust but these factors do not have an equal impact on society's trust in the government; the level of their importance may vary depending on the society and its values.

Figure 3. A Conceptual Model of Public Trust in Government Agencies (Kim, 2005: 622)
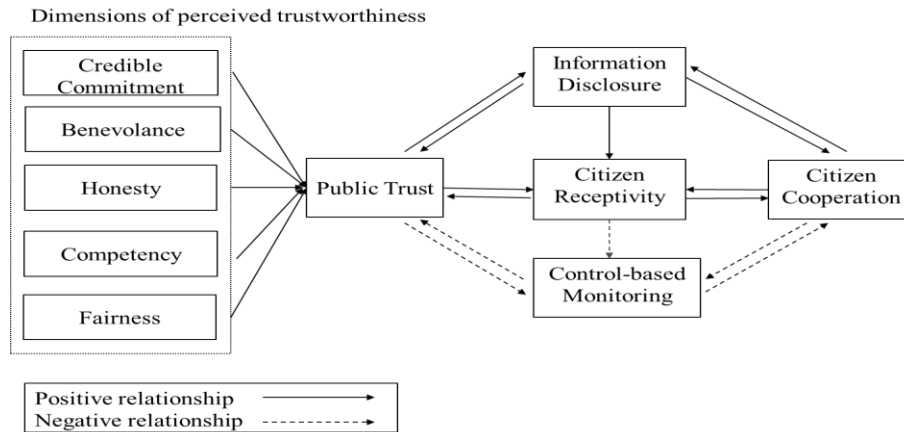
Kim's public trust model is based on the opinion that government's representatives must make an effort to discipline themselves and to safeguard the interests of the whole society, which can be regarded as a drawback of this model, because it excludes the fact that government's representatives can also have their own interests which might not comply with society's interests or even be in opposition to them in some cases. This model does not say either whether the government, provided that it possesses all five trust dimensions, will be able, for instance, to improve residents' economic situation, to reduce corruption, to develop health, education and other branches vital to the society.

3 The Model of Rebuilding Public Trust in Governing Institutions in Latvia

In order to rebuild public trust in the government in Latvia, the author has developed a practically applicable public trust model, which characterizes the relationship between the government and the society in the context of public trust (see Fig.4).

It should be taken into account in the development of a public trust rebuilding model that two vital dimensions exist - a real dimension and a communicative dimension. The real dimension denotes government's activities that can either increase or decrease trust. Whereas, the communicative dimension means government's communication by the help of which the government explains its activities to the society. Both these dimensions have a significant role in the process of public trust building. Therefore it is vital to answer the following questions:

- What are society's expectations of the government?
- What activities should the government take in order to increase public trust?
- How to implement government's communication successfully?

The further part of article deals with four stages that are essential for the use of this model.

