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GROWTH AND SUSTAINABILITY IN GLOBAL MARKETS: THEORY, EVIDENCE, AND PRACTICE

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Editors:

N. Delener, Ph.D.
Christina Schweikert, Ph.D.

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FORWARD

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Restrictions on international travel due to the COVID-19 pandemic meant that most participants were no longer able to fly to the conference, which was originally scheduled for July 7th-11th, 2020. Within these constraints, we compiled the 2020 GBATA Readings Book.

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CYBERSECURITY AND AI: REPUTATIONAL RISKS TO FIRMS AND SOCIETY

Gordon Bowen
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ABSTRACT

The reputational risk that firms experience is normally associated with product brands or governance issues. However, these may not have an ethical context or not as heavily as the impact of cybersecurity and artificial intelligence (AI) on firms. The aim of this conceptual paper is to suggest that cybersecurity and AI not only impact firms, but also have wider implications for society (multi-stakeholders). The application of algorithms to capture, process and generate data has implications for societal ethics and not just the organisation. Consent is one approach to minimise the ethical issues around AI systems, but it is challenging to apply successfully. The use of AI systems to alleviate concerns about privacy is an area of research that will build confidence in organisations and users. The added benefit of tools, such as AI systems, is that they can also be used to minimise reputational risks.

Keywords: Artificial intelligence, cybersecurity, ethics, reputational risks, multi-stakeholders, social responsibility.

INTRODUCTION

When one considers organisational reputational risk here is a tendency to consider the firm and its immediate stakeholders. However, the damage to reputation from cybersecurity and artificial intelligence (AI) has much wider implications than the firm. This paper will argue that reputational risks from cybersecurity and AI will have an impact on society because of the reputational damage to a government and country. Minimising reputational risks requires firms to monitor digital media from blogs to social media, and develop strong links with government agencies. However, the nature of the communication between internal and external agencies must adhere to the necessary ethical dimensions, such as General Data Protection Regulation. Failure to comply will have societal ethical risk and not just reputational risks to the firm. This paper further argues that a multi-stakeholder approach to reputational risks is now a necessary dimension to avoid or reduce the impact of security breaches.

THEORETICAL FRAMEWORKS

Big Data Governance

The rise of big data has driven the application of algorithms to make sense of the big data. Hence, the use of algorithms to make decisions about people is becoming pervasive (Kroll, 2015). Social media algorithms make judgements about us and our expectations, evaluate them and customise the user social experience. Governments wants algorithms to be systematic, and to simplify and improve decision making (Lazer, 2015). The application of algorithms can be positive or negative for decision making (Janssen & Van den Hoven, 2015). Algorithms can be used to find new information from datasets, such as anomalies in tax returns that could be fraudulent (Janssen & Kuk, 2016). The issue of privacy of big data can be categorised in two ways: access to the big data and the application of algorithms. Privacy is generally viewed in a unary state (access), but in cybersecurity and AI it moves to a binary state (application of algorithms).

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Solutions to the issues discussed about big data in relation to algorithms lie in their design. Consequently, algorithms need to be accountable and transparent (Janssen & Kuk, 2016). Accountability is a contentious issue, because it suggests control and power of the algorithm, and impinges on data inclusion and exclusion. Getting this wrong can lead to systematic bias, which may be unintentional (historical data) or intentional (Janssen & Kuk, 2016; Kashin, King, & Soneji, 2015). The unlocking of data from the algorithm so they are not co-produced would require transparency and accountability. This will require the ability to include and exclude data, and the authorisation to share data (Janssen & Kuk, 2016). The introduction of smart city networks is a case in point, which raises concerns about privacy (Van Zoonen, 2016).

The requirement for algorithms (data analytics) to interpret and analyse data from remote devices online and offline, enables the collecting device to have a library of accumulated information and knowledge (Zuboff, 2015). The accumulation process by the device gives it the ability to make decisions without human intervention, and without an understanding of how the decision is derived. Trust and privacy boundaries will have to be expanded or redefined. A case in point is Apple's refusal to pass information to US government sources.

Privacy and accountability issues surrounding algorithms with big data is one area of contention. However, algorithms are in widespread use and the consumption of outcomes from algorithms in the media has cultural implications (Janssen & Kuk, 2016). The use of algorithms to make recommendations to online consumers as an aid to decision making has cultural and economic implications. Interactions with algorithms could have a positive or negative effect on consumer actions. How can negative interactions be avoided?

AI Ethics

AI cuts across several disciplines from law, politics, policy, computer science to ethics. Ethics is one of the disciplines that should underpin AI. Consent is an important aspect of ethics and is linked to morality. However, consent needs to be valid (i.e. it cannot be ambiguous). Consent is necessary for all interactions in a personal context; thus, consent is about seeking permission (Jones, Kaufman, & Edenberg, 2018). In a relationship, consent is to be requested and given by the parties (consenter and consentee) involved and they are visible. However, in an AI context the parties may not be visible and may want to shun visibility. Is consent necessary for AI systems? How can consent be assured with AI systems?

AI systems collect, process and generate data; thus, AI systems need to solicit consent, and the data generated requires consent from the AI system. AI systems both require and generate consent. Personal data collected could be processed in many different ways and some may be unpredictable. How to get consent from the different actors in data collection and especially from the algorithms that produce an unpredictable outcome from the data is a challenge (Emami-Naeini et al., 2018).

One approach is informed consent, which is codified in law; however, because something is lawful it does not make it ethical or morally right (Jones et al., 2018). The current UK government is legally entitled to prorogue parliament, but the reasoning behind it was to enforce an outcome that parliament did not agree with, namely a hard Brexit (which is still possible without a trade deal). The government strategy could be viewed as unethical or morally offensive. A similar dilemma could emerge from AI systems. If the consentee gives consent and the outcomes are unpredictable does this invalidate the consent and is a further or additional consent required? Patients have a binary choice for medical procedures: sign the waiver that moves all responsibility for the outcome to the patient or do not have the treatment. A criticism of digital consent is that it is unworkable and the procedure is empty (Barocas & Nissenbaum, 2014). Could AI systems automate consent?

AI could technically grant consent, and the Usable Privacy Policy Project group has investigated the possibility and risks of using machine learning. The group has also started to investigate the use of AI to gain insight into the predictability of user preferences. Although a range of privacy preferences was identifiable, the privacy profile had a narrow range. Overlaying the privacy profile onto AI system policy, it was able to detect privacy profiles with 80% accuracy. Only 5.6% of the privacy preferences of user profiles required changing (Emami-Naeini et al., 2017).

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Further development in this area (AI systems being able to make consent for users) includes the Personalized Privacy Assistant Project (privacyassistant.org).

Reputational Risks

Organisations' worries about reputational risks are not new. The reputational risk report 2015 Reputational@Risk surveyed more than 300 executives on the importance of reputational risk to their business and found 87% of the respondents rated reputational risk as "important" or "very important". Furthermore, 25% of a firm's market value is linked to reputation. Below are the hidden reputational risks (Ristuccia & Rossen, 2015: 7).

A firm's reputation is affected by:

Financial performance – shareholders, investors, lenders and many other stakeholders.

Quality – willingness to adhere to quality standards. Product recall has an adverse effect on reputation.

Innovation – firms that differentiate themselves from their competitors through innovative processes and unique/niche products tend to have strong name recognition and high reputation value.

Ethics and integrity – firms with strong ethical policies are considered more trustworthy in the eyes of stakeholders.

Crisis response – stakeholders keep a close eye on how a company responds to difficult situations. Any action during a crisis ultimately affects a company's reputation.

Safety – strong safety policies affirm that safety and risk management are top strategic priorities for the company, which builds trust and value creation.

Corporate social responsibility – actively promoting sound environmental management and social responsibility programmes helps create a reputation "safety net".

Security – strong infrastructure to defend against physical and cybersecurity threats helps avoid security breaches that could damage a company's reputation.

Ristuccia and Rossen (2015:10) suggested that companies should invest in risk-sensing technologies. The capabilities of this type of technology are listed below:

Real-time analysis – efficiently processing and synthesising real-time data. Tools such as pattern detection and recognition enable real-time problem identification and reporting.

Text analytics – using natural language processing, sentiment analysis and computational linguistics to identify and extract subjective information.

Big data – cost-effectively monitoring a vast array of internal and external data sources.

Forward-looking and outward-facing view – assessing future strategic, operational and tactical business drivers, supplemented with an outside-in view of emerging risks.

Early warnings and triggers – improving the signal-to-noise ratio to detect faint early warning signs and avoid surprises.

Actionable insights – delivering operational insights that can be easily integrated into the business, delivering a direct and positive impact on performance.

Investing in risk-sensing technology gives companies additional assistance in decision making, by providing timely and deep insights that could influence reputational risks.

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MANAGEMENT IMPLICATIONS

The impact of cybersecurity and AI on wider society is an issue that is gathering momentum with the pervasive application of AI. Cybersecurity and AI have an impact on organisational reputation, but damage to a firm's position in a market or industry due to AI and cybersecurity extends beyond the boundary of the firm into society. AI and cybersecurity have the ability to impact and influence multi-stakeholders, negatively or positively. The use of consent from an AI system goes some way to alleviate privacy concerns, but this is still in its infancy. Promisingly, users fit into a relatively narrow range of privacy preference profiles and these are 80% accurate, with a small minority of users requiring a change to their privacy preferences. Allocating privacy preferences automatically will require that the ethics be dealt with satisfactorily because the possible unpredictability of AI systems means there is no guarantee that users will be assigned the "correct" privacy preference.

Reputational risks, which are amplified by Ristuccia and Rossen (2015), weigh heavily on companies because of their business-affecting nature. The use of risk-sensing technology, such as AI, has a role to play in maintaining and seeking ways to enhance an organisation's reputation. However, this needs to be balanced by including the ethical dimensions of AI. This will require companies to amend policies on ethics and integrity, use of big data sources and corporate social responsibility. In reality, AI systems will impinge on all the areas identified. Ristuccia and Rossen (2015) argued that reputational risk affects many stakeholders and, effectively, impacts society. Advancing AI systems and techniques, as investigated by the Usable Privacy Policy Project group, is a starting point to address the ethical issues, but attitudinal and cultural changes in organisations need to reflect the "new" context to reputational risks.

CONCLUSION

The advent of AI and cybersecurity changes the dynamics of reputational risks. However, the same technology that introduces additional ethical risks can be used to minimise it. Many stakeholders have a stake in the reputational risks of organisations, so it is a societal-wide issue and the solutions tabled in this paper will also have societal implications. Society needs to be vigilant in the introduction of technologies that aid society because of the ethical and other risks it can bring to the forefront.

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ANTECEDENTS OF COMPETITIVE ADVANTAGE IN THE LOGISTICS INDUSTRY

Elizabeth Chinomona
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ABSTRACT

Through the years, organisations have adopted cost-leadership and diversification as means to outperform their rivals. However, the environmental issues regarding the pollution, waste, climate change and global warming are changing the competitive landscape of many industries such as the logistics industry, which is considered as one of the main sources of pollution. Therefore, to achieve competitiveness, organisations must adopt proactive strategies by introducing voluntary practices, which focus on reducing their environmental impact and inform them that poor performance in meeting environmental requirements can decrease the national and the global competitiveness of the logistics industry. Compliance with environmental standards represents a massive investment with sufficient returns. Therefore, the objective of this study is to determine the influence of green image, green innovation and corporate social responsibility on competitive advantage. The study used a quantitative design approach. Data were analysed using LISREL10.1 software and all hypotheses proved to be significant. Recommendations and future research directions are elaborated at the end of the paper.

Keywords: Competitive advantage, Green image, South Africa, Green innovation, Corporate social responsibility.

INTRODUCTION

To achieve competitiveness, an organisation must adopt proactive strategies by introducing voluntary practices, which focus on reducing their environmental impact (Chileshe, Rameezdeen, Hosseni and Lehman 2015). Sellitto and Hermann (2019:1) resonate similarly and posit that poor performance in meeting environmental requirements can decrease the national and global competitiveness of the logistics industry. The authors go deeper and state that environmental awareness offers competitive opportunities for logistics service providers. In contrary, Nanath and Pillai (2017:3) claim that ecological issues constrain the competitiveness of firms. They reinforced their statement by claiming that compliance with environmental standards represents a massive investment with insufficient returns, which makes it difficult to implement or adhere to. As a result, logistical operators use the most polluting, least energy-efficient and most infrastructure-intensive transportation modes to increase the speed of distribution (McKinnon, Browne, Whiteing & Piecyk 2015). This calls for more investigation on how the logistics industry should be motivated to develop competitive advantage through the implementation of green practices, which will not only be beneficial for them but for all the stakeholders as well. Therefore, the current study expanded the problem area and gave more insight of the literature, which is analysed by a conceptual framework and elaborated on in the research methodology. Most research papers today present a clear understanding and explanation on how to manage environmental issues (Abdulrahman Gunasekaran & Subramanian 2014). However, little has been said on how environmental issues can represent a potential response in the pursuit of competitive advantage of the logistics industry, which is the objective of the current study.

LITERATURE REVIEW

The literature review outlines the four major concepts of this paper, which include green image, green innovation, corporate social responsibility and competitive advantage.

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Green Image

In the words of Martınez (2015:2), green image refers to "customers or consumers' perception of a company's activities related to environmental commitment and concerns". The author further adds that green image is a useful tool to facilitate an organisation's sustainable activities and to ensure organisational success. Hwang and Lyu (2019) resonate similarly and posit that one of the biggest benefits of green image is that it significantly improves the company image (reputation) in the eyes of the audience. Accordingly, Lagas (2015) and Sicord (2017) state that green image enables organisation to attract or capture a whole new base of customers and investors, especially the environmentally-conscious ones, resulting in increased sales. In addition, Butt, Mushtaq, Afzal, Khong, Ong and Ng (2017) argue that eco-conscious consumers are likely to be loyal to an organisation that projects a green image. The authors additionally add that green image can help an organisation to strengthen their relationship with their existing suppliers and customers by providing good quality products, but also an environmental commitment and a follow through. With the above literature evidence, the present study proposed and tested the direct effect of green image on competitive advantage.

Green Innovation

According to Lin, Chen and Huang (2014:888), green innovation can be defined as any innovations in the product and production processes, which is designed to reach the environmental objectives and decrease the ecological impact throughout the life cycle of a product. Nowadays, green innovation has become an important tool to reduce the environmental impact of the business activities, to ensure the survival of the business and to increase its market share (Li, Tang & Jiang 2019). Song and Yu (2017) posit that green innovation can enhance a firm's level of green awareness and stimulate the creation of green products and processes. Moreover, Michaelis, Aladin and Pollack (2018) state that green innovation implementation encourages the development of new products, which create new market share for businesses. Jake (2019) claims that when implementing green innovation, managers and internal stakeholders are more adaptable to the external environment, this allows them to react faster and more effectively to mitigate the impact of the organisation's processes and products on the environment and, thus, this kind of behaviour strengthens an organisational reputation.

Corporate Social Responsibility

Corporate social responsibility (CSR) can be defined as the commitment of firms to contribute to both social and environmental goals (Chen 2019). CSR advises organisation to engage in societal and environmental enhancement instead of negatively impacting upon them. Amin-Chaudhry (2016) claims that CSR can be much more than a constraint, it can be a source of innovation and opportunity for business growth. Cathcart (2018) posits that being socially and environmentally responsible can improve a company's image or reputation. In addition, Li, Huang, Ren, Chen and Ning (2018) suggest that CRS can impact the buying decision of customers and increase the sales of the firms. The author adds that some customers are more willing to purchase goods and services from organisations that are socially and environmentally conscious. Moreover, CSR helps organisations to maintain and retain employees as employees place a premium on working with businesses that are responsible (Schooley 2019). CSR decreases the risk of fines, penalties, work stoppages, lawsuits or a shutdown of any business effectively, if the CSR is not implemented for the right reasons, it can actually backfire on the firms (Cathcart 2018). Also, the implementation of CSR boosts organisational commitment and reduces human resource costs by enhancing corporate reputation and employee belonging, which contribute to the creation of shared values pertaining to society and the economy (Costa 2019).

Competitive Advantage

Competitive advantage can be regarded as the unique ability of a business to use and manage its resources effectively in order to improve customer value and position itself ahead of its competitors (Eser 2016:1). Competitive advantage is also the ability of the business to generate excess returns on capital and linked business activities with capital markets (Gürlek & Tuna 2017:469). The author further adds that a unique competitive advantage may lead to high performance and enable an organisation to set a premium price for its products and services. Accordingly, Kokemuller (2017) posits that a good competitive advantage can increase sales, lead to higher profit margins and strengthen an

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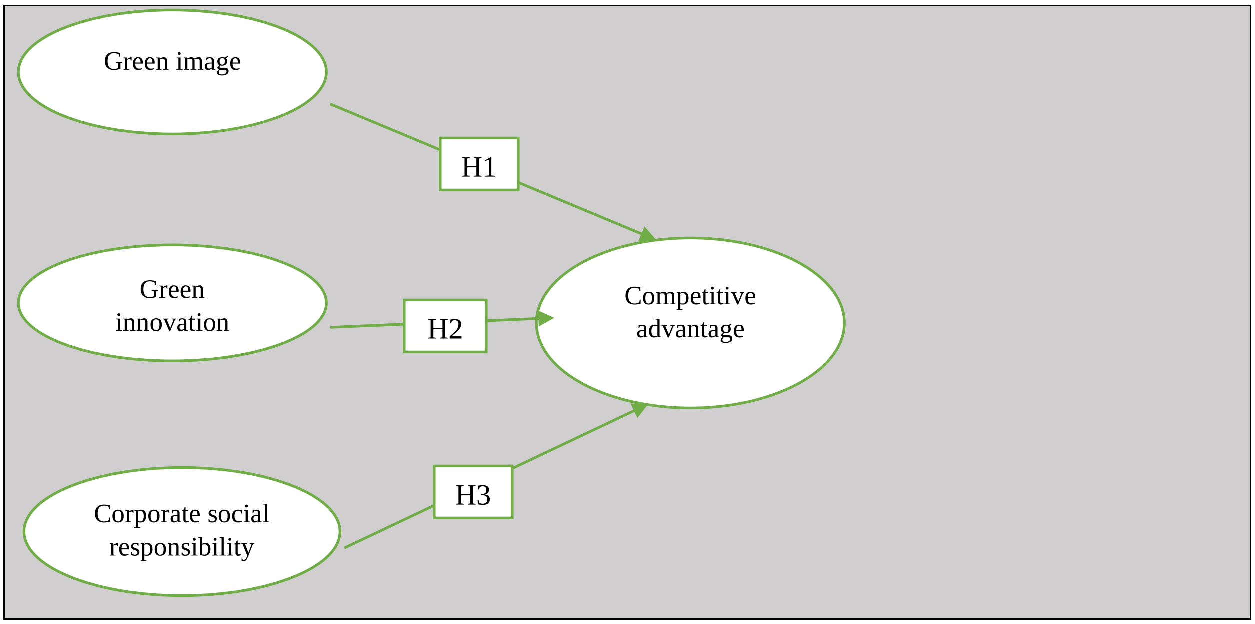
organisation's relationship with its customers. In addition, competitive advantage strategies can allow the organisation to achieve its goals and objectives, therefore, increasing its chances of survival and success (Wang 2019).

Conceptualised Framework

A framework was conceptualised specifically to study the relationship between green image, green innovation, corporate social responsibility and competitive advantage. In this framework, green image, green innovation and corporate social responsibility are predictor variables and competitive advantage is the outcome construct. Figure 1 depicts a framework of the constructs and hypothesised relationships investigated in the study.

Figure 1: Conceptual framework and hypothesised relationships: Own source.



H1: There is a positive and significant relationship between green image and competitive advantage.

H2: There is a positive and significant relationship between green innovation and competitive advantage.

H3: There is a positive and significant relationship between corporate social responsibility and competitive advantage.

RESEARCH METHODOLOGY

In this study, the target population consisted of supply chain managers and professional operators in logistics service providers located in the southern Gauteng province. Sampling size can be regarded as the number of respondents included in an investigation (Zamboni 2018). In this study, the sample size was based on previous studies. Martínez (2015), Chu *et al* (2018) and Chen and Liu (2018) were considered in determining the sample size. These previous studies used sample sizes from 382 from 600. Therefore, the sample size of this study was 400 respondents. Purposive sampling was used in this study due to the ease of access, geographic closeness and the knowledge of sample units to participate in the study (Foley 2018).

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Measurement Instrument

The questions for this study were developed from the literature. The existing items were adapted to suit this study. Green image was measured with four questions adopted from Chaudhary, Zahid, Shahid, Khan and Azar (2016). Green innovation was measured with four items adopted from Chu *et al.* (2018). Corporate social responsibility was measured with measurement items adopted from Sun-Young, Choong-Ki and Kim (2018) and competitive advantage was measured with four measurement items adopted from Wang (2019). Response options were arranged in a five-point Likert scale configuration calibrated as follows: Scale: 1 = strongly disagree, 2 = disagree, 3 = moderately agree, 4 = agree and 5 = strongly agree.

Data Analysis and Results

In accordance with the two-step procedure suggested by Anderson and Gerbing (1988), prior to testing the hypotheses, confirmatory factor analysis (CFA) was performed to examine reliability, convergent and discriminant validity of the multi-item construct measures using LISREL 10.1. Loadings of individual items on their respective constructs are shown in Table 1 and Figure 2, while the scale construct correlations are presented in Table 2.

Figure 2: LISREL 10.1 Generated Figure.

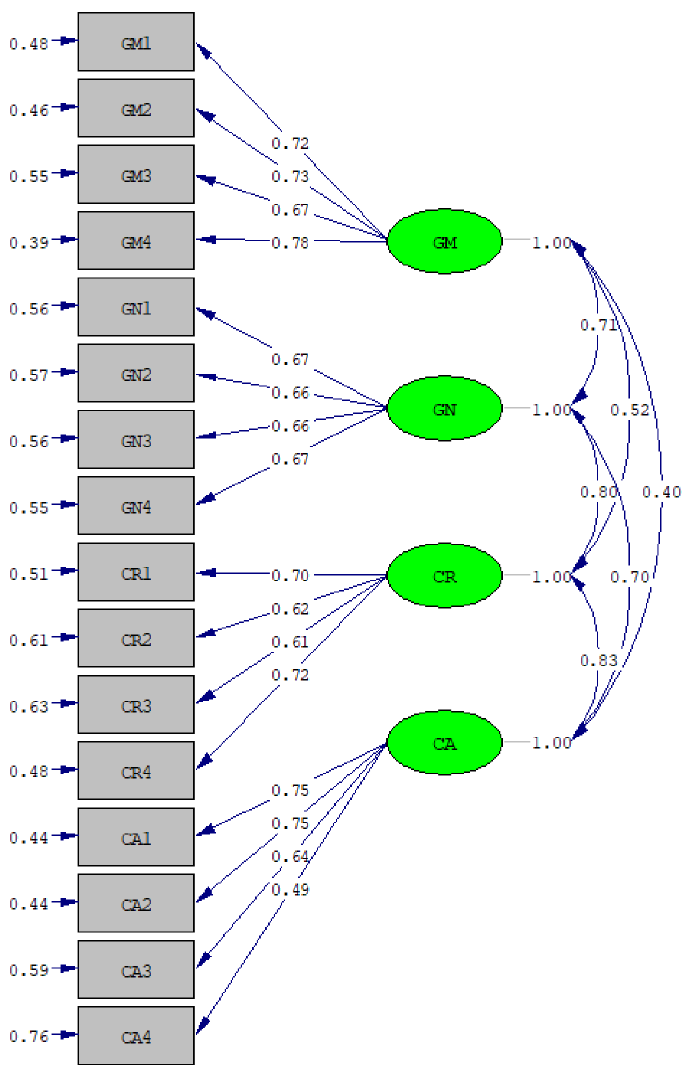

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Table 1: Measurement Accuracy Assessment and Descriptive Statistics

Research constructs	Descriptive statistics*		Cronbach's test		C.R.	AVE	Item loadings
	Mean	SD	Item-total	α value			
Green Image (GM)							
GM 1			0.68				0.72
GM 2			0.70				0.73
GM 3	2.08	1.190	0.55	0.760	0.760	0.615	0.67
GM 4			0.72				0.78
Green Innovation (GI)							
GI 1			0.58				0.67
GI 2			0.56				0.66
GI 3	3.08	1.509	0.57	0.651	0.651	0.500	0.66
GI 4			0.55				0.67
Corporate Social Responsibility (CR)							
CR 1			0.66				0.70
CR 2			0.53				0.62
CR 3	3.45	1.497	0.50	0.688	0.688	0.554	0.61
CR 4			0.69				0.72
Competitive Advantage (CA)							
CA 1			0.799				0.75
CA 2	3.00	1.679	0.656	0.719	0.719	0.666	0.75
CA 3			0.733				0.64
CA 4			0.831				0.49
Note: GM= Green Image; GI= Green Innovation; CR= Corporate Social Responsibility; CA= Competitive Advantage							

As recommended by Anderson and Gerbing (1988) and Hair, Babin, Anderson and Tatham (2010), individual item loadings should be above 0.5. From the results presented in Table 2, all the item loadings for the research constructs are above 0.50, therefore, proving acceptable individual item reliabilities as more than 50 percent of each item's variance is shared with its respective construct. Using a formula proposed by Fornell and Larcker (1981), the composite reliabilities (CR) and average variance extracted (AVE) for each variable were computed. The CR are all above the recommended threshold thus, indicating satisfactory internal uniformity and dependability of the respective measures. All AVE values are above 0.5, thus, tolerable according to the literature (Fornell & Larcker, 1981). These results provided evidence for acceptable levels of research scale reliability. Discriminant validity was proven by checking if the AVE for each multi-item construct was greater than the shared variance between constructs (Nunnally and Bernstein, 1994; Anderson and Gerbing, 1988) and if the inter-construct correlations were less than a unit. Furthermore, the inter-construct correlation values are less than the recommended value of 0.6, revealing an adequate level of discriminant validity (see Table 3).

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Table 2: Sample Data Statistics and Correlations between Constructs

Variables	GM	GN	CR	CA
GM	1.000			
GN	.330***	1.000		
CR	.600***	.518***	1.000	
CA	.455***	.481***	.533***	1.000

Note: GM= Green image; GI= Green innovation; CR= Corporate social responsibility; CA= Competitive advantage

In Table 3 all the relationships, as shown by the results of the hypotheses, are significant and strong. The T-values are all above two, which means there is a significant relationship between the variables.

Table 3: Results of Path Model Analysis

Hypothesis statement	Hypothes is	Path co-efficient	T-Values	Decision
GM → CA	H1	.411***	13.05	Accept
GN → CA	H2	. 302***	11.57	Accept
CR → CA	H3	.499***	12.63	Accept

Note: GM= Green image; GI= Green innovation; CR= Corporate social responsibility; CA= Competitive advantage

DISCUSSION OF FINDINGS

The results in Table 3 offer support for the three proposed hypotheses. According to the objectives of the study, it can be deduced that there is a positive relationship between all the three hypotheses. The first research objective was to examine the relationship between green image and competitive advantage. Consistent with hypothesis one (H1), results indicate higher levels of green image and competitive advantage. The path co-efficient is 0.411, which shows a significant strong relationship. There is, therefore, a significant positive relationship between green image and competitive advantage. The second research objective was to investigate the relationship between green innovation and competitive advantage. Also, in support of hypothesis two (H2), the results indicate higher levels of green innovation with higher levels of competitive advantage. The results, ultimately, prove that there is a strong significant positive relationship between green image and competitive advantage. The path co-efficient of 0.302 shows a strong positive relationship. The third research objective was to investigate the relationship between corporate social responsibility and competitive advantage. The path co-efficient for hypothesis three (H3) is 0.499, which shows a significant relationship between the two variables. Of all the three hypotheses, the strongest relationship was that of corporate social responsibility and competitive advantage, followed by green image and competitive advantage with a standardised coefficient of 0.411. The lowest relationship was that of green innovation and competitive advantage, which has the lowest standard coefficient of 0.302.

RECOMMENDATIONS AND IMPLICATIONS OF THE STUDY

The study focused on examining relationships between green image, green innovation and corporate social responsibility on competitive advantage of companies in the logistics industry. The study has both practical and

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theoretical contributions. Practically, implications of the results are that there is a clear need in the logistics industry to focus on green image, green innovation and corporate image in order to gain competitive advantage in line with emerging technologies, especially in this fourth industrial revolution stage. Theoretically, it provides added literature on green image, green innovation, corporate social responsibility and competitive advantage. The research model, which is robust and one of a kind, makes the study more interesting and contributes to new knowledge. However, on the practical side, managers need to adopt measures and improvements on green image, green innovation and corporate social responsibility to improve competitive advantage of the logistics industry.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

The study used a quantitative research design, although future researchers may consider adopting a qualitative approach or mixed method approach to get more meaningful results. A larger sample can be considered in order to generalise findings. Wang (2019:11) indicates "there is need of a larger sample to make the findings more generalizable". However, the present research can be seen as a preliminary investigation of the opportunity to increase value in improving green image, green innovation, corporate social responsibility and competitive advantage in South Africa and also other countries.

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STUMBLING BLOCKS OF ENTREPRENEURS: SURVIVAL OF THE FITTEST

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ABSTRACT

Entrepreneurship is considered one of the most imperative elements contributing to the economic development of the society. Entrepreneurs have been considered instrumental in driving innovation and speeding up structural changes in the economy. However, in many developing countries around the world, entrepreneurs are confronted with a number of challenges that obstruct them in their business operations. This study aims to investigate the challenges faced by entrepreneurs within the Gauteng province of South Africa. Identifying the challenges that are faced by entrepreneurs can help to improve the low total early stage entrepreneurial activity rate of South Africa and also policy-makers can take several steps to develop and implement strategies to promote sustainable entrepreneurship in South Africa. Using a qualitative research method, the challenges that were identified include lack of finance and lack of education. Recommendations were made for policy makers to curb the challenges being faced by the entrepreneurs and future research directions are clearly articulated.

Keywords: Entrepreneurship, Innovation, Challenges, Gauteng province, South Africa.

INTRODUCTION

Entrepreneurship is imperative to the economic and social development of South Africa. Entrepreneurs in South Africa play a critical role in the boosting of the economy of the country (Tullock 2010). Entrepreneurs are said to be individuals who accept risks and who are innovative in terms of their business management skills, while displaying the personal traits of risk taking, creativity, ambition and other qualities involved in the provision of products and services to society (Moloi & Nkhahle-Rapita 2014). Entrepreneurs drive innovation and speed up structural changes in the economy, thereby making an indirect contribution to productivity (Herrington, Kew & Kew, 2008; Tullock, 2010). In addition, the strategic role of the entrepreneur as an agent of economic transformation in society is visible in employment and wealth generation, stimulation of indigenous entrepreneurship or promotion of entrepreneurial culture (Shenura, Haile & Negash 2016). Despite the benefits of having entrepreneurs in an economy, in today's world, entrepreneurs are confronted with a variety of challenges in developing and running a business and many may debate that significant obstacles still remain for entrepreneurs who are establishing and growing businesses. The South African economy has been experiencing low economic growth, high unemployment and an unsatisfactory level of poverty for the past years (Mandipaka, 2014). Furthermore, South Africa has been described as a country where poverty is very high and this is unacceptable (Statistics South Africa 2014); youth unemployment in particular is very high (Herrington, Kew & Kew 2009:12). The purpose of this study is to comprehensively discuss the challenges faced by entrepreneurs in the Gauteng province of South Africa. Gauteng was chosen because it is one of the main economic hubs of South Africa. Identifying challenges facing entrepreneurs in Gauteng could enable policy-makers to take steps to develop and implement strategies to promote sustainable entrepreneurship in South Africa. Convenience sampling method was used to pick entrepreneurs in the Gauteng province, who are willing to participate in the focus groups and interviews.

PROBLEM STATEMENT

According to Agbenyegah (2013), entrepreneurial activities in South Africa have shown a gradual decline over the years compared to other developing countries. Luiz and Mariotti (2011) state that South Africa has consistently ranked

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very poorly in the Global Entrepreneurship Monitor survey in terms of entrepreneurial activity. It is clear that South Africa is not producing a sufficiently entrepreneurial economy and this needs to be addressed to create employment, expand markets, increase production and revitalise communities (Luiz & Mariotti 2011). In addition, Aardt, Hewitt, Bendeman, Bezuidenout, Rensburg, Aardt, Van Der Bank and Visser (2011) state that in South Africa, as it is true for most developing countries, there is a huge shortage of entrepreneurs in the formal sector. The view commonly expressed is that South Africa has too few people with entrepreneurial qualities. As a result, the South African economy performs poorly because only a very limited number of people succeed as entrepreneurs (Aardt, Hewitt, Bendeman, Bezuidenout, Rensburg, Aardt, Van Der Bank & Visser, 2011). Entrepreneurs are faced with many obstacles that limit their growth and survival (Nyamwanza, Mapetere, Mavhiki & Dzingirai, 2012). Nani (2011) points out that some entrepreneurs excel, while others fail to make the grade. Although entrepreneurs add value to the economic growth of South Africa, the majority of small businesses are victims of challenges such as excessive costs due to fraudulent activities and lack of financial assistance (Rankhumise, 2010). From the authors’ explanations, this shows that some entrepreneurs are confronted with a number of challenges that obstruct them from performing well in their business operations.

LITERATURE REVIEW

In order to address the aim of the research, it is of importance to have established a sound literature base around which the study was built. This section presents a review of the literature related to the purpose of the study. The review was undertaken in order to eliminate duplication of what has been done and provide a clear understanding of existing knowledge base in the problem area. This study is going to review literature on entrepreneurs, entrepreneurship, innovation, challenges and solutions.

Entrepreneurship

There are many different definitions that exist for the term entrepreneurship. According to Chinomona, Maziriri & Moloi (2014:23), entrepreneurship is defined as the act of initiating, creating, building, expanding and sustaining a venture, building an entrepreneurial team and gathering the necessary resources to exploit an opportunity in the marketplace for long-term wealth and capital gain. Entrepreneurship refers to an individual’s ability to turn ideas into action and is therefore a key competence for all, helping young people to be more creative and self-confident in whatever they undertake (Schimmel 2016:55). Hisrich, Peters and Shepherd (2010:6) explain that entrepreneurship is the process of creating something new with value by devoting the necessary time and effort; assuming the accompanying financial, psychic and social risks and uncertainties and receiving the resulting rewards of monetary and personal satisfaction. Entrepreneurship is processing, organising, launching and, through innovation, nurturing a business opportunity into a potentially high growth venture in a complex unstable environment (Choto 2015:7). From the definitions given, it is possible to conclude that and appreciate that entrepreneurship is the process whereby an individual or individuals start or develop a new venture or business unit and this can include an entrepreneurial individual acquiring a franchise or an existing business or firm. Socially, entrepreneurship results in poverty eradication and improved standards of living.

Innovation

In today’s highly competitive global environment, an entrepreneur’s ability to introduce innovations is a key success factor for sustaining competitive advantage. Mondal and Jimenez (2015) point out that the concept of entrepreneurship using innovation as a premise has proven that there is no need of large corporations to foster technological changes and that small businesses can become pioneers of future trends that can change the market. Several definitions have been established to fully elucidate what innovation entails. Price, Stoica and Boncella (2013) define innovation as a process that begins with an invention, proceeds with the development of the invention and results in the introduction of a new product, process or service to the marketplace. Chinomona, Maziriri & Moloi (2014:23) describe innovation as using new innovation to transform organisational processes or create commercially viable products and services. Namusonge, Muturi and Olaniran (2016) state that innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. In addition, it has been well-defined as the successful implementation of creative ideas, which can lead to solutions to problems that can have a potential impact on revenues of a firm, industry sector effectiveness and the prosperity of

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nations (Price, Stoica and Boncella, 2013). In simpler terms, innovation is the process of making improvements by introducing something new. Therefore from the authors' definitions of innovation, it can be concluded that to be innovative indicates the ability to be creative, having a successful use of an idea that adds value to the customer and commercial return for the creator and lastly, innovation is the process that renews something that exists or not, the birth of something new.

CHALLENGES

A challenge is a thing, action or situation that causes an obstruction; it blocks or hinders progress (Price et al, 2015). According to Nani (2011), a challenge is something needing great mental or physical effort in order to be done successfully and which tests a person's ability. Challenges could be analogous to barriers. In line with this thought, Horn, Huygen, Woodward and Smith (2009) define barriers as obstacles that prevent movement or access. In this study, challenges will refer to those barriers that obstruct entrepreneurs in their businesses, requiring entrepreneurs to use great mental effort. Additionally, in this study, challenges will be viewed as obstacles that make an entrepreneur's business less effectively and efficiently.

Lack of Financing

Finance is viewed as "life blood" for any enterprise (Patel 2016:4). According to Fatoki and Chindoga (2011), lack of finance is one of the major constraints to the formation of new enterprises and entrepreneurs need access to both internal and external finance in order to grow. Jit and Bharti (2016) point out that non-availability of long-term finance, long procedures to avail of financial help and a frequent and regular need of working capital are some of the problems faced by entrepreneurs. Fatoki (2014) elucidates that entrepreneurs need resources such as fixed assets and working capital to be able to achieve a competitive advantage in the market. Additionally, Fatoki and Garwe (2010) indicate that lack of financial support is the second major contributor to the low TEA rate in South Africa; a large percentage of the failure of entrepreneurial ventures in South Africa is attributed to inadequate capital structure or resource poverty. According to Ndhlovu and Twala (2007), access to government financial support is a problem in South Africa. Valla (2011) explains that most female entrepreneurs say that when they decide to seek outside financing, they face greater difficulties than men because of their lack of credibility, the type and relatively small scale of their business endeavours and their lack of experience in negotiating financial matters. However, from the authors' explanations, it is clear that lack of finance poses a greater obstacle for entrepreneurs in their business development efforts and financing is needed in order for entrepreneurs to start and expand their operations, to develop new products and to invest in new staff or production facilities.

Lack of Education

Another crucial challenge facing entrepreneurs in South Africa is lack of education and training. According to Chimucheka (2014:406), education is defined as the theory and practice of teaching or information about training in a particular subject. Fatoki and Garwe (2010) explain that lack of education and training has reduced management capacity and entrepreneurship in South Africa. The quality and context of the educational system does not promote the development of managerial competencies. In 2001 and 2002, the education and training system was regarded as the number one limiting factor for entrepreneurship in South Africa (Herrington & Wood, 2003). Fatoki and Garwe (2010:731) also confirm that entrepreneurship education is still one of the prime factors limiting the growth of the economy of South Africa. Lack of basic business skills is a constraint to entrepreneurial intention.