Figure 4. The Model of Rebuilding Public Trust in Government
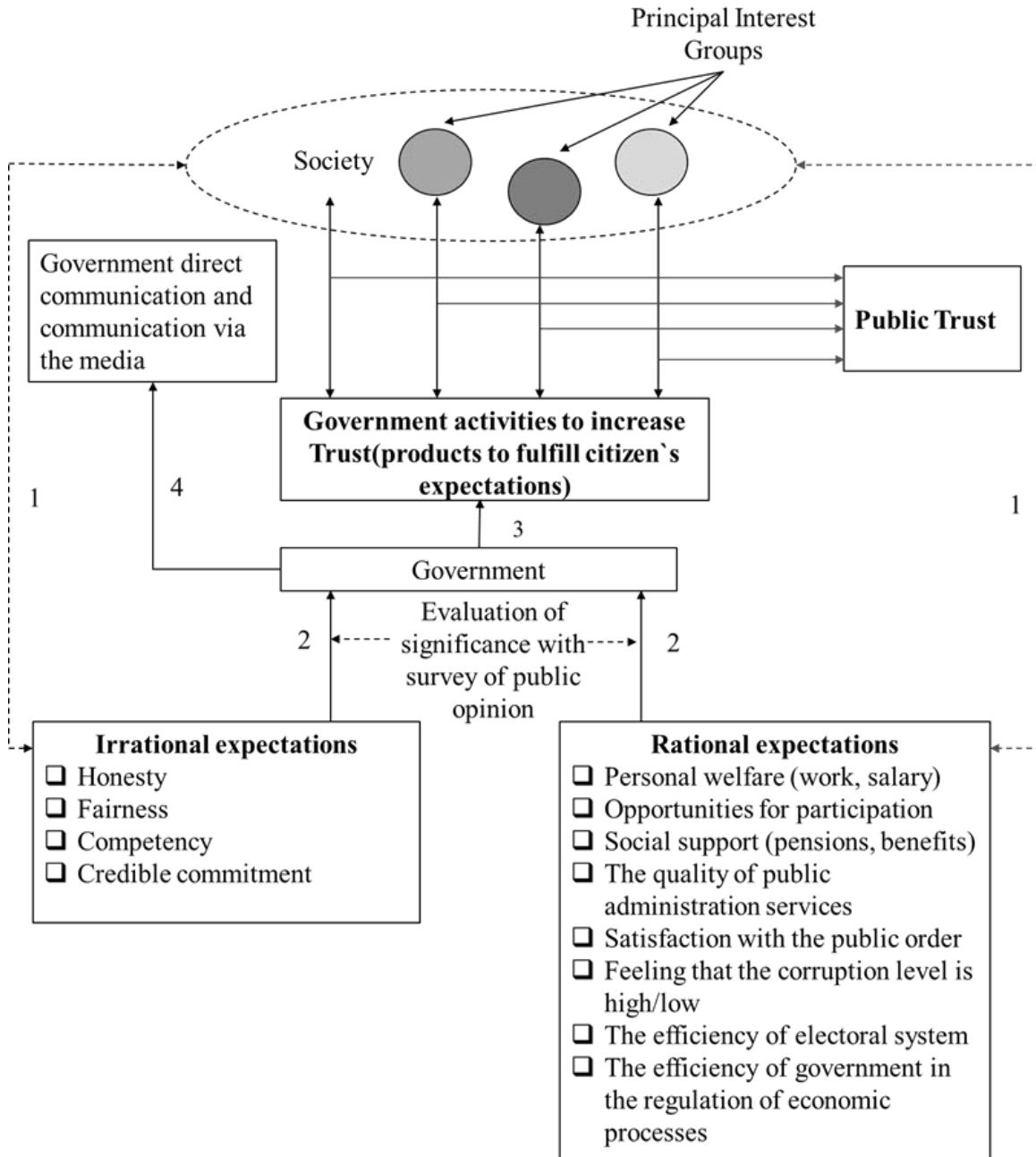
Source: developed by the author

3.1 Stage 1 – Comprehension of Society's Expectations

The author holds a view that in the development of public trust model it is important to consider the variety of residents' interests and residents' expectations of the government performance. Note that these expectations can be both rational and irrational or value-based. Theories that are based on either rational or irrational factors only are not wholesome. Having summarized the studies by public trust researchers, the author identifies four value-based expectations of how the government should work. In order to increase public trust, the government must adhere to the following trust influencing factors in

its performance: honesty, fairness, competency, and credible commitment. The rational society's expectations are equally important because, in case the government adheres to the aforementioned irrational trust building factors in its performance but the residents in the particular country experience difficult economic situation or social problems, no one can expect the society to understand the aims of government and trust in it. On the basis of the Latvian case analysis and other trust researcher's studies into the factors that influence trust formation, the author, for the sake of trust rebuilding model in Latvia, has aggregated several rational factors, such as personal welfare (work, salary), opportunities for participation, social support (pensions, benefits), the quality of public administration services and other. We must note that these factors can change when the model is being adapted to other countries.

3.2 Stage 2 - Evaluation of Society's Expectations

It is clear that all factors are very important but under the conditions of restricted budget it is impossible to work on the satisfaction of all society's expectations. This model envisages to conduct a public opinion survey in order to evaluate the most essential rational and irrational factors. When evaluating the importance of all factors, it is useful to choose from two to three most important factors from each large group, thus reducing the number of factors. As a result, on average five to six main factors that are vital to the society and should become the aims of the government performance are obtained.

3.3 Stage 3 – Choice of Government Activities

Having obtained the above main factors, we should assess the costs of measures or activities to be taken or their impact on the state budget. The introduction of some factors can be very expensive, for instance, the increase of pensions, state benefits or minimum wage. Another significant aspect is the range of recipients (city dwellers, countrymen, youth, seniors, families, entrepreneurs), for whom the government activities are intended.

3.4 Stage 4 – Elaboration of Appropriate Communication

The fourth stage of the model development is the choice of effective government communication since only through the communication of the chosen government activities it is possible to explain to the society why the government acts in this and not in any other manner and how the whole society and each individual will benefit from it. The government must take into account the strong impact of mass media in the communication. Researcher Ginter Bentele also explains that the reason for the fall of public trust in political parties and power in general is found in modern public tendencies - to obtain information via media due to public communication. Media become more and more competitive therefore they pay especially large attention to the selection of news topics and the way how to present these topics most efficiently so that the society would be interested in them (Bentele, 2008: 57).

Conclusions

In Latvia the protracted crisis of public trust does not promote the growth and development of the country. The public trust indicators have been low for a long time and they show that the society is not satisfied with politicians' performance. However, neither the politicians, nor the policy researchers have offered successful public trust solutions. In quest of the solutions for public trust problems in Latvia,

the author has an opinion that it would be useful to develop a practical public trust model that could also serve as an instrument for the government to solve the public trust problems in Latvia.

Although public trust is a topical problem in many countries as well as it is a widely researched issue among public administration researchers, there are only a few authors who offer public trust models. A large part of authors research the impact of individual factors on public trust formation, for instance, how participation or economic indicators influence public trust. In author's opinion, the offered public trust models are not thorough either. The author holds a view that in the creation of public trust model it is essential to take into account the various residents' interests and residents' expectations of the performance of government and parliament because only by understanding and assessing society's expectations the government is able to set such strategies of its performance that would increase public trust.

The author comes forward with a developed practical, fact-based model that enables us to research the public trust in the state power and administration in Latvia in depth, to comprehend the most essential public trust building factors and to determine the most important factors by the help of a public opinion survey. On the basis of the solutions of the most important factors, it is possible to elaborate a trust rebuilding strategy for next seven years, whose implementation would increase public trust in the state power and administration. After adaptation the model is also applicable to other countries, regions or territories. Note that in different countries and in different periods of time the importance of factors and the factors themselves can change.

The public trust model requires further research by conducting a public opinion survey in Latvia, which will help to determine the most important trust formation factors as well as will allow to improve the model.

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Evaluating the Effectiveness of Learning Financial Literacy through an Interactive Learning Journey

Abstract:

Educators and policy makers have long realized the increasing costs of financial illiteracy. In search for effective methods to help youths to acquire financial literacy knowledge in Singapore, a study was carried out to 121 students aged 13 – 16 from 10 secondary schools in late 2012 to evaluate the effectiveness of learning financial literacy through an interactive learning journey. As it has been suggested by researchers that the elements of interaction, relevance and fun may enhance the effectiveness of financial literacy education, the interactive learning journey was developed to encompass these elements through building on the activity structured theory and the operational definition of financial literacy. The effectiveness of this approach was measured using a psychometrically validated instrument developed earlier based on literature research and expert reviews. It was administered before and after the learning journey to measure the level of financial literacy knowledge and confidence level to respondents of the study who participated in the interactive learning journey. This paper reports its finding and further research possibilities were proposed.

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Determining Risk Perception Differences between Online Shoppers and Non-Shoppers in Turkey

Abstract:

In last decade internet has become a popular media for most of the societies including the shopping opportunity. By a reason of having place in human daily life a lot, it is a potential for management to reach different type of consumer at the same time without much effort than in real market. But using internet is sometimes problematic and/or risky for all of the users, particularly online shoppers and risk perception of users is one of the -may be the most important- factors which affects shopping via internet, limits its potential.