Gender Bias of Female Entrepreneurs

Sex discrimination, gender bias or gender stereotyping are challenges faced mostly by female entrepreneurs. A female entrepreneur is the female head of a business who takes the initiative of launching a new venture, accepting the associated risks, the financial, administrative and social responsibilities and is effectively in charge of the day-to-day activities of the business (Chimucheka, 2014). Valla (2001) states that although both male and female entrepreneurs face difficulties in establishing an enterprise, much of the literature indicates that female entrepreneurs face specific barriers. Female entrepreneurs often suffer from low credibility when dealing with the various stakeholders associated with firms such as suppliers, bankers or customers and they are often not taken seriously in their capacity as

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entrepreneurs and some men consider female-run businesses as hobbies (Valla, 2001). Mitchell (2004) posits that besides the risks entrepreneurs face, women face additional problems of being a woman in a male-dominated society. Ali and Ali (2013) highlight that male dominance creates problems for female entrepreneurs in terms of limiting their mobility, business participation and market interactions. According to Chiloane and Mayhew (2010), it is believed that a person with the perseverance and drive to become an entrepreneur will be successful no matter what hinders him or her. However, the literature on women entrepreneurship suggests that in terms of entrepreneurial options such as occupation and resources, women are more disadvantaged than men and African women are more disadvantaged than white women (Chiloane & Mayhew, 2010).

Lack of Entrepreneurship Managerial Skills

Another challenge hindering the progress of entrepreneurs is lack of managerial skills. Entrepreneurial skills include creativity, innovation, risk-taking and ability to interpret successful entrepreneurial role models and identification of opportunities (Fatoki, 2012). It is assumed that business failure may result from lack of management and technical skills (Dube, 2007). According to Ihua (2009), the lack of managerial skills culminates in poor management of resources by the owners or managers (entrepreneurs) of small businesses, which continues to fuel the challenges of business growth. Longenecker, Moore, Pettey and Palich (2006) add that the lack of managerial skills limits small business survival and sustainability. Rogerson (2008) affirms that in South Africa, a large section of the small businesses is operated by individuals with limited skills due to relatively low educational standard and skills training.

Rogerson (2008) emphasises that various existing Skills Education Training Authorities (SETA) training initiatives that have been instituted by the South African Qualifications Authority (SAQA) to serve as enhancement tools of existing entrepreneurial skills fall short of expected objectives. Entrepreneurs of small businesses lack skills of business planning, accounting and production skills (Agbenyegah, 2013). From the authors' explanations, it is crystal clear that entrepreneurs are confronted with the challenge of lack of managerial skills.

The Business Regulatory Environment of South Africa

Red tape, the complexity of the regulatory environment and the multiplicity of bureaucratic requirements are some of the constraints that hinder entrepreneurs from progressing. According to Agbenyegah, (2013) unfavourable government policies are part of the critical challenges that are faced by the owner-managers (entrepreneurs) of small businesses. Martins (2004) explains that factors such as barriers to entry and exit, the registration procedures, labour market and bankruptcy laws impose burdens that impact adversely on entrepreneurial activity. The regulatory environment includes government legislation, which can have a negative effect on entrepreneurs (Akhalwaya & Havenga, 2012). Klapper, Laeven and Rajan (2006) studied the effect of market entry regulations on new business creation. The researchers found that costly regulations hamper new business creation especially in industries that should naturally have high entry. The present regulatory system of South Africa needs a complete overhaul; this is because the present regulatory system of the country is rated very high due to its unwieldy processes (Chandra, Moorty, Nganou, Rajaratnam & Schaefer, 2001); thus most entrepreneurs spent 8.4 hours on a daily basis every month to complete paperwork (Kitching, 2006:17). Musara and Gwaendepi (2013) state that the business regulatory environment is one of the major constraints to entrepreneurship in South Africa. From the authors' enlightenments or descriptions, it is apparent that there are obstacles in the business regulatory environment that impede entrepreneurship in South Africa; for example, severe market entry regulations can be a challenge for entrepreneurs.

Uncertainty/Fear of Business Failure for Entrepreneurial Candidates.

One of the main restrictions to business victory is unwillingness of prospective entrepreneurs to accept risk. Mauchi, Mutengezanwa and Damiyano (2011) point out that risk taking is a key factor that influences an entrepreneur's willingness to tap the physical, material, financial and intangible resources necessary for the firm's growth. According to Herrington, Kew and Kew (2010:49) the GEM (2009) report states that the fear of business failure is a serious challenge to most South Africans; the harsh attitude regarding business failures hinders entrepreneurial candidates' success. The entrepreneur suffers from a set of symptoms including a lack of personal confidence, personal trust and a lack of personal esteem (Bizri, Kojok, Dani, Mokahal & Bakri, 2012). The formation of any form of business venture is not without risks of uncertainty; as a result, there is an additional high attitude to fear, which further

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stimulates more limitations of entrepreneurship development; a positive entrepreneurial culture is the only desirable alternative (Herrington *et al*., 2008).

Research propositions

What are the major challenges that entrepreneurs encounter in their businesses in the Gauteng Province of South Africa? Is the government doing enough in terms of putting developmental programs in place in support of the entrepreneurs? To what extent does education assist these entrepreneurs in overcoming the challenges they encounter?

METHODOLOGY

This study employed an interpretative, qualitative methodology to examine the challenges faced by entrepreneurs in the Gauteng province. Furthermore, field researchers investigated the views and opinions of entrepreneurs directly and indirectly by means of interviews and observations. Data triangulation is where the data are collected by using more than one data source or by collecting the same data on different occasions (Abdulwahhab, Alabady, Sattar & Hammouda 2016). Multiple and independent sources of evidence, including observations, interviews and document exploitation were used. In this study, observations and document exploitation were used to corroborate the interview data and by so doing, developed convergent lines of inquiry. The researcher interviewed 10 entrepreneurs in the Gauteng province whose businesses are registered according to the laws and regulations of South Africa. A convenience sampling method was used to select the respondents. The researcher had an opportunity to observe employees who work in different entrepreneurial activities like food processing, furniture manufacturing and import and export of goods. Analysing data involved categorising and triangulating the evidence from multiple perspectives. Based on the field notes, problems were identified and the solutions were deduced.

Focus Group

The study conducted a focus group of 15 entrepreneurs consisting of nine men and six women. Moloi, Dzvimbo, Potgieter, Wolhuter and Van der Walt (2010) elucidate that a focus group interview, as a research technique, is described as a semi-structured group discussion, moderated by a discussion leader, held in an informal setting, with the purpose of obtaining information by means of group interaction on a designated topic. Focus groups are planned to capitalise on the interaction among the group members to enhance the collection of deep, strongly held beliefs and perspectives (Carey & Asbury 2016). A focus group allows interviewers to study people in a more natural conversation pattern than typically occurring in a one-to-one interview. They are fairly low cost compared to surveys, as one gets results relatively quickly and increase the sample size of a report by talking to several people at once. However, there is the disadvantage of observer dependency raising questions of validity unless the interviewing of the focus group is repeated several times (Zikmund, Babin, Carr & Griffin, 2010).

RECOMMENDATIONS

There is need to instil a spirit of entrepreneurship in the Gauteng province, especially among black women. Efficiency and effectiveness are still below required level. South Africa is one of the poorest among African countries owing to its apartheid regime (Soudien, 2004). The education given to students is not relevant to its recipients (Bundy, 2005). A lot needs to be done to have efficient and effective education, which results in global competitiveness and also corporate entrepreneurship. There is still a need to improve our corporate entrepreneurship thinking in order for it to be of high quality, up to standard and relevant to the recipients. Universities cannot do the change on their own in terms of looming entrepreneurs, it requires a participatory approach from all angles. This will make the transformation efficient and effective. It results in no criticism from other sectors of society because everyone will have been given room to participate. Though a participatory approach is so laborious and takes too much time it is really necessary to have the transformation in institutions of higher learning, thereby improving entrepreneurship (Radebe 2013). So a lot needs to be done in changing teaching practices and pursuing corporate entrepreneurship. The greatest challenge facing entrepreneurs in the Gauteng province is lack of resources. There is need for government to allocate more

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financial resources to entrepreneurs, especially those at the introductory stage. All higher education institutions in South Africa need to change curriculums and focus more on entrepreneurship. The quality of learning and teaching for its students and also the shift from a teacher-centred approach to a more learner-centred approach involves putting the learner's needs at the core of activities (Chinomona *et al*., 2013). It is also important to note that students many students are talented; they should be allowed to make their own decisions and learn on their own concerning corporate entrepreneurship.

LIMITATIONS AND FUTURE RESEARCH

In spite of the contribution of this study, it has its limitations, which provide avenues for future researches. First and most significantly, the present research is conducted only on the entrepreneurs in Gauteng province. Perhaps if data collection is expanded to include other provinces, findings might be more insightful. Future studies, therefore, should consider this recommended research direction. There is also the problem of common method bias because qualitative research was purely used in this study. It would be more robust if the study included both qualitative and quantitative methods. All in all, these suggested future avenues of study stand to immensely contribute new knowledge to the existing body of entrepreneurship literature, a context that happens to be less researched by some researchers in Africa.

CONCLUSION

In this study, the keywords have been introduced, key questions and aims of the study have been identified, a literature review has been conducted to have an overview or to gain a depth of understanding of the concepts. On the academic side, this study makes a significant contribution to the organisational behaviour literature by systematically exploring the impact of entrepreneurship, efficiency and effectiveness in the context of entrepreneurs in the Gauteng province. It has also been discovered that in today's highly competitive global environment, an entrepreneur's ability to introduce innovations is a key success factor for sustaining competitive advantage.

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IMPACT OF SOCIAL MEDIA MARKETING ON SME RESTAURANTS IN UK

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ABSTRACT

The focus of this paper is on the impact of social media marketing on the SME restaurants in the UK. Due to increase in use of smartphones, nearly everyone is using social media apps. As such, social media apps are a very efficient and economical way for SME restaurants to do marketing on social media platforms. Social media apps can be used to communicate with the customer, listen to customer feedback, and reply to their queries. Moreover, offering different deals and discounts to customers is another way that managers of SME restaurants can attract customers. Social media platforms also work as word of mouth; for example, friends share stories with one another and post about their experiences in specific restaurants. Famous social media influencers, celebrities, and food bloggers can also be used for paid social media advertising. This paper can be used to identify managerial implications of social media marketing in restaurants and improve marketing. There are also some limitations to this research and further research can be done on this broad topic.

Keywords: Social media, social media marketing, marketing, apps, smartphones, SME restaurants, consumer behavior.

INTRODUCTION

This research paper investigates the decisive role of social media marketing in the restaurant industry of the UK. Constant technological change and increasing reliance on digital platforms can leave people wanting a human connection between brands and their customers, workforce, and partners (Deloitte Insights, 2019; Stansberry et al., 2019). This provides brands with an opportunity to build connections, drive engagement, and power growth. There are certain social media trends that can help build connections to drive engagement and growth for restaurant brands in the coming years (Deloitte, 2020; Marr, 2018). For restaurants to evolve, understanding the next generation of customer is critical (Haas et al., 2020). The next-generation customer is technologically savvy, connected, and expects concierge-level service. For a restaurant, investing in digital enhancements that are tightly coordinated and work in concert, will help to create the restaurant of the future that appeals to all of the senses of this hyper-connected mentality (Feinberg, 2018; Kumar et al., 2017). Restaurant brands that succeed in this transformation will understand their customers, capitalize on digital technology options and analytics, and seize upon the opportunity to engage customers in a highly personalized way. Doing this well can drive increased dining frequency, check size, customer conversion, and loyalty (Deloitte, 2019).This is important because the next-generation customer is already here, that is, customers who were born from the mid-1990s onwards who are known as generation 'Z' (Nielsen, 2018). A key point for restaurants today is that they have to bring something appealing and new to the table to attract the ever-evolving tech-savvy customers (Urquhart, 2019). Social media marketing is certainly the answer; however, its execution must be systematic.

The casual dining industry is going through a challenging period driven by cost pressures, a decrease in disposable incomes, declining consumer confidence, a change in consumer tastes, and a change in the way consumers engage with restaurants. Margin pressures are mounting on casual dining operators largely as a result of rising labour costs, higher business rates, and increasing food costs (exacerbated by a weaker pound following the EU referendum)

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(Humphreys, 2017). Given these circumstances and changing trends, it is important that restaurants in the UK understand and adopt social media marketing and identify resource requirements.

THEORETICAL FRAMEWORK

While developing a theoretical framework it is important to determine, understand, and highlight the factors that are driving the need for social media marketing for the restaurant industry. A restaurant is no longer only about food because the quality of the food, good staff service, cleanliness, and location of the restaurant with easy accessibility and parking are also important requirements that every restaurant should meet. For guests to choose a restaurant, its ability to deliver consistently engaging, memorable experiences is important; this drives a connection to the restaurant brand at every touchpoint and is more critical than ever. Consumers want to dine on their terms. Considering the current pressures facing the casual dining sector, it is essential that operators optimise locations, occasions and channels in a connected and authentic way (Crolic et al., 2019).

The emerging elements of the restaurant customer experience that matter to customers should be addressed by restaurants while pursuing social media marketing; this ensures that the social media marketing is well directed, purposeful, and valuable (Brodie et al., 2017). Figure 2 presents a theoretical framework that is suitable for establishing a new successful relationship between restaurants and their customers or for initiating new considerations for a successful relationship between restaurants and their customers. This framework is indicative of how social media marketing can be used in a systematic way to address the contemporary needs of customers.

Figure 2: Social Media Marketing Framework.

Source: Based on the work of Pan et al. (2019); Parsons and Lepkowska-White (2018)

Engage me: Interact with me in a friendly, authentic way. Be hospitable and genuine with me. Treat me as a person.
Empower me: Give me the ability to customize to my specific needs. Value my feedback and respond in an appropriate way. Example: Some people make fun of the wide range of options at Starbucks "skinny vanilla, two pump, chai latte with caramel and whipped cream!" but far more people value the control over their orders.
Hear me: Demonstrate awareness of the situation and acknowledge my needs. Listen to my unique needs. Example: For years, consumers lamented the late-morning "cut off" of fast-food breakfast, so McDonald's made the well-received adjustment to offer breakfast all day (McKinsey, 2019).

Delight me: Create moments beyond my expectations that I will remember and share. Personalize my experience. Example: There is nothing quite like getting something for free; it is even better when it is a dessert on your birthday. Ice cream giants Baskin-Robbins and Ben & Jerry's both give birthday-goers free ice cream, a small gesture that can reap big rewards.
Know me: Remember me and my preferences. Anticipate my changing needs. Example: Online and with a mobile app, Domino's remembers customers' favourite orders and makes reorders simple (Schivinski and Dabrowski, 2016).

MANAGERIAL IMPLICATIONS

The efforts of a restaurant to provide good quality and tasty food will go unnoticed if they do not drive traffic to the restaurant. As such, it is imperative that a restaurant has a social media presence. This has a range of management implications for restaurants which will be discussed in this section.

When providing information about your restaurant on your social media accounts, make sure that you complete as much information as possible. The information on your profile should include your location, business hours, phone number, and a link to your website; just to name a few. Make sure the information you provide on these social media accounts is consistent with your local listings, such as Google My Business, Yelp, and TripAdvisor. By ensuring the information on your social media profiles and listings are consistent, your restaurant may rank higher on Google Maps for local searches (Kakatkar and Spann, 2018).

When you create social media contests you build rapport, loyalty, and engagement with your customers and followers (DiPietro et al., 2015). Some social media contests can be run for your restaurant, such as free dinners for a year, gift cards, and even free events. On Instagram, close to 93% of users say that the visual appearance of products influences their buying decision. Therefore, posting attractive and beautiful photos on your social media could influence customers' purchase decisions. Potential customers should be enticed to pay your restaurant a visit by the quality of the photos you post on your social media (Hanaysha, 2017). Not only do potential customers care about the quality of the food, but you want your restaurant to be seen as the place in which they can spend quality time. Potential customers should be saying "I need to visit that restaurant now!" after viewing your photos. Reputation management is everything for a restaurant. One bad review left un-checked could mean a lot of potential customers questioning whether they should visit your restaurant. Facebook ads is a very popular form of social media advertising, for example 93% of social media advertisers using Facebook ads (John et al., 2017). The reason Facebook ads are a blessing for restaurants is because of the rich targeting options. With Facebook ads you can geo-target, meaning that you only advertise to the people in your local area. This is very important, as many restaurants waste their marketing budgets on a consumer base that is not in their local area by using various advertising mediums such as television ads (Burton, 2020). If you are running Facebook ads for your restaurant, ensure that you educate yourself with resources, such as Facebook Business, to get a better grasp of Facebook's full capabilities in terms of advertising (Bilghian et al., 2016). What better social proof is there for restaurants than customers posting about a restaurant on their social media?

Take advantage of re-sharing customer content about your restaurant because it can build social media content and brand awareness as more people will get exposed to your restaurant. It also allows managers to share content that they did not have to create, thereby making it easier to create a backlog of content that can be shared on the restaurant's social media profiles for later use (Alam and Khan, 2016).

Similar to sharing customer content, influencer marketing is collaborating with a person who has considerable social media influence, audience, and authority. An example of influencer marketing would be an influencer posting a photo of your restaurant's food on their page (Grewal and Stephen, 2019). By utilizing influencer marketing, you are increasing your engagement as influencers tend to trigger conversations with their content. The influencer's audience gives you more reach, which will increase awareness of your brand and conversions, while their social proof will convert that audience as well. All of this could mean more foot traffic into your restaurant.

Managers should not rely on one social media source for their restaurant. That is why cross promotion is perfect if one of your social media channels gets more engagement and interaction than the other. For example, if

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the Facebook page has more likes, but Instagram has a few followers they can leverage the Facebook audience by creating a post that will drive traffic to Instagram as well (Henderson, 2018).

Restaurants should enhance their capability to leverage digital technologies to help the right data reach the right hands at the right time. Develop the tools and technologies to enable those who interact with guests directly, such as servers, deliverers, caterers, and managers to drive personalized experiences. Equip frontline employees with real-time analytics that will empower them to improve an experience in the moment.

On the customer side, enable guests to dictate their own journey by placing information and empowerment in the hands of the guest. Tools like digital ordering, detailed menu and food preparation information, and loyalty tracking can all be digitally enabled to support an empowered, customized experience (Reichhald et al., 2020). Restaurants should develop their capabilities to engage the frontline to make fast, high touch changes (Deloitte, 2017). Big organizational changes and major technologies can help, but, in the end, the customer experience comes down to those moments between employees and the guest. Employees should be enabled and rewarded for their role in delivering the experience. In fact, a great guest experience begins with a great employee experience and empowering employees to drive the changes which guests desire (McKinsey, 2017).

CONCLUSION

As a restaurant, social media marketing is a way to stay at the top of your consumer's mind. When users turn to their phone looking for a way to satisfy their appetite you want your restaurant to be in mind. By implementing the above presented framework, your restaurant can experience increased engagement across all social media platforms so that you build brand awareness and increase traffic to your restaurant. Winning in today's guest-first environment starts with a solid restaurant customer experience strategy. Exploring considerations for restaurants as they create memorable guest experiences that yield guest loyalty has become essential. By bringing responsive, integrated digital experiences to each of these phases of interaction, a restaurant can build deeper relationships with more customers.

It is the value and nature of these relationships, not just the applications driving them, that can help with change that transforms a traditional restaurant into the restaurant of the future. Restaurant brands that make the commitment and investment to elevate their customer experience can reap measurable returns. For restaurants in this competitive, fast-moving space, differentiating on these new and evolving experiential elements will likely separate the winners from the losers. Being able to engage, empower, hear, delight, and know guests will not be a nice to have, it will be the key differentiator. For each restaurant, the capabilities needed are likely a little different dependent on the target customer experience strategy and the tools needed may vary based on guest type, location, and service-level, to name a few. However, even with those differences, it is clear and known that nearly all restaurants today should refine their capabilities in three areas in particular: insights, digital, and employee engagement.

LIMITATIONS AND FUTURE RESEARCH

This paper experienced several limitations that will be highlighted in this section. For example, the use of secondary data sources (which embed a wide range of databases) made it practically restrictive to gather information from all relevant sources across diverse platforms. The focus of this paper was very specific in nature, whereas the problem area under consideration is wider in scope and broader in nature.

Social media marketing has a very broad scope and a lot more future research can be done in different fields. Social media platforms are introducing new features and options to their users every day, so, to have more up-to-date data, future research can be done on new features and new apps.

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CURRENT SITUATION OF FOOD RETAILING: EVIDENCE FROM BANGLADESH

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ABSTRACT

The purpose of this paper is to analyse the current situation of the food retail industry in Bangladesh. The current study pays particular attention to the socio-cultural factors, industry structure, political and legal factors, economic factors, technological factors and competitive rivalry to analyse the current situation of the food retail industry in Bangladesh. This study is informed by mixed methods approach, comprised of a total of 192 participants for the survey questionnaires and 16 participants for in-depth interviews. This study used frequency distribution to analyse quantitative data and thematic analysis technique to analyse qualitative data. The findings of the study suggest that the growth of the industry is not structurally and logically organised, as many food retailers operate in a fragmented and unstructured manner. However, the situation is changing due to the appearance of organised retailers, economic growth, increase in education level and so forth. The results of the study and will make the policy makers aware of existing problems within the industry and will help managers to think more deeply about re-organising the food retail industry.

Keywords: Bangladesh, Food retailing, current situation, industry structure.

INTRODUCTION AND BACKGROUND

The retail format is defined as a combined and standardized “product” of a retail trade institute that the retailer presents to the consumer (Rudawska and Bilinska-Reformat, 2018). Several researchers (Rudawska and Bilinska-Reformat, 2018; Stanton, 2018) have been conducted their research on food retail industry in the context of European countries and USA. Similarly, the food retail industry has been explored by (Nandonde and Kuada, 2017) in the context of Africa. However, little has been done within the context of Bangladesh. The few studies that have been conducted in Bangladesh have focused on providing an overview of food retail sector in Bangladesh and key issues and problems it faces and analysing the contribution food retail industry towards foreign direct investment (FDI), economic growth, and labour force in Bangladesh (Islam, 2019); customer satisfaction of retail chain stores (Rana et al., 2014), and the like. Therefore, the researcher has contributed to these debates by conducting research in the food retail industry.

Nevertheless, food retailing in Bangladesh is still underdeveloped and fragmented compared to its South Asian counterparts (Islam, 2019). However, the structure is shifting because of globalisation, the growth of urbanisation, economic and trade liberalisation, the growth of middle-class customers, change in consumer shopping behaviour, the growth of organised superstores and liberal attitude of governments towards imported food products (Rana et al., 2014). Thus, the food retail industry in Bangladesh cannot continue to ignore these changes, and thus such changes are likely to introduce new dynamics in managerial practices and in the economy at large. Consequently, it is becoming progressively imperative to have an enormous range of food products under one roof. Furthermore, in Bangladesh, per capita income has improved to above USD 1358 in 2016 (The World Bank, 2019) and is anticipated to increase further, particularly within urban areas. This improvement in financial structure has given rise to a new type of middle-class that is keen to spend their higher disposable income within an organised shop instead of wet markets in quest of suitability and social position. This presented opportunities to reorganise the food retail industry, particularly turning roadside shops along with the open-air temporary shops into reputable, accountable and sustainable organisations. It must be pointed that there is limited academic literature that addresses these concerns.

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Therefore, the researcher would like to contribute by conducting research on the food retail industry in Bangladesh which will fill the existing gaps.

LITERATURE REVIEW AND RESEARCH QUESTION

The purpose of the situation analysis is to understand the problem comprehensively, establish a sufficiently large frame of reference and create a basis of information for subsequent stages (Zust and Troxler, 2006). Different tools associated with the current situation analysis. For instance, five forces model by (Porter, 1980) that simplified the microeconomic concept and the discussion centres around five major influences that of particular importance to understanding the dynamics in an industry. These forces are the bargaining power of the buyers, entry barriers, rivalry, substitutes and bargaining power of the suppliers. Decision makers may find out the strengths and the weaknesses of an organization and is able to generate a strategy for a greater position within the industry through the utilisation of the five forces framework (Mathooko and Ogutu, 2015). However, the five forces framework tends to aggravate the macro analysis and oversimplifies industry value chain (Grundy, 2006).

Another model to analyse the current situation is PESTEL analysis that was first comprehended by Aguilar as ETPS which stands for economic, technical, political and social (Yuksel, 2012). It has been modified several times to account for further extents of the operating environments. For instance, the substantial environment in PESTE framework (Richardson, 2006) and legal aspects in PESTLE framework (Kolios and Read, 2013) are important to fully understand the business environment and comprehend the nature of systematic risk that faces an industry. Therefore, the PESTEL framework is adjustable and thus suitable appraisal models that may be tailored to capture a variety of dimensions of the environments within which organizations operate. However, PESTEL analysis has some limitations in terms of measurement and evaluation (Yuksel, 2012).

Another model to analyse the current situation is Diamond model introduced by (Porter, 1990) to explore why nations obtain the competitive advantage in particular industries. Porter's Diamond Model is the most prevalent competitiveness theory (Zhang and London, 2013). This model provides a basis to understand the differences at a national level in terms of competitiveness. However, diamond framework does not allow the investigation of threats at national and international level (Rugman and Verbeke, 1993).

In light of the above, not a single framework can provide a holistic view of the food retailing environment in Bangladesh as each framework has its limitations. Therefore, this study uses a combination of these frameworks with the intention of enriching the study from the benefits of triangulation across these frameworks. In course of this research project, the following central research question has to be answered: *What is the current situation of the food retail industry in Bangladesh?*

RESEARCH SETTING AND METHODOLOGY

This research adopted a mixed methods approach, comprised of a total of 192 participants for the survey questionnaires and 16 participants for in-depth interviews. For the quantitative phase, this study asked and obtained answers to questions by conducting surveys of people by using questionnaires. This is because questionnaires often seem a logical and easy option as a way of collecting information from people (Sekaran and Bougie, 2016). It is important to note that some survey questionnaires were administered in a personal interviewing format 177 and others through the web-based survey 15, thus yielding a total of 192 survey-based responses.

Further, for the qualitative phase, this study used in-depth interviews that are the most widely used qualitative method (Silverman, 2016). This is because it is a highly flexible process, it can be used almost everywhere, and can generate data of great depth (Creswell, 2013) and provided a way of generating empirical data (Silverman, 2016). For the qualitative data, interviews were held with 4 experts, and a further 12 interviews held with the directors, giving us a total of 16 interviewees. The intention was to obtain deeper insights into the current situation of the food retail industry in Bangladesh.

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For analysing quantitative data, frequency distribution was used to summarise the participants' responses on the current situation of the food retail industry in Bangladesh. Further, this study has presented data using tabular output for the purpose of reporting results because this are preferred modes of reporting the synthesis of participants' responses (Bell, Bryman & Harley, 2018).

Furthermore, for analysing qualitative data, a thematic analysis method was used as the transcripts were read on a line by line basis and coded using open coding techniques. Thereafter, selective coding was used to help in arriving at more concrete themes. In fact, thematic analysis is a widely used qualitative analytic method (Javadi and Zarea, 2016). This study identified, analysed and reported patterns within data that are key characteristics of the thematic analysis (Braun and Clarke, 2006). The undertaken study was conducted according to the core elements of research integrity. Further, the principles of confidentiality and anonymity were observed as pseudonyms were used in the reporting of the results, and any identifying information for any particular organisation or individual was concealed.

RESULTS AND DISCUSSION

Socio-cultural Factors

Socio-cultural factors scrutinize the social environment of the market, and gauge determinants like cultural trends, demographics, population analytics (Rastogi and Trivedi, 2016), and so forth. The result of the quantitative study indicates that 83.3% of research participants are of the view that the industry is affected by the socio-cultural factors. Further, findings illustrate that Bangladesh is a heavily populated country and population growth is very high. In fact, according to The World Bank (2019), the population of Bangladesh is more than 163 million. This growing population often creates greater demand for food products. This is illustrated below:

"…Bangladesh is a densely populated country and population growth is very rampant in the country. Like that means a growing population means growing demand and that means increased sale which incurred increased profit as well..." (Foster, industry expert).

However, most of the people in Bangladesh, traditionally prefer to shop in road-side shops or at an open market instead of buying from organised shops. Roadside shops along with the open-air temporary shops comprise about 70% of the food retail sector (Hussain and Leishman, 2013). Hence, organised shops are still struggling to achieve their desired performance due to the traditional attitude of consumers. This is illustrated below:

"…Culturally people like to shop in a roadside shop or at an open market rather than come into a shop. They might come here to buy ice cream or a pack of biscuit, but people are still not confident to come to buy fruits or vegetables or meat from here…" (Steven, company director).

Nevertheless, in line with population growth, the number of working-class people has been increasing significantly in the country. People are moving to the urban area in order to look for employment and people are living an immensely busy urban life. Currently, people find it difficult to manage time for purchasing their daily necessities from different places in a busy urban life. Hence, they prefer to patronise an organised shop rather than going to different fragmented places. This is illustrated below:

"…There is significant increase in working class people in Bangladesh and they have been moving to urban area for their employment. Shifting of people towards urban area has resulted increased customers and revenue for our organisation…" (Brady, company director).

Similarly, Rana et al., (2014) suggested that the growth of urbanisation is a parameter of facilitating the growth of organised food retailing in Bangladesh. In addition, the constant growth of nuclear families, together with the arrival of women in the workforce implies less time for food shopping. Consequently, it is becoming progressively

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imperative to have an enormous range of food products under one roof. Because of this, organised food retail stores are getting more and more popular, especially among urban consumers (Akbar, 2013).

Industry Structure

Industry structure is a key element of the Diamond Model introduced by Porter (1990). The findings of this study illustrate that the food retail industry in Bangladesh is primarily shaped by innumerable small farmers. Nevertheless, the structure of the industry is very complex, and the infrastructure is not well organised, as illustrated below:

"…The natural of the food industry in Bangladesh is shaped by the innumerable small farmers spread throughout the country and a small size of marketable subclass of crops they grow..." (Foster, industry expert).

In a similar vein, the result of the quantitative survey illustrates that 58.3% of participants are not satisfied with the current structure of the industry. This suggests that the structure and infrastructure of the industry need further development. Therefore, there is a need to restructure, and improve the infrastructure. This notion corresponds with the work of Altenburg et al. (2016) who suggest infrastructural deficits as a major obstacle for organisations in the food retail industry. This often results in increased product costs and reduced profit for the retailers. This is illustrated below:

"…There are a lot of middleman…. to get this bag of onion especially from the farmer, there are a lot of channels. Like, some wholesaler bought from there then he got from different districts. To come to my city, it changes lots hands. So, that's the way it is affecting the cost of the product…" (Michael, company director).

This is consistent with previous studies when they suggest that the procurement system in Bangladesh is primarily reliant on agent and middlemen that leads to wastage during transportation and increases in the price of the products (Altenburg et al., 2016). Similarly, Hussain and Leishman (2013) point out that most of the retailers within the industry are not capable of sourcing the products directly from the source. An overreliance on the middlemen is a costly exercise as the retailers do not have direct control over their sources. Further, organised stores like convenience stores and superstores find it very difficult to enter in the market. It has been more than a decade since organised retailers commenced their business, but the number of organised food retailers is very limited. Thus, there are only a few organised retailers, as illustrated below:

"…Ease of entry, superstores and convenience stores find it very difficult to entry within the food retail industry in Bangladesh. Even though, more than a decade passed, the number of superstores and convenience is yet very limited…" (Neil, industry expert).

Similarly, Altenburg et al. (2016) who suggested that entry barriers are a major obstacle into the food retail industry. In fact, according to the Bangladesh Business Supermarket Owners' Association (BSOA), there are 19 large companies in the food retail industry. The currently registered supermarkets in the food retail industry amount to a total of 121 (Shahid, 2017). In fact, Hussain and Leishman (2013) state that organised sections of the food retail industry include convenience stores and supermarkets, and together constitute only 8% of food retailing and other 92% are unorganised retailers. Thus, entry barriers are obstacles for organised food retailing.

What's more, there is an absence of modern technology and robust retailing systems to help these food retailers to be competitive. Activities of the industry are predominantly dependent on traditional spreadsheet systems, which are time-consuming to undertake computations. This often results in poor performance, as illustrated below:

"…First of all, I can say that lack of technology. For financial record, Bangladeshi food retail industry still dependent on traditional spreadsheet, especially traditional recording. For example, I can say logbooks, bookkeeping. They are very traditional and very time consuming…" (Foster (industry expert)

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Bryant (2017) suggests that technology offers increased productivity. This results in a lower cost structure. For instance, utilisation of technology may lead to the ease of storing and sharing information, improved speed, and minimisation of human inaccuracy through automation. This helps to enhance growth in revenue and a reduction in costs. In this regard, organised food retail outlets ought to employ appropriate technology to overcome these challenges (Chakraborti, 2017).

Political and Legal Factors

Political factors determine the extent to which a government can influence a certain industry. Therefore, it is important to consider factors like employment, quotas, taxation, resources, imports and exports (Rastogi and Trivedi, 2016), among others. The findings indicate that 90.1% of the research participants share the view that the food retail industry is affected by political and legal factors. The political situation in Bangladesh is unstable, because industrial "strikes and processions are common phenomena" (Micheal, Company director). An unstable political environment adversely affects business activity, as illustrated below:

"…Political, in Bangladesh very unfortunately political factors always kind of goes against the structure of any business, it doesn't have to be retail. So, retails obviously suffer from it..." (Lucy, company director).

Previous studies suggest that political instability is a major obstacle to the food retail sector in Bangladesh (Altenburg et al., 2016; Saleheen et al., 2014). For instance, high tariffs and taxes on businesses affects them adversely. On the contrary, this could discourage organised food retailers. Yet, traditional food retailers may not pay taxes, thereby giving them an unfair advantage. At the same time, the government loses revenue through unorganised food retailing activities. This is illustrated by the extract below:

"…The government decision in terms of rules and regulation on VAT, tax has impact on our business obviously. One live example here maybe you know that country 4% VAT is applicable on the sale of the supermarket. So, we have to pay 4% VAT. So, while unorganised shops enjoy the package VAT system…" (Michael, company director).

Scholars suggest that taxation policy has a significant impact on the performance of organisations (Yuksel, 2012). Further, organised food retailers must comply with different laws and standards. For instance, there has to be compliance with employment law, as well as the health and safety law. Compliance with laws and standards affect organisations in an industry (Grunig and Kuhn, 2015).

Economic Factors

Economic factors are determinants of an economy's performance that directly impacts a company and have resonating long term effects (Rastogi and Trivedi, 2016). 89.6% of the research participants are of the view that the industry is affected by economic factors. In this sense, economic factors have a significant impact on the food retail industry. Nevertheless, GDP growth has increased the purchasing power of consumers. It is important to note that an increasing number of consumers now prefer to purchase products from organised shops, as illustrated below:

"…Economic growth has been increased significantly in Bangladesh. Per capita income is increasing day by day. Customer prefer quality product and good environment to buy their product. GDP growth played an important role in increasing sale of our organisation…" (Mark, company director).

In a similar vein, the Gross Domestic Product per capita in Bangladesh was last recorded at $1358.78 in 2016 (The World Bank, 2019) and it has shown a progressive increase since the year 2005. Yet, between 1960 and 2016, GDP per capita in Bangladesh averaged around $487.18 with the highest ever achieved being $1358.78 in 2016 (The World Bank, 2019). These statistics demonstrate that the socioeconomic status of people in Bangladesh is changing, and this presents a great opportunity for organised food retailing. Because of this, organised food retail stores are getting more and more popular, especially among urban consumers (Akbar, 2013).

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Johnson et al. (2011) found that an increase in consumers' purchasing power is a key economic factor that affects an industry in a positive way. However, currently there are some respondents like Foster (Industry expert), and many others like him, point out that there is "reduced interest" on "income of consumers from deposited money". This implies that reduced interest from income culminates in reduced revenue and profit for organisations in the food retail industry, as illustrated below:

"…This decrease in income can affect a food retail business adversely. Customers with who depend on interest income have less income to spend because they are receiving less interest from financial institutions. Sales decrease as a result…" (Neil, industry expert).

Similarly, Johnson et al. (2011) recognised that fluctuations in interest rates and interest income have a significant impact on organisations in any industry. On the contrary to the prevailing academic literature, this research demonstrates that skills and availability of labour are significant economic factors affecting the food retail industry. People working in the food retail industry are largely unskilled, and not formally trained to perform their duties. This often constrains organisations to employ extra people to complete the task, resulting in additional costs, as illustrated below:

"…I think in Bangladesh mainly there is not enough skilled labours... When you don't have skilled labour in the market, so you don't have skilled production. Like, when you have skilled labour you can bring one people but if you have unskilled labour you need to bring two three people. It will increase your cost…" (Maxwell, industry expert).

Hence, growth in the economy, increase in employment, and increase in customer confidence, consumer sophistication and cheap labour are affecting the food retail industry in a positive way.

Competitive Environment

The existence of sound competition is an essential part for an industry (Grundy, 2006). Further, Porter (2008) points out that the competition between organisations is a key part of the five forces model. This shape the structure of any industry. However, 44.8% of the research participants indicated that there is an absence of fair competition between the organizations in the food retail industry. Another 39.1% of the research participants indicated that there is an existence of fair competition. The food retail industry in Bangladesh is not well organised yet as the industry is predominantly dominated by unorganised shops. This is illustrated by the extract below:

"…at the moment food retail industry mainly dominated by unorganised retail shop. So, basically there is not much organised shop at the moment…." (Maxwell, industry expert).

Hussain and Leishman (2013) found that 92% of food retailing is represented by unorganised retailers, and that organised sections of the food retail industry constitute only 8% of food retailing. This indicates that organised food retailing in Bangladesh is not very competitive. Therefore, there is a need to explore this industry in greater depth as it remains unexplored (Shahid, 2017). In these circumstances, respondents point out that organisations in the industry charge higher prices.

Previous studies have acknowledged that the competition encourages organisations in the industry to improve the quality of goods and services offered (Hosken, Olson, and Smith, 2018). This helps to attract more customers and expand market share. Further, this research illustrates that the competition in the food retail industry also depends on the types of business. As such, the competition between superstores is limited as there are only a few superstores in the country. However, the competition between convenience stores is very extensive as the number of convenience stores is comparatively much higher than superstores. This is illustrated by the extract below:

"…It depends on however way you look at it. If you look at their higher end, you can see there are minimal competition. Only few companies controlling the food industry. However, apart from the super stores there are huge competition into the convenience store where my business is in…" (Matthew, company director).

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This indicates that convenience stores in the food retail industry are also competing with roadside shops and open market stalls. Hence, the competition for the convenience stores in the industry is very high. Therefore, the industry is mainly dominated by unorganised traditional shops and there is an absence of sound competition.

CONCLUSIONS AND RECOMMENDATIONS

It is apparent from the research findings that situational factors like socio-cultural factors, industry structure, political and legal factors, economic factors, technological factors and competitive rivalry have significant influences on the food retail industry in Bangladesh. Hence, organisations in the food retail industry need to consider these factors when determining their current and expected future value of businesses. Finally, whilst the researcher concentrated on analysing the current situation of the food retail industry in Bangladesh. However, future studies can consider analysing the food retail industry in other emerging economies to make the results of this study generalisable. Further, future researchers can scrutinise other industry in Bangladesh.

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A FRAMEWORK TO IMPLEMENT STRATEGIC ALLIANCES IN THE FOOD RETAIL INDUSTRY: EVIDENCE FROM BANGLADESH

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ABSTRACT

The purpose of this study is to propose a framework that will help to implement strategic alliances more effectively within the food retail industry in Bangladesh. The study adopted a qualitative research method. This comprised of a total of 16 in-depth interviews. Participants were drawn from two sets of actors: food retail experts in Bangladesh and company directors. Thematic analysis was used to analyse the data. Interview transcripts were read on a line by line basis and coded using open coding techniques. Thereafter, selective coding was used to help in arriving at more concrete themes. Following from the findings, it is proposed that organisations in the food retail industry must follow five distinct stages to ensure success in the implementation of strategic alliances: strategic decision, configuration, partner selection, implementation, and outcome stage. Further, this study also suggests that respective organisations must provide careful consideration to each of these stages before entering into any long-term commitments. This study provides detailed guidelines that will help organisations in the food retail industry to create strategic alliances, thereby enhancing organisational performance. Further, it is hoped that this study will encourage organisations from emerging economies to create alliances to enhance their competitiveness.

Keywords: Strategic alliances, food retailing, implementation framework, Bangladesh, emerging economies.

INTRODUCTION AND BACKGROUND

Alliances and other models of business collaborations are of significance in current business and academic literature. Alliances, in the form of strategic alliances, have been of significant interest to scholars and practitioners over the past two decades (Albers et al., 2016). In fact, organisations that create strategic alliances can achieve benefits within their business operation (Wratschko and Speckbacher, 2009). Of interest is the fact that the capability to coordinate effectively can be a source of sustainable competitive advantage. For some organisations, strategic alliances can be a core competence (Lin and Darnall, 2015). Although, research has previously been conducted regarding strategic alliances (Duisters et al., 2011; Albers et al., 2016), there are still gaps in knowledge, particularly regarding strategic alliances in emerging economies such as Bangladesh. Previous research has mostly focused on strategic alliances in the context of western society, but little has been done within the context of Bangladesh. The few studies that have been conducted in Bangladesh have focused on mainstreaming adaptation to climate change in coastal Bangladesh by building civil society alliances (Thomalla, et. al, 2005); accumulation of power by dominance (Huque and Rahman, 2003), and the like.

Therefore, this study contributes to these debates by bringing voices from the food retail industry and proposes practical solutions that might help to integrate various activities in the supply chain and beyond, thereby helping to make the food retail industry more competitive. Considering the above, it can be said that alliances and other models of business collaborations are of interest within the business sector, and amongst the academic community. For instance, collaboration through strategic alliances has emerged as an important approach for top management and this can be used to build networks within the retail chains (Chhetri et al., 2017). Similarly, strategic alliances can be used as a vehicle to reach a company’s strategic goals and objectives (Lowensberg, 2010). Hence,

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the aim of this research is to propose a framework that helps to implement strategic alliances more effectively within the food retail industry in Bangladesh.

LITERATURE REVIEW AND RESEARCH QUESTION

Alliances and interfirm collaborations have grown swiftly in recent years as a strategic choice for organisations (Moghaddam et al, 2016). In fact, previous studies suggested that in the future, business organisations will be reliant on the capability of building and overseeing alliances to an increasing extent (Nasiriyar and Jolly, 2008). Further, scholars identified consumer exposure, globalisation and technological advances as significant drivers for the enhancement towards an alliance intense business environment (Ireland et al, 2002).

Once the entity selects to form a strategic alliance, the alliance partners may struggle in turning their decent purpose into a feasible enterprise at all stages. Extant studies suggest that strategic alliances are developed around several principal components. For instance, Pett and Dibrell (2001) shared the view that strategic alliances are developed into four stages. The first stage is exploratory that is the initial process of bringing two or more companies together as they attempt to fulfil gaps within the market. The second stage is the recurrent contract stage that involves an evaluation of motives and risks of organisations in the short-term period. Thirdly, there is the relational contract stage that is based on the assurance that all the members are opportunistic to create strategic alliances. Finally, there is the outcome stage. This is viewed as the point at which a potential competitive advantage can be attained (Lin and Darnall, 2015).

The second type of strategic alliances formation is divided into three different components which are the process component, the strategic component and the operational component (Jung, 2011). The third type of strategic alliances formation divides the formation of strategic alliances into four phases, including the strategic decision phase, configuration phase, the partner selection phase and, the management phase (Singh and Sahay, 2012). Another alliance formation model focuses on some distinct factors for the formation of strategic alliances such as situation analysis, assessing cultural fit, identifying potential areas for collaboration (Owens and Quinn, 2007). However, this model ignores the short time dealing with the formation of strategic alliances.

From the discussion above, there is no unambiguous model to form strategic alliances. There are different models for the formation of strategic alliances, and the gaps in knowledge suggest that there is still room for the development of a more practically oriented framework that can help to implement strategic alliances more effectively. The process model of strategic alliance formation must consider both short-term and long-term dealings to form strategic alliances (Hübner et al., 2013). Following from this, the researcher adopts the process model of alliances to develop a deeper understanding of the formation of strategic alliances within the context of the food retail industry in Bangladesh. In course of this research project, the following central research question has to be answered: *How can effective strategic alliances be implemented within the food retail industry in Bangladesh?*

RESEARCH SETTING AND METHODOLOGY

Bell et al. (2018) suggested qualitative method is appropriate for studying new and context-specific business issues. The researcher draws insights from a qualitative data set to propose a framework that helps to implement strategic alliances more effectively. Participants were drawn from two sets of actors: experts from the food retail industry in Bangladesh and company directors. Interviews were held with 4 experts, and 12 company directors. In total, 16 in-depth interviews were conducted. The principles of confidentiality and anonymity were observed as pseudonyms were used in the reporting of the results. Any identifying information for any organisation or individual was concealed.

This study used in-depth interviews (Silverman, 2016) because it is a highly flexible process, can be used almost everywhere, and can generate data of great depth. This allowed the researchers to control the line of questioning (Creswell, 2013) and provided a way of generating empirical data (Silverman, 2016). Here, interview guides were developed to ensure that each of the research topics is covered. Further, probing techniques were used to get deeper information. Probing is a technique that appears from knowing what to seek for within an interview, listening sensibly

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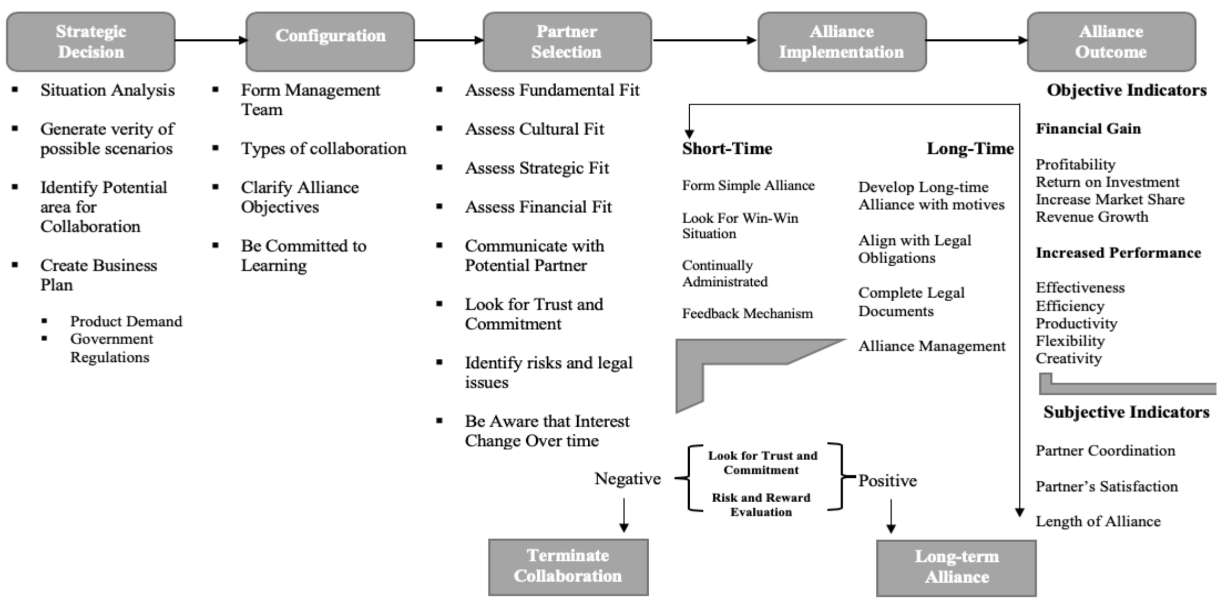
to what is answered and what is not answered and being thoughtful to the response requirements of the individual being interviewed. For analysing data, a thematic analysis method was used as the transcripts were read on a line by line basis and coded using open coding techniques. Thereafter, selective coding was used to help in arriving at more concrete themes. In fact, thematic analysis is a widely used qualitative analytic method. This study identified, analysed and reported patterns within data that are key characteristics of the thematic analysis (Braun and Clarke, 2006).

RESULTS AND DISCUSSION

It is apparent from the research findings that forming strategic alliances is not common in Bangladesh. Existing guidelines to implement strategic alliances were reviewed and found to be inadequate to address the context of food retailing in Bangladesh. Therefore, there is a need for context informed guidelines to help in the implementation of strategic alliances in the food retail industry.

Drawing from the literature and the findings, a detailed framework to implement strategic alliances within the context of the food retail industry in Bangladesh. The intention is to help to reduce the chance of failure and avoid conflict between partners of respective organisations. It emerged that there was an element of fear and indecisiveness among respondents on the notion of creating strategic alliances. These fears were a result of a lack of proper guidelines and detailed context dependent framework to help in the implementation of strategic alliances. Hence, the proposed framework's intention is to provide guidelines that can be used by managers in the food retail industry to form and implement sustainable strategic alliances. The framework is illustrated in figure 1.

Figure 1: Framework to implement strategic alliances in the food retail industry in Bangladesh.



Source: Author's Own Construction.

The findings illustrate that organisations in the industry ought to create strategic alliances and must follow a step by step process. As such pointed Adam (company director) pointed out that *"Organisations should follow step by step process in order to successful implementation of strategic alliance."* Drawing from Adam's voice, and many other participants, the current study has developed a framework that can be used to implement strategic alliances in the food retail industry. The framework involves five distinct stages: (1) strategic decision, (2) configuration, (3) partner selection, (4) alliance implementation, and, (5) alliance outcome.

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Strategic Decision

At the primary stage of creating strategic alliances, respective organisations must make strategic decisions on whether to create such alliances. This notion corresponds with the notion that when taking a strategic decision is a precondition to create strategic alliances (Cabral and Pacheco-de-Almeida, 2018). At this stage, organisations must analyse the market situation and generate possible scenarios to understand the market. This concept is parallel with the interpretation of Kim (company director) who stated that *"You have to understand the market scenario and you have to implement it very carefully"*

Hence, they must understand the market situations to determine the form of strategic alliances needed. Once respective organisations complete the analysis of the current situation, they must identify the potential area for collaboration. The results reveal that organisations in the food retail industry lack modern technology, appropriate skills base and are affected by a shortage of skilled labour. Hence, they can consider creating technology alliances, supply-chain alliances and learning alliances to overcome these challenges and share resources. Therefore, the unique risks must be identified to help understand the situation. Considering this, the respective organisations must develop a detailed business plan in order to assess the viability of the proposed alliance. The considerations for product demand and government regulations (Lin and Darnall, 2015) must be taken in creating a business plan. Thus, organisations should have a clear understanding of strategic intent in creating a business plan for the purpose of forming strategic alliances.

Configuration

Once corresponding organisations in the food retail industry take a strategic decision to create strategic alliances, they should move forward to the configuration stage. At the outset of this stage, corresponding organisations must form management teams to implement strategic alliances. Consistent with Tjemkes et al. (2017), organisations are required to form management teams at the intensive phase of creating strategic alliances. Afterwards, corresponding entities in the industry must select types of cooperation they would form. In selecting the types of alliances, organisations should consider whether to create endogamic or exogamic strategic alliances. Endogamic partnerships occur between partners with a similar resource base, same country, religion and socio-economic groups. In contrast, exogamic partnerships occur between partners with a distinct resource base, different countries, religions and socio-economic groups (Czipura and Jolly, 2007).

Further, at the configuration stage, organisations must clarify alliance objectives. The findings of this study demonstrate that several organisations create strategic alliances without defining clear goals and objectives. As such, Foster (industry expert) said: *"And, also, no clear or good objectives. Such as, many alliances start from wrong reasons."* This notion corresponds with the work of Albers et al., (2016) who suggested that a lack of clear goals and objectives are a key challenge in forming strategic alliances. Hence, it is crucial for organisations in the food retail industry to define appropriate goals and objectives before forming an alliance agreement. Further, organisations should be committed to learning and learn about a partner's culture, mission and values as a strategic resource in creating sustainable strategic alliances (Albers et al., 2016).

Partner Selection

Once the configuration stage is completed, organisations must move forward to the partner selection stage. It is proposed that organisations in the food retail industry must take careful consideration in selecting alliance partners. This is because 80% of those failures are due to reasons related to partner selection (de Man and Duysters, 2005). There is no single success formula for strategic alliances, but many people have looked at various alliance characteristics and structures that increase the chance for alliance success. Partner relationships are more important as predictor of a successful alliance than other economic, organisational or structural factors. The focus of the alliance should therefore be on partner selection (Pitt et al., 2011). Organisations must perform wide-ranging research to identify a potential partner as alliance partners do not come at random or by chance. As such Adam (company director) illustrated that *"Organisations should identify potential partners and gather data and research on potential alliance partner."*

In selecting the alliance partner, organisations in the food retail industry in Bangladesh must assess partners for asset complementarity and strategic capability (Tjemkes et al., 2017). Further, Jianyu (2018) points out that organisations need to assess the match between partners and assess strategic potential. In this vein, organisations should assess the fundamental fit, strategic fit and cultural fit. Fundamental fit illustrates whether partner organisations are based on parallel fundamental principles. Strategic fit helps to ensure that each partner is strategically credible to the other. Cultural fit is about looking for similar style and culture.

Organisations must also assess the financial fit in selecting alliance partners. For this purpose, organisations should perform a feasibility test of potential organisations to determine whether to make an alliance agreement with that partner. This involves obtaining information about the market situation of the target organisation. As such Lucy (company director), illustrated that *"They had to do the huge feasibility test and Rahimafrooz, Agora had to provide a lot of information regarding the market, regarding the situation"*

Moreover, once the potential partners are identified, organisations must establish clear lines of communication. This involves meeting with potential partners and discussion about the potential partnership. The alliance objective and potential mutual benefits from the alliance agreement must be discussed with potential partners. This is illustrated by Michael (company director) who had this to say:

> *"When I see that year there is the potential of the particular people then I should go for a call, I will give them a call, I try to get their contact number and try to go for a meeting. If they say yes, so we set an appointment. So, talk about the potential alliance. We, both of us we discuss about how mutually will be benefited, both of us will be benefited"*

Furthermore, corresponding organisations must look for trust and commitment (Albers et al., 2016) in meeting with potential alliance partners. In addition, organisations in the food retail industry in Bangladesh must be aware that interests from the created partnership may change over time (Lioukas et al., 2016). Once corresponding organisations get positive outcomes on these assessments, they can select a strategic alliance partner and make an official offer for the strategic partnership. Once the alliance partners agree to create a strategic alliance, associated organisations must *"make mutual decision"* (Michael, company director) to form alliance partnership. Participating organisations must create the environment for negotiation to make mutual decision.

Alliance Implementation

This study developed a framework for the effective implementation of strategic alliances in the food retail industry in Bangladesh, and this must be considered into two stages: (1) short-term, and, (2) long-term. This study has considered both short-term and long-term dealing because several models to create strategic alliances ignore the short time dealing with the formation of strategic alliances. Yet, such short-term dealing is an important stage as it helps to build trust (Meier et al., 2016). Each of the stages are discussed in more detail.

Short-time implementation

Once participating organisations complete the partner selections stage, they must form a simple alliance for the short-term. In doing this, they must aim to achieve a win-win situation (Serrat, 2017). The idea is to achieve a result that is good for everyone who is involved in the proposed alliance agreement. Further, such alliances must be continually monitored and reviewed with the intention of achieving better outcomes. There is also a need for participating organisations to establish a feedback mechanism because this will help to identify areas to improve.

More importantly, trust and commitment are preconditions in such alliances (Meier et al., 2016). Considering this, participating organisations must assess the trust and commitment of alliance partners. Further, risk and reward

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from the created alliance must be evaluated (Pett and Dibrell, 2001). If results in the short-term are positive, they can go forward to create long-term alliance agreement. However, if they find negative indicators, they must reassess the alliance and potentially terminate the collaboration.

Long-time implementation

Once the participating organisations are satisfied with the short-term alliance, they can develop a long-term alliance with clearer motives. This means that the organisations must align with all relevant legal obligations, as well as complete and sign all the required legal documents to help formalise the relationship. However, there is a need to avoid narrow contracts as the situation changes, there is a need to reassess and renegotiate conditions (Albers et al., 2016). Monitoring and re-assessment of the alliance partnership must continue to identify and rectify problems on time. As such, Adam (company director) mentioned that *"…Continually refer back to alliance plan to monitor…. and make changes when find something isn't working is important as well…"*

Furthermore, both parties should then develop a governance structure that is based on mutual understanding and agreement (Lin and Darnall, 2015). The willingness to accommodate the needs of a partner when it does not disadvantage the organisation is encouraged by effective governance systems. Highly bureaucratized alliance governance systems smother these anticipated mutual accommodations (Ireland et al., 2002).

Alliance outcome

Organizations create strategic alliances for various purposes and partners normally expect to benefit through their cooperation. The main reasons to form alliances are the creation of synergies and the sharing of risk (Pitt et al., 2011). The researcher proposes that participating organisations must measure and determine the outcome of strategic alliances. This is reinforced by the objective indicators and subjective indicators as outlined by Todeva and Knoke (2005). For objective indicators, participating organisations achieve financial gain including increased profitability, increased return on investment, increased market share and revenue growth. Following from this, organisations achieved increased organisational performance including enhanced effectiveness, efficiency, productivity, flexibility and creativity. An alliance agreement in the food retail industry will be considered as successful if participating organisations in the food retail industry achieve financial gain and enhanced organisational performance.

Moreover, subjective indicators include successful coordination in creating such alliance, partner satisfaction with the alliance partnership and length of created alliances. In this vein, an alliance agreement in the food retail industry will be considered as successful if participating organisations successfully coordinate with alliance partners. In this sense, organisations become satisfied with alliance partner and the partnership sustained for a longer period. These subjective indicators help to maintain cohesiveness, build trust, ensure the longevity of the alliance.

CONCLUSIONS AND RECOMMENDATIONS

The purpose of this study was to propose a framework that will help to implement strategic alliances more effectively within the food retail industry in Bangladesh. Drawing insights from 16 in-depth interviews, as well as insights from previous studies, the researcher proposes a framework that can be used to implement strategic alliances more efficiently and effectively. The researcher is of the view that the proposed framework provides detailed guidelines that are missing in most accounts of strategy implementation. Further, the proposed framework contributes to academic debates relating to the implementation of strategic alliances. This will encourage the formation of strategic alliances, and enhanced performance. This study provides a strategic framework that firms can use in the implementation of strategic alliances. Though this study has investigated the different aspects of the suggested framework, the model could be developed further through additional research. As such, the generalizability of the framework developed in this study must be established through empirical research.

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DEVELOPING THE CONCEPT OF NICHE MARKETING STRATEGY FOR THE LEISURE-BASED TOURISM INDUSTRY OF BANGLADESH

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ABSTRACT

This paper studies the existing literature in terms of the concept of niche marketing strategy and explore the numerous success criteria for fulfilling consumers' needs and to generate higher profits for organizations. Practitioners use the concept of niche marketing strategy in various fields in the context of westerns regions however, there has been no scholarly attention about how the existing concepts are relevant within the Bangladesh leisure-based tourism industry. Considering this, the present paper aims to develop the concept of niche marketing strategy in relation to the Bangladesh leisure-based tourism industry or similar minority tourism economies.

Keywords: Niche marketing, niche marketing strategy, segmentation, niche tourism.

INTRODUCTION

Niche marketing strategy is a popular concept amongst academics and practitioners and accepted and applicable to organisations of different sizes that operate within new and existing markets, national and international and within various industries (Toften and Hammervoll, 2013). Such as, food products (Tregear, 2003; Suryanata, 2000; Tamagnini and Tregear, 1998), wine and beer (Jarvis and Goodman, 2005; Swaminathan, 1995; Saperstein, 1994); retailing (Ashworth, Schmidt, Pioch and Hallsworth, 2006); airline travel (McKechnie, Grant, and Fahmi, 2007; Raynor and Weinberg, 2004; Olson and Slater, 1996); fashion, textile and apparel (Parrish, Cassill, and Oxenham, 2004); banking (Cocheo, 2010; Dusuki and Abdullah, 2007); accounting services (Lowry and Wrege, 1996); health services (Reichman, 2005; Volz, 1999); chemical industry (Guisinger and Ghorashi, 2004); and metropolitan regions (Filion, Hoernig, Bunting and Sands, 2004).

Within these contexts, practitioners use the multiple approaches of niche marketing strategy and its operationalizations. However, the applied concepts are mostly based on Dalgic and Leeuw's (1994) definition "positioning small market consisting of an individual customer or of a group of customers with similar characteristics or needs" (p.40). There are also other definitions that relate to the concept of niche marketing for instance, Hunt and Arnett (2004) state niche marketing focus "to produce a single market offering targeted to a specific market segment" (p.17). As a result, it fills customers diverse sets of needs and in many respects, customers are willing to pay a premium to organisations that best please those particular needs (Kotler, 2003).

Marketing is an important element of the tourism industry (Page and Connell, 2009) and in today's modern world, niche marketing within tourism is a highly acceptable concept (Novelli, 2005; Trunfio, Petruzzellis and Nigro, 2006; Raynor and Weinberg, 2004; and MacKay, Andereck, and Vogt, 2002). However, it is important to acknowledge that many of studies focused on the western world in general, focusing purely on western consumers (Ali-Knight, 2011; Huh and Singh, 2007; Wu, Lam, Choy, and Tse, 2016; Lew, 2010; Dinis and Krakover, 2016 and Cuthbert, 2011). Yet there is a dearth of literature relating to the region of Bangladesh, in fact there are no definitions of niche marketing strategy from research that have focused on the region of Bangladesh leisure-based tourism industry in itself or similar tourism economies as such. In light of this concern, the aim of this paper is to develop a definition of niche marketing strategy based on the current literature and thereby setting the benchmark for scholars who wish to investigate this field further within the context of Bangladesh.

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UNDERSTANDING NICHE MARKETING STRATEGY

Niche marketing is considered to be a specialised and concentrated marketing method that enables organisations to maintain themselves with limited resources, whilst also trying to increase profitability and to fulfil specialised customers specialised requirements (Stanton, Etzel and Walker, 1991; Phillips and Peterson, 2001; Toften and Hammervoll, 2013). The primary purpose of niche marketing is to prioritise the customer's needs in a more targeted manner with the view to ensuring they retain customers (Ottosson and Kindstorm, 2016). However, Shani and Chalasani (1992) illustrate that niche marketing is a bottom up approach and it is about remaining one-step ahead of segmentation by breaking up the segment into smaller pieces (Michaelson and Gerald, 1988). Whereas, segmentation is a top down approach (Dalgic and Leeuw, 1994) and about dividing the total market into identifiable, measurable and discrete groups, who share some common characteristics or needs, and whose attitudes or reactions towards communications about products or services might be similar (McCabe, 2009).

Based on the distinct characteristics of niche marketing, it has therefore, been called target marketing, micromarketing, regional marketing, focused marketing and concentrated marketing overtime (Dalgic and Leeuw, 1994; Kara and Kaynak, 1997; Linneman and Stanton, 1992). As all these methods have focused on increased sales, price, profits, market share and competitiveness (Toften and Hammervoll, 2013). Toften and Hammervoll (2013) furthermore, argue that niche marketing still requires a facts-finding analysis in order to provide a precise concept.

In fact, Toften and Hammervoll (2013) suggest that the differences between niche and segmentation, as claimed by Shani and Chalasani (1992) would suggest that the two are quite similar. Because, segmentation is also involved with one single or smaller segment of customer like niche. According to Kara and Kaynak (1997) segmentation is about breaking up a larger market and could consist of one single customer and this kind of segmentation could potentially play an important role in future marketing strategy (Dibb, 2001). So, if the concept of one within the context of segmentation literature is accepted, then how can a niche market be smaller than a single customer, as niche is supposed to be a smaller part of a segment? (Toften and Hammervoll, 2013).

Considering the above arguments, niche marketing and segmentation are clearly considered to be quite closely connected (Toften and Hammervoll, 2013). In fact, Toften and Hammervoll (2013) claim that the similarity of these two concepts oppose Dalgic and Leeuw's (1994) niche marketing definition where they state niche marketing is the last stage of the segmentation process. Toften and Hammervoll (2013) therefore recommended the following definition:

> "The process of carving out, protecting and offering a valued product to a narrow part of a market that displays differentiated needs". (p.280)

The above definition doesn't deny the similarity between identifying a niche market and segmentation as discussed earlier. Rather it varies from segmentation in vital ways. Most importantly, this definition doesn't require the segmentation process to select a particular niche thus, it could be either a top-down or bottom up approach. This definition also identifies that the differentiation in niche marketing, comes from specializations and builds effective barriers or protected sides (Dalgic and Leeuw, 1994, based on Webster's Dictionary, 1992).

It is imperative that niche marketing is considered from a strategic perspective, with the view to increasing market share, profits and customer retention or loyalty (Leeflang, 1990). In fact, Hamlin, Henry and Cuthbert (2012) argue that niche marketing strategy is suitable for those organizations who have potential resources however, they are still failing to fulfil customers' needs and not able to compete with rivals. Jain (1985) furthermore argues that the pursuit of a niche marketing strategy makes an organisation avoid competition from larger rivals and looks to provide an offering to a unique market locally and globally that augments the opportunity to survive a long time (Jain, 1985).

Traditionally business organisations used a niche marketing strategy as a typical means to defend smaller market segments and maintain secure positions (Miles and Snow, 1978; Walker and Ruekert, 1987; Slater, Hult and Olson, 2010). However, niche marketing strategy is now considered more carefully from a market perspective that focuses on a narrow, clearly defined group, seeking a distinctive mix of benefits (Kotler 2003). On the other hand, Toften and Hammervoll (2013) state that niche marketing strategy is able to develop special products, according to the needs and wants of individual or a target group of customers.

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Scholars (Ries and Trout, 1986; Ilbery and Kneafsey, 1999; Dimara, Petrou and Skuras, 2003) therefore, define niche marketing strategy as a defensive strategy. This is because, niche marketing strategy acts as a protector, with a shield for weaker players to eschew competition with stronger players (Ottosson and Kindstorm, 2016). It is also called a defensive ‘pull marketing’ strategy, where management firstly identify the niche market and then develop products for that market and, in so doing, create barriers to protect competitors (Parrish, Cassill, and Oxenham, 2006; Toften and Hammervoll, 2013). Leeflang (1990) therefore suggests the following ideas for organisations that are looking to develop a niche marketing strategy. They are, the organisation must develop differentiated products for a specific market in order to develop sustainable competitive advantage; the long-term interests of customers will be the main goal of sustainable competitive advantage and these can be developed into long-lasting relationships with diverse interest groups; enhance initiatives to maintain relationships.

Moreover, Toften and Hammervoll (2013) reveal numerous success criteria of niche marketing strategy for instance, niche marketing strategy in an organization increase uniqueness, purchase rate, higher profits, market share, growth rate, protect rivals; and differentiated products (Jarvis and Goodman, 2005; Schußler, 2009; Byrom and Lehman, 2009; Cameron, 2011; Greco, 1997; Suryanata, 2000; Lau, Beverly, Kelley and Hanagriff 2007; Toften and Hammervoll, 2010a; Raynor and Weinberg. 2004). These success criteria are achievable as niche marketing strategy is “viable option in a variety of settings and industries” (Toften and Hamervoll, 2013, p.274).

Most significantly, organizations pursue niche marketing strategy to benefit from higher prices and less competition on a small market segment (Schaefers, 2014). According to Varadarajan and Jayachandran (1999) organizations desire to keep up premium price and higher market share. However, they need to pursue niche marketing strategy through offering differentiated products and services at a higher price to a small target market (Shani and Chalasani, 1992; Schaars, 1991; Dalgic and Leeuw, 1994; Greco, 1997; Linneman and Stanton, 1991; Peterson, 2001; Dalgic, 1998). In this sense, charging a higher price is a significant factor in a niche marketing strategy (Kotler, 2003; Dalgic and Leeuw, 1994; Toften and Hammervoll, 2009).

INTEGRATING NICHE MARKETING STRATEGY WITH TOURISM

The word tourist refers to the one who makes tours or the one who travels for pleasure or one who is visiting a place for a specific interest. Furthermore, Wall and Mathieson (2006) state tourism is:

> “the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes”.(p.14)

However, over the recent years, leisure-based tourism is increasing at a vast rate and the trend is likely to continue. People desire to escape from the pressures of daily life; therefore, leisure tourism has become one of the most important constituents in their life (Walker and Walker, 2011). However, global competition, technological advancements, the specialised choices of tourists, it is apparent why concepts such as niche tourism have emerged (Huh and Singh, 2007). In fact, the concept of niche tourism derives from the concept of niche marketing where it differentiates the products that fulfil the differentiated tourists needs and expectations and in return tourists are charged a premium price (Huh and Singh, 2007; Novelli, 2005; and Parrish, 2010). In niche tourism, niche marketers identify target groups of tourists, where each tourist is characterised by specific travel motivations, attracted to the differentiated tourist attraction on offer (Ali-Knight, 2011).

A destination can be developed when its image has changed in the mind of the customers (tourists) (Gartner, 1989). Echtner and Ritchie (1993) believe that it is important that the destination image is seen as being attractive in the eyes and minds of tourists and meets their needs and expectations. Destination development by niche market requires positioning of niche tourism products through niche marketing strategy where mass tourism is clearly incapable of attracting more tourists (Buhalis, 2000).

However, effective product positioning of destinations can be achieved through the identification of attributes that are unique and differentiate from other destinations (Crompton et al., 1992; Botha, Crompton and Kim, 1999; Morgan, Pritchard and Piggott, 2002). The positioning of niche tourism products within the tourism industry, like

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other industries would be achieved through the identification of a potential niche, analysis of tourists and competitors, targeting tourists, analysis of product differentiation, analysis of internal and external competencies (Tamagnini and Tregear, 1998; Linneman and Stanton, 1992; Dalgic and Leeuw, 1994; Toften and Hammervoll, 2013). George (2001) also believes that targeting specific groups of tourists through niche tourism helps organisations to clearly identify the needs and desires of tourists with the view to empower more effective product positioning. However, the positioning of niche products, captures new and emergent tourist markets that are highly price sensitive and competitive in the marketplace (Novelli, 2005). Echtner and Ritchie (1993) also argue that the positioning of niche products works as a destination pull factor that later increases market share (Echtner and Ritchie, 1993).

It is evident from the literature that there are many interpretations and understandings as to what niche marketing strategy is and what the relationship of niche marketing with tourism is. Literature reveal that niche marketing strategy focuses on an individual customer or a group of customers and looks at developing products as differentiated products to fulfil their needs and expectations, in return for a premium charge. This is relevant for the tourism (Trunfio et al., 2006; Raynor and Weinberg, 2004; MacKay et al., 2002 and Novelli, 2005) other than the leisure-based tourism industry of Bangladesh.

By carefully attempting to include the current important aspects of niche marketing strategy, this paper suggests that the development of a niche marketing strategy within the Bangladesh leisure-based tourism industry should firstly focus on attracting niche consumers through differentiated products and services. It was also suggesting that charging a premier price to all kinds of niche consumers would most likely deter them to purchase the niche products. Study insinuate that organizations of Bangladesh leisure-based tourism industry needs to charge niche prices to niche consumers for the differentiated products and services based on the local economic level or tourists purchasing power. Therefore, this study suggests that the definitions of niche marketing strategy with regards to minority tourism economies should be modified and propose the following definition:

> Niche marketing strategy is a strategic process that focuses on increasing tourists with differentiated needs and in turn offers differentiated niche products and services with the view to charging niche prices at a local economic level or tourists purchasing power

This definition is specific to the leisure based tourism industry of Bangladesh, however it highly likely that it can be considered in relation to tourism industries with similar economies such as India, Maldives, Bhutan, Nepal, Pakistan, Afghanistan or other economies with similar economic backgrounds where they are perhaps failing to increase the number of tourists or struggle to compete with potential rivals.

CONCLUSIONS AND MANAGERIAL IMPLICATIONS

The aim of this paper is to extensive analysis of niche marketing and niche tourism by reviewing the existing niche marketing and niche tourism literature. Most significantly, this paper providing a new concept in terms of niche marketing strategy for scholars who wish to study the leisure-based tourism industry of Bangladesh or minority tourism economies. In brief, literature suggests that niche marketing strategy and niche tourism are important to stay focused on the customer in order to minimise rivalry and create a competitive advantage. The academic literature also demonstrates the absolute suitability of niche marketing strategy for an organisation. It is evident from the literature review that in order to be successful an organisation must adopt a niche marketing strategy as it seeks out a market that offers the best opportunity for them.

Organizations of Bangladesh leisure-based tourism industry need to focus to develop niche tourism products and services for fulfilling niche tourists needs and expectations. However, before considering the niche products and services, organizations need to encapsulate three stages for instance, niche identification, niche strategy development and niche control. During the niche identification stage, tourism organisations need to conduct a variation of different kinds of analysis, such as of industry, businesses, competitors and markets. In order, to understand and evaluate the market and economic circumstances, their capabilities and any available opportunities, that may be considered to realistic and achievable.

Niche strategy development is also called implementation stage. This stage consists of two sub-stages, such as target marketing and tactical niche. Both target marketing and niche tactics are the starting point of the niche

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marketing strategy and every niche tourism organisation need to embrace this stage. Within this stage, there is another part which is called tactical niche, may deal with niche products, price, accessibility, effective promotion, people and physical evidence, to serve the purpose of the niche strategy. In the final stage, organisations should evaluate their executed niche strategy. The assessment of strategy not only demonstrates the result of its performance, but also compares its achievement with previous, traditional promotional activities that organisations are using.

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SURVIVING UNCHARTED WATERS: A CASE OF AFRICAN IMMIGRANTS IN SOUTH AFRICA

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ABSTRACT

Since the advent of democracy in 1994, South Africa continues to be a home for many migrants from various African countries, as well as from further afield. Though researches mainly focusing on their livelihoods in South Africa have been conducted, they remain inconclusive due to the changing nature of the environment they live in. This study utilized a qualitative method approach to conduct inquiry into this topic, where various sources of information were consulted to confirm and dispute some of the allegations directed towards foreign nationals living in South Africa, with a specific focus on those who live in the Johannesburg CBD. Migration patterns in South Africa have been summarized while some socioeconomic climates in Africa have been discussed. This article argues that African migrants in South Africa experience hardship for living and suffer discrimination and many other ill-treatments, despite the government's efforts to protect and apply the law in their favour. The study ends with recommendations to the South African government about the migrants' conditions and call for the improvement of their treatment in dispensing official documents as well as their protection.

Keywords: African diaspora, migration, xenophobia, South Africa.

INTRODUCTION AND BACKGROUND

The presence of many African immigrants in South Africa, continues to be a topic of hot debate. All sorts of reports and accusations are formulated against them, resulting in some of the immigrants being assaulted, criminalized or even killed. These ill-treatments are not only executed by ordinary citizens, but sometimes state actors are also guilty in this regard. A shocking example, according to Alfaro-Velcamp and Shaw (2016) was when, in 2015, eight police officers handcuffed a migrant Mozambican minibus taxi driver to the back of a police van, dragging him, beating him and finally throwing him into police custody where he succumbed to the injuries he sustained during that beating. Fortunately, South Africa is a country of law; those police officials were sentenced to 15 years of imprisonment a year later.

Some of immigrants enter the country illegally without authorisation (official documentation), looking for better lives or running away from their conflict-torn home countries. In these conditions, ensuring survival becomes difficult. As reported by the Goedgedacht Forum (2015), immigrants become regarded as drug dealers, children traffickers, squatters, facilitators/exploiters of the informal economy and thieves, stealing all kind of opportunities from South Africans. Yet, Kalitanyi and Visser (2010) argued that a significant number of immigrants in South Africa contribute to the country's economy, thereby creating employment for unemployed locals. Being an illegal immigrant in this country leads to a number of challenges; securing South African documents becomes a problem which some of them resolve by bypassing laws and bribing some corrupt home affairs officials (Banks, 2018), while others would become subjects of criminalisation and xenophobic attacks which have become of regular occurrence in South Africa.

This paper argues that African immigrants encounter difficulty in securing South African official documents as well as hardship to earn a daily living. These conditions and many others have brought many researchers to investigate the livelihoods of immigrants in South Africa, and this paper aims to make a contribution in this debate, by reporting on how African immigrants make their survival in South Africa.

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CONTEMPORARY MIGRATION IN SOUTH AFRICA

The advent of the democratic dispensation in South Africa in 1994, occasioned an influx of migrants that required the new regime to use legal instruments focusing on policing and coercion (Segatti and Landau, 2011). This policy however, lacked the necessary political spark "to assess pressing issues such as the increasing numbers of asylum seekers, brain drain and brain gain, skill needs, and the rights of undocumented migrants" (Segatti and Landau, 2011) as it was a continuity of the existing practices and frameworks in the wait for a new and evolving framework adapted to the situation. Furthermore, when South Africa started the process of international integration in 1994, there were signs of an ailing economy, poor education and high levels of unemployment as some of the characteristics of South Africa society. Today, with a slow socioeconomic transformation, South Africa is not very different; hence the marginalised poor can easily become violent. The xenophobic attacks took place within this context, including the very first in South Africa history in 2008 that left 62 people dead and bout 150,000 displaced (Misago, Landau and Monson, 2008).

However, as reported by Segatti and Landau (2011), South Africans are not the only ones to have become violent against foreign nationals; the same behavior has been reported in Mozambique, Botswana and elsewhere on the continent. These violent attitudes should send a strong message to the governments, that strong and well-structured policies around migration and socioeconomic factors are necessary. A closer look into the migration issue and the resulting violence in South Africa, should lead to clear political thinking about the kind of interdependency migration creates between nations, specifically in the sectors of regional integration, growth, labour market imbalances, skills transfer, protection from persecution, cultural exchange as well as democratic values. In South Africa however, as well as in Botswana and Namibia, - countries that have achieved political stability and economic growth, - there is fear that migration can jeopardize these achievements should tensions persist (Segatti and Landanu, 2011).