Aiming to identify the major discriminative factors between online shoppers and non-shoppers concerning their risk aversion attitude and risk perceptions about online-shopping, this study was conducted on internet users to analyze quantitative data which was gathered by a questionnaire. In the questionnaire development stage, a pilot test was done on 30 respondents in order to test the clarity of the questions and to identify the average completion time. The questionnaire was applied after the necessary improvements and simplifications via internet. 237 questionnaires were carried out for analyses and discriminant analysis was used in order to test the research hypotheses.

As a result of the analysis, it was found that there exist statistically significant differences between online shopper and non-shoppers in terms of risk perception about online shopping. In our study, risk perception was measured by six dimensions namely; financial, social, psychological, performance, privacy, and time. In addition, it was also found that online shoppers are different from non-shoppers concerning their risk aversion attitude.

Keywords: Online Shopping, Risk Aversion, Perceived Risk.

JEL Classification: M31 - Marketing

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The Ways of Development of Production Potential of Industrial Enterprises

Abstract:

Researches which consist of analyze the activity of machine-building enterprises of Ukraine for example PJSC "Dneprotyazhmash", identification of priority areas, determination the effect of the logistics system for the performance of the enterprise are given. Analysis of basic reporting forms is made. The basic tendencies of industrial development are demonstrated. The reasons for the low pay and lack of financial stability of company are highlighted. The main problems of building productive capacities in the company of PJSC "Dneprotyazhmash" are given. Conclusions are drown which consist of recommendations for the elimination of constraints in production with an increase in sales volumes.

Keywords: Production Potential, Current Liquidity Ratio, Asset Coverage, Gearing Ratios, the Amount of Own Funds, Orders Received

1 Introduction

The economic situation is characterized of dynamics, relationship and world globalization. Coordination of technological process on every production stage will be competitive advantage for industrial enterprises. The complexity of supply from raw materials and constituent parts to product delivery is basic component for efficient activity. In this case, logistic process and supply chain received considerable attention in science world. But globalization of logistic processes insufficiently investigated in Ukraine in comparison with EU countries.

Purpose of the article - to analyze the activity of machine-building enterprises of Ukraine for example PJSC "Dneprotyazhmash", identify priority areas, to determine the effect of the logistics system for the performance of the enterprise as a whole.

2 Related Research

Before turning to the problem of improving the activity of the industrial enterprises of machine-building industry in Ukraine, you should consider a number of research projects for more systematic compilation of materials on a given subject.

Analysis of the latest research and publications suggests that the focus on optimizing the production processes in industrial plants covered by both domestic and foreign authors. The fundamental research in the transformation of the organizational forms of logistics activities was made by A. Tkachev [3]. The effectiveness of the direction of development of industrial enterprises in the context of globalization with the methods of economic and mathematical model was examined by O. Galushko,

Y. Nikiforova, L. Koryashkinoyu [2]. The methods of working capital management in industry were considered G. Semenova and M. Ivanova [5].

## 3   Experimental Design and Prosedures

Before you start exploring the production potential of any company there is necessity to analyze and assess the financial position of the PJSC "Dneprotyazhmash" using basic reporting forms ("Balance Sheet" and "Income Statement"). The major criteria are the following parameters: current liquidity ratio, asset coverage, gearing ratios [4], the amount of own funds [5]. The results of calculations of the main indicators of a company's assessment of the structure are presented in Table 1.

Table 1 Key indicators to assess the structure of the balance for 2006 to 2011

Indicator/Year	2006	2007	2008	2009	2010	2011
Working Capital, thousands of UAH	72 895,00	69 607,00	55 022,00	81 313,00	99 413,00	91 338,00
The Share of Working Capital in the Overall Balance, %	29,8	24,8	14,5	27,8	33,2	19,5
Bank-Liquidity Ratio	1,97	1,68	1,29	2,03	1,65	1,45
Asset Coverage	-0,59	-0,52	-0,47	-0,37	-0,18	-0,13
Estimated Current Ratio	1,02	1,16	1,35	0,98	1,18	1,28
Gearing Ratios	1,01	1,08	1,18	0,99	1,09	1,14

Analyzing these figures we can say that part of working capital in the balance sheet structure ranges from 14.5 in 2008 to 33.2 in 2010 - it shows a lack of ability to pay and a weak financial strength. But as the estimated current ratio calculated in each year except in 2009 more than 1, the company has a real opportunity to regain solvency.