How many migrants are in South Africa?

There are conflicting reports about the origin of migrants in South Africa and where they come from. Various actors present figures that fit their interests and these figures have disastrous consequences towards migrants as they are used by some xenophobic elements to put pressure on immigrants. For instance, in 2015, the New York Times claimed that there are five million immigrants in South Africa. In the same year, Reuters repeated the same figure, while BBC was more cautious and used a figure of between two and five million immigrants in South Africa. Prior to the publication of these figures, South Africa had conducted a general census in 2011 during which, the number of both documented and non-documented immigrants living in the country was estimated at 2.2 million. This was then the official number, and one would wonder the basis of the previously-mentioned figures. In a country where acts of "afrophobia" and violence take places occasionally, such exaggerated estimations are quite dangerous given the perception of job stealing and putting strain on basic and essential services (Louw-Vaudran, 2015).

Highly recognized intergovernmental organizations are also falling into the trap of using exaggerated estimations. In 2017, the Migration Data Portal agency run by the International Organization for Migration (IOM) reported that South Africa hosts four million immigrants. They based these estimates on the assumption that the number of immigrants in South Africa has doubled between 2010 and 2017. These statistics, based on sloppy analysis and incorrect statistics can have tragic consequences for xenophobic uproar as mentioned above.

Where South Africa's immigrants come from?

The origin of immigrants in South Africa remains another hot topic of discussion. This information could be available at the department of Home Affairs, but it does not seem to be easily accessible. In the United Nations' Department of Social Affairs (UNDESA) 2018 conference on migration for structural transformation in Africa, it was reported that 2.2 million immigrants are from the African continent, while 1.8 million are from outside Africa. There is a wide gap between these figures and those published by the 2011 census, where 75% of immigrants in South Africa, were estimated to be from Africa, while 52,000 immigrants were estimated to be coming from outside Africa.

A study by Khosa and Kalitanyi (2015) reports that African immigrants in South Africa left their home countries for various reasons, including political instability and economic reasons registering the most scores. Furthermore, the study revealed that many of them come from Zimbabwe, Somalia, DRC and Nigeria and that many

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of them opt for entrepreneurship to earn their living, though majority of them do so for necessity reasons rather than identification of opportunities. According to the pair, migrants are discriminated against in the job market, hence they are pushed rather than pulled into entrepreneurship.

Running some small businesses for their survival

To earn their living, African immigrants are involved in a number of businesses ranging from retail to services (Kalitanyi and Visser, 2010), where they run grocery shops, fix/repair cars, run hair salons and sell food originating from their home countries. This finding coincides with Dana and Morris' (2011) evidence suggesting that a great majority of immigrant and ethnic ventures in the United States of America are either in retail or service businesses, or correlated to a skill or trade the immigrant brings from their home country. Similarly, Rath and Kloosterman (2000) reiterate this finding and point out that in the Netherlands, about 60% of all immigrant entrepreneurs can be found in sectors such as wholesale, retail and restaurants.

With regard to the types of business ownerships African immigrants operate in South Africa, the study by Khosa and Kalitanyi (2016), found that 88% were in sole proprietorship, 7% in partnership and 5% in close corporations[1]. Unfortunately, no single immigrant entrepreneur was running a business in the form of a company, whether private or public. Sixty-one percent (61%) of immigrant entrepreneurs were in the service sector, with 34% in the rural and wholesale sector while 5% were in the manufacturing sector. While running all these various types of businesses, it is however not known how local people do actually benefit from them, even if it has been proven that migration carries some benefits.

Against the above backdrop, a number of benefits from migration has been highlighted. In South Africa, the discovery of Cape of Good Hope in 1497 by Vasco Da Gama marked the beginning of migration which had an impressive contribution towards the development of the country (Kalitanyi, 2007). Cross (2006) articulates that migration is used to fill the skills gaps, but also played a role of filling some important positions that South Africans are not capable of occupying. In Lesotho, migration creates jobs, brings skills and increases the country's image and possibly its competitiveness (Akokpari, 2005). Gilbert and Koser (2006) supported this view and posits that migration helps in fostering the public opinion and government policy.

In Europe, a small number of migrants from Western Europe to Central European countries, was hugely beneficial. The inflow of westerners into Czech Republic, Hungary and Poland resulted in a "dynamic development of various highly knowledge-based sectors such as banking, financial services, real estate management, insurance, investments and business consulting" (Marek, 2015). On opposite side, the large influx on unskilled migrants into those three central European countries, was not of any significant benefit, other than the contribution to the growth of house-hold-related services and employment (Marek, 2005). Further positives on this migration, Howse (2006) mentions the labour force participation rate as well as the increase in total fertility. On this later benefit, Europe presents different dynamics from South Africa, as Europe is regarded as an old continent, while South African fertility rate is at a desired rate. Migration in South Africa, would rather accelerate this rate to an unwanted percentage.

Migrants' rights in South Africa

Refugee law in South Africa is well drafted and grants refugees and asylum seekers a number of rights that they enjoy, despite some hiccups. South African Legal Resources Center (2020), lists the following as the rights and duties of refugees and asylum seekers in South Africa:

- Right for free movement (no refugee camps in South Africa)
- Right to seek employment
- Right to claim UIF (Unemployment Insurance Fund) benefits
- Right for education at any level
- Right to benefit from social grants
- Right to access medical care

[1] Close Corporations in South Africa: A close corporation (or CC) is a type of South African legal entity which was usually chosen for smaller businesses. Under the new Companies Act of 2008, close corporations can no longer be registered and they will be phased out over time.

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- Right to receive anti-retroviral treatment
- Right to register new born babies
- Right to get married
- Right to own properties
- Right to open bank accounts

Though this document does not mention the right to operate a business, refugees, asylum seekers and migrants in general, have the right to open and operate a business of any type in South Africa. Following these rights and the way refugees and asylum seekers enjoy them, lot of criticism arises and some South Africans complain that they have far too much rights. This has prompted the review of these rights and the undergoing review warns that they are going to be reduced and put limits to some benefits. According to BusinessTech (2020), the following five things are to be expected from this review:

1. Absence of automatic right to study and work: it is envisaged that this right will only be granted, once the asylum seeker can prove that he/she can support himself/herself, or produce a letter from educational institution or employer while applying for asylum visa.
2. Extend an offer of employment: an asylum seeker would not be allowed to work, if the employer fails to provide an extension of employment offer. According to Clive Dekker Hofmeyr from BusinessTech (2020), it is not exactly clear what the process and requirements are to have that right to work in the country and the impact of this process on the existing employees.
3. Ban on political activity: the refugee amendment acts prohibits refugees to engage in political activities even though they are of high concern in their home countries.
4. Paternity test on asylum seeker who wishes to enter South Africa with his children. According to the amendment refugee act, if a refugee or asylum seeker fails to produce paternity test, the child will be handed to the social worker, and this is viewed as a deliberate process of creating a further red tape in the administration of refugee matters in the country.
5. Delays: all in all, these amendments intend to bring further delays in asylum seekers' applications.

Challenges to overcome by immigrants in South Africa

Some of the major challenges that African immigrants face in their businesses, are that foreigners in South Africa complain that they are never granted business sites in central business districts (CBD). Consequently, they have to use private markets, which cost more money to rent than government-controlled sites, which results in greater police harassment than that experienced by local citizens (Hunter and Skinner, 2003). Further to these challenges, Voley (2007) pointed out that there are low barriers of entry into the markets dominated by ethnic entrepreneurs with regard to the capital required, educational qualifications, small scale-production, high-labour intensity with a low value added and high completion. These challenges were further mentioned by Khosa and Kalitanyi (2016) when they propounded that African immigrant entrepreneurs' challenges are sales fluctuations, competition, capital to start and sustain the businesses, securing business spots, high rent and regular crimes.

Xenophobia is another major challenge faced by African immigrant entrepreneurs Hunter and Skinner (2001). The issue of xenophobia or afrophobia has become acute in South Africa as it happens quite often. Alfaro-Velcamp and Shaw (2016) highlight an example of a WhatsApp text message that circulated in April 2015. The message was instructing all foreign nationals to leave South Africa with immediate effect as they were regarded as the breakers of the law. The message read (Copied verbatim):

Happy Sunday all

Dear Neighbour from Africa & Other Parts of the World. We have travelled the world and have not found one country that allows the floods of humans across its borders as South Africa is experiencing. Even in war torn part[s] like Syria, Ukraine, Yemen and Somali. We were 7 million people in Johannesburg City in 2011; today we have an estimated 13 million. Of course our infrastructure and services must collapse. If you were quite prepared to disrespect the first Law of the sovereignty of our country, why should you respect the rest of our laws? We have just come out of an oppressive bloody Apartheid system while you north of the Limpopo had been enjoying freedom since 1960, 1975 and 1981 respectively.

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We remember those proud milestones. But we are all still developing countries and our development must be impeded with so many strangers and illegals in our midst. In Johannesburg alone you have taken over entire suburbs: Yeoville, Berea, Bez Valley, and Turfontein amongst many. You have even moved into rural parts of our country that have 80% unemployment; and there are no visible signs that you have jobs either. ***But there are signs of drug-dealing, prostitution and other criminal acts that you conduct – sometimes in cahoots with desperate locals. Your presence at this moment in our history is most destructive and destabilising to our country and our citizens*** [2]

We are pleading with you to return to your home countries – as our King Goodwill [3] *and many other great leaders have asked. Go and build up those countries so that we can all live in economic, social and political prosperity and peace – as neighbours. The genocide in this corner of Africa will be far worse than what happened in Rwanda in 1994. Then the entire continent will be condemned to ashes. Is that what you want? Our people built this country with their blood and tears, but built [sic] it we did. For you to come here and take jobs at cheaper rates, use and abuse our scarce resources (schools, hospitals, shelters, clinics, parks, streets – even our churches and shacks and open spaces to live in while shops are literally running out of food) and further add to already high crime rates, IS WRONG and IMMORAL. South Africans not fully employed or who were found guilty of crimes, were recently repatriated from Nigeria and rightly so. Our people are preparing for war against all foreigners (from Bulgaria to Pakistan and Bangladesh to Africa north of the Limpopo) and we are all very scared. Please GO HOME and BUILD Africa. Millions will die if you don't. This we can guarantee. Good luck with your return*

Patriotic Movement, Pan Local Forum, Unemployed Workers Forum"[4]

A message such as this one, had a purpose. Only the senders knew what they wanted to achieve, and it is important to assess what it meant in the minds and eyes of the foreign nationals that it was directed to. Certainly, many of them suffered consequences in many different ways:

- Many foreign nationals who received this massage, were afraid to leave their homes for days, therefore missing out on their works and income
- Many of them were psychologically affected as the message reminded them of the deadly attacks that occurred in previous years
- Some of them sought trauma counselling

Furthermore, the WhatsApp message criminalized immigrants when it read that "***Your presence at this moment in our history is most destructive and destabilising to our country and our citizens"***. Additionally, inflammatory messages such as the one from the Zulu King, as well as the case of police officials dragging the Mozambican migrant on the police van are more than enough examples that spur some poor South Africans to conduct xenophobic attacks. Further in the WhatsApp message, signs of unfair picking on foreign migrants were visible when they articulate that their infrastructure and services were collapsing. Further to this, they claim that Johannesburg has been taken over (some examples of the suburbs have been cited), and that foreigners have moved into rural areas. They add: "You don't appear to be working, but signs of drug dealings are visible". While writing this paper, one can't deny that some infrastructure is under pressure due to a high number of people they have to cater for, but it is incorrect to attribute the aging of those infrastructure to the presence of foreign migrants alone. The high concentration of foreign migrants in some areas of Johannesburg CBD, is also linked to two major reasons:

1. Their safety
2. Business related reasons, where they sell products originating from their home countries to other migrants. It should not be regarded as taking over those suburbs, especially that migrants do not even own the properties they operate in.

[2] Author's emphasis on the statement
[3] In March 2015, Zulu King Goodwill Zwelithini kaBhekuzulu made inflammatory comments about foreigners' commercial roles in South Africa, leading to xenophobic attacks in various communities. Bongani Harris, 'King's Anti-Foreigner Speech Causes Alarm', iol news, South Africa, 23 March 2015.
[4] Anon, 'The Xenophobia in South Africa Is Officially out of Control', available at http://thoughtcatalog.com/anonymous/2015/04/the-xenophobia-in-south-africa-is-officially-out-of-control/, retrieved 17 June 2015.

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On the drug dealing issue, the business Tech (2015) reports that 4% of the South African population is regarded as frequent drug users. Several reports and pronouncements from high ranking South African authorities have pointed the finger at some foreign nationals in their involvement in drug dealings: in October 2019, Honorable Nalendi Pandor, South Africa's minister of international relations said: *"Help us address the belief and the reality that our people have that there are many persons from Nigeria who are dealing in drugs in our country, who are harming our young people by making drugs easily available to them"*.

While I concur on the involvement of some foreign nationals in drug dealings in South Africa, I also find unfair, unjust and incorrect to put all the foreign nationals in the same basket with regard to the drug dealings. It is a simple generalization and it is dangerous, especially when it aims at causing harm or damage of one party in the name of trying to save another party.

A CONTINENTAL BACKGROUND THAT SET THE CURRENT MISERY IN MOTION

When the word "Africa" is pronounced, many people including some Africans understand a place of uncountable problems, where nothing good can come from. Briefly, Africa is associated with misery. It is for these reasons that foreigners refer to Africa as a "black continent", not in reference to the colour of its inhabitants, but with reference to its persistent problems (AnswersAfrica, 2019). What is embarrassing further is that those problems are not natural and do not mainly originate from outside the continent. They are mainly created by Africans themselves and appear to be more mythological than real. As correctly put by AnswersAfrica (2019), "until and unless Africans themselves understand that their problems are created by those they trust to offer help, not much will change for this great continent".

Habiyaremye and Oğuzlu (2014) underscore the above position by postulating that "in post-independence Africa, the pattern of foreign influence has mainly been shaped by the inheritance of the colonial system and the legacy of the cold war". Furthermore, Eagle report (2014) appends that the current trade imbalances date from the colonial period and perpetuate the ruthless exploitation of African resources and environmental degradation by Western oil and mining multinationals.

The logic behind the establishment of the relations between Africa and their former colonial masters, was the international labour division, where the colonies were repositories for natural resources and raw materials, while the "master" had access to international markets and factories. The other reason behind this uneven trade relationship was the imperatives of cold war where western powers feared the expansion of communism ideas and access to some indispensable resources by the Soviet Union (Habiyaremye & Oğuzlu, 2014). It was during this period of cold war, that France enjoyed unprecedented and unchallenged position of influence on African continent. Patrick Benquet elaborates on this by postulating that a secret deal between United States and other Western powers to entrust France to ideologically police Africa in order to block the communist ideas on the continent, and this allowed France to exert a considerable influence on African politics and exploit it as it pleased it (Benquet, 2012). Besides the threat of Soviet Union to set its feet on African continent, the other fear was that the rich minerals of Africa, do not fall in the hands of the leaders of the independence movements.

This merciless policy of exploitation in a form of neo-colonial, started at the onset of cold war, and President De Gaulle was instrumental at its implementation. His successors, without any exception, followed the same path, but disappointingly, with the help of unscrupulous Africans political figures to assassinate independence leaders, protect dictatorships, lead military coups and foment civil wars on the continent. Other resulting effects from this type of relationship between French President and the Africans Presidents, were and still corruption, military coups, occult financing and secret military assistance agreement to always put France first in terms of natural resources exploitation and markets distribution.

This relationship, though called bilateral, never benefited African people, rather their so-called leaders who, some of them were ironically adulated and praised by consecutive French governments and referred to as "preferred friends of France". Ironically, the pronouncement of President De Gaulle that "States don't have friends, but interests" is well known to them. In the French agents of Foccart's secret service, these African leaders were referred to as "black

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governors” to underline that they were administering their countries on behalf of France in exactly the same manner French administrators were doing before independence (Habiyaremye and Oğuzlu, 2014).

Another relevant point to mention in this article, is the development aid that has been a powerful tool for covering up the established looting system and the perpetuation of mediocre governance practices on the black continent. There is no doubt that developmental aid has failed to have a positive impact on African people’s lives. However, it has reached its “intended” objectives of western powers of keeping their influence and maintaining African population in poverty, and allow France to maintain both its dominant position on the political scene of its former colonies as well as its neo-colonial hegemony on the continent[5].

It is therefore clear that African disastrous conditions are not only African-made issues, hence they seem to be difficult to find solutions and lead to a number of consequences resulting in many of them to run away from their home places. AnswerAfrica (2019) lists 10 most disastrous problems that affect the continent and its citizens:

- endless poverty,
- over-dependence on international aid
- lack of true leadership
- the rich subaltern mindset
- endless conflict
- ignorance of intellectual principles
- inadequate science and engineering education
- poor understanding of the world
- the so-called crab mentality
- media injustice

Despite these continental issues, South Africa stands as exception. Its socioeconomic situation makes it unique on the continent, hence being attractive to migrants. Indeed, South Africa provides platform for democratic emancipation, and freedom of speech, variables that are rare in many other countries.

CONCLUSION

Due to its economic development and political stability, there is no doubt that South Africa will remain an attractive destination for immigrants from the region, the continent and far away. This article showed how socioeconomic conditions constitute a push factor for continental citizens to move to South Africa, where they are blamed for almost all social ill, including crimes, the hardships of millions of South Africans and taking over some cities.

While the paper does not deny the involvement of some foreign nationals in illegal and criminal activities, it however denies the claim that all immigrants are involved in criminal activities and are undocumented. To this, there is a need to do proper scientific and honest reporting of statistics and it is important to remember that population facts and numbers matter significantly and that exaggerations are dangerous. The rights and duties of refugees and asylum seekers have been summarized, while concerns on the envisaged amendments of the current rights and duties have been shown. Finally, the paper highlights the living conditions of immigrants where those are involved in businesses experience harassment, xenophobia and discrimination.

RECOMMENDATIONS

It has been discussed that the current way of managing refugees and asylum seekers in South Africa is the same as that of before 1994. However, circumstances have changed. South African economy is no longer reserved for a small percentage of the population. It has to cater for all the people who live in it, starting from its citizens. It is therefore recommended that a proper socio-economic direction be drafted to clearly draw a line on the sharing of the country’s resources between South Africans and foreign nationals.

[5] The current military involvement in Mali, the recent crisis in Ivory Coast and Central African Republic are some examples of the still ongoing involvement of France in African politics.

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Furthermore, policy on migration has to be clarified and adapted to the current reality. As discussed above, South Africa counts a big number of foreign nationals living in it, whether documented or not. The policy on migration should not discriminate against those who are already in the system, but it should clearly show who should come in the country and what he/she is entitled to do in terms of employment. The policy should further be clear on extradition conditions.

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ENHANCING SUPPLY CHAIN COMPETITIVENESS OF FMCGs THROUGH RETAILER DISTRIBUTION CENTRES IN SOUTH AFRICA

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ABSTRACT

The evolution of supply chain management (SCM) in 1980s influenced development of retailers of fast moving consumer goods (FMCGCs). These retailers own distribution centres (DCs) which are crucial distribution channel for FMCGs. The study explored the role of DCs in the retail environment in South Africa and their contribution towards supply chain competitiveness. The theory of supply chain collaboration and integration underpinned the study and qualitative research methodology was used. After analysing the data via content analysis, it emerged that collaboration and integration of FMCGs with retailers through the DCs enhanced retailers inventory replenishment which influenced supply chain competitiveness.

Keywords: Collaboration and integration, DCs and FMCGs, retail-chain-stores, shopping complexes, supply chain management.

INTRODUCTION

Supply chain management (SCM) addresses the network of raw material suppliers, manufacturers and customers (Pienaar & Vogt, 2012, p. 8). The supply chain network involves inbound logistics to the supply of raw materials from suppliers to the manufacturers for the production of goods and through outbound logistics transport finished goods to the retailers via the distribution centres (DCs) (Robinson, 2018).

The leading retailers each has over 400 outlets nationally and use central buying at national distribution centres (NDC) and regional distribution centres (RDCs) to timeously replenish the outlets (Shoprite Holdings, 2017). The intensive use of technology enhances supply of raw materials from the upstream suppliers to the manufacturing point to produce products for distribution downstream to facilitate order fulfilment for inventory replenishment at the retail stores with minimum delay (Pfeiffer, 2017).

The interaction between end users or customers, manufacturers, and suppliers was described by Salam, Panahifar and Byrne (2016, 887-902) as "the act of capturing, and disseminating knowledge, and data for decision makers to plan and control supply chain operations". Sharing accurate and timely information throughout a supply chain from the bottom end (customers/consumers) or from the top end (suppliers) via the manufacturing point and the retailer DCs can yield significant performance improvements for the enterprise, as well as for the other members in the value chain (Narkhede, Rant, Patil & Mahajan, 2013). In their investigation of supply chain capabilities in a container shipping supply chain, Yang and Jung (2016, p. 236-262) established that supply chain integration (SCI) enhanced market and financial performance (FP).

This study investigated the views of senior managers in food FMCGs manufacturers and the leading food retail groups on the influence of retailer DCs on supply chain competitiveness in South Africa. The study was underpinned by the theory of supply chain collaboration and integration.

THERORETICAL FRAMEWORK

The study was underpinned by theory of collaboration and integration. Collaboration entails: “the relationship between individual participants’ self-interest, and the collective interests of all involved in the collaborative alliance” (Wood & Gray, 1991). Collaboration plays a critical role in the interaction between the retail outlets and their distribution centre which is referred to as ’collaborative planning, forecasting, and replenishment’ (CPFR). CPFR entails “the cooperative management of inventory through joint visibility, and replenishment of products throughout the supply chain” (APICS, 2013). The process involves information sharing between suppliers and retailers that assist in planning, and satisfying customer demands through systems integration. The systems facilitate continuous updating of inventory, and upcoming requirements, essentially making the end-to-end supply chain process more efficient. In the process, efficiency is created through the decreased expenditures for merchandising, inventory, logistics, and transportation across all trading partners (Wisner, Tang & Leong, 2016, p. 18).

Supply chain integration (SCI) is “the alignment and interlinking of business processes” (Mangan, Lalwan, Butcher & Javadpour, 2012, p. 47). This implies that the organisations involved share their business processes in their operations as if they were the same organisation. According to the APICS (APICS 2013, p. 172) SCI occurs “when supply chain partners interact at all levels to maximise mutual benefits”.

LITERATURE REVIEW

The advent of SCM in the 1980s was followed by the emergence of shopping complexes (mall and centres) that became crucial distribution channels for fast moving consumer goods (FMCGs). This ushered in a new shopping experience to consumers that has become a global trend of shopping from malls and the trend has grown to include online shopping. According to De Wet, (2018), South Africa had 23.4 square kilometres (23.4 million square metres) of shopping centres/malls. These shopping complexes house the leading retailers such as Pick ‘n Pay, Checkers, Woolworths, Mass Mart and Spar (Sagaci Research, 2018). All these retailers own NDCs and RDCs which are strategically located to supply their outlets at the malls and in remote rural centres.

SUPPLY CHAIN/LOGISTICS MANAGEMENT

The Council of Supply Chain Management Professionals (CSCMCP) definition of supply chain management states: “Supply chain management encompasses the planning and management of all activities involved in sourcing and procurement, conversion and all logistics management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third party service providers and customers. In essence, supply chain management integrates supply and demand management within and across companies” (Winterstein & Stark, 2019). Logistics management is the crucial component of SCM that “plans, implements and controls the efficient, effective flow and storage of goods, services, and related information from the point of origin to point of consumption in order to meet customer requirements” (APICS 2013:94). Effective logistics management ensures that product meets the required order specifications, correct quantity, good quality at appropriate cost, and delivered to the required place at the time agreed. Essentially, these are the factors that drive supply chain competitiveness.

RETAILER DISTRIBUTION CENTRES (DCs)

The DCs are owned by retailers and receive bulk products from different suppliers, usually in full-truck loads to service designated outlets in a given region hence, most of them are regional distribution centres (RDC) (Hayak 2018). The DCs are high-velocity operations where wholesale and retail orders are filled and they are customer-focused, technology-driven and relationship-centric. They provide value-added services using technology for activities such as assembling of products, organising orders, picking, packing and shipping of goods (Sankara 2018). The technology used include electronic data interchange (EDI), barcoding, radio frequency identification (RFID), internet systems,

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warehouse management systems (WMS), transport management systems (TMS) and enterprise resource planning among others (Wisner, Tang & Leong, 2016, p. 13).

PROBLEM STATEMENT

An investigation of the value-adding role of distribution centres (DCs) in the supply chain of food FMCGs through retail distribution channel.

EMPIRICAL OBJECTIVE

The empirical objectives of the study aimed "to establish that supply chain collaboration and integration of FMCGs suppliers with retailers through their DCs enhanced in-store inventory replenishments, culminating into supply chain competitiveness".

RESEARCH METHODOLOGY AND DESIGN

This study pursued a qualitative research methodology to establish that supply chain collaboration and integration of food FMCGs suppliers with retailers through DCs enhanced in-store inventory replenishments culminating into supply chain competitiveness. Interviews were conducted with participants to generate research data as required in a qualitative research (Lee & Lings 2008). The research design is the framework of the study on how to generate empirical evidence to examine the research question (Saunders, Lewis & Thornhill 2016). The research design focused on the critical role played by the retailer DCs in the timeous replenishment of inventory at the retail outlets. The study was grounded in the theory of supply collaboration and integration and literature was drawn from the latest supply chain/logistics journals, supply chain and operations' text-books and relevant websites.

A non-probability sampling as posited by (Saunders *et al*. 2016, p. 295) was pursued and interviews conducted with 15 participants who were managers from ten food FMCGs suppliers and five leading retail groups. The interviews were arranged through the gatekeepers and the participants briefed on the interview duration of about 45 minutes and permission requested for the use of a digital voice recorder and a field notebook to record the interviews. An undertaking for confidentiality, non-disclosure and anonymity during and after the interview was agreed with the participants as posited by Kumar (2005:56).

Subsequently, the recorded data was transcribed, interpreted, coded and analysed via content analysis (Saunders *et al*. 2016:220) and the themes that emerged were classified as major themes and sub-themes which established the outcome of the study. The triangulation was conducted through comparisons of the interview data, field notes and the literature that also provided prove of validity and trustworthiness of the study.

RESULTS AND DISCUSSION

The thematic analysis revealed seven major themes and several sub-themes from the generated data. The major themes comprised technology/integration, supplier-customer collaboration, IT adoption, information flow, ease of documentation and product alignment, 3PL/4PL and distribution centres (DCs). The themes resonated with the supplier/customer relationship as stipulated by the participants. The crucial role of technology use in order fulfilment for inventory replenishments at the retail stores was among the most prominent themes.

Empirical objective: "To Establish That Supply Chain Collaboration and Integration of FMCGs Suppliers with Retailers Through their DCs Enhanced In-store Inventory Replenishments Culminating into Supply Chain Competitiveness" (Achieved)

The empirical objective was achieved as corroborated by the themes that emerged and the evidence from the participants expressed herewith:

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Technology/Integration: Its role was supported by 13 participants and stipulated by participant 5 as:

"I think in the material space and the supplier's space we have embarked on a partner to win campaign and what that means is we have got a very close relationship with our key suppliers. And we have identified who the key suppliers are and therefore we have a very close understanding and relationships with their businesses. We have shared our forecasts with them very openly and they too have done several activities on their side such as holding stock, procuring extra raw materials et cetera to really get to a partner to win relationships with our company. Our collaboration with the suppliers is key to meeting the retail stores orders timeously".

Supplier-Customer Collaboration: It was expressed by 11 participants as participant 11 stated:

"Our customers are very demanding as most of them are from very busy malls and it gets worse in the last week of the month and the first week of the following month. Our WMS and reliable outsourced 3PL are our greatest asset in managing the order fulfilment process timeously. We train our staff constantly the pace we operate. Most importantly we are under one organization and have a common goal of operational optimisation. The coordination between the DC and the stores at times get strained when the 3PL experience problems with their fleet. However, I think there is still room for improvement by rescheduling truck movement after we procure three small trucks for emergency deliveries".

IT Adoption: All the participants alluded to this factor as cited from participant 2 herewith:

"From an IT perspective we have SAP as the base, we have a warehouse management system and we have planning tools. Planning tools cover demand planning, production planning, production scheduling and deployment planning, the normal things that we do. We have fully integrated planning, transactional processing, finance, all that sort of stuff. The WMS facilitates receiving of goods, picking, packaging and dispatch at the DC to enable us respond with speed to the retail stores".

Information Flow: This view was shared by all the participants as stated by participant 15:

"Timeous order fulfilment is crucial, hence, the need to understand the production frequency from the suppliers to enable us respond to the retail stores requirements with ease. Our WMS allows us visibility upwards from manufacturers and downwards from the retailers. In some instances, faster moving products moving through the network becomes a bit more agile and a bit more algorithm driven within our warehouse management systems, less about human intervention and more about systems doing the thinking for us. That shows the link between the process, replenishment and what we do within the network".

Ease of Documentation and Product Alignment: Thirteen of the participants expressed IT use as key investment in supply chain management as cited from participant 3:

"Technology use is crucial for optimization of warehouse management and transportation of the orders to the retailers. We undertake continuous improvements in areas of picking, packing and kitting to ensure order fulfilment is fast-tracked and dispatched immediately. We predominantly use barcode and where appropriate use RFID to check delivery receipt, picking, packing and dispatch. We have commenced demanding the use of GPS to track trucks en-route to the customers".

Retailer DCs and 3PL/4PL Transportation: Twelve of the participants supported the idea of outsourcing transportation as expressed by participant 1:

"The outsourced transportation is most ideal for SCM especially for the retailer DCs responding to the orders from the retail chain-stores. The 3PL and 4PL seem to work well in our business. The 5PL concept is fairy new and hasn't been tried locally. The bottom line is to use transport that optimises route planning, faster response and timeous deliveries".

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CONCLUSION AND RECOMMENDATIONS

The supplier/customer relationship of the food FMCGs and the retailer DCs as the distribution channel was explored. The use of technology in enhancing information and product flows featured as an enabler of supply chain collaboration and integration in enhancing the replenishment of inventory at the retail outlets. The data that emerged from the study supported supplier/customer relationship and the crucial role played by retailer DCs as a distribution channel of food FMCGs. The use of technology and 3PL transportation service emerged as enablers of supply chain collaboration and integration that drove supply chain competitiveness of FMCGs through retailer DCs in enhancing information and product flows. This process ultimately expedited the replenishment of inventory at the retail outlets.

The recommendation is for future study to be more holistic and inclusive, focusing beyond first-tier suppliers - upstream and downstream of the supply chain management process.

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LEADERSHIP AND POWER IN THE DIGITAL ECONOMIC REVOLUTION

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ABSTRACT

In the midst of the global, sharing, experience, connection, innovation, gig economy—an economy by many names in the transitioning of economic epochs—those in positions of organizational and state leadership and power face surprising new pursuits and perils. In a world where celebrity status and social media activity have become almost reflexive metrics of leadership prominence and visibility, we examine how three selected exemplars—Musk, Trump and Zuckerberg—navigate their organizational and individual challenges and rewards. In this paper we explore how the proliferation of social media, both as a line of business and as a means of communication, in some sense enhances leadership interconnections with constituents and stakeholders—facilitating literally terabytes of information flows—but in another sense endangers strategic and ethical transparency. Analyzing pivotal blunders by each exemplar, we highlight the conundrum of declining ethical awareness and effective action alongside continually escalating electronic input and global renown. As leaders of globally-impactful companies or countries confront this dilemma of increased information and interconnection from multiple sources, in tandem with a paradoxically increased insularity from the daily challenges of consumer experiences, a crisis can result from a form of leadership disconnection from both individual stakeholders and organizational imperatives. In conclusion we underscore an often increasingly narrow focus in management thinking and priorities in an age of ongoing crisis.

Keywords: Information Age, Digital Age, Internet Era, technology leadership, information overabundance, cyber interconnections, social media, celebrity, insularity, management ethics, strategic action.

CELEBRITY STATUS, SOCIAL MEDIA AND BIG BLUNDERS? LEADERSHIP AND POWER IN THE DIGITAL EPOCH

The Digital Revolution, heir to the Industrial Revolution, trumpets the supremacy of information and electronic communications. Yet it has not been clear that the increasing abundance of information and profusion of ways of staying connected have resulted in truly more ethical, effective and appropriate courses of leadership action. A key present shift concerns the paradox of increasing digital interconnections juxtaposed against potentially decreasing ethical awareness and decreasingly strategically appropriate tactics by corporate leadership (Rometty, 2019). Corporate leaders can arguably more and more be found to demonstrate tendencies toward being isolated and uninformed despite the barrage of social media, digital communications, and frequent incursions of business news—both factual and sensationalist—as updates into daily life. The Internet Era and the Digital Economy have meant the benefits of increased digitization and new online business platform models and interconnections and also the risk of polarization between corporate top leadership and global stakeholders, if stakeholder engagement is not managed effectively and with a consistent emphasis on ethics and responsibility (Shepherd & Toms, 2019). The phenomenon of the isolated executive has also become interrelated with the rise of the celebrity executive (Lovelace, Bundy, Hambrick, & Pollock, 2018) and businessperson-turned-politician phenomenon (Gould, Bourk, & Joullié, 2017). The time in the limelight can exacerbate rather than ameliorate the tendencies toward isolation and disconnection.

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The modern executive has an unprecedented level of access to information as well to input from multiple levels of the organization and from stakeholders in the surrounding business environment (Roetzel, 2019). The multilayered information inflow occurs through assorted modalities and platforms commonly accessible in the Digital Era (Hemp, 2009). As wealth and income disparities grow ever larger in the US and around the world, the modern top executive has become even more isolated from the realities of life as experienced by those at lower levels , despite the profusion of information and electronic communications (Pazzanese, 2016). From a variety of business and political motives and orientations, compelling examples of the use or mis-use of information and social media can be found in Elon Musk (Tesla), Mark Zuckerberg (Facebook), and Donald Trump (The Trump Organization). Each of the individuals occupies or has occupied a leadership role involving appealing to wide ranges of voters or consumers, yet each has been curiously disconnected or distant from those markets as well. It is a paradox of the overabundance of and manipulation of information and social media communications juxtaposed against the distance created by wealth and power. In examining the central themes of being interconnected yet isolated, we look at each exemplar in turn.

TESLA: MALL WORLD AND UPSCALE TRANSPORT MEET ENVIRONMENTAL CONSCIOUSNESSES

Elon Musk is one of the three exemplars of a digitally interconnected yet arguably strategically, economically and psychologically disconnected corporate CEO or country leader. Musk presents in worldwide media outlets as a respected, highly visible, and certainly personally financially successful, serial entrepreneur, who has been involved in the founding of numerous companies including PayPal, Tesla, and SpaceX (Baggaley, 2018). His digital image and fame have transcended those of virtually all the other founders of these firms (Assis & Shaw, 2018). An active cyber communicator, he has over 30 million followers on Twitter, with the numbers increasing (Trackalytics, 2019). He has repeatedly demonstrated that he effectively knows how to use—and some would say abuse—his social media power (Wheeler, 2018) in managing his venture into upscale transport and technological innovation in the auto industry.

Tweeting voluminously. . .For better or for worse

Affirming the breadth and efficacy of his digital interconnectedness in the form of his literally millions of followers, Musk shows no reluctance to engage repeatedly—on seemingly an almost daily basis—with various business and popular media outlets. For instance, he, perhaps inadvertently or deliberately—defamed a rescue diver engaged in a perilous extraction of trapped school children in Thailand (Davies, 2018). He later retracted these rash musings and duly apologized. In his attempts to shore up the financial status of Tesla, he prematurely and inappropriately tweeted his plans for the company privatization. He subsequently retracted and apologized yet again; but “the tweet that cost him $20 million” resulted in an SEC fine and precipitated his resignation of the chairmanship of Tesla (Telford, 2018), gaining him yet another measure of simultaneous infamy and renown. Stripped of the chairmanship, Musk continued forward at Tesla with only the CEO position—in addition to his positions and entrepreneurial pursuits in other companies—and has perpetuated his celebrity status to the point that his photo can be widely identified without an accompanying caption and his name needs no qualification as “founder of” or “head of” any organization (Wheeler, 2018). Simply the name “Elon” or his many photos generate immense recognition. Millions of people in the US and around the world follow his name, his image, his companies, his accomplishments, and his dating life. Elon Musk the individual/ CEO/ entrepreneur has become—through electronic media—a digitally enhanced global phenomenon.

Musk’s voluminous Twitter output illustrates his conversancy with social media and interest to engage in frequent interaction with his "followers," who may or may not be identical to his employees, shareholders or broader stakeholders. Notwithstanding his stature and outreach to mount a global social media deluge, Musk has exhibited evidence of a strategic divorcement from the performance realities of at least one of his firms, Tesla, which is worth considering in further detail. During late 2017 through 2018, activist and hedge fund investors began to show signs of unrest and interest to replace Musk in his corporate top leadership position at Tesla due to the long run of negative profits and the riskiness of an over-consolidation of power in the firm (Kopecki, 2018). Instead of responding promptly and directly to legitimate strategic performance concerns, Musk continued with his Twitter outbursts unabated. His tweeting of his privatization pipe dreams ultimately cost him as much $40 million, due to subsequent fines over beyond

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even the initial $20 million reported (Disparte, 2018). As mentioned, Musk had to resign as chairman of the board of Tesla (Mejia, 2018), while still retaining the influential CEO position (Berger, 2018). These losses may in some sense humanize him, but in other senses the chairmanship loss and the fine distance him from the spectrum of stakeholders.

Marketing for mass appeal but without a product accessible to the masses

In sum, Musk has a mass market image more than mass market products. The Tesla firm—a range of innovative automotive products, including cars, SUVs and perhaps also trucks—has not yet performed consistently well in stock price or profitability, although there are indications for an upturn with the Model 3 (O'Kane, 2019). Musk has established a global reputation, even as he has shown himself to be isolated or disconnected from various global business or health challenges realities. He tweeted of IPOs, high-status investment banking, and private equity advisors when none of these relationships or events contractually yet existed. He offered to provide ventilators for many individuals suffering from the novel coronavirus COVID-19 but then seemingly reneged and also issued comments that he had not, at least initially, been concerned about the severity of the situation (Coffey, 2020). The still inconsistent financial performance of Tesla alongside Musk's own burgeoning personal wealth and hubris, all separate and isolate him from stakeholder interests and needs and ultimately perhaps even from leadership of a firm he helped found. He has built up an image, brand and reputation using the tools of the digital economy, and his focus has increasingly become oriented toward further scientific and technological innovations at the frontier of outer space, educational and health challenges (Harris, 2019). As his transport vantage looks more outward in lunar and planetary directions, he faces the challenge of increasing his isolation and disconnection from everyday realities or reaffirming a grounded commitment to business and humanitarian innovation (Johnston, 2019).

FACEBOOK: PROFITEERING IN THE INFORMATION AGE

Musk is not alone among the exemplars in being able to use social media massively to his advantage. Another of the exemplar CEOs is Mark Zuckerberg, who by the very nature of his central business, Facebook, is highly digitally interconnected and centrally embedded in the social media revolution. Yet he has demonstrated dis-connectedness and isolation with respect to ethics, innovation and what could be termed the seasoned intuition of a battle-hardened corporate strategist. Zuckerberg illustrates additional dimensions of the juxtaposition of interconnectedness yet isolation. As CEO of Facebook he has been viewed as innovative yet also derivative (Barr, 2018), struggling through acquisitions to stay on the leading edge in social media, and demonstrating—an again potentially derivative—philanthropy yet also the challenges encountered in confronting an ethical conundrum. As now widely recognized and researched, the Facebook social media phenomenon came from earlier manifestations of online social platforms (Arthur, 2009) and often complex and conflicted interactions with fellow founders or almost-founders, including Tyler and Cameron Winklevoss and Eduardo Saverin (e.g. Carlson, 2012; Kosoff, 2016). The Facebook development team interjected new elements increasing the attractiveness of their platform to both extant users of other social media, such as MySpace, as well as users who had at that point not yet ventured into the online and social media worlds. Yet within about five years of the Facebook launch in 2004 and IPO in 2012, it quickly became apparent that there were many privacy issues and concerns (Senguptanov, 2011; Vanian, 2018). At least initially, Facebook surmounted some of these challenges by introducing further privacy controls and buying rising competitors such as Instagram for $1 billion in 2012, WhatsApp for $19 billion in 2014, and augmented reality firm Oculus for around $3 billion also in 2014 (Loizos, 2017; Toth, 2018). Total acquisitions have now exceeded 75 companies and $23 billion (Crunchbase, 2019).

A conundrum of disconnection between ethics and innovation

There have been many ethical, innovative and economic disconnections exhibited by the Facebook CEO (Sanders & Patterson, 2019). In the March 2018 post-US presidential election milieu, turbulence and furor resulted over disclosure of the unwarranted access to personally identifiable information on over 80 million Facebook accounts as a result of data inadvertently or deliberately made available by Facebook to political consulting firm Cambridge Analytica. This firm, Cambridge Analytica, had been hired by the Trump political campaign in 2016 to improve access to amenable or impressionable voters. In the view of many observers and analysts, Facebook CEO Zuckerberg could not adequately defend or explain the release of such personally identifiable user information to a clearly partisan political consulting firm acting for the Trump campaign as well as other clients (Confessore, 2018). Meanwhile Facebook continued shedding existing users while failing to recruit new users at the same rate as previously (Schneider, 2018).

If the Digital Revolution can mean rapid losses and rapid rejuvenation, it can also mean rapid losses again. Facebook stock prices sharply declined but then rebounded within a few months of the Cambridge Analytica revelations (Mirhaydari, 2018), but the share prices massively fell again by July 2018, as the firm missed projected user increases, (Neate, 2018). Facebook ended 2018 with clear net losses (Rodriguez, 2018). In continuation of the privacy and reputational difficulties and in further reification of the financial implications, Facebook in July 2019 received a record-setting $5 billion fine from the FTC for mishandling private consumer data (Fair, 2019; Romm, 2019). Many industry observers and analysts expressed sentiments that the fine did not go far enough, in part because it did not require acknowledgement by Facebook of intentionality or of any harm resulting to consumers from disclosures of their private data (EPIC, 2019; Newcomb, 2018; Statt, 2019).

Buying innovation yet losing the leading edge for generation Z

While CEO Zuckerberg is the face of a preeminent brand of social media apparently sanctioning disclosures of user details, he is himself unquestionably protected by his personal wealth and privilege. While he presides over the brand—Facebook—that heralded the explosion of the global social media phenomenon, he apparently derived rather more inspiration from fellow founders and existing social media than is often acknowledged (Barr, 2018). An apparent icon of innovation must now increasingly buy that innovation and usurp the advantages from the competition rather than generating new innovations internally (Parkin, 2014). It is not clear how long this strategy can last (Hoium, 2018). There is evidence that younger users are increasingly shying away from Facebook (Lang, 2015; Sulleyman, 2018) in favor of the more recent, innovative and trendy social media such as Snapchat, Tumblr, Kik—although teens also like Instagram and WhatsApp (Moreau, 2019), both now owned by Facebook, and reinforcing the point about Facebook buying innovation. As additional risk factors to the waning Facebook social media market dominance, there are ever more offerings from the indefatigable and technologically imperialistic Google (Wagner & Molla, 2018); users everywhere express concerns over trust violations and privacy risks (Vanian, 2018); and Facebook equivalents from emerging markets tech giants such as Tencent (WeChat) in China and Cardbox in India challenge the global hegemony of a brand previously synonymous with social media. The worldwide pandemic has provided in some sense an unanticipated rehabilitation opportunity for the reputation of Zuckerberg and Facebook, if the firm and leader can show privacy, empathy and outreach, as well as ensuring accurate information flows and appropriate limitations on hate-mongering, in globally challenging circumstances (Durkee, 2020). Some of the early indications have been positive but so have been persistent concerns about various levels of manipulations and controls (Ovide, 2020), demonstrating yet again the difficulties for the firm and founder in bridging the various disconnections.

TRUMP: NOT JUST AN INDIVIDUAL BUT AN ENTIRE ORGANIZATION

Our final exemplar is a businessperson politician. Donald Trump experienced a turbulent start to his presidency. Heir to and head of the Trump business and family fortune—known as the Trump Organization—he pulled off a stunning political upset in 2016 to attain the highest elected office in the US. Two years into in his term in office, Trump was irked by the Facebook privacy violations scandal, when Zuckerberg was called in 2018 to testify before the US House and Senate due to Facebook user data obtained and unmasked by consulting firm Cambridge Analytica to boost the Trump political campaign prospects (Cadwalladr, 2018; Rosenberg, Confessore, & Cadwalladr, 2018). The next year, in 2019, Trump became enmeshed in impeachment proceedings in the US Congress due to allegations and increasing evidence (Sevastopulo, 2019) of his having inappropriately pressured the president of Ukraine to besmirch the standing of former US vice president Joe Biden, a potential Trump presidential rival (Fedor, 2019). The following year, in 2020, Trump struggled to deal with the realities and ramifications of the COVID-19 global pandemic (Abutaleb, Dawsey, Nakashima, & Miller, 2020), which in various ways challenged Musk (Holmes, 2020) and Zuckerberg (Dwoskin, 2020) as well. Born at the start of the US "baby boom" era in 1946, before the digital revolution, Trump has surprisingly shown an extraordinary adroitness with social media, responding to literally riotous issues with profuse, albeit often emotionally disconnected and ineffectual, outpourings. For example, even as numerous

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individuals testified in high-visibility sessions before Congress, Trump—with a social media verve bordering on obsession—was already tweeting *ad hominem* rebuttals in flawed refutation of well-documented credentials and events (P. Baker, 2019). Perhaps not surprisingly, given the social media floods and multiple forms of isolation, the Trump administration has suffered unprecedented internal turmoil and staff departures (Shubber, 2019; Tenpas, 2019). Imputed levels of narcissism have been implicated in the unusually high levels of Executive Office turnover (Lu & Yourish, 2019). Narcissistic characteristics can indicate or inculcate a sense of grandiosity and can momentarily inspire followers, even while ultimately separating leaders from their realm of influence (Chatterjee & Hambrick, 2007; Conway, 2019), and, in the case of Trump, reinforcing a psychological as well as socioeconomic isolation.

Insulated by present wealth yet having a background of maternal poverty

As a wealthy individual from a wealthy family, Trump has led an insulated life. He has nevertheless developed strong insight into the mass market psyche and national concerns about economic development, global competitiveness, and personal advancement. Perhaps part of this insight stems from the experiences of his mother, Mary Anne MacLeod Trump, who was raised in poverty in the Isle of Lewis in Scotland and who later worked for several years as a domestic servant in the household of Louise Whitfield Carnegie, widow of robber baron and philanthropist *extraordinaire* Andrew Carnegie; Mary Anne Trump held this domestic position after first emigrating from Scotland to the US (Burleigh, 2017; Pilon, 2016; Sebak, 2018). Donald Trump's Make America Great Again campaign stems at least partly from a broadbased economic malaise, as US consumers have become frightened by job losses and declining real incomes (Stein & Van Damm, 2018). While the US tops the global economic rankings in terms of nominal GDP, the US cedes the first-place ranking to China when GDP becomes adjusted for purchase power parity (Focus Economics, 2017). The US falls even further down the economic rankings in terms of *rate* of economic growth (IMF, 2017). Many voters who felt overlooked turned to Trump to attempt to ameliorate their concerns (Brownstein, 2019).

Benefiting the rich while also reaching the white working-class

As president of the US, Trump has favored tax incentives and policies benefiting the upper half of the top 1% of the income distribution in the country (Stewart, 2018). Yet he has maintained the allegiance of blue-collar white women (Kim, 2019) as well as white male blue-collar or working-class voters (Lombardo, 2018; McAdams, 2019). Ironically, in a previous generation, this cohort of voters would typically have been members of another political party and unionized. Trump has bridged the economic isolation of his wealth through an uncanny boundary spanning across the extremes of socioeconomic status. Still, his actions have not always matched his talk. For instance, his reported treatment of undocumented Polish workers building Trump Tower in the 1980s evoked much criticism with respect to secrecy around rule-breaking, promises betrayed, and wages unpaid (Bagli, 2017). This incident, among others, showed his paradoxical yet antithetical intertwining of elite status and common touch (Wigglesworth, 2017). He has tried to combine being both "elite" and relating to "everyman," yet this dichotomy cannot be sustained (Lubit, 2002).

Finally, in the sense of strategic isolation, Trump has been many times mentioned as a successful businessperson and entrepreneur, who forged his own path despite his fortunate wealthy origins. Yet it has also been asserted, with appropriate numerical calculations, that he would have been just as wealthy today not owing to his strategic insights and business acumen but simply by having invested his inherited wealth in an index fund (Levine, 2015). While his aptitude for business strategy has not been sufficient to be a clear competitive advantage, other negotiation as well as, later, digital-age skills propelled Trump forward in the building industry, into the public consciousness, and ultimately into the presidential seat. Although in many respects economically, psychologically and strategically isolated and disconnected, Trump has, as noted, also remained in elemental ways interconnected with a core constituency. This paradox reinforces the juxtaposition of his social media interconnectedness alongside his psychological, economic and strategic isolation and his struggles to deal with economic, social and pandemic issues on a grand scale.

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MANAGING IN AN ECONOMICALLY, SOCIOLOGICALLY AND TECHNOLOGICALLY COMPLEX LANDSCAPE

Leadership has been a topic of enduring interest from ancient (Tzu & Giles, 1910) through Renaissance (Machiavelli, 1513/1992) and modern times (e.g. Pfeffer, 2015; Selznick, 1957). The close interconnections of leadership, influence and power have been topics of considerable management scholarship attention and debate (e.g. Zaleznik, 1970). The complexity inherent in the inception and implementation of leadership vision have made these topics difficult to understand (Follett, 2004), but known when seen (West, 2017). That is, people can often struggle to define the essence of leadership or how to be a good leader, but there can be remarkable agreement on who great leaders are. Likewise there has been attention to the dark side of leadership and to leadership gone awry (Higgs, 2009; Lubit, 2002). What has become different now are phenomena such as the social media frenzy and the global-digital-interconnected-sharing-experience economy of our Information Age and Internet Era (Isaacson, 2014). Leaders must also still contend with strategic issues involving power dynamics, social responsibility and collaboration to compete and perform effectively in worldwide markets (Park, 2016; Park, Meglio, & Schriber, 2019). In an age of ever more permeable boundaries and faster communications—between individuals and across time and space—what are the implications for the modern executive, managing a global consumer base that in the aggregate never sleeps and that has widely shared interests yet also highly diversified tastes and preferences?

Leadership inspired yet isolated by innovation

Modern executives have become their own avatars of innovation, living in virtual worlds (Kohler, Matzler, & Füller, 2009) in many ways disconnected from the daily reality of their millions of stakeholders worldwide (Fu, 2017). Yet these online worlds of celebrity status and carefully management social media demonstrate the amazingly rapid scaling-up of information dissemination alongside the careful crafting of narratives avowing the enhancement of stakeholder interests and minimization of personal interest (Denning, 2011). Statements of community and solidarity, belied by personal fortunes \ (Rotman, 2014), bring us back to classic dilemmas of managerialism and principal-agent conflicts (Berle & Means, 1932), and even more fundamentally to the risks of plutocracy (DeSilver, 2018). Rule-by-the-rich—whether by elected political office, inheritance or from various social media platforms—may seem laughable, until it is not (Domhoff, 1967). These technology and business leaders, whether they are similar to their images or not, exert real impact in real world organizations, sometimes in positive ways such as transforming organizational structures, inspiring new projects and product development teams, and maintaining a frontline position in human capital and talent development and sometimes in ways that are alarming for personal privacy and safety.

Leadership challenges in the digital era center on issues such as evolving and enhancing business models, innovation ecosystems, and value chains (Ritter & Ruggero, 2017). Outside the organization, the increasingly global array of stakeholders—customers, suppliers, competitors, analysts, and investors—and factors in the macroeconomic business environment concern and challenge corporate leaders. Structures, systems and stakeholders have become more complex and differentiated—as well as more agile—in the digital era, spawning additional issues for leaders who must address simultaneously global and local level concerns, multiple online and in-person products and services for technologically adept as well as more traditional and technologically conservative consumers (Gartner, 2017).

Venerating tradition while forging new directions

Digital workplace automation and business models disrupt established practices yet can be seen to venerate leadership traditions (Feser, 2016). Trends in artificial intelligence, blockchain, machine learning, robotics, and natural language learning, big data and data science may contribute to workplace automation and cost reduction, but also increase complexity. The need for an overarching understanding and a clear distillation of vision and mission remain leadership imperatives. Human fears about loss of employment, status and income remain the same. These deep-level concerns must be addressed and not forgotten. For instance, new business models in the abstract are generally be greeted with approval, particularly by end users experiencing enhanced transportation, travel, dining, real estate location, and accommodation—as well as new ways of finding and staying connected to important people in our lives—and by the companies profiting from these business model, product and service innovations. But what comes between the people

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and profits? Workplace automation generates huge fears of job loss. Yet the attractive new business models do not necessarily mean workplace innovation and do not necessarily imply ultimate job loss. If job loss or job changes are involved, clarity is essential. The aphorism that "businesses do not downsize their way to greatness" can be adapted for the digital era to mean that "businesses do not automate their way to greatness." Fundamental leadership challenges around exercising power and influence, protecting and improving the lives of followers, and maintaining organizational momentum persist (Heifetz & Linsky, 2017).

Technology means the possibility that some or all products or services now desired will transform dramatically in upcoming years. For instance, for all the allure of the new Teslas, will autonomous driving and alternative transportation services at some not-too-distant point in time displace our current conceptions of personal vehicles (Naughton & Welch, 2019)? Will Facebook tumble to ever newer, trendier—and perhaps more privacy-preserving—forms of social media? The joy of driving, the joy of connecting, and—for some—the joy of power are fundamental needs and desires to which the exemplar leaders speak and why they continue to have influence, although the influence may eventually wane as their connections with consumers and other stakeholders become attenuated through various economic, psychological and strategic disconnections we have examined with our exemplars.

Managing in a complex and multifaceted environment

Business leadership now more than ever requires a clear grasp of sociologically and economically as well as technologically complex scenarios. While technology provides the infrastructure facilitating communications and connections—and can provide the *appearance* of many more connections being in place—digital outreach does not automatically mean a highly functioning business connection has been formed. Think for instance of LinkedIn, which will suggest connections and then tell users they are connected; but in fact, a vital next step remains to be completed; the initial "congratulations you have made a connection" represents only an *invitation* to connect extended to the person with whom LinkedIn says you have already “made a connection.” The invited party must accept to confirm the connection. Then, at even the next level, the connection should function in various ways to add value to the individuals who are connected. If it is a business connection, adding value nowadays in a business sense would typically mean fulfilling the people, planet and profits triple bottom line—that is, making money (profits), protecting stakeholders (who are different groups of people affected by your business), and safeguarding the environment (planet). This organizational or corporate multidimensional mission comes to the heart of our purpose in reflecting on dilemmas confronting the modern executive. To be connected in appearance—to have the digital capability and outreach for interconnection—is not necessarily the same as to be connected in ways adding real value for business purposes. The modern executive too often fails to recognize the performance risks of being seemingly interconnected but in reality isolated and uninformed (W. E. Baker, 1990). In this respect we echo the leadership philosophy of Amazon founder Jeff Bezos. Leadership not only draws on networks, connections, and credentials, it also becomes vitally a question of making "the right" (Welch & Ward, 2017) decisions for adding value.

The challenges of leadership in the digital epoch also concern millennia-old issues of influence and motivation. Digital capabilities facilitate the translation of innovative ideas into business realities. Digital business strategy and technology strategy center on communication and collaboration rallying organizational incumbents and stakeholders toward an articulated vision. Modern digital strategy and historic arts of influence converge in building and sustaining a leadership innovation and performance momentum. As seen with Musk and Trump, mobilizing digitally on Twitter can be a form of noise or a form of influence. Sometimes the noise dominates, and the medium overrides the message. Knowing when to reach out for a synchronous voice-to-voice conversation “in real time” or “in real life”—and with key impactful individuals—can mean the difference between success and failure. A variety of institutional and neo-institutional theoretical factors come into play in the design and implementation of national, international and global corporate citizenship. These factors pertain to seeking legitimacy, interrelating state and other institutional actors, and reconciling the boundaries between business and society. Specifically, institutional theory has been applied in efforts to understand corporate citizenship as a mode of economic governance taking over from the failure of state institutions to promote social welfare in liberal market economies (Brammer, Jackson, & Matten, 2012). As a mode of economic governance, corporate citizenship and social responsibility could manifest in the launching of community initiatives (Beddewela & Fairbrass, 2016) to counteract institutional voids at the state level by offering health, educational and housing infrastructure related services to local residents, ensuring fair labor practices, and taking initiatives toward protecting the natural environment. Institutional approaches to corporate citizenship and social responsibility can also mean syncretizing institutional theory, individual actor and stakeholder perspectives, and legitimacy practices toward understanding corporate motivations as well as how and why corporate citizenship, sustainability and social responsibility, even from the same organization, varies from country to country (Fernando & Lawrence, 2014).

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PRODUCTIZING AND PROJECTIZING SUSTAINABILITY IN GLOBAL SUPPLY CHAINS: INNOVATION AND MOMENTUM IN STRATEGY AND SUSTAINABILITY IN GLOBAL MARKETS

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ABSTRACT

As emerging market multinationals increasingly reach global markets and address global stakeholders, interest has risen in the sustainability commitment and initiatives of emerging market multinational companies (EMNCs) concomitant with their global expansion and profitability. EMNCs have been demonstrating sustainability outreach not only in relation to the focal corporation but also increasingly along the entire supply chain. We analyze a case study of an EMNC engaging in multiple sustainability dimensions not only in the headquarters location and home markets but also across the supply chain in worldwide locations. We find that the EMNC of the study has interacted with supply chain partners for profitability in parallel with sustainability in a manner that has led them toward, in their words, "productizing" sustainability as well as increasingly adopting project management best practices and standards of excellence toward making sustainability integral and accountable within an overall strategic momentum.

Keywords: Global markets; global supply chains; sustainability; internationalization; innovation; productization; project management; emerging market multinational companies; EMNCs.

GLOBAL MARKETS AND GLOBAL STAKEHOLDERS

When companies originate in emerging markets and then internationalize, location originally and enduringly has key impacts on strategic decision making and implementation in ways reflecting the foundation as well as expansion patterns of the firm. For instance, firms from emerging markets have tended at least initially to approach social responsibility and sustainability in a more limited way than comparably-sized firms from developed markets (Beddewela & Fairbrass, 2016; Liou & Lamb, 2018), but overall firms tend to engage in sustainability practices in urban centers and geographic settings where other firms are already pursuing similar practices (Husted, Jamali, & Saffar, 2016). In addition, patterns of firm product pricing, survival and competition are closely interlinked with locational variables and proximity of other firms of similar sizes offering comparable products at convergent price points (Kalnins, 2016). Mergers and acquisitions tend to occur more readily in geographic overlap (Chen, Kale, & Hoskisson, 2018); national proximity within or across regions influences outward FDI location choices (Nielsen, Asmussen, & Weatherall, 2017); and large and strategically ambitious firms from emerging markets have demonstrated a propensity toward acquiring firms in developed markets, sometimes irrespective of synergy and profitability (Amendolagine, Giuliani, Martinelli, & Rabellotti, 2018). This research reinforces the importance of the relationship between geography and strategy, with particular learning points for firms from developing markets.

Stakeholder theory asserts the importance of managing across global networks and interrelationships of customers/ consumers, employees, supply chain partners, owners, investors, and various individuals, organizations and nations impacted by the activities of the firm (Anderson, Havila, & Nilsson, 2013; Donaldson & Preston, 1995;

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Freeman, 1984). Within the global stakeholder, supply chain partners have been assuming increasing importance as it is increasingly realized that they can absorb focal firm practices and that likewise their conduct can reflect on the focal firms. To put it succinctly, if a central firm has strong social responsibility and sustainability practices while its supply chain partners consistently violate the UN Global Compact—just as an example—then the supply chain partner activities can considerable dilute the reputation and impact of the main firm with respect to its sustainability outreach or message (Matten & Crane, 2005; Treviño & Weaver, 1999).

Likewise, stakeholder theory has increasingly played a part in understanding sustainability program initiatives and rollout (Banerjee, 2014; Dunfee, 2008). In general testament to its wide-reaching purview, stakeholder theory has been considered as central in any effort toward building a unified body of theory within the field of strategic management or toward integrating perspectives on organizational evolution (Zollo, Minoja, & Coda, 2018). For instance, the stakeholder perspective has enhanced the understanding of acquisition performance (Bettinazzi & Zollo, 2017) and target selection (Anderson et al., 2013) and also of sustainability reporting of firms in emerging markets (Marano, Tashman, & Kostova, 2017). Acquisitions are the primary vehicle driving international expansion in our case firm, and sustainability implementation and reporting in that firm have increased as part of the total global strategy of the firm. Indeed, such has become the centrality of responsibility and sustainability that when firms cannot implement it effectively, CEOs have been found to be at risk of dismissal (Hubbard, Christensen, & Graffin, 2017).

In the present study of qualitative data collection and analysis, we began with the broad research question of how does a rapidly successful EMNC remain globally competitive? The initial observations led us to refine a research question to how do strategy and sustainability interrelate in the continued expansion and consolidation of an already globally successful firm? We draw on a case analysis of an EMNC in a technology-driven services industry. The firm in question has rapidly expanded in about 20 years from local to regional to national through a sustained and intensive international acquisition program. While establishing a global footprint of operations in presently over 100 countries, the firm has increasingly considered strategy and sustainability in tandem with recourse to locational context as a guiding factor in sustainability initiatives for the main firm and increasingly for its global supply chain partners as well. We have found the main firm acting in concert with target firms purchased in a global acquisition program and also with its supply chain partners—again from a global perspective—but with social responsibility and sustainability outreach customized for locale. Perhaps most strikingly, we also found that the EMNC of the case analysis conceives of sustainability as sufficiently integral to its vision and mission that the firm has now begun "productizing" sustainability initiatives along similar lines and in tandem with new product and services development.

We now turn to consider interconnections of strategy and sustainability. In our study, we examine sustainability as an evolving and ongoing outcome of interorganizational relationships built through a series of international acquisitions by an emerging markets multinational corporation. A series of acquisitions over the course of two decades enabled the widespread internationalization of the focal firm with revenues around 5B USD annually and with dispersion into over 100 countries of the world. Recognizing that global business expansion entails global responsibility, the top leadership launched an international CSR program several years into the rapid expansion via the international acquisition program. Now almost 15 years after the inception of their international CSR initiatives, the focal firm has established a reputation for not only leading-edge technology and innovation-driven strategy, but also for leading-edge preeminent corporate social responsibility and sustainability. It is moreover a strong sustainability outreach by the firm, reflecting and adapting to the needs of the planet, people and environment and strengthening with every iteration. Presently in the fourth iteration of the program, the emphasis on sustainability has only strengthened.

We analyze the acquisitions foundation (acquiring or buying) and the concomitant and resultant impetus toward forming multiple interorganizational relationships (networking and building) toward the goal of maintaining and enhancing the sustainability outreach momentum of the firm toward the benefit of our global home and its inhabitants. These interorganizational relationships form part of the non-market activities of the firm as an award-winning social responsibility and sustainability protagonist in effect in partnership with both people and planet in our global ecosystem. As can be seen in our findings, environmental care and concern has been a cornerstone in the triple bottom line sustainability strategy of a firm originating from a region experiencing some of the most dramatic heat extremes on the planet as well as the environmental toxicity and devastation following the literally scorched-earth warfare of previous decades. The earth-compassionate perspective, nurtured by an evolving sequence of acquisitions and both market and non-market interorganizational relationships and alliances, extends from the traditional region of origination to the presently global purview of the firm.

Our analysis highlights three types of interorganizational relationships and their impact on corporate sustainability outreach and initiatives. The three types of relationships formed are those with (1) acquired firms in the multi-decade international acquisitions program, which have broadened the global footprint and hence the global sustainability responsibility; (2) partner humanitarian agencies and non-governmental organizations, such as the United Nations, which have become organizational-level colleagues in the pursuit and realization of sustainability initiatives; and (3) supply chain partners in the sourcing, transport and delivery of key goods and services, where the supply chain management (SCM) has become a crucial next step for many firms to ensure not only an internal integrity but also human rights, fair trade, and environmentally protective practices at organizational interfaces. In this summary we highlight findings from each type of relationship as determined in our study from a strategy-as-practice perspective, combined with theoretical background and conceptual modeling as the research project and findings unfold.

RESEARCH SETTING, DATA AND METHODS

Our methodology relies on intensive in-depth ethnographic-style interviews and participant observation, with repeated rounds of primary data collection, supplemented by secondary data for corporate and business media documentary sources. Interviews were conducted at the CEO and chairman level and also with various SVP and VP members of the management hierarchy in pursuing a rigorous process-oriented examination and explication of the organizational strategy-sustainability interrelationships. We examine a pivotal emerging markets setting at an economics crossroads. Based on preliminary interviews examining internationalization strategies of EMNCs in range of industries (including education, telecommunications, financial services, food and beverages, logistics and transportation, energy, and software services-consulting-an-technology), we narrowed our focus to a single EMNC in a representative industry exhibiting the focal phenomena and with repeated access for observational site visits and interviews with senior executives and supply chain professionals in the firm. Although the usefulness of single case studies has been contested, a revelatory case provides discernments based on real-time, repeated and immersive interactions, toward enlarging existing theory (Siggelkow, 2007; Van Maanen, 2011; Yin, 2009). At the same time, in our analysis we can extend the single case study of the main EMNC by drawing on the broader total interview set where relevant.

We base our analysis on multiple primary and secondary data sources from ongoing field research. The primary data consist of a combination of repeated interviews, informal conversations, and participant and non-participant observations made during numerous corporate and university interactions. The primary interview and observational data were supplemented with a range of documentary evidence including electronic newsletters, company statements, social media communications, email, and online announcements and press releases. The spectrum of sources enabled us to construct an understanding of the innovation, strategy and sustainability phenomena in the management of global supply chains for key customers and to triangulate primary and secondary data. A theoretical sampling strategy was employed to select informants based on their communicative competency or access to information (Warren, 2001) and was enacted through a snowball sampling process: initial respondents, identified according to the theoretical criteria, then identified subsequent informants in the network (Singleton & Straits, 2017).

ACQUIRING COMPLEMENTARY FIRMS AND ALLIES

As the technology-driven product-and customer-oriented global EMNC expanded internationally, the top leadership purposefully spearheaded acquiring firms throughout the regions of the world. Whether in Asia, Africa, Europe, the Middle East, North America, Latin America or Oceania, the firm realized a responsibility to interact with customers and stakeholders from a social responsibility and sustainability perspective. According to the mandate of the long-term CEO architect of both the international acquisition and the international social responsibility and sustainability programs, wherever in the world the firm does business, it should also engage at a community level toward specific positive impact on health, educational or various social welfare issues for that community/ country/ region. Therefore, the firm has relied on employee volunteerism within each locale, in combination with the organizational level financial

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support, toward building books, buying schools, distributing toys, providing medical access, reading and technological literacy training, and various other professional and educational opportunities. The firm also has an overarching interest in fair and safe labor practices and environmental actions such as tree planting, beach clean-ups, recycling, promotion of green energy sources and energy use management, and carbon footprint reduction. In the areas of the world where the focal EMNC has acquired or contractually allied with other firms, these firms have provided the local inspiration and insights toward human and environmental sustainability initiatives. By way of clarification, the multi-decade international acquisition program has involved the purchase of over 100 firms internationally of varying sizes, as well as a smaller number of both equity and non-equity based strategic alliances. With this extensiveness of acquisitions and alliances, there has been considerable momentum established at the community level in virtually all regions of the world. The results of these initiatives—measured primarily according to the number of individuals reached through the sustainability program as well as through widely internationally recognized metrics for social responsibility and sustainability performance—are communicated to shareholders and the spectrum of stakeholders in a series of detailed online reports and top leadership messages.

HUMANITARIAN PARTNERS AND GLOBAL CRISES

In addition to the human and environmental sustainability at the community and country or even regional level, the focal technology-driven logistics EMNC partners with a number of humanitarian agencies and non-government organizations, such as the United Nations, to address larger-scale concerns. These larger-scale concerns affect communities and individuals but require more of a global level of coordination, as in the case of what the firm terms its "humanitarian logistics" initiatives. Human and environmental issues in sustainability are inevitably intertwined, as repeated studies have found that populations grow more slowly the greater the economic, educational and health benefits available to the individual female and male members of societies, and a slower population growth can lessen certain environmental impacts and consequences, for instance as in the need for fossil fuels extraction and use. Higher educational levels also provided additional knowledge workers who can potentially contribute to beneficial scientific advancements and the formulation and application of further green energy alternatives. We provide this brief background on the human-environmental sustainability interconnection by way of leading into further description of the interorganizational relationships promoting sustainability, as the firm perceives itself to have a responsibility for protecting both lives and the environment through the humanitarian logistics outreach in the event of natural disasters on a sometimes staggering scale. Earthquakes, tsunamis, typhoons, hurricanes, and fires of great breadth are all instances where the firm has participated—and continues to participate—in outreach along with other global logistics firms and humanitarian agencies to relief personnel and supplies to global disaster zones as quickly as possible. As the firm has grown, the humanitarian logistics have correspondingly strengthened.

The corporate social responsibility and sustainability programs—now largely recast principally as sustainability programs—have currently reached approximately 1.5 million people in over 80 countries according to the 2019 reporting. Disaster relief through humanitarian-logistics partners has reached over 20 countries in urgent need, both in emerging nations with inadequate institutional infrastructure such as Indonesia and the Philippines and in more developed countries, such as Italy, Japan and Australia, where the scale of the disasters required a coordinated international response. Reinforcing the connections between the acquisition program acquired-firm locations and the firm's global humanitarian perspective, there has been continued involvement and investment at the community level, particularly in education and emphasizing emerging as well as more developed-market regions of the world.

GLOBAL SUSTAINABILITY AND SUPPLY CHAINS

Based on the findings from the most recent interviews at the focal EMNC, a new convergence has been emerging across supply chain management, sustainability, and materiality assessment. The materiality concept originated in business accounting as a way of looking at the relevance and impact of information included or not included in financial reporting. The concept has since been extended in a broader business sense to examine which strategic initiatives have what amount of impact. As many organizations involved with sustainability are profit-making entities with a fiduciary responsibility to shareholders or investors, the non-market envisioning of sustainability increasingly

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intersects with market-driven concerns toward what the focal management terms— and they are not alone in this— "productizing" sustainability. The traditional CSR managers are more and more also strategy and sustainability analysts evaluating and recommending ways that sustainability initiatives are viewed in coordination with other aspects of corporate strategy. Herein enter the productizing aspects of sustainability, where it becomes viewed not as charity or philanthropy or even necessarily as a social responsibility but rather as a business priority to be broken down and components identified and reassembled or reconstituted as needed to meet various business needs and objectives. Productizing, which in fact exists already as a recognized word in the English language, became established as a concept from earlier industrial times dating back to the 1789 First and 1841 Second Industrial Revolution eras of manufacturing, assembly lines, warehousing, transportation, distribution and ultimately sales. In these earlier eras, tangible goods were subject to the view and process of productizing as opposed to earlier craftmanship-centered eras. Now in the Third Industrial Revolution of the digital economy/ revolution/ Internet era/ connection economy, firms increasingly deal in intangible commodities and knowledge-based conceptual products and services, necessitating that a productizing mindset increasingly be applied into these domains as well. Until relatively recently, even with the knowledge- and expertise-driven products, the profitability imperative still unilaterally applied. Then the social responsibility revolution arose of embracing economy, employees and community and heightening the notions of the accountability of firms to society. With people, planet and profits now all to be fulfilled as part of the corporate mission, it has increasingly become pragmatic and procedural to productize even sustainability—on that basis not of profitability but rather of benefits to people and planet—and also increasingly to factor sustainability into product, project and program levels of aggregation as part of developing management practices and metrics in this arena.

In practice, internal and external stakeholders are identified and regular communications are established with them by the now broader social responsibility and sustainability programs. An example of navigating internal and external stakeholder relationships, strategy and sustainability occurs with supply chain management. Traditionally, the CSR program of a firm centered more on, for instance, community and ethics for the firm and its immediate stakeholders. Environmental sustainability as part of longer-term planetary concerns crossing firm boundaries had not yet surfaced to the present level. As that surfacing has occurred, firms have more and more become aware that it is not enough for them to have fair labor practices, ethical conduct, community engagement, and local environmental protection, it is also crucial to ensure as much as possible that supply chain partners meet the same rigorous standards as within a main firm. Our focal firm has for over a decade engaged with suppliers, monitored fair labor practices and carbon footprints, and elicited commitments on standards to be maintained. Now this thinking has intensified to become known as Supply Chain Sustainability and Security to counter aversive practices such as human trafficking, slave labor, and environmental pillaging. In our focal EMNC as in other leading firms worldwide, there is a stronger impetus to integrate supply chain partners into a vertical momentum for sustainability and security, countering human exploitation and environmental degradation even in nations with highly volatile or less robust regimes. Perhaps most importantly, our focal firm views that these sustainability practices are never static but rather must continually evolve.

IMPLICATIONS AND FUTURE RESEARCH DIRECTIONS

In the course of exploring our research question, we see how strategic internationalization, indeed globalization, provides the substrate for a supply chain-focused strategic mission also facilitating innovation and productizing sustainability. By productizing we mean that sustainability becomes, in tandem with supply chain management methods, a type of offering to be strategized, marketed and even sold for positive impact on the profitability as well as people and planet aspects of global corporate performance. Future research could further consider how the productization of supply chain management and sustainability also leads into and reinforces what could be termed the "projectization" of various strategy and sustainability initiatives, to bring these initiatives from ideation to fruition. The product and project views become mutually reinforcing at the nexus of strategy and sustainability in global markets experiencing the simultaneous turbulence of digital upheavals and a pandemic. Even preceding the pandemic, both sustainability and supply chain management, as well as the now classic strategic techniques of mergers and acquisitions, have assumed increasing centrality in global emergence and expansion from emerging markets. We find a strengthening interconnection of sustainability and supply chain management in the expansion impetus, as a global firm has global responsibilities involving the supply chain partners as well as the central firm. The strengthening of the sustainability-supply chain connection occurs in the form of "productizing" sustainability to match up and integrate with new product and process development—taken also potentially at the project development level—which then

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reinforces the innovation momentum of the firm toward both profitability (from new products, processes, services or business models) and social responsibility (from the concomitant sustainability productization and perhaps also projectization). In this sense, strategy and sustainability form an overarching interconnection, as firms from emerging markets continue to innovate and expand into developed markets. The emerging market firms bring renewed strategic perspectives as they pursue global consumer markets and expansion. Our findings suggest an expanded conceptualization of sustainability for managers and scholars alike by contributing specifically on sustainability and supply chain management from a conceptual foundation interconnecting geography and stakeholder theory.

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COMMUNITY PERCEPTIONS ON CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES OF CASINOS AROUND GAUTENG

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ABSTRACT

Corporate Social Responsibility is a way to improve the quality of lives of disadvantaged communities, especially in a developing country such as South Africa. The purpose of this paper is to report on the perceptions of communities regarding CSR initiatives of casinos. A descriptive research design was utilised, using a quantitative approach. Data was collected from 385 community members using a structured questionnaire. A 6 point-Likert scale was used to investigate five CSR domains with 31 variables in total. The results indicated that the majority of the community members did not perceive the philanthropic activities of casinos as adequate. The highest mean score of 3.97 was documented for the variable "the casino employs local community members". Findings of this study provide useful insight in assisting casino management, decision-making bodies in government and other stakeholders to reflect on the current state of CSR initiatives of casinos.

Keywords: Corporate social responsibility**,** Community perceptions**,** Casinos**,** Corporate social responsibility theories.

INTRODUCTION

Corporate social responsibility (CSR) is a growing arena in South Africa with corporations devoting substantial financial and human resources to social, economic and environmental development (Patel & Mushonga, 2014). There is uncertainty as to how CSR should be defined in both the corporate and the academic fields (Dahlsrud, 2008 & Dell'Atti, 2017) as there are plenty of definitions (Sweeney, 2009). Turker (2009), Sweeney (2009), Raczkowski, Sutkowski and Fijatkowska (2016) and Inoue and Lee (2011) state that Browen (1953) was the first scholar to define CSR as an obligation of businessmen to "pursue those policies, to make those decisions or to follow those lines of actions which are desirable in terms of the objectives and values of the society''.

Being socially responsible means not only fulfilling the applicable legal obligations, but also going beyond compliance and investing more in human capital, the environment and relations with the stakeholders (Raczkowski *et al*., 2016). In the South African context, the term CSR is widely used amongst academics and practitioners, while South African business prefer the term Corporate Social Investment (CSI) as they are not comfortable with the term responsibility, quarrelling that this denotes that they are responsible for correcting the imbalances of the past for human rights violations caused by apartheid regime (Kloppers & Fourie, 2014).

According to Kloppers and Fourie (2014), the introduction of the Broad-based Black Economic Empowerment Act (BBBEE) and Kings III report on corporate governance compelled South African companies to implement CSR. The aim of the BBBEE Act is to encourage the achievement of the constitutional right of equality, increase broad-based and effective involvement of black people in the economy and promote a higher growth rate, increased employment and equitable income distribution while the King III report (2009) encourages companies to report on their contributions on economy, environment and society.