Fig.1. The dynamics of working capital of PJSC "Dneprotyazhmash" for 2006 to 2011.
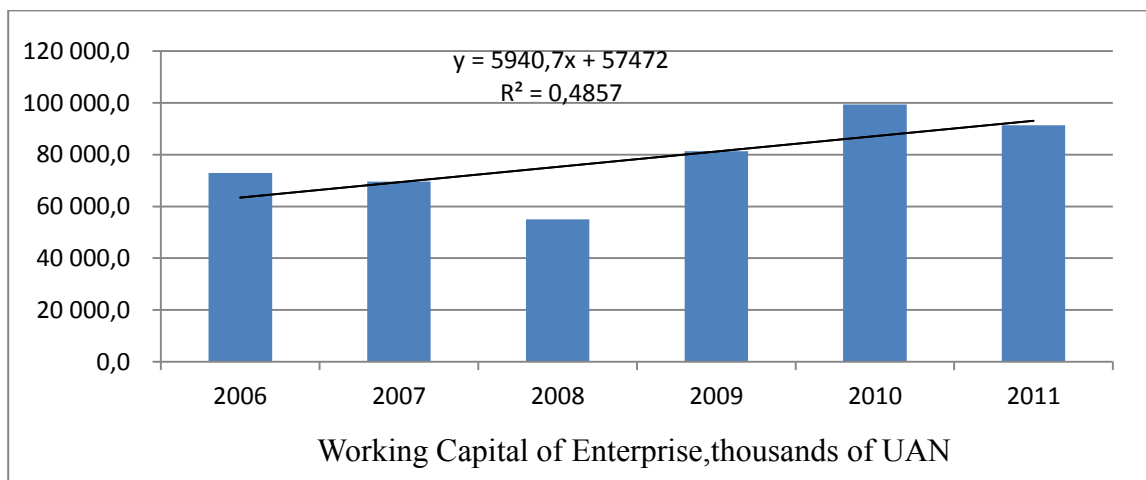
Reasons for the low pay and lack of financial stability is unstable market demand for engineering products, high cost caused by outdated equipment and production technology, the high cost of raw

materials, a high degree of fixed costs compared to sales volumes of both. For the analysis of the implementation of the structural component of the product is defined in the total implementation using a Boston Consulting Group analysis (BCG Matrix) [6].

Fig. 2. Modified BCG Matrix PJSC "Dneprotyazhmash" for 2005-2011 years.