Therefore, there is increasing research interest in the field of CSR in tourism destinations and impact of gambling companies' CSR on communities (Lee, Kim & Kim, 2018). The gambling industry is a tourist attraction

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destination, which provides leisure and recreational facilities and services for both the community and tourists (Luo & Xiao, 2017), contribute massive tax revenues, increase formal employment (Visser, 2016) and reduce gambling black market (Shani *et al*. 2014 & Leung & Snell, 2015).

The lives of the surrounding community residents are affected by tourism-economic, socio-cultural and environmental impact (Uysal, Sirgy, Woo & Kim, 2016). Therefore, in moral exchange, the gambling industry has to improve the community members' quality of life, wellness, revitalize community heritage and culture, a sense of well-being, preserve and protect cultural and natural resources, sustainability (Uysal *et al*., 2016) and creating employment (Lee, Kang, Long & Reisinger, 2010).

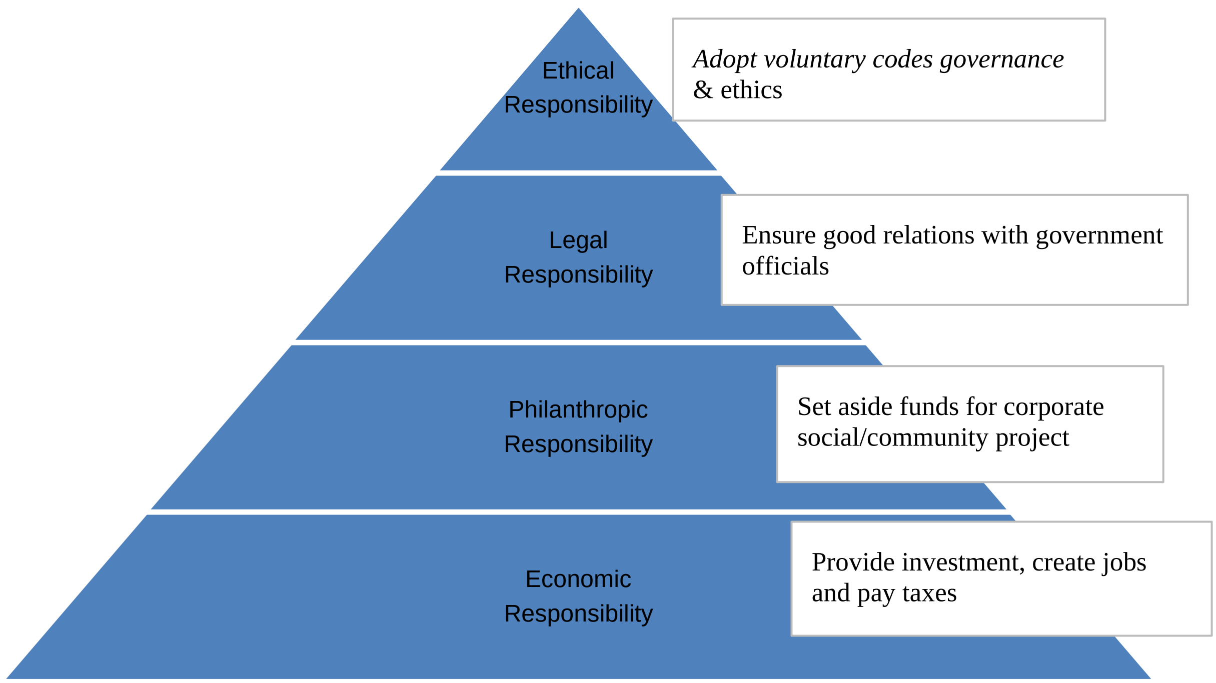
The hospitality and tourism industries components known as casinos depend on local communities, natural resources and the environment in which its activities take place (Moisescu, 2015). The generosity and corporation of the local community members are essential for a successful casino development. This is where CSR comes in as locals will support the casino establishment in their vicinity as long as the perceived benefits exceed the perceived costs (Shani, Fong, Leung, Law, Gavriel-Fried & Chhabra, 2014).

LITERATURE REVIEW

Measuring CSR

Carroll's social performance model (1979) states that CSR contains four dimensions, namely economic, legal, ethical and philanthropic dimensions (Dawkins & Ngunjiri, 2008, Lee, Song, Lee & Bernhard 2013, Shnayder *et al*., 2015, Jain & Jamali, 2015). The following figure shows Carroll's four-part conceptualisation pyramid as the most stable and widely cited in the literature.

Figure 1: Corporate Social Responsibility pyramid



Source : Carroll, 1991

Carroll's pyramid model of CSR is mainly used as the single most valuable model which covers all aspects of CSR (Santhosh & Baral, 2015) and all dimensions are interrelated or overlap with one another (Chow & Chen, 2012) and

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has been successful more than two decades (Makanyeza, Chitambara & Kakava, 2017). The main objective of casinos is to achieve financial success; however, Han (2014) offers a viewpoint of a "business case" for CSR which is explained as a relationship between making profit, social legitimacy and environmental concerns of different stakeholders.

The CSR pyramid provides significant input in the analysis of the relationship of the business and the society, is easy to understand and has been empirically tested and widely cited in the literature (Raczkowski *et al*., 2016). Sweeney (2009) summarises the pyramid as economic and legal responsibilities are socially required, ethical responsibilities are socially expected and philanthropy as socially desired.

Theories of CSR

The contrast between businesses and social goals is the starting point to theorise CSR (Patel & Mushonga, 2014). Although these theories are interrelated, overlapping and connected to each other (Han, 2014), the researcher has discovered that all theories are closely related and instrumental in understanding the perceptions of the community members to the surrounding casinos.

The first one is the instrumental theory which is often referred to as shareholder value (Han, 2014) and suggests that casinos aim to maximise shareholders' value and gain a competitive advantage in the market (Santhosh & Baral, 2015). This theory was considered the only thing mattered in the 1980s; however, nowadays, society has greater expectations of what it is that organisations should be doing and there are many stakeholders who experience the impact of company's operations (Nicolaides, 2017).

This theory is a strategic tool to achieve economic objective and capital creation (Han, 2014) by acknowledging philanthropy (Patel & Mushonga, 2014); however, profitable and commercial imperatives are predominant. Therefore corporations continue taking good care of natural resources, producing ethical products and building dynamic managerial skills to acquire and produce products that promote values of the casino (Santhosh & Baral, 2015). Han (2014) goes further to explain that instrumental theory takes into consideration of shareholders' interest and stakeholders such as customers, communities and government for achieve great economic performance. The business is perceived to be closed systems and primarily accountable to shareholders and any social problems that need to be resolved should be accomplished by the unregulated workings of the free market system, whereby the emphasis is on economic outcomes as the only end goal (Patel & Mushonga, 2014). Eventually, this kind of approach will lead to inequality and misleading development of the surrounding communities in which the casino operates.

The second group of CSR theories is political, which emphasises that casinos have some responsibility towards their communities (Santhosh & Baral, 2015) and can be classified through three approaches, corporate citizenship, integrative social contract and corporate constitutionalism (Han, 2014; Santhosh & Baral, 2015).

Santhosh and Baral (2015) define corporate citizenship as a sense of belonging to the society, integrative social contract theory as an unspoken obligation of the business towards their society, while corporate constitutionalism means using the business social power to benefit the society. All the political theory approaches focus on the communication and connection between the casino and the surrounding communities (Han, 2014), therefore, it is vital for both the casino and the government to have a mutual relationship to address all the social demands of the society. The state is regarded as the custodian ensuring the common good of the society, concerned largely with the regulation of the negative effects of the market on the community and the environment (Patel & Mushonga, 2014), therefore, the state develops regulatory economic, social and environmental policies to counter the negative effects of the market.

The third CSR group of theories is Integrative theory which explains that casinos' existence, growth and survival are highly dependent on local communities (Han, 2014; Santhosh & Baral, 2015). It is mainly concerned with all aspects of improving the standard of living in a society through implementation of activities which benefit the entire society (Santhosh & Baral, 2015) and integrative theory is mostly relevant to international companies that operate casinos in South Africa to satisfy the social demands of the surrounding communities.

The attitudes of casinos' responses towards addressing social issues such as gambling problems, social disruptions and social impacts are pivotal in achieving economic success and existence. This is a social development

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approach that links social and economic policies within an overall state-directed development process involving civil society groups and companies in promoting both social and economic goals (Patel & Mushonga, 2014), therefore, this provides a useful way of integrating the CSR activities of the casino with development theory and practice.

This approach needs participatory involvement of partners such as the private sector, civil society, the government, individuals, households and communities to work together in a viable way in order to address the misleading and inequitable nature of development caused under apartheid as well as in responding to challenges mentioned in the Reconstruction and Development Programme (RDP) and due to globalisation (Patel & Mushonga, 2014).

Raczkowski *et al*. (2016) assert that this theory counters the other theories that indicated profit generation as the only responsibility of the organisation; however, it recognises the needs of other stakeholders as well. This theory is often called the Social Contracts theory as it emphasises the organisations' need to pursue CSR - not because it was in the commercial interest but because it was how society expects organisations to corporate (Luo *et al*., 2016).

The fourth group of CSR theories is ethical which puts more weight on casinos' sound ethical policies to accomplish social responsibilities (Santhosh & Baral, 2015), therefore, it is aimed at reinforcing the relationship between casino and locals being based on principles that relate to doing the right things to maintain the society through protecting human rights, sustainable development and common good approach (Santhosh & Baral, 2015).

Lastly, there is the social exchange theory, which hypothesises that residents' relationships with the casino are formed on the basis of subjective assessments of costs and benefits, therefore, the more the community is dependent on the casino, the more positive its community members' attitudes and perceptions are towards its further development (Luo & Xiao, 2017) and residents will evaluate the casino negatively or positively based on expected benefits and costs experienced in return for their services (Lee, Kang, Long & Reisinger, 2010).

Therefore, it is vital for the casino to continually provide communities with personal benefits through positive social and economic initiatives to earn communities' support (Lee, Kim & Kim, 2018). Kolawole *et al*. (2017) posit that social exchange theory is used to define the perceptions of community people of the growth of tourism in their community, therefore, in this study context, social exchange theory is considered a fitting tool to investigate the perceptions of host communities regarding CSR issues of surrounding casinos in Gauteng Province.

METHODOLOGY

Study Area

The study employed a descriptive, quantitative research design. Quantitative research is a conclusive research method that involves a large sample and a structured data-collection method such as a questionnaire that is used in the measurement process of the construct (Struwig & Stead, 2011:4). The study was conducted in Gauteng Province, which is the smallest province in land area in South Africa geographically with 13.4 million residents, being the economic hub of Africa, contributes 34.1% to South African GDP (Stats SA, 2016). Furthermore, Casinos in Gauteng have contributed 42% towards the gross gambling revenue, compared to that of the eight other provinces in South Africa (National Gambling Board, 2016). Therefore, it is imperative to investigate the perceptions of community members surrounding those casinos in relation to casino CSR initiatives.

Measurement Scale and Reliability

After an extensive literature study of CSR in gambling industry, a preliminary list of CSR domains and variables was established. A questionnaire was developed to assess the community's perceptions about CSR initiatives which were measured by economic impacts, environmental aspects, socio-cultural dimension, ethical considerations and philanthropic activities. A structured questionnaire with 6-point Likert scale was used to measure community members' perceptions of casinos' CSR initiatives, where 1 = extremely dissatisfied and 6= extremely satisfied. Kolawole *et al.* (2017) opine that Likert-type scales ensures truthfulness in the completion of the questionnaire and assisting in the effective analysis of data collection.

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A pilot study was conducted in this study to point out any errors that might have been committed during the development of the questionnaire. The questionnaire was piloted on a random sample of non-participating respondents in this study to ensure clarity of interpretation and the findings of pilot study were used to revise and refine the instrument questions in order to enhance reliability of the final questionnaire in this study. Reliability is a guide related to the quality of the measure used and associated with its ability to be consistent (Ferraz & Gallardo-Vazquez, 2016). The results of the pilot study are as follows in Table 1**.**

Table 1: Cronbach's Alpha results.

CSR Dimensions	**Number of variables**	**Cronbach's Alpha value**
Economic	5	0.772
Environment	6	0.759
Socio-cultural	9	0.853
Ethical	5	0.864
Philanthropy	6	0.830

The reliability analysis was achieved through calculating the Cronbach's alpha index and Ferraz and Gallardo-Vazquez (2016) state that when the alpha exceeds 0.9 it reveals an extremely good consistency, a reasonable consistency with values between 0.6 and 0.8, poor consistency between 0.5 and 0.6, values lower than 0.5 are not acceptable. In general, the analysis of the Cronbach's alpha resulted in values between 0.7 and 0.9 in all dimensions. This shows that there is greater reliability of more than 0.7 in all eight the domains used to measure CSR in Gauteng casinos.

Data Collection

The structured questionnaires were distributed for residents of eight casino communities and they were conveniently selected from public places such as malls, parks and residential homes. Two research assistants were involved in the data-collection process. The researcher described the purpose of the study to research assistants, reviewed the questionnaire with them and trained them on how to conduct this research. The researcher and the assistants approached the residents in casino communities and invited them to participate in the study with the purpose and aims explained. As a result, 385 respondents completed the questionnaires.

Data analysis

Descriptive statistics was employed in this study, as the main purpose of the data analysis in this study is to present, compare and summarise the main features of the information collected from casino communities. Therefore, a statistical analysis was performed using the Statistical Package for the Social Sciences (SPSS). The average mean and the standard deviation of each variable are presented.

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RESULTS

Demographics

Table 2: Community member's demographics profile.

Characteristics	Percentage	N = 385
Gender		
Male	46	177
Female	54	208
Age Groups		
15-17	25	97
18-34	32	123
35-50	25	95
51-60	13	49
61+	5	5
Marital status		
Single	50	187
Married	43	168
Divorced	7	30
Employment status		71
Student	18	145
Unemployed	38	80
Self-employed	21	41
Employed in public sector	11	36
Employed in private sector	9	12
Retired	3	
Education		
Grade 11 and below	14	55
Grade 12	39	100
Higher certificate	25	96
Diploma	16	60
Postgraduate Degree	6	24

As indicated in Table 2, of the 385 respondents, more than half were females (54%) and 46% were males. Majority of respondents were between the age groups of 18-34 years (32%), the age groups of 15-17 and 35-50 had a fair share of 25%. Only 13% of the respondents were between the age group of 51-60 years old and 5% were above 61 years old. This indicates a very low percentage of older residents in the communities that participated in the study. Exactly half of the respondents indicated that they were single (50%) and the remaining half were either married (43%) or divorced (7%), therefore, it can be deduced that 57% of the respondents were single.

A staggering 38% of respondents were unemployed, and this confirms the dire unemployment rate in South Africa. However, this alarming rate can be counteracted by entrepreneurship, as indicated by the fact that 21% of the respondents were self-employed. The government and higher education institutions encourage students (18%) to venture into entrepreneurship in order to participate in the economy through National Development Youth Agency (NYDA) than being job-seekers. Only 9% of the respondents were employed in the private sector compared to 11% employed in the public sector. This clearly underlines the fact the government is the highest contributor to employment in South Africa (Stats SA).

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The majority of the respondents (39%) had Grade 12 and 25% had higher educational certificates (25%). It is also worthy to note that only 14% of the respondents were unable to reach Grade 12 and only 16% had diplomas and 5% degrees, while 1% of the respondents indicated other forms of qualifications.

Descriptive statistics

Table 3: Results of descriptive analysis.

	Mean	SD
Community perceptions on economic dimension		
The Casino employs local community members	3.97	1.465
The Casino mentors local business	2.95	1.37
The Casino buys products produced within our community	2.70	1.264
The Casino supports non-profit organisations in our community	2.92	1.299
The Casino provides financial support to local business	2.83	1.340
Community perceptions on environmental dimension		
The casino prevents air pollution	2.99	1.630
The casino reduces the consumption of natural resources such as cutting trees	3.14	1.466
The casino does not waste water	3.25	1.460
The casino encourages locals to recycle waste products	3.04	1.511
The casino runs awareness campaigns on protecting natural resources to the community	2.97	1.447
The casino undertake initiatives of cleaning the environment	3.26	1.404
Community perceptions on Socio-cultural aspects		
The Casino helps in providing access to drinking water	3.08	1.504
The Casino is involved in providing quality healthcare to communities	2.89	1.333
The casino supports educational projects	3.01	1.383
The Casino improves the lives of the poor in our community	2.78	1.392
The Casino preserves cultural heritage in the community	2.78	1.347
The Casino supports local talents	2.88	1.392
The Casino helps to solve societal problems.	2.87	1.512
The Casino gives equal employment opportunities to both males and females	2.88	1.551
The Casino plays a role in society that goes beyond profit making	3.01	1.356
Community perceptions on casino ethical considerations		
The Casino reports the contributions made to the community	3.15	1.295
The Casino partners with government on community interests	2.88	1.411
The Casino complies with regulations such as not allowing underage gambling	2.85	1.435
The Casino creates awareness on responsible gambling	2.89	1.333
The Casino offers rehabilitation for problem gamblers	2.96	1.342
Community perceptions on philanthropic activities		
The Casino is involved in charitable giving	2.74	1.165
The Casino voluntarily builds educational facilities in the community	2.96	1.352
The Casino offers free entrepreneurship conferences in the community	2.90	1.471
The Casino donates food parcels to the needy in the community	2.69	1.355

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The Casino builds proper housing for the less privileged in the society	2.81	1.319
The Casino helps the orphanage homes in the community	2.77	1.363

Note: 1 = strongly disagree, 3 = neutral and 6 strongly agree

The mean scores and standard deviation for each domain variables were calculated in order to understand the perceptions of community members surrounding the casinos. In terms of the economic dimension perceptions, the mean scores of 4 of the 5 perception variables ranged below 3 on a 6-point Likert scale. The highest mean value is of the casino employing local community members (M=3.97), therefore, the residents feel that the casino contributes to providing employment for locals. Lee, Kim and Kim (2018) concur with the study findings that economic factors such as business and employment opportunities are the most important predictor of perceived benefits from the community members and further suggests that the casino can establish developmental fund for those employees through internal regulations. In study results of Manwa, Saarinen, Atlhopheng and Hambira (2017) it was found that tourism activities such as casinos involve low-skilled labour from the communities and use them as tools to drive the industry; therefore, a developmental fund can be used for development of human capital.

However, the residents feel the opposite about the following low mean scores, mentors local business (M=2.95), buys local products (M=2.70), supporting non-profit organisations (M=2.92) and proving financial assistance to local business (M=2.83). The findings are in contrast to an inclusive growth approach. Manwa, Saarinen, Atlhopheng and Hambira (2017) explain the inclusive growth approach to economic growth which aims to improving the community quality of life and sharing benefits of having a casino more evenly, both in monetary and non-monetary perspectives. Therefore, it acts as a tool to expand economic and societal development.

In relation to environmental perceptions, residents perceive the casino very positively on not wasting water (M=3.25); this shows that casinos are well aware of the fact that South Africa is a water-scarce country and is imperative to use water wisely, preserving natural resources (M=3.14), encourages recycling (M=3.04) and undertaking initiatives of cleaning the environment (M=3.26). These indicate that the community expects of the companies to take care of the environment. Similarly, in Zimbabwe, OK stores has initiated tree planting in Zimbabwean communities and community recycling sites as part of CSR (Makanyeza, Chitambara & Kakava, 2017). There are generally negative perceptions on issues of preventing air pollution (M=2.99) and having awareness campaigns encouraging community members to protect the natural resources (M=2.97). With all the negative attitudes of casinos to environmental affairs, its sustainability is under siege, and Manwa *et al*. (2017:3) assert that the point of protecting the human heritage features and preserving the essential ecological processes is paramount in catering the needs of the present generation without compromising the ability of future generations to meet their own needs. Although the study findings conducted in Zimbabwe state that environmental affairs do not influence the company performance (Makanyeza, Chitambara & Kakava, 2017:1), they do influence the perceptions of the community and threaten its sustainability. Therefore, casinos have the responsibility of educating communities on protecting natural resources through action and community participation.

Socio-cultural impacts on communities can either improve their quality of life or degrade them (Kolawole, Mbaiwa, Mmopelwa & Kgathi, 2017:74), therefore, only 3 from the 9 variables were ranked positively by the residents, which is helping in providing access to drinking water (M=3.08), supporting educational projects (M=3.01) and perceiving that it plays a role in society that goes beyond profit-making (M3.01). The remaining variables which are below the middle value are involvement in providing quality healthcare to casinos (M=2.78), preserving cultural heritage (M=2.78), Manwa, Saarinen, Atlhopeng and Hambira (2017) opine that any tourism development that does not acknowledge and respect communities' cultural heritage, values and beliefs may fail in the long run.
When it comes to supporting local talent (M=2.88), offering equal employment opportunities to both males and females (M=2.88) and lastly solving societal problems (M=2.87), the results are in contrast with a similar study conducted in Botswana, where locals highlighted some positive benefits of having a tourist destination in solving societal problems such as improving community livings, development of local facilities and linkages with local industries (Manwa *et al*., 2017).

This finding is in line with Makanyeza *et al*. (2017) in Zimbabwe where it was found that diversity issues such as offering equal opportunities to males and females in the company cannot translate to CSR initiatives and improved company performance. However, hospitality and tourism segments such as casinos are regarded as the fast

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entry vehicle into the workforce for young people and women in urban and rural communities, therefore, equal opportunities for both genders are of the utmost importance (Kolawole, Mbaiwa, Mmopelwa & Kgathi, 2017). Makanyeza *et al*. (2017) further posit that diversity of CSR is more important in developed countries than developing countries such as Zimbabwe and South Africa as women are expected to be stay home parents and take care of the family.

Community members perceive CSR reporting (M=3.15) as the only satisfactory deed on casino ethical considerations. Contrary to popular belief and expectations, residents are not satisfied with the efforts of the casino partnering with government in pursuing community interests (M=2.88). Nicolaides (2017) strongly emphasises that partnerships with the government and the society on CSR initiatives benefit all parties for social cohesion.

When it comes to preventing under-age gambling (M=2.85), creating awareness of responsible gambling (M=2.89) and providing assistance for problem gamblers (M=2.96), Lee, Kim and Kim (2018) state that problem gambling and under-age gambling are negative social factors that casinos brings in the communities, which in turn can influence the community members' lack of support for casino development and sustainability. Casinos should create a CSR climate by putting in place ethical policies and actions on protecting all stakeholders from the community, employees, suppliers, government, shareholders, trade unions, non-government bodies and customers (Nicolaides, 2017). Therefore, proper and stronger communication channels should be in place to make sure that all the stakeholders are well aware of CSR initiatives.

Lastly, respondents were asked to indicate their perceptions of casino philanthropic activities, as none of the mean scores fall below the mid-mean of 3. Therefore, it is asserted that community members feel negatively about the efforts of the casino on charitable giving (M=2.74), building educational facilities (M=2.96), offering entrepreneurship conferences for locals (M=2.90), donating food parcels to the needy (M=2.69), building proper housing for the less privileged (M=2.81) and helping orphanages (2.77).

The results indicate that philanthropic activities of these casinos are not considered adequate by communities. In comparison with other international companies, MGM resorts and casinos in the United States of America (USA), provided educational support to more than 100,000 children as well as food, housing and self-support assistance to more than 200,000 individuals and families in 2015 (Lee, Lee & 2018).

DISCUSSION

South Africa is facing a mountainous challenge to raise living standards, improve the quality of life in communities, reduce income inequality, lower poverty among the historically disadvantaged groups, foster inclusive growth and attain social cohesion (Mushongera, 2017) and casinos were legalised in 1996 in order to contribute to generating revenue to the state and improving the quality of life in the casino communities, therefore, the study findings assert that casinos contribute positively to the national challenges by providing employment, educational support, taking care of the environment, solving societal problems and fostering social cohesion.

However, community members are not satisfied with casinos' philanthropic initiatives and this is in contrast with the previous studies of Boluk (2013), which suggest that corporate philanthropy is recognised as an approach that benefits communities the most through donations, sponsorships and other activities that are designed to provide free advertising and reputation enhancement

Majer (2013) argues that for most casinos the concept of CSR is connected to philanthropy, as their actions are limited to charity donations. He maintains that CSR is a means to change the way of managing business, social commitment, and minimising business risks.

The results have shed more light on the communities' perceptions regarding philanthropic activities and expect them to do more. This is underscored by the high unemployment levels in society that in turn lead to impoverished community members. The study also establishes that the perceptions of communities on economic aspects, ethical considerations, socio-cultural aspects as well as environmental affairs are significantly appropriate and related to their perception on improving quality of lives.

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The findings suggest that community members' perceptions on casinos impact on providing employment, preserving natural resources, providing access to drinking water and supporting educational projects are important predictors of evaluating the quality of life in casino communities.

CONCLUSIONS AND MANAGERIAL IMPLICATIONS

The findings may assist casino managers and policy-makers in improving on policies and strategies on philanthropy, socio-cultural variables and in improving communities' quality of life by providing well-equipped infrastructure, entrepreneurship skills, quality health care services, supporting educational projects and employment opportunities. Therefore, in order to sustain CSR as a practice, casinos need to shift from their traditional management approach based on charitable giving to a more people developmental approach that would offer opportunities to communities to improve their quality of lives.

The casino that is more involved with CSR initiatives, provides more benefits and improves the quality of life to casino residents and this is more likely to gather support from the locals for long-term sustainability. The results concur with the study findings of Makanyeza *et al*. (2017) that strong community relations, employee relations and customer relations have a positive effect on company performance.

Therefore, CSR is not only subject to law in South Africa, it goes beyond compliance and can be an important tool for company sustainability, strengthening employee relations, customer relations, investor relations and improving the communities. It is imperative for casino CSR managers and policy managers to invest more in CSR and involve all the relevant stakeholders such as local communities, employees, investors, government and customers in planning and implementation of CSR initiatives.

LIMITATIONS AND FUTURE STUDIES

This study only collected data from community members and therefore future research should include interviews with different stakeholders such as employees, government officials and customers in order to gain a better understanding of CSR practice. The study only provided the descriptive statistics which is a major limitation as inferential statistics would have investigated community members' perceptions in more detail.

Future researchers may investigate the actual gap which may exist between the casino's communication about CSR and the actual activities/realities of CSR implementation on the ground level. Furthermore, exploring the mediating mechanisms that account for the effectiveness/ineffectiveness of CSR communication is an important underpinning of the entire field. There is a need to investigate the strengths and weaknesses of CSR theories and the practice of CSR and even investigate the discrepancies underlying the theoretical foundations and economic realities of this flourishing business endeavour.

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UNDERSTANDING THE ESSENTIALS OF NEW PRODUCT DEVELOPMENT: A THEORETICAL INSIGHT

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ABSTRACT

In recent decades, the topic of NPD has received considerable attention. Managing the process of NPD and its related operations has become a major competitive issue for many organisations. Organisations continually seek new ways to enhance their innovation efficiency in the dynamic global marketplace that supports the use of ideas and expertise from external sources. Organisations cannot rely on old products to strive within the market. To survive and be profitable, every company must seek to explore new products as these provide new opportunities and growth for the company. Based on extant conceptual studies, the current aims to provide some insights into the challenges and benefits of new product developments.

Keywords: New Product, development, new product types, market, knowledge, organisations, competitors.

INTRODUCTION

Companies have become increasingly competitive in terms of developing unique products, believing that NPD can favourably leverage market position. NPD is a multifunctional process comprising of various tasks conducted by groups with different abilities, resources, knowledge and skills and cultural backgrounds. In today's highly competitive environment, successful companies will develop products that meet consumer requirements better than their competing products (Tabassum et al., 2018; Fain and Wagner, 2014). It is essential to understand a critical three-fold typology (swift consumers, value-for-money consumers, and transactional consumers), representing the level of consumer involvement towards NPD (Ozuem & Azemi, 2017; Tabassum et al., 2018). Song and Thieme (2006) believed that to make an NPD project successful in the marketplace, and companies must understand consumer needs and wants. Therefore, companies need to conduct proper market research to identify consumer needs and to generate ideas and solutions that satisfy their needs. Only meeting market demands and needs is not enough. For an NPD process to be successful, it needs to focus on quality, features and design levels that can meet the demands of target markets. Besides, owing to the complexity of technological innovation, it is difficult for a department itself to execute the entire NPD process (Chen, Lee, Wang, and Tong, 2008; Yao, Xu, Song, Jiang, and Zhang, 2014). The extent of integration and collaboration between R&D and marketing has identified as a significant factor that directly influences the success of NPD. According to Cooper (1983), R&D and marketing are interconnected in the process of NPD as the R&D department is unable to develop new products that fulfil consumer requirements without sufficient information from the marketing department. The more innovative the NPD projects, the higher the need to integrate marketing and R&D functions in the business.

Nevertheless, while the need for integration has been widely recognised, the level of integration of R&D and marketing has proved low in practice (Shim et al., 2016; Fain et al., 2011). In order to achieve a successful new product, and indeed, to successfully implement it within a company, it is necessary to have a structured and

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documented approach to NPD. The majority of researchers evaluate NPD success and failure based on the level of creativity offered in order to benefit from a competitive product, adding new and useful perspectives for products (Song et al., 2006; Calantone and Cooper, 1981; Cooper 1979; Kleinschmidt and Cooper, 1991; Song and Montoya-Weiss, 2001). A successful company which offers unique and meaningful products that satisfy the changing needs of consumers by designing superior, innovative products and initiatives on the market. Some researchers argue that imitation is more important than innovation (Costa and Coelho do Vale, 2018).

THEORETICAL CONTEXT

The definition of a new product is a product that has never before introduced, manufactured or launched by any company into the marketplace or a new market (Kumar and Phrommathed, 2005; Lan et al., 2007). The product may be new to a company that has previously sold in the market but not necessarily be new to the marketplace. Other companies may have purchased it before, or the product may be conceptually comparable with others. The presentation or rebranding of the product must establish a new form, package or label into the market not previously explored (Fuller, 2011).

A new product concept, as defined by Crawford and Di Benedetto (2015, p. 14), is “a statement about anticipated product features (form or technology) that will yield selected benefits relative to other products or problem solutions already available”. Cooper, (2001) explains that if a new item has been on the market for five years or less, it is characterised as new, and involves extensions and significant improvements. Fuller (2011) considers that a more comprehensive definition is more suitable and must include both the creation and implementation of a product that has not previously produced in a business, or it includes bringing an existing product into a new market. A new product occurs when a company introduces an existing established product into a new geographical region. Kotler and Armstrong (2010) believe that only the company's first products or product enhancements and amendments produced through its R&D initiatives must be features of any new product. However, innovative products which were never released on the market before in any circumstances are scarce. Bhuiyan (2011) indicated that the introduction of products to the market describes a new product that evolves over a series of phases, starting with an original product concept or idea that assessed, created, tested and later launched onto the market.

Organisations cannot rely on old products to strive within the market. To survive and be profitable, every company must seek to explore new products as these provide new opportunities and growth for the company. Old products that have lost their appeal are not profitable to the firm and need to replace. The need for new products is evident to any novice technologist (Fuller, 2011; Tabassum et al., 2018). New products are essential to increase profits. NPD projects require skilled personnel, funds, physical facilities and thorough research. New products are essential to achieve financial objectives and corporate evolution (Crawford and Di Benedetto, 2015). Successful new products and the announcement of upcoming new product launches have a positive impact on inventory values and lead to long-term per-share revenues. Stock prices and long-term income per share are the results of successful new products and their anticipated launch announcement. Unique products introduced by management will result in the highest profit margins (Jena, 2007). New products help businesses balance technological innovation and meet evolving tastes, preferences and consumer lifestyles. New products can change market pressures, including strengthening rules, government regulations and expenses or reducing access to materials and resources to create challenges to existing products, leading to innovation. Different organisational factors encourage the formation of new products. Examples include the enhancement of corporate images, brand halo impacts, brand equity leverage, excess capacity utilisation, market segmentation fine-tuning by-product use and product mix balance (Lantos et al., 2009).

Booz-Allen (1982) identified some approximate percentages of new product types, and these outlined and discussed below:

New-to-the-world products, or really new products: These are products which were never manufactured or put on the market before. They are entirely innovative and do not derive from older products. For example, a mobile phone with a better touch screen derives from previous products. Examples of the benefits of technological and scientific innovation include Rayon fibres or personal computers. Cooper (2001) mentioned that these categories of products are the first of their types, so they open up an entirely new market, but they account for only 10% of all new products.

Other examples of new-to-the-world products include Apple iPhones, Polaroid cameras, the Internet and the Sony Walkman. All of them are genuinely consumer innovations that had never before in the history of the world been available (Amue and Adiele, 2012, p. 98).

New-to-the-firm products, or new product lines: These are products that drive a company towards a new category, but they are not new to the world. This category of product is a derivative of an existing product, so access to the market is already available. Although the product already exists on the market, it can be considered as new if the company introduces an identical product to the market. According to Amue and Adiele, (2012, p. 98), almost 20% of all new products belong to this category, including Lyca Group's first remittance service called Lycamoney Financial Service Limited as an example. Other instances include the first Procter and Gamble shampoo, which was Head & Shoulders (H&S) and Coca-Cola's first orange juice, Minute Maid Orange.

Additions to existing product lines, or new product line extensions: Although these products may be something novel for an organisation, and may be considered "new", they support the company's existing product lines. Such products are Bud Light, Special K snack bars or shakes or Tide Liquid detergent (Crawford and Di Benedetto, 2015). This category is the most significant classification of products among all new releases in the 1990s, comprising around 26% of all new products (Amue and Adiele, 2012, p. 98).

Product improvements: Literally, every product in today's market has enhanced. These ' not-so-new ' products can be substitutes for existing products in a company's product line. However, they provide higher performance or perceived value over the existing product (Crawford and Di Benedetto, 2015). Most new and improved products are only minor adjustments, such as flavours, scents or perhaps enhancements. These products comprise 26% of all new products (Cooper, 2001) and examples are Honda Civic Hybrid, Microsoft (Window) XP (Amue and Adiele, 2012).

Repositioning: Certain products fail to sell, so the marketing team develops a plan to save the product. Repositioned products are those that can be targeted or changed slightly to increase sales—for example, aspirin used for regular headaches and fever relief. Since a new health advantage has found for aspirin, it has become a painkiller for headaches, and it also prevents blood clots, strokes and heart attacks (Cooper, 2001). This category represents approximately 7% of all new products (Amue and Adiele, 2012, p. 99).

Cost Reductions: These are products intended to decrease the replacement cost of existing products. New products that reduce costs can substitute current products on the line but can also deliver comparable advantages and efficiency at a reduced price. They constituted 11% of the cumulative releases of new products throughout the late 1990s. Flying Tiger knitting machines and e-machine desktop computers are examples of this category. The use of acrylic fibre, as a wool substitute and making it available on the market with lower price, would be an example. (Amue and Adiele, 2012, p. 99).

WHY NEW PRODUCTS?

The NPD literature emphasises the significance of bringing new products to the marketplace in order to be successful in the business world (Webb, 2016; Santoro et al., 2017; Costa et al., 2016). A new product has led to company development. It positively affects profit efficiency, improves the employment rate, improves technological advancement, improves living norms and plays a crucial role in company planning. It has adequately documented within relevant literature (Bhuiyan, 2011). In recent decades, the topic of NPD has received considerable attention. Managing the process of NPD and its related operations has become a major competitive issue for many organisations which continually seek new ways to enhance their innovation efficiency in the dynamic global marketplace that supports the use of ideas and expertise from external sources. The involvement in the NPD process should now expand to a broader audience, including product or service customers. To guide the NPD process, an organisation should perfect its skills, demonstrate creativity and deliver new and better insights for customers (Mahr et al., 2014; Roberts et al., 2017). The figures for new product implementation improved significantly when the sector identified how important new products might be. Consistently, companies face difficulties in managing the NPD phases at each point, requiring comprehensive financial investment, human resources and a sensitive timetable (Bhuiyan, 2011). New products are, as Cooper and Kleinschmidt (1987) claim, "high-risk endeavours". Unfortunately, the reality is that most

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new products perform poorly on the market and fail, leading to critical financial loss (Urban and Hauser, 1993). A specific tool for any business is an innovation that utilises change as a contingency for different services or businesses. For change to occur, the sources of innovation and their potential for active development must scope out purposefully. Successful principles for innovation need to be understood and applied by entrepreneurs (Drucker, 1985). Organisational behaviour, marketing, production and several other disciplines form sections of this literature research. Researchers have sought to identify the determinants of new product performance as a rich qualitative insight and form of best practice (for example, see Womack et al., 1990).

The shortening of product life cycles and the need for innovative new products has put pressure on manufacturers to rapidly produce new products in a highly competitive environment (Alamro et al., 2018). New product “innovations" include “business models” such as music sold online by Apple Computer, Inc for 99 cents or the hybrid car by Toyota. "Processes" like Wal-Mart Stores and Dell, Inc. streamlining the supply chain are further examples. The results of such innovations lead to additional benefits both for business (increasing shareholder interest) and for society (increasing social welfare). In order to survive and thrive, any business should, therefore, continually develop and introduce new products (Crawford and Di Benedetto, 2015). For example, before the candy-coloured iMac introduced in the late 1990s and the launch of the iPod digital music player and iTunes online store in the early 2000s, Apple, Inc. was losing market share (Lantos and et al., 2009).

For at least six reasons, ongoing product development is crucial to executives:

1. New products are a significant source for business growth,

2. New products help companies attain their economic objectives. Successful new products and announcements of upcoming new product launches have a positive impact on inventory values and lead to long-term per-share revenues. Higher profit margins benefit businesses that introduce the most innovative products. When averages of 47.6 per cent of sales and 49.1 per cent of profits come from a new product, then the specific company considers it a powerful NPD performer. However, averages of 21.4 per cent of sales and 21.2 per cent of profit in businesses not identified as influential NPD performers. The products developed during the last five years by many leading companies constitute the most massive significant sales and profits, according to IBM Business Value Institute (2007),

3. When technology progresses, the life cycles of products become shorter and customers' preferences, expectations and behaviours change,

4. There is an abundance of competition for the consumers' dollars. Even on current products expenses, if management does not innovate a new product, a rival will,

5. A range of shifting market pressures, such as increased government restrictions, increasing costs or decreased accessibility of materials and components, generate risks to current products, compelling a need for innovative products,

6. Various organisational factors facilitate the development of new products. Examples include enhanced visibility of businesses, halo effects of a brand, leveraging of company equities, overcapacity usage, market segmentation fine-tuning, by-product use, and balance of product mix,

NPD is a series of data collection and problem-solving practices that help to ensure the quality of the end product to fulfil the customer's requirements. In principle, this is a method to bring a new product onto the marketplace from concept to happy-end consumers (Webb, 2016). NPD is the implementation strategy for a new product. It involves conceptualising concepts, planning, developing and eventually introducing a new product or service on the market. NPD is an essential feature of companies in a consumer economy. Products have life cycles, and companies must react to changing consumer tastes, increasing competition and technological change. Product development is also essential for sustainable growth strategies, and companies like Apple have become well-known for using NPD to open out to new markets and grow their business. In the 1960s, companies such as Booz Allen Hamilton (now Booz & Company) investigated the idea of product development or innovation as a definable process. A study of product development methods carried out, and a commonly accepted innovation sequence became established over time, focussing on exploring, screening, analysing, developing, testing, and commercialising.

Amongst these actions, the majority of difficulties are present at the exploration stage, as ideas need to generate, and these require different types of studies and brainstorming. It is often referred to as the ' fuzzy front end' because of the complexity of developing a phase. The steps beyond this initial stage focus on determining, whether it is possible to deliver the innovation and whether it has a profitable market. During the 1980s and 1990s, there was high pressure on companies to increase innovation (WARC Best Practice, April 2019). NPD is the development of original products, product enhancements, product modifications and new brands through the R and D initiative of the company itself (Kotler and Armstrong 2010). Besides, the development of new products is the lifeblood of countless companies and constitutes the greatest hope for future growth. Throughout the years, this has developed while paying due attention to consumers during the development process. There has been a focus on the nature of the product, channels, the nature of the marketing platform and the basis of the product idea. Despite efforts at continuous improvement, there is still a need for change (Amue and Adiele, 2012).

CONCLUSION AND MANAGERIAL IMPLICATIONS

A vital element of success based on thriving NPD. NPD is becoming progressively complicated due to current market constraints, the need to maintain strategies for development projects and enhanced emphasis on materials providers (Webb, 2016). Successful new product development is a critical cornerstone of a company’s success. There are outstanding incentives for companies to launch effective new products to the markets they supply continuously. Products that have reached the end of their shelf life can impact (negatively) on business growth and reduce profitability, which is why useful new product introduction helps businesses to overcome any decline in profit (Tabassum et al., 2018). The idea of NPD has been outlined and established in the marketing literature. According to Fuller (2009), a broad range explanation is valuable and also necessary to understand the introduction and development of a product that has never been produced before. This also applies to the introduction of an older product to the market. He also pointed out that the explanation should not form a strict implementation. Kotler and Armstrong (2010) indicated that a company should ideally only develop original products or improve an existing product through its research and development. These include products which are incredibly innovative and that have never before launched on the market. The development and introduction of new products are the most demanding and challenging tasks for managers (Hauser et al., 2005). In addition, new products can play a significant role in the economic progress of any organisation. By using old components and inputs on new products, and by harnessing the skills of the pre-existing sales division, such products can sell with lower unit costs (and Cumulative Gross Margin) for the organisation. NPD can additionally be an essential point of advantage for the firm to utilise in its interconnection with its distribution channel associates. Wholesalers and distributors can offer preferential consideration to companies with multiple successful products in their portfolios, for example, selected shelf space and terms of payments. This is a particularly meaningful way for big retailers like Wal-Mart to grow over time into places of considerable distribution power and influence. Also, the company's image and reputation and its brands are strongly affected by the amount and quality of successful products in its portfolio. Brands such as Nike have built their global brand reputation over the years, expanding its area of athletic footwear and developing items like golf shoes, clubs, wallets, and clothes. It also launched swimwear and football equipment including a vast range of bestselling products that have high demand in the tennis, baseball and basketball world. From a broader marketing point of view, businesses that develop the required organisational structures and procedures for producing new products continuously and efficiently are more likely to respond to their consumers' needs and desires. For firms to achieve, understand and tailor products and services, it is imperative to communicate directly with consumers as a fundamental part of NPD. This directs consumer interactions and allows companies to obtain a variety of helpful consumer insights that will shape every other aspect of the marketing mix – including pricing, location, distribution channel and promotion mix decisions. Ozuem et al. (2016) suggest it is vital for organisations to keep up to date with web and other technologies to facilitate interactive financial transactions. The development of a new product is an incredibly challenging and complicated procedure. When a company aiming at innovation and launches a new product, this is risky, and there is no assurance that the product will succeed commercially. This can impact on the company in terms of its financial investment and business structure, usually involving time-consuming development of new product goals. There are plenty of new products that have failed to succeed, and the NPD landscape has an extensive range of rare examples.

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CORPORATE GOVERNANCE AND EARNINGS MANAGEMENT: EVIDENCE FROM PRIVATE COMPANIES IN RWANDA

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ABSTRACT

The study aimed at constructing the corporate governance indices in the private companies and establishes their effect on the earnings management. Explanatory and confirmatory research was conducted using a sample of 120 private companies operating in the special economic zone in Kigali. Data was collected from both primary and secondary sources using questionnaire and documentation. Principle component and factor analysis were constructed using A KMO, Bartlett's test, SEM. The results from the survey revealed that the corporate governance indices used in listed companies can directly be applicable in the private companies as reflected by strong correlation between corporate governance and earnings management.

Keywords: Corporate governance, Earnings, Earning management, Private companies, Discretionary accrual.

INTRODUCTION

Corporate governance and earnings management have become one of topical issues in the today's business management environment. Corporate governance mechanism defines the principles on how companies should be directed and controlled (Iraya *et al*., 2018). Corporate governance helps in setting up relationships between a company's directors, its shareholders and other stakeholders (Syed *et al*., 2009). Musa *et al*. (2013) asserts that the framework of corporate governance provides the structure through which the objectives of the company are set, the means of achieving those objectives and monitoring performance. The debate on the importance of corporate governance in today' management beheviour originates from the context of the so-called Anglo-Saxon model (Sarenoh and Garcid 2013). This model recognizes the separation of ownership and management and this is more so, especially for companies that are listed on the stock exchange market (Muda et al., 2018).

Studies analyzing the phenomenon of corporate governance have used different indices. Iraya *et al*. (2018) measured corporate governance using ownership structure, board size and board independence. Sinan *et al.* (2016) measured corporate governance was measured by board meeting, size of the board of directors, audit and nomination committee and the compensation committee. Iqbal, et al. (2015) used board size, managerial ownership, CEO-Chair duality, independence of the board and audit committee to measure corporate governance Mahfuja (2015) used ownership structure and board of directors to measure corporate governance. Chi, *et al.* (2015) measured corporate governance using board independence, board size, CEO – Chair duality. Sarenoh and Garcid, (2013) measured corporate governance using board size, independence of the board, audit committee, nomination and compensation committee, board composition, board meetings, disclosure and independence of the audit committee

The distortion in the financial accounting information by the agents makes the financial reports less valuable to the principals and other stakeholders. This therefore creates a serious issue in the earnings management of the entity (Iraya *et al*., 2018). The main weakness with the accounting rules is that it introduces noise and bias since it is often difficult to restrict management discretion without reducing the information content of accounting data (Syed *et al*., 2009). For example, one of the key loopholes in the accounting information that can be used by the agents is the estimation and forecast of accounting information. A case in point is when an entity buys an asset; the estimation of the useful life of that asset is judgmental hence distorting the accounting information. In measuring the earnings

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management, various scholars Iraya *et al*., (2018), Iqbal, *et al*. (2015), Muda *et al*., (2018) have used discretionary accrual. This helps to eliminate the distortions created in the accounting information.

Prior studies have tried to analyse the effect of corporate governance on earnings management. However, their findings provide contradictory views about the effect of corporate governance on earnings management. Iraya *et al*. (2018) examined the effect of corporate governance on earning management of companies listed at Nairobi stock exchange. Amertha et al. (2014) studied the effect of corporate governance on the earnings management focusing on the companies listed on Indonesia stock exchange. Furthermore, Amertha, *et al*. (2014) analysed the effect of firm size, leverage and corporate governance on the earnings management in Indonesia. The results from the survey indicated that corporate governance has got a significant relationship with earnings management Sareroh and Garcid (2013) examined the relationship between internal mechanism of corporate governance and earnings management in Latin America. Corporate governance indices such board meeting, board size, ownership structure, board independence, board committees and CEO-Chair duality. The earnings management was measured using discretionary accrual. The findings showed a relationship between the corporate governance indices and earnings management. Furthermore, Iqbal *et al.* (2015), Mahfuja (2015), Chi *et al.* (2015) analyzed the effect of corporate governance on the earnings management focusing on firms listed on stock exchange. Thus, a model that constructs and tests the corporate governance indices in private companies is still lacking in the literature However, bearing in mind that in many developing countries, many companies are not listed on the stock exchange for example in 99.9% of the establishment are private companies (National institute of Statistics Rwanda (NISR), 2017). The NISR (2017) survey further show that 85% of the working labor forces is employed by the private sector and they contribute significantly to the GDP. With still limited literature of corporate governance indices in relation to the private companies, the key question to answer is that are the corporate governance indices practiced in listed companies applicable in the private companies? This study will contribute to the new knowledge by constructing corporate governance indices in private companies and establish their effect on the earning management of private companies.

LITERATURE REVIEW

The study was underpinned by two important theories in corporate governance which are the transaction cost theory and the stakeholders' theory

Transaction costs theory

According to this theory, the companies' control over transactions is determined in the way it is governed. In this regard, companies always try to keep as many transactions as possible in order to reduce the uncertainties about dealing with the suppliers (Iraya et al., 2018). In order to achieve this, companies always opt for the vertical integration. This can be done by purchasing the suppliers or their line of production (Iraya et al., 2018). The theory also recognizes agents as people who always cater for their interest (opportunistic) (Sinal et al., 2016). Agents always organize transactions in order to pursue their own convenience. Agents are influenced by what they gain individually and the probability of being discovered for their unethical beheviour and the extent to which their actions are tolerated in the corporate culture (Iraya et al., 2018).

Another important aspect of the theory as put forward by Musa *et al.* (2013) is that managers will always behave rationally up to a point, but this will be limited by the understanding of alternatives that they have. The important point of the transaction theory is that the agents always want to protect themselves by understanding the market and the individual transactions that they can easily control. In so doing that, they distort the accounting information of the entity through manipulation of accounting estimates and forecasts (Iraya et al., 2018). This may mean that the company runs efficiently and, in its way, effectively. However, a focus on low-risk activities may discourage potential investors who are looking for a large return. Alternatively, shareholders dissatisfied with low profits may seek greater involvement in governance (Iraya et al., 2018). In order to assess the self-interest issues of the agents, the principals end up incurring agency costs that are related to monitoring the operations of the agents.

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Stakeholder theory

This theory is based on the fact the activities of the organization are so large and therefore their activities are too broad which may affect or affected by a wider group of people other than the shareholders (Sinal *et al.,* 2016). Due to this fact, a corporate accountability to all stakeholders is important. In this case, agents should act in a manner that is fair, honesty, transparent, responsible, integrity to all the different stakeholders (Iraya et al., 2018). Thus, despite differences of emphasis, transaction cost theory and agency theory are largely attempting to tackle the same problem, namely, to ensure that managers effectively pursue shareholders' best interests (Iraya et al., 2018).

Earnings Management

The accounting rules and regulations requires an entity to prepare their financial reports on accrual basis rather cash accounting (Sarenho and Garcis, 2013). In this case an entity is required to recognize a transaction whether cash is received, paid or not. Given the fact that the agents can manipulate the accounting information through the estimation and forecast of default rate, researchers have argued that accounting information may not be useful to the investors (Sarenho and Garcis, 2013). Accrual is used to mitigate the problem of timing and the matching problem; however, it can reflect management intentions (Iraya et al., 2018). Investors can use the financial information for their decision making. The earnings are a specific focus of investors because the investors' objective is to maximize their wealth. Usually, investors use earnings to measure company performance and adjust their investment decisions based on the available information. However, managers can use accruals to manage earnings in order to meet or beat financial analysts' expectations or other incentives (Sinal *et al.,* 2016). Previous studies that have analyzed the effect of corporate governance on the earnings management have used a discretionary accrual. This is due to the fact that accrual accounting helps in solving the problem of timing the cash flows. Various studies have used different corporate governance indices in analyzing this phenomenon.

Muda *et al.* (2018) analyzed the effect of corporate governance on the earnings management in Indonesia. Panel data was collected from the firms that are listed on the stock exchange. The researchers measured corporate governance using the audit committee and board members. The findings indicated that audit committee significantly affects earnings management whereas board members do not significantly affect earnings management. Laksmi and Kamila (2018) examined the effect of corporate governance and earnings management to the corporate social responsibility disclosure. The study population included state owned enterprises listed on the Indonesia stock exchange. Secondary data was collected using on desk research. The researchers measured corporate governance index using managerial ownership, state ownership, foreign ownership and audit committee. On the other hand, earrings management was measured using a discretionary accrual. A multiple linear regression was used to examine the relationship between the study variables. The findings show that managerial ownership, state owner ship and audit committee have a significant positive effect on the earnings management.

Marchini, *et al.* (2018) the study examined if corporate governance structure is able to reduce the earnings management through related party transactions. The study population constituted of companies listed at the Italian stock exchange over a period of 2007 – 2012. Ordinary least square was used to analyze the relationship between the study variables. Findings from the survey revealed that there is a negative relationship between corporate governance and earnings management. Egbunike *et al.* (2017) analyzed the influence of corporate on the earnings management practice of selected quoted companies in Nigeria. The study used board size, firm size, board independence and audit committees as constructs to measure the corporate governance. On the other hand, earnings management was measured using a discretionary accrual. Primary and secondary data was collected using questionnaire and documentation. A simple regression analysis was used to analyze the relationship between the variables. The findings indicated that corporate governance indices influence earnings management. Sinan and Ayat (2016) analyzed the effect of corporate quality and earnings management by testing board size, board independence, board meetings and audit and nomination committees on discretionary accrual. The study used panel data from the industrial and service listed companies in Jordan stock market. The study indicated that there is a positive strong relationship between corporate governance indices and earnings management. Riwayati and Siladjaja (2016) carried out a study on how the implementation of corporate governance influences the earnings management in Pakistan. The study population

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included firms that are listed on the stock exchange. Structural equation modelling was used to analyze the factor loadings. The findings from the survey revealed that corporate governance influences earnings management.

Mulyandi and Anwar (2015) studied the effect of corporate governance on the earnings management. The study used board size, board independence, board composition to measure corporate governance whereas earnings management was measured using discretionary accrual. The further used the size of the firm and the degree of leverage as control variables. Panel data was collected using documentation from the listed companies. A regression model was used to analyse the relationship between the study variables. The findings from the survey indicated that earnings management is influenced by corporate governance. Musa *et al*. (2013) investigated the effect of corporate governance mechanism on reporting earnings quality in Nigerian 25 listed insurance companies. The study found out that board size, board independence and board committee are negatively related to earnings management whereas independence of audit committee and external audit are positively related to the earnings management.

Reskino (2015) analysed the effect of corporate governance on earnings quality with surplus free cash flow as a moderating variable in real estate and building companies. The study examined the separation of roles of CEO and chairman board of directors and audit committee independence on the discretionary accrual using a multiple regression. The results indicated that separation of roles of CEO and chairman board of directors has got a significant effect on the earnings quality. Jerry and Mark (2014) examined the effect of audit quality, corporate governance on earnings management in 27 listed insurance companies. The study used a regression model where corporate governance was measured by board independence, board size, audit committee and board meeting on the discretionary accrual. The findings indicated the board size, board independence, audit committee, expertise, and number of board meeting have a negative relationship with earnings management which was measured using a discretionary accrual Syed *et al.* (2009) examined the relationship between corporate governance and earnings management in 53 listed companies. The study used discretionary accrual to measure the earnings management and board structure, ownership structure and audit committee to measure the corporate governance. An OLS model was used to examine the relationship between the variables. The results from the survey showed a positive relationship between corporate governance indices and earnings management. Musa *et al*. (2013) investigated the effect of corporate governance mechanism on reporting earnings quality in Nigerian 25 listed insurance companies. The study found out that board size, board independence and board committee are negatively related to earnings management whereas independence of audit committee and external audit are positively related to the earnings management.

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METHODOLOGY

The researchers used the following methods and techniques in data collection and analysis.

Research design

Combinations of exploratory and confirmatory research design were used. According to Kothari (2000), an exploratory is good when the study seeks to generate hypotheses by examining the data set and the potential relations between the variables. Since the researchers examined the effect of corporate governance on the earning management, an exploratory research is the more suitable to the study. In addition to the exploratory research, the researcher did a confirmatory test in order to reduce the probability of reporting false information.

Population and Sampling

The study covered 120 private companies that are operating in the special economic zone in Kigali. The study covered data from the financial statements of these companies from a period of three years that from 2016 to 2018. This period was selected because the researchers considered this period sufficient to analyse the phenomenon.

Data collection and Analysis

Data was collected from both primary and secondary sources using one set of questionnaires that was given to the managing director or the chief executive officer. The primary data was collected on the indices of corporate governance in order to assess their applicability in the private companies. The secondary data was collected from the financial statements of the companies. Data that was collected from both the primary and secondary sources was entered into the SPSS from which the analysis was made. Confirmatory and exploratory test were carried out first to check the validity of corporate governance indices and second to assess the relationship between variables. Principle component analysis was conducted to extract the corporate governance indices. A KMO and Bartelett's test were conducted to test the adequacy of the factors and also to test whether the matrix is significantly different from the identity. A communality test was conducted extract the variables. A factor was considered relevant if the correlation effect is above 50%. A multi-regression model was used to assess the relationship between the extracted corporate governance indices and earnings management. In addition to the principle component analysis, a factor analysis was conducted using a structure equation modeling (SME), A factor was considered significant if the P-value is that 5%.

Model Specification

The independent variables which is corporate governances was measured using the governances indices as put forward in the studies carried outs by Sinan and Ayat (2016), Syed et al (2009), Musa et al. (2013), Jerry and Mark (2015), Reskimo (2015). However, unlike in the fore mentioned studies, which only looked at isolated indices, this study will combine all the indices from the various studies into a single model. Therefore, the corporate governance indices included the following:

Table 1: Independent variables.

SN	Index	Symbol	Measurement
1	Board size	(BS)	Number of board members
2	Board independence	(BI)	Number non-executive
3	Board composition	(BC)	Number of female and male directors
4	Board structure	((BT)	Separation of roles of CEO and Chairman board of directors

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5	Audit committee	(AC)	Existence of the audit committee
6	Independence of the audit committee	(IAC)	Number of non-executive directors on the committee
7	Compensation and Nomination committee	(CC)	Existence
8	Board meeting	(BM)	Number of board meetings
9	Expertise of the audit committee	(EAC)	Education level and field of the members of the committee

The dependent variable which is earning management was measured using a discretionary accrual. In this study we adopted the Jones model as modified by Syed et al (2009) based on the model, the total accrual is the difference between the Net income and the Operating cash flows. The control variable included in the model was the size (SZ) of the company which was measured by the total assets.

Empirical model

Total accruals (TAC) = Net Income (NI) – Operating Cash flows (OCF) (1)
Discretionary accruals (DAC) = TAC – Non Discretionary Accrual (NDAC) (2)
NDAC = change in Revenues ($\Delta RV - \Delta RC$) + PPE (3)

$$DAC = \beta 0 + \beta 1BS + \beta 2BI + \beta 3BC + \beta 4BT + \beta 5AC + \beta 6IAC + \beta 7CC + \beta 8BM + \beta 9EAC + \beta 10SZ + \beta 11D + \alpha \quad (4)$$

RESULTS AND DISCUSSIONS

This section presents the findings collected from the survey.

Table 2: Reliability Statistics.

Cronbach's Alpha	N of Items
.747	11

Source: Survey data 2020

A Cronbach's Alpha test was used to test the reliability of the study variables in predicting the relationship between the study variables. The result from the survey revealed that the variables are statistically reliable to predict the relationship since the Alpha is above 0.7

This section presents and analyses the data collected from both primary and secondary data.

Table 3: KMO and Bartlett's Test.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.835
Bartlett's Test of Sphericity	Approx. Chi-Square	430.564
	df	35
	Sig.	.000

Source: Survey Data 2020

In order to test the stability of data for the factor analysis and to be able to compare the correlation to the identity matrix and to check the redundancy between the variables, A KMO and Bartlett's test were conducted. The results from the survey show that the sampling is adequate as indicated by KMO of o.835. The results further revealed the matrix is significantly different from the identity matrix since the Bartlett's test show a P<5%. Therefore, we accept the null hypothesis that the matrix is significantly different from the identity matrix.

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Table 4: Communalities.

	Initial	Extraction
Board Size	1.000	.924
Board independence	1.000	.998
Board Composition	1.000	.990
Separation of roles of Chairman and CEO	1.000	.906
Existence of Audit committee	1.000	.980
Independence of audit committee	1.000	.972
Existence of Nomination and compensation committee	1.000	.856
Board meetings	1.000	.911
expertise of the audit committee members	1.000	.974
Size	1.000	.850
Leverage	1.000	.876

Extraction Method: Principal Component Analysis.

Source: Survey Data 2020

Table 3 tests the extent to which each variable correlates with all other items. The results from the survey revealed that all the extracted factors explain the variance in the variables since the communality correlation is above 50%.

Standardized Factor Analysis

Figure 1: Path analysis.

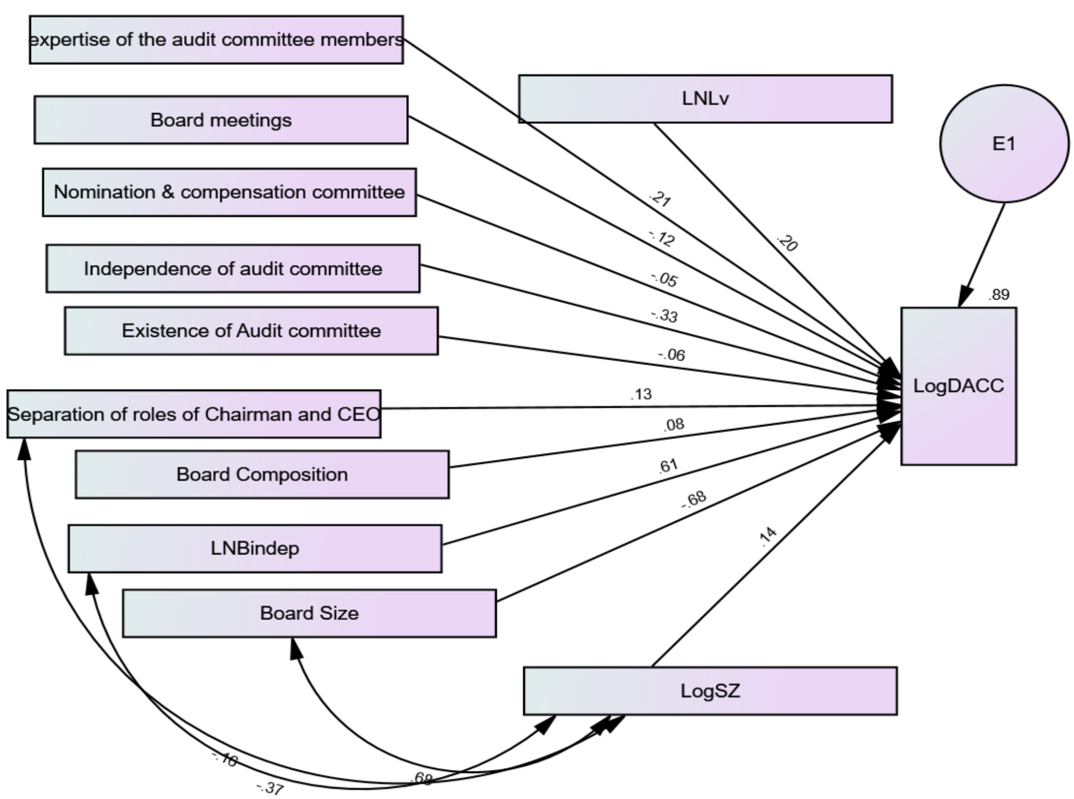

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Figure 1 tests the relationship between the study variables. The results from the survey show that there is a strong relationship between corporate governance indices and earnings management. The findings revealed that 89% in the variation in the earnings management is caused by the corporate governance indices as indicated by the adjusted R-square. The results from the survey confirmed to findings from the previous studies. The study did by Sinan and Ayat (2015) show a strong correlation between corporate governance indices and earnings management. Similar findings are seen in the study conducted by (Muda, *et al.*, 2018, Egbunike *et al.*, 2017 and Iraya *et al.*, 2018)

Table 5: Regression Weights of Default model).

			Estimate	S.E.	C.R.	P	Label
LogDACC	<---	expertise of Audit committee	.523	.078	6.720	***	
LogDACC	<---	LNLv	.708	.112	6.316	***	
LogDACC	<---	LogSZ	.534	.196	2.721	.007	
LogDACC	<---	Board Size	-1.037	.071	-14.671	***	
LogDACC	<---	Independence of Board Director	3.447	.205	16.810	***	
LogDACC	<---	Board Composition	.294	.113	2.591	.010	
LogDACC	<---	Separation of roles of Chairman and CEO	.193	.046	4.156	***	
LogDACC	<---	Existence of Audit committee	-.143	.078	-1.834	.067	
LogDACC	<---	Independence of the audit committee	-.424	.040	-10.619	***	
LogDACC	<---	Existence of Nomination and compensation committee	-.118	.076	-1.559	.119	
LogDACC	<---	board meetings	-.146	.039	-3.739	***	

Source: Survey data 2020

Table 5 tests the significance of each variable in the model. The results further revealed that apart from the Existence of nomination and compensation and existence of Audit committee, all the variables are statistically significant at 5% level of significance. The most significant variables in the relationship include the board size, separation of roles of chairman board of director and the CEO, existence of nomination and compensation committee, number of board meetings, existence of the audit committee, size of the company, expertise of the audit committee and the independence of the board of directors. Some results concur with the previous findings, but others contradict with the previous findings. Chi et al. (2013) found out a significant relationship between board composition, board independence and board size and earnings management. Similarly, Sinan et al. (2016) found out that board size, board meeting and board independence to statistically influence earnings management

However, some results revealed a contradiction from the previous findings. The results revealed that independence of the audit committee and the existence of the nomination and compensation committee not to be statistically significant at 5% level of significance. This contradicts with the findings from the study conducted by Beatriz et al (2007), Chi-Keny *et al* (2013), Chi et al. (2013), Sinal et al. (2016), Muda et al. (2018) who found out that independence of the audit committee and the nomination and compensation committee to be statistically influencing earnings management.

Table 6: Standardized Regression Weights of Default model.

			Estimate
LogDACC	<---	expertise of Audit committee	.208
LogDACC	<---	LNLv	.196
LogDACC	<---	LogSZ	.137
LogDACC	<---	Board Size	-.678
LogDACC	<---	LNBindep	.607
LogDACC	<---	Independence of audit committee	.080

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			Estimate
LogDACC	<---	Board Composition	.133
LogDACC	<---	Separation of roles of Chairman and CEO	-.057
LogDACC	<---	Existence of Audit committee	-.329
LogDACC	<---	Existence of Nomination and compensation committee	-.048
LogDACC	<---	board meetings	-.116

Source: Survey data 2020

The results in table 6 show the regression estimates of the study variables. The results revealed that there is positive relationship between expertise of the audit committee, level of leverage, size of the firm, independence of the board, independence of the audit committee, board composition and earnings management. The results further revealed that there is a negative relationship between board size, separation of roles of directors and CEO, audit committee, nomination and compensation committee, board meetings and the earnings management. This therefore implies that an increase expertise of the audit committee, level of leverage, size of the firm, independence of the board, independence of the audit committee, board composition by one (1) standard deviation, earnings management will go by 0.208, 0.196, 0.137, 0.607, 0.080, and 0.133 respectively. Similarly, an increase board size, separation of roles of directors and CEO, audit committee, nomination and compensation committee, board meetings by one standard deviation, earnings management will go down by 0.678, 0.057, 0.329, 0.048 and 0.116 respectively.

The findings provide contradicting results about the correlation between corporate governance indices and earnings management as the previous studies. The study conducted by Musa et al (2013) show that there is a negative correlation between board size and earnings management on one side and a positive correlation between board independence, audit independence and earnings management. However, the study conducted by Sanan and Ayat (2016) show that there is positive correlation between corporate governance indices and earnings management. However, Jerry and Mark (2010) show that there is a negative relationship between board independence, board size, audit committee and number of meetings and earnings management which contradicts with the present study

Model Fit Summary

Table 7: CMIN.

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	49	67.233	16	.000	4.202
Saturated model	65	.000	0		
Independence model	10	764.581	55	.000	13.901

Table 8: Baseline Comparisons.

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.912	.698	.932	.752	.928
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Table 9: RMSEA.

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.084	.064	.106	.003
Independence model	.169	.159	.180	.000

Source: Survey data 2020

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Tables 7, 8 and 9 test the fitness of the model to predict the relationship between the study variable. Using the probability of the Chi-square and CMIN/DF show that the model is fit to predict the relationship between the study variables since the P-value is less than 5% and the CMIN/DF is below 5. Using the baseline comparison in table 8, the results further show that model is fit to predict the relationship since the normal factor index (NFI) and the cumulative factor index (CFI) are above 90%. Furthermore, the RMSEA shows that the constructed fits to predict the relationship between corporate governance and earnings management in the private companies.

CONCLUSION AND RECOMMENDATION

Conclusion

The results from the survey revealed that the matrix is significantly different from the identity and the extracted factors explain the variance in the variables since there was high correlation between the variables. The results indicated that there is a strong relationship between corporate governance indices and earnings management. The results show that there is a negative correlation between board size, separation of the roles of chairman board of director and that of CEO and the size of the company. The most significant variables in the relationship include the board size, separation of roles of chairman board of director and the CEO, existence of nomination and compensation committee, number of board meetings, existence of the audit committee, size of the company, expertise of the audit committee and the independence of the board of directors.

Recommendations

The study revealed that corporate governance is significant in the earnings management of private companies. Based on this, guidelines should be established be established on the corporate governance practices in private companies. The guidelines should include but not limited on the number of board members, independence of the board, number board meetings, separation of the roles of CEO and Chairman board of directors and establishment of the audit committee.

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ANALYSIS OF CAUSES OF BUSINESS FAILURE IN RWANDA: LEARNING FROM SMALL AND MEDIUM ENTERPRISES (SMES)

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ABSTRACT

The study analyzed the causes of business failure in Rwanda in order to prescribe an ideal path for business sustainability in Rwanda. A descriptive and explanatory research design was used. Data was collected from both primary and secondary sources using questionnaire and documentation. Descriptive and inferential statistical tools were used to analyse the data. The findings revealed that business failure is as a result of both qualitative and quantitative factors where quantitative factors contribute 85%. Based on the findings, the researchers concluded that business success or failure is a function of both qualitative and quantitative factors.

Keywords: Business environment, business failure, structural transformation, growth.

INTRODUCTION

Economic development entails changes to the quantity and quality, including the composition, of economic value added. It is generally characterized by economic growth, rising per capita incomes and a shift in the composition of value added and employment, first from agriculture to manufacturing, and finally to an economy dominated by the services sector. The goal of any country is to ensure that the social and economic wellbeing of its people is improved. The government must therefore make a tremendous investment in the structural transformation of its economic activities in order to improve the well-being of its population. If a country is to improve its economic activities, improving the business environment is not choice but mandatory. The environment in which the business operates is a key factor in structural transformation (Bonatti and Felice, 2007).

According to Harris and Gibson (2006), small businesses are generally regarded as the engine that drives economic growth, job creation, and poverty reduction in developing countries. They are the means through which accelerated economic growth and rapid industrialization can be achieved. Recognizing the fact that the private sector is the engine of structural transformation of the economy, the government of Rwanda have made a tremendous investment in creating a conducive environment in which businesses operates. Policies such one stop center for easy registration of business, simplification of construction permits, easy access to electricity, registration of property, getting credit, protecting the minority investors, paying taxes contract enforcement and cross borders trading were initiated. With this investment in different policies, the Government of Rwanda has been ranked as the second country in Africa for having good environment of doing business and 29th in the world (World Bank, 2019 p.56).

Businesses continue to be at the forefront of socio-economic development in virtually all economies today. The private sector is the biggest employer in Rwanda where more than 90% of the population are employed in the private sector (MINICOM, *et al.,* 2017 p.19). The informal sector in Rwanda constitutes 90.8% of the total establishments. This implies that the informal sector is one of the leading sectors in contribution to the GDP. The

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private sector contributes 80% to the GDP. This, therefore, means that if the country is to transform its economic activities from the tradition to modern economy, it must look at how to improve the business environment (MINICOM, 2017 P.22).

Recognizing the indispensable role of small businesses and private sector enterprises in general economic development, many countries have instituted enterprise support networks and structures to fuel the development of these enterprises and Rwanda is no exception. Despite the various strategies put in place to improve the environment for the private sector, the private sector struggles to survive. The study by MINICOM, *et al.* (2017), show that half (50%) of the businesses that are started in Rwanda do not exceed five years life, even those which exceed five year, only a fraction remains in operation in the next decade (P.25). The effect of business discontinuation is very dangerous and devastating as it leads to loss of jobs and assets as well as family relationships and other unethical social behaviours. Improving the business environment for structural transformation is not a choice but a mandatory. However, studies solely focusing on improving business environment and structural transformation in developing countries particularly in Rwanda seem to be very limited and scarce. It is within this context, that researchers want to explore the factors that affect business operations and how to improve the business environment.

LITERATURE REVIEW

This study is underpinned by Schumpeter's theory of growth. From his theory, a new look of structural transformation which is business inclusiveness theory has been sought. A large research literature, both empirical as well as theoretical, has been devoted to describe measures and explain this pattern of structural change and its relation to economic growth.

Schumpeter's theory of development

The theory puts paramount role to the entrepreneur and innovations as a ground stone to the structural transformation. According to Schumpeter, the process of production is marked by a combination of material and immaterial productive forces. The material productive forces arise from the original factors of production, viz., land and labour, while the immaterial set of productive forces are conditioned by the 'technical facts' and 'facts of social organization'. The Schumpeter theory provides that, the rate of growth of the output depends upon the rate of growth of productive factors, the rate of growth of technology and the rate of growth of investment friendly socio-cultural environment. Schempeter held that the alterations in the supply of productive factors can only bring about gradual, continuous and slow evolution of the economic system.

Consequently, striving for consistency between insights from Schumpeter growth theory, wherein entrepreneurial ability can be highlighted, as engine for the structural transformation, business improvement is an obvious though neglected research agenda in this field. The economists have provided differing views about structural transformation of an economy. Their conclusion about structural transformation of an economy can neither be completely ignored, uprooted nor planted in their current form in the Rwandan environment. For example, the economic view of moving from the agriculture economy to industrialised economy has got a lot of loopholes. Although this is the wish of any economy, but it is not a mere jumping from one step to another step. Moving from agriculture to manufacturing requires analysis of the environment and involvement of the different stakeholders. In addition to that, abandoning the agriculture sector may have negative consequences on the economy. Therefore, the issue should not be moving from agriculture to manufacturing, but improving agricultures to move with the manufacturing sector

Business inclusiveness model

The literature on structural transformation as put forward by Schumpeter have specifically focused on the role of entrepreneurship and have been silent on how to improve the environment in which entrepreneurship is practiced. For instance, do economic agents choose between wage employment and being an entrepreneur? How do entrepreneurs overcome start-up obstacles, such as problems related to access to finance and other factors in the environment? Second, there is a theoretical scholarly disconnection, between a substantial literature on entrepreneurship takeoff and the sustainability of entrepreneurship most especially the micro, small and medium enterprises (MSMEs). Although

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there is a significant contribution of Schumpeter in stressing the role of the entrepreneur in innovation as a key activity in facilitating structural economic change, their literature of moving from agriculture to manufacturing and then to service does not look at the role played by the MSMEs in the transformation of the economy.

More to that, the relative neglect in development economics in the formal modeling of factors affecting entrepreneurship development and how the factors can be improved in order to enhance structural economic change is a shortcoming. The empirical evidence linking entrepreneurship with structural transformation supports governments and other development agencies policies to stimulate entrepreneurship as a way to further structural economic development and growth (Arinaitwe, 2006). The authors have sought of another approach of transforming the economy through business inclusiveness. In this model, the authors recognize that introducing a policy requires involvement of different stakeholders, therefore, if the business environment is to be improved, all stakeholders in the business should be involved. This brings us to this study, whose broad objective is to make a modest contribution to extend the formal modeling of entrepreneurship in development economics by analyzing the factors that affect the business operations by involving the entrepreneurs.

Causes of business failures

The study conducted by Harris and Gibson, (2006) show that business failure is mainly caused by both administrative and operating challenges. Administrative problems include personnel, finance, and management issues. Operating problems deal with allocating resources in an efficient manner and are more common in the functional areas of a business. Examples include marketing, operations, and inventory management. Strategic problems involve the ability of small-business owners to match their product or service with the demands of the external environment. Kiggundu (2006 P.18) show that poor recordkeeping and a lack of basic business management experience and skills were major contributors to business failure in Uganda. Similarly, the study conducted by Eeden et al. (2004) show that business failure is mainly caused by a lack of technical knowledge, plus inadequate managerial skills, lack of planning, and lack of market research. On the other hand, the study conducted by Administrative problems have been cited as a major cause of failure for small businesses. A study by Kiggundu (2006) identified inexperience in the field of business, particularly a lack of technical knowledge, corruption, poor infrastructure, poor location, plus inadequate managerial skills, lack of planning, and lack of market research as the main causes of business failure in Uganda. Eeden *et al*. (2004), Mambula (2002) identified illicit, improper, or illegal business conduct that are used to criminalize entrepreneurial activities so those in positions of control and influence can make fast and illegal money.

METHODOLOGY

In this study, the researchers adopted a descriptive and explanatory research approach. Mixed methods are an approach where the research collects, analyzes and interprets findings using both descriptive and explanatory approaches and methods in a single study or program of inquiry (Tashakkori and Creswell, 2007 p.24). Grafton, *et al.* (2011 p.28) argues that the choice of mixed methods is based on the premise that there are weaknesses in each individual method which will be compensated by the counterbalancing of strengths of the other. The author continues to argue that mixed methods will give complementary strengths to individual methods. Mixed methods exploit the strengths of both qualitative and quantitative designs which could not be obtained using single methods. The mix of methods also helps findings convergence from multiple strands of empirical research which ultimately gives strengths to the research findings.

Yin (2006 p.123) suggests that both descriptive and explanatory approaches can be used together in the design of research question(s), samples identification and data collection, as well as in data analysis which all can be integrated using mixed approaches. In a similar submission, Creswell and Tashakkori (2007 p.38) suggest that mixed methods will yield coherent conclusions and inferences for a single research study. Given the above theoretical arguments, and the objectives thereof, the current study adopts a mixed methods approach and a more detailed discussion of the approaches and methods.

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Study Population and Sampling method

The study targeted 300 business owners/managers selecting 100 businesses from each of 3 districts of Kigali city. The probability sampling approach was adopted in the study in order to enable the researchers to make generalizations of the research findings to the study population using a sample of the respondents. Probability sampling can be achieved either through simple random sampling, systematic random sampling stratified random sampling or cluster sampling (Kothari, 2004 p.108). In this a simple random sampling was used. This enabled the researchers to give equal chances to every respondent.