■ - "Question Mark"; ■ - "Stars"; ■ - "Cash Cows"; ■ - "Dogs";
■ - "Dogs" with $T_i < 0$.
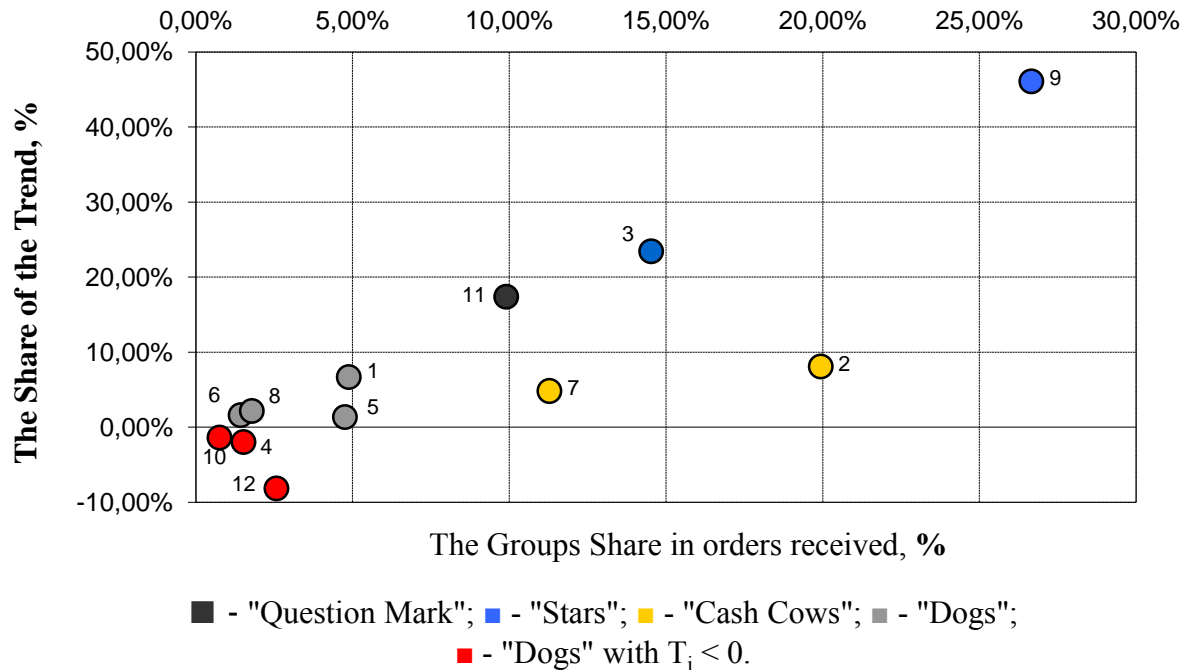
Explanation: 1) Various orders, 2) Domain equipment, 3) steel-making equipment, 4) rental equipment, 5) spare parts for metallurgical equipment, 6) spare parts to the design and technical equipment, 7) car dumpers, 8) gears, 9) segments, 10) gas valve, 11) slag ladle, 12) coke equipment.

Figure 2 shows the distribution of the product names in the order received intake PJSC "Dneprotyazhmash". More than 25% of total sales occupy segments, 20% of blast-furnace equipment, others have less than 15%.

Further study was carried out in sales segments as the main equipment in the enterprise for 2011-2012 by month. According built trend lines (linear and parabolic). The comparison between the two indicators of accuracy trends is fulfilled. further series of tests were conducted to determine which model is more appropriate for its further investigation as a model prediction. For this, we used the sum of squared deviations, test for randomness, using the criteria of the peaks [1].

4   Results

The study can be concluded that there is a trend towards the development and consumer demand for the segment of PJSC "Dneprotyazhmash." This, in turn, will lead to a more intensive utilization of production capacities, a more intensive movement of goods and materials in the course of the production chain and increase the intensity of the logistics and distribution operations. We also need to increase the number of highly qualified workers, using the training programs. Next, you need to develop incentive pay system. These innovations have a positive impact on productivity and innovative

production. For the effective implementation of this forecasted production program must take into account and address a number of existing "bottlenecks" in the workplace. Data were reported in Table 2.

Table 2 The main problems of building productive capacities in the company of PJSC "Dneprotyazhmash"

Number of order	Existing Issue	Production Assembly	Recommendation
1.	Outdated equipment, hence the frequent downtime due to breakdowns, unscheduled repairs	production workshops	The gradual replacement of fixed assets with the download for future periods
2.	Low loading rate, lack of loading equipment	Logistics of production and sales	Distribution of loading complex in the whole chain of production using the system «just in time»
3.	A large percentage of defects in the processing chain (casting, machining)	production workshops	Improving the technology of production, increase motivation

Concluding remarks: The study found that there is a tendency to build up of working capital of the enterprise at the expense of an increase in demand for certain types of engineering equipment. In this case, make recommendations for the elimination of constraints in production with an increase in sales volumes. For more efficient operation of machine-building enterprises needs: analysis of the major technical and economic indicators ⇒ identify "bottlenecks", phased development planning and integration of markets, modernization and upgrading of production facilities, following the order of priority, the development of the logistics system as a key link between the individual operations in manufacturing, suppliers and consumers.

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