Data collection and Analysis

In order to address the objectives of the study, primary data was collected using one set of questionnaires which was given to the business owners and/or managers. Secondary data was collected from the financial statements using on desk research. The survey data that was generated from the questionnaires was analysed using both exploratory and confirmatory statistical techniques. After receiving the completed questionnaires from the field, a data entry capture template was designed in the Statistical Package for Social Sciences (SPSS) which was used for data entry. After data entry and cleaning up, exploratory statistical data analysis was conducted using frequency distribution tables to summarise and display the respondents' views on the questions under study A confirmatory factor analysis of the factors affecting small business in Rwanda was performed to ascertain if a resolute set of problems or factors existed. The significance of qualitative factors were analysed using a Chi-square test. The factor was considered significant if the P-value is ≤5%. The quantitative factors were analysed using the multivariate discriminant analysis (MDA). The factors were considered significant if the P-value is ≤5%.

Analytical model

The quantitative factors were measured by cash flows management (operating cash flows) (CM), working capital management (current assets and liabilities) (WCM), asset management (sales/total assets) (AM), revenue management (sales) (RM), expense management (expenses) (EM). The business status (BS) measured by either success or failure. The researchers used the Altman model of corporate failure. Following Beaver, Altman (1968) proposed 'multiple discriminant analysis' (MDA). This provided a linear combination of ratios which best distinguished between groups of failing and non-failing companies.

$$BS = \beta 0 + \beta 1CM + \beta 2WCM + \beta 3AM + \beta 4RM + \beta 5EM + \alpha \quad (1)$$

RESULTS AND DISCUSSIONS

This section discusses the causes of business failure based on the findings collected from the primary data as presented in Table 1.

Qualitative factor analysis

Table 1: Opinion of the respondents on the following business activities.

Statements	Strong agree		Agree		Disagree		Total	
	Frq	%	Frq	%	Frq	%	Frq	%
You carry out a market research for your business	30	12	20	8	190	80	250	100
You prepare a business plan	60	24	50	20	140	56	250	100
Projects are evaluated before investing	68	27.2	52	20.8	130	52	250	100

You formulated business goals and objective to guide your business	45	18	20	8	185	74	250	100
Business goals and objectives are monitored	40	16	15	6	195	78	250	100
Family members are always briefed and engaged in the business operations	48	19.2	32	12.8	170	68	250	100
The business maintains proper books of accounts	110	44	80	32	60	24	250	100
You have a tax advisor to help you in the tax management	120	48	50	20	80	32	250	1000

Source: Survey data 2020

In the table 1, the respondents expressed their opinion on whether they carry out the above mentioned business activities. The results show that 12% of the respondents strongly agreed that they carry out business research, 8% agreed whereas 80% disagreed. The results therefore revealed that majority of the respondents do not carry market research for their business activities as evidenced by 80% of the respondents. The respondents were further asked on whether they prepare a business plan for their business activities, the results show that 24% of the respondents strongly agreed that they prepare a business plan, 20% agreed whereas 56% strongly disagreed. The results further revealed that majority of the respondents do not prepare business plan. On whether projects are evaluated before investing, the results show that 27.2% of the respondents strongly agreed that they evaluate their projects before investment, 20.8% agreed whereas 52% disagreed. This, therefore, means that majority of respondents just invest without prior evaluation. The respondents where are also asked on whether they formulate business goals and objective. The results further show that 18% of the respondents strongly agreed, 8% agreed whereas 74% disagreed. This, therefore, means that majority of the respondents do not formulate business goals and objectives. On whether business goals and objectives are monitored, the results show that 16% strongly agreed, 6% agreed whereas 78% disagreed. The results revealed that majority of the respondents don't monitor their business goals and objective.

Majority of business are family owned, therefore maintain a good family relationship is a key to the success of business. Family members need to be briefed or and engaged in the operations of the business. The respondents were asked whether the family members are briefed on the business operations. The results from the survey show that 19.2% of the respondents strongly agreed, 12.8% agreed whereas 68% disagreed. The results revealed that majority of the respondents do not engage or brief their family members about the business operations. The respondents were further asked whether they maintain proper books of accounts, the results show that 44% strongly agreed, 32% agreed whereas 24% disagreed. This shows that majority of the respondents prepare and maintain proper books of accounts. On whether tax businesses have tax advisors who advises them on tax issues, the results from the survey show that 48% of the respondents strongly agreed, 20% agreed whereas 34% disagreed.

Table 2: Qualitative factors affecting business failure in Rwanda.

Statements	**High**		**Medium**		**Low**		**Total**	
	Frq	**%**	**Frq**	**%**	**Frq**	**%**	**Frq**	**%**
Lack of financial support from banks and other financial institutions	160	64	60	24	30	12	250	100
Inaccurate evaluation of the projects to invest in	80	32	120	48	50	20	250	100
Lack of trust among business partners/family members	130	52	70	28	50	20	250	100
Poor market research	180	72	60	24	10	4	250	100
Poor management	60	24	120	48	70	28	250	100
Lack of business plan	145	58	55	22	50	20	250	100
Failure to have business goals	150	60	87	34.8	13	5.2	250	100
Poor cash flow management	134	53.6	66	26.4	50	20	250	100
Too much expectations	141	56.4	79	31.6	30	12	250	100

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Failure to monitor business goals and business plan	153	61.2	54	21.6	43	17.2	250	100
Poor family relationship	107	42.8	81	32.4	62	24.8	250	100
Quitting too soon	85	34	100	40	65	26	250	100
Not seeking professional advise	118	47.2	79	31.6	53	21.2	250	100
Lack of customer care	165	66	55	22	40	16	250	100
Poor keeping of accounting records	176	70.4	34	13.6	40	16	250	100
Failure to control cost	114	45.6	76	30.4	60	24	250	100
Failure to comply with the tax policy	146	58.4	84	33.6	20	8	250	100

Source: Survey Data 2020

The results in Table 2 show how various factors in the environment causes business failures in Rwanda. The factors were ranked from high, medium and low based on their personal experience in the business operation. On lack of financial support from the financial banks and other financial institutions, the results show that 64% of the respondents ranked this factor high, 24% indicated medium and 12% indicated low. Although there is great work done by the government of Rwanda to ensure high coverage of financial inclusion, access to finance to support the growth is a major challenge affecting business success. On how inaccurate evaluation of the project to invest in causes, 32% of the respondents ranked high, 48% ranked medium and 20% ranked low. The results revealed further revealed that 52% ranked high lack of trust among the business partners/family members as another factor causing business failure, 28% ranked medium whereas 20% ranked low. Lack of doing a market research is another factor causing a business failure. Regarding this factor, 72% of the respondents ranked high, 24% ranked medium and 4% ranked low. The results further show that lack of business experience is another factor causing business failure as 52% of the respondents ranked it high, 28% ranked medium and only 20% ranked it low.

Poor management is another factor that was considered in the success of the business. The result from the survey show that 24% of the respondents ranked high, 48% ranked low and 28% ranked low. The results revealed that poor management is not among the key factors causing business failures in Rwanda, although a concern need to be taken into the account of the 24% of the respondents that are looking at it as one of the factors. Lack of business plan is another factor that was examined regarding the causes of business failure in Rwanda. The results from the survey show that 58% of the respondents ranked high, 22% ranked medium and 20% ranked low. This, therefore, means that lack of proper business is one of the key factors causing business failure as reflected by majority of the respondents. Business goals are road map to the business. Failure to have business goals is another factor that was examined on how it affects business failure in Rwanda. The results from the survey show that 60% of the respondents ranked high, 34.8% ranked medium whereas 5.2% ranked low. This, therefore, means that failure to have business goals leads to business failure. The results further revealed that 53.6% of the respondents ranked high poor cash flow management as one of the factors causing business failure in Rwanda whereas 26.4% ranked medium and 20% ranked low. The results revealed that majority of the respondents ranked this factor high.

Having too expectation about the business is another factor that was examined on how it affects business failure in Rwanda. Most business entrepreneurs enter business with too expectation, if the expectations are not met, they end up living the business. The respondents were asked to rank on how this factor affects business failure in Rwanda. The results from the survey show that 56.4% ranked high, 31.6% ranked medium whereas 12% ranked low. Failure to monitor the business goals and business plan is another factor that was examined. The results from the survey show that 61.2% ranked high, 21.6% ranked medium whereas 17.2% ranked low. The results from the survey revealed that lack of monitoring of the business goals and business plan is one of the key factors leading to business failure in Rwanda as evidenced by the majority of the respondents. The respondents were asked to rank on how poor family relation leads to failure in Rwanda. The results from the survey show that 42.8% of the respondents ranked high, 32.4% ranked medium whereas 24.8% ranked low. Quitting too soon is another factor that was examined leading to business failure in Rwanda. The results from the survey show that 34% of the respondents ranked this factor high, 40% ranked low whereas 26% ranked low. Although the factor was not considered much by many respondents, business requires persistence by expecting the unexpected and overcoming the unexpected. The researchers also examined lack of customer care another factor affecting business failure in Rwanda. The results show that 66% of the respondents ranked high, 22% ranked medium whereas 16% ranked low. This therefore means that lack of customer care is a critical factor causing business failure as evidenced 66% of the respondents.

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Not seeking professional advice is another factor that was examined by the researchers on how it affects business failure. 47.2% of the respondents ranked high, 31.6% whereas 21.2% ranked low. Poor keeping of accounting records is another factor that was examined by the researchers on how it causes business failure in Rwanda. The results from the survey show that 70.4% of the respondents ranked high, 13.6% ranked medium whereas 16% ranked low. This, therefore, means that keeping proper accounting records is a key factor to the business success. The researchers also examined how failure to control cost causes business failure. The results from the survey show that 45.6% of the respondents ranked high, 30.4% ranked whereas 24% of the respondents ranked low. The researchers also analysed on how failure to comply to tax policies affect causes business failure. The results from the survey show that 58.4% of the respondents ranked low

Table 3: Test of the significance of each factor to the business failure.

Factors	Mean	t	Sig
Lack of financial support from banks and other financial institutions	4.37	- 2.464	0.017
Inaccurate evaluation of the projects to invest in	2.85	-0.477	0.712
Lack of trust among the business partners/family members	3.84	-2.321	0.019
Poor market research	4.54	-2.876	0.013
Poor management	1.28	0.462	0.761
Lack of business plan	4.32	-2.331	0.018
Failure to have business goals	3.87	2.195	0.028
Poor cash flow management	2.93	1.673	0.081
Too much expectations	3.31	2.225	0.023
Failure to monitor business goals and business plan	4.12	-2.354	0.018
Family relationship	4.56	2.871	0.011
Poor location	1.52	0.543	0.542
Lack of focus	2.76	1.694	0.073
Quitting too soon	3.11	1.892	0.047
Not seeking professional advise	3.46	-2.071	0.038
Lack of customer care	3.57	2.121	0.042
Poor keeping of accounting records	3.87	2.215	0.039
Failure to control cash	2.95	0.893	0.321
Failure to comply with the tax policy	4.01	2.341	0.018

Source: Survey Data 2020

The results show that there are a number of factors that affect the success of business. The results revealed that the most significant factors which leads to business failure include the following lack of financial support, lack of experience in business, poor market research, government policies, lack of clear business plan, failure to formulate business goals and objectives, wrong expectations about the business, failure to monitor the business goals, quitting soon, not seeking professional advice, lack of customer care, failure to control cost, failure to comply with the tax policies.

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Quantitative Factor Analysis

Table 4: Pooled Within-Groups Matrices[a].

		Profit management	Working capital management	Assets management	Expense management	Revenue management
Correlation	Cash flow management	1.000	-.431	.137	-.085	.121
	Working capital management	-.431	1.000	.091	.387	.220
	Assets management	.137	.091	1.000	-.272	-.276
	Expense management	-.085	.387	-.272	1.000	.44
	Revenue management	.121	.220	-.276	.44	1.000

a. The covariance matrix has 33 degrees of freedom.

Source: Survey Data 2010

The results in table 4 test the correlation between the study variables in order to assess the multicollinearity between variables. The results show that there is a week correlation between the study variables with a lowest correlation between expense management and profit management and high correlation exist between expense management and revenue management. This, therefore, implies that there is no multicollinearity between the study variables.

Table 5: Tests of Equality of Group Means.

	Wilks' Lambda	F	df1	df2	Sig.
Cash flow management	.997	4.092	1	33	.043
Working capital management	.870	4.924	1	33	.033
Assets management	.799	8.326	1	33	.007
Expense management	.290	80.907	1	33	.000
Revenue management	.325	68.561	1	33	.000

Source: Survey Data 2020

Table 5 tests the significance of the study variables in predicting the business failure among SMEs in Rwanda. The results from the survey show that at 5% level of significance, all the tested variables are statistically significant. The most significant variables in predicting business failure include revenue management and expense management with P-values = 0.0000, these are followed by asset management working capital management and cash flow management.

Table 6: Eigenvalues.

Function	Eigenvalue	% of Variance	Cumulative %	Canonical Correlation
1	2.595[a]	100.0	100.0	.850

a. First 1 Canonical discriminant functions were used in the analysis.

Source: Survey Data 2020

Table 6 tests the correlation between the study variables. The correlation was tested using the canonical discriminant function. The results from survey show that there is a high correlation between the study variable as represented by 85% and R-square of 72.3%.

Table 7: Wilks' Lambda.

Test of Function(s)	Wilks' Lambda	Chi-square	Df	Sig.
1	.278	39.028	5	.000

Source: Survey Data 2020

The results in table 4.7 tests the model fit in predicting business failure or success. The results from the survey using Wilk's Lambda show that the model is significant in predicting business failure of success as the P-value is less than 5%

CONCLUSION AND POLICY RECOMMENDATION

Conclusion

Improving business environment is a very critical factor for the successful operation of businesses. The business environment is composed of both external and internal factors. The government of Rwanda had made a tremendous investment in ensuring that external factors do not adversely affect the business environment. With such investment, Rwanda is considered as one top countries of doing business in Africa and in the world. As per the World Bank report 2019, Rwanda is ranked 29th for ease of doing business in the world.

This study analyzed the causes of business failures among the SMEs. This was done by analyzing both the qualitative and quantitative factors in the business environment. The internal factors in the environment can be classified. The results from the survey indicated that the quantitative factors contribute 85% to the success or failure of a business. This means that failure to manage revenues, expenses, assets, cash flows and working capital will adversely affect the success of the business. The results further revealed that qualitative factors are also very significant in explaining business failure in Rwanda. A need to critically manage both qualitative factors and quantitative factors is a pillar and a cornerstone to the business success**.**

Policy Recommendations

Based on the results from the findings, the following policy recommendations were suggested**.**

- **i.** The results revealed a challenge in business plan, and market research. Therefore, entrepreneurs should be trained on how to prepare a business plan and carry out market research
- **ii.** In addition, entrepreneur should be trained in tax management and cash flow management.
- **iii.** The findings also indicated a concern for lack of advice in the business. A network of young entrepreneurs with experienced entrepreneurs in order for the experienced to entrepreneurs to mentor the young entrepreneurs should be sought of.

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HARDHATS AND GLAD RAGS – WOMEN IN CONSTRUCTION: PERCEPTIONS, CHALLENGES AND BARRIERS

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ABSTRACT

The construction sector is a major pillar of any economy. Skills shortages persist in the UK construction sector and despite efforts by the sector and government, female representation has been low. Acknowledging various causes cited secondary data and those in the sector, this research seeks the views and perceptions of group of students in construction module in a higher education institution in the West Midland region of the UK. The findings show negative perception still exist but are changing. Policy recommendation are posited.

Keywords: Construction sector, Women, Discrimination, West Midlands, UK.

INTRODUCTION

The UK construction industry plays a significant role in the economy and is often seen as a bell weather of economic activity in the country. The diverse industry's output is more than £116 billion per annum and contributes 7% of GDP but if supply chain and related businesses are included the figure is double that. It provides over 2.3 million jobs (CIOD, 2020). Compared to many other sectors, not only does it pay well, but the sector provides far more opportunity for social mobility. The sector has faced uncertainly due to Brexit - the UK's decision to leave the European Union - causing investment to stall. There are regional variations and the West Midlands area of Central England, with England's second largest city, Birmingham, at its heart, has maintained momentum and growth with estimated £3.8 billion of projects per year for the next 5 years (CITB, 2018). Apart from the contribution to GDP, crucially the sector is also an enabler, creating new infrastructure that enables growth and prosperity and opens up opportunities for major social and economic gains (CITB, 2018). However, the industry faces major challenges. As the CIOB (2020) states "…it has an ageing workforce and has relied heavily on overseas labour in recent years. Fears that it may face labour shortages in the years ahead have focused minds on how to increase productivity. This has been a constant cry for decades, not just in the UK but worldwide". Within the West Midlands, construction industry skills shortages of 3,390 workers was predicated by the CITB Research (2018, p44) for professional roles and skilled trades. Against this scenario, it seems logical to explore the work profile, especially around female composition. Whilst there have been initiatives to encourage female participation within the sector, female participation remains low. For example, 22% are in architect roles and 2.7% are in the skilled construction trades within the West Midlands (Appendix D - Office of National Statistics, 2018). It is also desirable to have broader female participation in the sector because diversity within an industry ensures a business can compete in a competitive environment (Agapiou, 2002, p.702). Research on why female participation is low within the construction industry is therefore needed to ensure the industry can attract and retain females, ensuring some of the skills shortages are mitigated.

Research Problem

There are likely to be multiple reasons (and regional variations) for low participation and not all can be covered in this small piece of research. We aim to provide at best a piece of the jigsaw. The research intends to investigate whether the perception of a masculine culture in the construction industry has changed within a cohort of construction students

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on a module at a large West Midlands Higher Education provider. It seeks to understand whether the wider workplace culture is encouraging females to enter or leave the sector, and how this compares with published findings and case studies following initiatives to encourage women into the industry. Whilst there is extensive secondary research from women within the industry outlining the barriers and challenges females face, there is scarce data from undergraduate students who will be entering the workforce or mature students in the sector considering their progression into management.

LITERATURE REVIEW

In the 19th century women working in the construction trades was a common occurrence, however the figures decline to 0.5% in the sector in 1951 due to males returning from World War II (Smith Institute, 2014, p.15). Historically women were marginalised in the sector following guidelines by the National Joint Council for the Building Industry on the terms women should be employed in during World War II which stated a man should not be dismissed because his role could have been completed by a woman. Other barriers included employers choosing who to employ in the traditional apprenticeship systems and lack of state legislation (Smith Institute, 2014, p.12 and p.14).

Demands for equal pay for women with equal work were first noted in the National Federation of Building Trades Operatives Conference in 1955 (Smith Institute, 2014, pp.14 and 17). Equal Pay Act (1970) was introduced to ensure that there was no distinction between men and women in pay or allowances (Gov.uk, 1970, p.9). The Equality Act (2010) further extended the Equal Pay Act (1970) to ensure women were not subject to indirect discrimination involving practices within a company that may put them at a disadvantage or they are perceived to be of a protected characteristic (ACAS, 2014, pp.2 and 11).

Alongside the introduction of the Equal Pay Act (1970), Sex Discrimination Act (1975), Equality Act (2010) to legislate against discrimination, organisations such as Women into Construction, were created to encourage female participation and the number of females within the Construction sector in the United Kingdom had increased to 277,000 in December 2015 (Women into Construction, 2018, CITB, 2016). In comparison, Australia has undertaken decades of initiatives to increase women into the industry however there had been a 17% decrease in participation from 2006 to 2012 due to perceptions of disadvantage, pay disparity and lack of promotional opportunities (Galea, 2015, p.375).

Across Europe the highest participation of women in the industry is 14.1% in Austria (ILO, 2016, cited in Navarro-Astor, Román-Onsalo, Infante-Perea, 2017, p.200). The perceptions of barriers within the construction industry include: balancing work and childcare, sexual harassment, lack of pay equality and the fear mistakes will be judged harshly (Swanson and Tokar, 1991; Cochran et al., 2013; Bester, 2011; Donoso et al., 2011; Elejabeitia and López, 2003, cited in Navarro-Astor, Román-Onsalo, Infante-Perea, 2017, p.202).

Matthewson, 2015; English and Hay, 2015; Bagilhole, 2014 (cited in Navarro-Astor, Román-Onsalo, Infante-Perea, 2017, p.207) describe the working conditions as belonging to the “masculine model” where the environment was constructed “by men for men” with working hours incompatible to childcare responsibilities, lack of part-time hours, and a nomadic lifestyle.

In comparison to the construction industry, the engineering sector has similar issues where “stereotyping and bias that can still pervade our culture, particularly within the male dominated engineering” (WES, 2016, p.1). Whilst the Women’s Engineering Society give positive case studies of women’s experiences within engineering, anonymous female engineers give their experiences of sexual harassment in the workplace and lack of recognition for female directors (WES, 2016, p.2; Northfield, 2018). Erin Browne, an apprentice Electrician with BAE Systems, noted having different behaviours with her male colleagues compared to her female friends (BBC, 2010). Within the Accountancy sector female participation had risen globally from 23% in 2001 to 35% in 2012 (Financial Reporting Council, 2013, p.18, cited in Flynn, Earlie, and Cross, 2015, p.480).

Research indicates women adapt to the male environment by adopting workplace cultural values and suppressing female attributes. Females feel their position in work environments is more at risk than males (Brannan and Priola, 2012; Lupu, 2012; Broadbent and Kirkham, 2008; Barker and Monks, 1998, cited in Flynn, Earlie, and

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Cross, 2015, p.458 and p.481). A male dominated culture within the organisation relating to perception and stereotyping can impact on women (Broadbent and Kirkham, 2008; Morrison and Von Glinow, 1990, Haynes, 2008d; Lyonette and Crompton, 2008; Barker and Monks, 1998, cited in Flynn, Earlie, and Cross, 2015, p.481). Research indicates a perception of a male culture by both genders although both genders deny discrimination (Flynn, Earlie, and Cross, 2015, p.493).

Perception of the Construction Industry

The traditional culture within the construction industry can be perceived as being dominated by masculine stereotypes largely based on a male career model with the image of a drinking culture, long hours, tough men, nomadic lifestyles, sexist behaviour, with males exhibiting hard playing behaviour and ego protecting tendencies. Both men and women exposed to on-site hazards with excessive drinking and smoking are part of the social life after working hours (Healthbusiness.net, 2019; Langford et al, 2000, pl.180 and p.182; Watts, 2007 cited in Sang and Powel, 2012, p. p.173). The industry's poor image, sexist attitudes and stereotyping behaviour can therefore appear to be barriers to women, who may need flexibility to balance work and family (McDermott et al, 2010, p.272). These barriers may also create segregation within the industry (Sang and Powel, 2012, p.173). It has been suggested that within the industry, women are undervalued, profit is a priority over people, and it would seem to penalise those who need flexibility or part-time working (Dainty et al, 2007; Bagilhole et al, 1997, cited in McDermott et al, 2010, p.272; McDermott et al, 2010, p.272 and p.276). In summary the culture within the sector "with regards to attitudes, perceptions and behaviours towards women and the inherent work-life balance penalties, tend to disadvantage women" (ConstructionSkills, 2008 cited in McDermott et al, 2010, p.276).

Male Perception of Females

Males have mixed perceptions of women on construction sites including women should not work on-site and they are incapable of dealing with on-site issues (McDermot et al, 2010, p.270). Research by Agapiou (2002, p.701) revealed operative males thought that women did not have the strength or natural ability to use tools. Previous experiences of women attempting to lift, and employers witnessing women failing to lift heavy equipment, may have reinforced perceptions that women were incapable. The presence of females on site raised fears that the females may flirt and there may be accusations of sexual harassment from women if the current male behaviour remained unchanged (Agapiou, 2002, p.702). The males in the research indicated they thought females on site evoked protective attitudes to prevent females being exposed to risky situations. Males also thought that the presence of females inhibited swearing (Agapiou, 2002, p.702).

Alternative perceptions of women included some males appreciated the presence of females as it offered an opportunity of alternative conversation from sexual conquests and cars and there was an understanding that women have alternative skills such as finishing and organising. Male perception of females on construction sites are changing as females have been observed doing the same tasks as women (Agapiou, 2002, pp. 702-703).

Female Perceptions of Discrimination in Construction Industry

In a case study *Building The Future* (Smith Institute, 2014, pp.84-85), Suzanne Kervin argued she had been paid less than her male colleagues, not been considered for manual tasks, and had not had access to adequate safety equipment, and had been asked for sexual contact. Karen King argued within her career she had been unable to access training, equal pay, and a work/life balance (Smith Institute, 2014, pp.85 - 86). Women on construction sites reported incidences of patronising language including being called love, petal and chuck and respondents in research by McDermott et al (2010, p.275). They felt their self-esteem and confidence levels were reduced and directly attributed these to sexist and negative attitudes by male colleagues. McDermott et al, (2010) made a direct connection with organisational culture undermining the role of women and the women perceived they were made to feel less capable (McDermott et al, 2010, p.275).

An alternative view by Agapiou (2002, pp.703-704) indicated women perceived themselves fitting in with their male colleagues and employees within the construction industry and perceived a cultural shift, with young women

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perceiving entry into the sector and acceptance by colleagues (Agapiou, 2002, p.704). Research by Caven et al. (2012) cited in Ackrill, Caven, and Alaktif (2017, p.3039) indicated that women were not discouraged from working in a masculine environment and may prefer it. Women may relate to their operational male colleagues compared to office based female staff however inclusivity may not extend organisationally (Wright, 2013, cited in Ackrill, Caven, and Alaktif, 2017, p.3040).

Differences in perception by the women in case studies in Smith Institute (2014) and Agapiou (2002) could be explained by the women being in a mature age group compared to the new entrants to the sector which is attempting to attract women. Research by Bennett, Davidson, and Gales (2000, p.791) compared perceptions of undergraduate students and employees and suggested women in professional roles "were more committed to remaining in the construction industry than female students".

Smith Institute (2014, p.82) argued whilst numbers of women are increasingly entering the sector, retaining women appears to be problematic and Amaratunga et al (n.d., p.11) and Inman (2016) noted in their research 41% of women expect discrimination in the industry. Actual and perceived discrimination has had an effect on the progression and retention of women in the industry (Dainty, Neale et al., 2000; Tharenou, 2005; Whitman, 2005; Worrall et al., 2010, cited in Francis, 2017, p.259).

Construction Student Perceptions

Early research by Gale (1987) cited in (Langford et al, 2000, p.181) indicated a lack of modern perspective in the perception about females. In a survey commissioned by Gale (1987, cited in Langford et al, 2000, p.181), respondents asserted that females progressed within the industry as they were attractive to males and they were cheap labour. Clarke and Herrmann (2007), Galea, Powell, Loosemore, and Chappell (2015) cited in Ackrill, Caven, and Alaktif (2017, p.3039) noted culture may not be the only factor in retaining women in the construction industry, long working hours incompatible with childcare commitments, manual working conditions, the lack of equal opportunity, sexism, and employment via social networks may be a barrier to inclusivity.

Key themes and thematic Framework

The key themes within the secondary and primary research included: perception of culture, male perception of females, perceptions of acceptance, and actual or perceived discrimination.

Table 1: Theme, industry, and students.

Theme	Industry	Students
Perception of culture within differing demographics	Generally, culture is viewed as masculine with excessive drinking and sexist attitudes within secondary data (McDermott et al, 2010, p.272, Healthbusiness.net, 2019; Langford et al, 2000, pl.180 and p.182). Women with extensive experience within the industry report sexism and discrimination in case studies in secondary data (Smith Institute, 2014, pp.84-85)	Little secondary data to compare; however, culture from the industry can transfer into the classroom (Langford et al, 2000, p.182). Primary data research through questionnaires and interviews will highlight themes within the classroom.
Modernisation of construction industry	Within secondary data, women in Construction are actively encouraging women in the industry and Equal Pay Act to legislate against pay disparity between men and women (ACAS, 2014, pp.2 and 11)	Within secondary data early research of student perceptions highlighted a lack of modern perspective (Gale, 1987 cited in Langford et al, 2000, p. 181). Primary research will highlight changing attitudes.
Discrimination	Secondary data indicates some perception of the presence of discrimination within the case studies given by female employees particularly for those	Little data within secondary data however questionnaires and interviews will provide primary data.

	balancing work and family (Smith Institute, 2014, pp.84-85, McDermott et al, 2010, p. 272).	
Recruitment and Retention of new entrants/existing employees and culture	Within the secondary data long working hours incompatible to with commitments and lack of opportunity and employment via social networks indicate barriers to inclusivity to women (Clarke and Herrmann 2007; Galea, Powell, Loosemore, and Chappell, 2015, cited in Ackrill, Caven, and Alaktif, 2017, p.3039).	There is limited secondary data; however, primary data will provide student insights into improving recruitment/retention
Recommendations	Secondary data by Smith Institute (2014, p.28) suggests equality of progression and tackling discrimination within the sector and engaging with young girls to promote construction as a career (Smith Institute, 2014, p.65)	There is limited secondary data; however, primary data will provide student insights

Three widely understood key theories underpin the research. Given their pervasiveness in academia, the theories will be mentioned in passing, without going into detail. Schein's theory of culture, where three layers of visible artefacts of observed behaviour, beliefs and values, and underlying assumptions of perceptions relate to the masculine environment of the construction industry (Schein, 2004, pp. 24-26). Schein's Theory of Culture attracted has criticisms as it assumes culture is predisposed from inside the head of the leader, generalisations are made regarding organisations, and the contribution of new entrants, and new learning developments (Schein cited in Mouton, Nørholm Just, and Gabrielsen, 2012, pp.317 - 318). Within the construction industry new entrants may have an effect on the development of culture. Schein (1990) cited in Marcoulides, and Heck (1993, pp.210-211) reflects on the Theory of Culture model and asserts there is little agreement between researchers on what organisational culture consists of and whether it can be measured. Underlying assumptions of organisational values are also difficult to investigate and measure. Allaire and Firsirotu (1984) cited in Marcoulides, and Heck (1993, pp.212) also noted individuals bring their own narrative and backgrounds into an organisation and these may not match the values of the organisation and to some extent the leaders may be constrained by their own employees values in contrary to Schein's assertion that culture is predisposed by the leader(Schein cited in Mouton, Nørholm Just, and Gabrielsen 2012, pp.317 – 318).

Herzberg's Two Factors Theory relates to the research in terms of maintenance or hygiene factors – those required to ensure dissatisfaction does not occur – and motivators to encourage performance. Personal relationships are highlighted as being a 'hygiene' factor (Mullins and Christy, p.2013, p.257). Unfairness, discrimination, lack of progression may lead to dissatisfaction within the individual in the construction industry (Mullins and Christy, 2013, p.257; Dainty, Neale et al., 2000; Tharenou, 2005; Whitman, 2005; Worrall et al., 2010, cited in Francis, 2017, p.259). Direct and indirect discrimination of women in the construction industry may disadvantage progression and be a de-motivator for women to remain in the industry (Herzberg, 1959, cited in Mullins and Christy, 2013, p.257; Dainty, Bagilhole et al. 2000, Dainty and Lingard 2006, Worrall et al. 2010, Watts 2012).

Herzberg's theory has attracted criticisms too for being focussed on limited sample of accountants and engineers and has limited relevance to manual workers (Mullins and Christy, 2013, p.265). Hardin (1965) and Opsahl and Dunnette (1966) cited in Bassett-Jones, and Lloyd (2005, p.933) challenged Herzberg's methodology within his theory on respondents' recall of situations that evoked feelings of non-satisfaction surrounding financial rewards. Other criticisms of Herzberg's Two Factor theory include only one aspect of job attitudes was used by the study and respondents tended to attribute positive narratives to internal factors and negative narratives to external events (Ewen, 1964; Vroom, 1964, cited in Smerek and Marvin Peterson, 2007, p.231).

A consequence of dissatisfaction for both sexes within the workforce may lead to the third theory – Adams' Theory of Inequity (1965, Mullins and Christy, 2013). Where females perceive inequity, choose to adapt their behaviour to address the perceived inequity, by reducing their hours worked without pay, requesting transfers or resigning from their organisation. Carrell and Dittrich (1978, p.205) noted that attempts to reduce perceived inequity may be temporary however further research is required. Whether attempts to reduce perceived inequity are temporary or not, perception may not reflect the true reality of their situation (Adams, 1965, cited in Mullins and Christy, 2013, pp.266-268; Carrell and Dittrich, 1978, p.205).

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How students within the primary research and respondents in the secondary literature process perception will differ between individuals according to age, gender, cultural backgrounds, education, and the environment they operate within (Rookes and Wilson, 2000, pp.106-107). Carrell and Dittrich (1978, p.205) study on Adams (1965) Equity Theory also note gender may have an effect on perception of inequity.

Perception of culture by employees within a construction company normally undergoes a process of attribution where individuals make sense of the behaviour of colleagues or informal groups. External forces including the organisational norms, environmental factors, behaviour at work and women may believe that these factors are beyond their influence (Mullins and Christy, 2013, p.232). Mullins and Christy (2013, p.268) highlighted a criticism of Adams (1965) Theory of Inequity perception may not reflect reality. Perception errors may occur within males and females due to stereotyping and self-fulfilling prophecies (Mullins and Christy, 2013, p.233). An example of stereotyping is illustrated by Agapiou (2002, p.701) where employers had perceived women had failed to lift equipment and were labelled as incapable, true messages may be blocked out or avoided, and there may be a risk of discrimination. (Mullins and Christy, 2013, pp.233 -235).

In summary, the literature review has highlighted perceptions of culture and women in the construction industry, and how this has changed over time and initiatives have started to encourage women into the industry, however the perception of a traditional masculine culture remains. Lack of flexibility of working hours, perception of discrimination, sexual misconduct, and pay disparity appear to create challenges and barriers for women in the construction industry. As students will be new entrants into the industry or promoted in management positions following completion of their course, their perceptions will inform organisational culture. Those within the industry currently may also bring the prevailing organisational culture within the classroom setting.

At present there is a gap into research of student perceptions as the majority of the literature has been based on women within the industry or perceptions of primary school children considering their future careers. There is a gap in current research in undergraduate student perceptions in the following areas; it does not assess whether perceptions of culture differ between differing demographics in students considering entry into the industry, it does not investigate whether initiatives to encourage new entrants are having an effect, there are gaps in the research at whether there is a perception of discrimination because of culture within students, it is not clear from current research whether culture or other factors are discouraging retention or new entrants, or whether there is still an under-current of culture remains within the work place. The primary research will address whether the perception of a masculine culture remains, if it is more prevalent within a student demographic or whether the students perceive there are alternative barriers to recruiting and retaining women within the industry. Primary research within the cohort of students will identify recommendations that can be taken to attract a diverse working environment and retain skilled women. Literature sources included trade journals and faculty were selected as they provided an academic and local insight into the issues related to women and the construction industry.

METHODOLOGY

The research design of the project was both exploratory and explanatory and sought insights into the perceptions of culture within the construction industry and involved interviewing those employed or who were considering a career within the sector. A questionnaire alongside interviews were used on a construction module of 80 students and two tutors. Data instruments were guided by insights from government reports, case studies, statistics, academic sources, journals, and industry reports. The latter also provided the base against which to contextualise and explain the findings. The key purpose of these methods was firstly to research whether perceptions of a masculine culture differ from a cohort of students from a range of demographics against published research and secondly to research the extent to which perception of workplace culture is discouraging students from working in the sector. There is limited secondary data on perceptions within a classroom environment and primary data was thus required to understand whether perceptions are changing or whether the students are being discouraged from working within the sector. Within these broad constructs several questions were posed:

1. To assess to what extent perceptions of culture differ between ages and length of service within the cohort of students.
2. To assess to what extent initiatives to modernise the industry are having an impact on a cohort of students

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3. To understand to what extent the students perceive the presence of discrimination because of traditional masculine culture
4. To assess to what extent a perception of a traditional masculine culture remains with a cohort of students
5. To establish if culture or other factors are responsible for discouraging new entrants or encouraging employees to leave

The interviews were transcribed by Naturally Dragon Speaking Software into text. Analysis of qualitative data involved content analysis to draw out common phrases, frequently used keywords or phrase used by the interviewees e.g. discrimination, banter, sexist behaviour, macho behaviour. Excel was used to analyse survey data. The sample were mixed gender full and part time students on a construction module. The age group of the full-time students was 20-23, whilst for part-time students (working in construction industry) it was 24+. Also included in the sample were tutors with industry experience aged 50+ years.

RESULTS, ANALYSIS, AND DISCUSSION

Quantitative Results

Student female respondents represented 26.7% of the survey population in comparison with a total of 24.73% of female participation in the construction industry within the West Midlands (Appendix C - Office of National Statistics, 2018). Survey participation by age were 18-23 (37%), 24-30 (38%), 31-40 (13%), 51-60 (6%), 61+ 6%).

Age and length of service & the perception of masculine culture within students

Across the age groups of respondents, most responses were in the Mostly Agree to agree category that there was a masculine culture within the industry. The highest category saying Strongly Agree in the 24-30 age group, Agree was equally chosen both in 18-23 and 24-30 age groups. No one chose Mostly Disagree, Disagree or Strongly Disagree.

As the industry is defined as being gendered, male stereotyped, and based on a male career model with the image of long hours and sexist behaviour (Healthbusiness.net, 2019; Langford et al, 2000, pl.180 and p.182; Watts, 2007 cited in Sang and Powel, 2012, p. p.173) the students were asked “Why do you think construction graduates leave for another career?”. The top responses were long hours, family, lack of progression, lack of acceptance and discrimination.

Long hours, lack of development, discrimination featured in the 18-23, 24-30 responses indicated an awareness of the male career model and this may exclude some entrants. In Herzberg’s Two Factor Theory unfairness, discrimination, lack of progression may lead to dissatisfaction within the individual in the construction industry (Mullins and Christy, 2013, p.257; Dainty, Neale et al., 2000; Tharenou, 2005; Whitman, 2005; Worrall et al., 2010, cited in Francis, 2017, p.259).

When student were asked if behaviours witnessed in the classroom were similar to those in the workplace classroom, this could be an indication of the prevalence of a masculine culture (Langford et al, 2000, p.182; Schein, 2004, cited in Torrington, Hall, and Taylor, 2008, p,88) and most of respondents indicated they Mostly Disagreed, with particularly the 18-23 and 24-30 age groups. This data contradicted individual interviews. This may have occurred as the respondents may have felt fear of identification.

When asked whether all genders were accepted in the industry and this alluded to whether the culture was masculine (and not inclusive to women), the respondents from all main groups mainly Disagreed or were Neutral that women were accepted which contradicted research by Agapiou (2002, p.704). The 61+ age group abstained.

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Does the perception of discrimination exist within students?

Whilst the data indicated a neutral stance on the discrimination of women, this contradicted the individual interviews. This may have occurred as the respondents may have felt fear of identification. There was a disparity between the two oldest age groups where the 51+ group agree there is discrimination and the 61+ strongly disagrees. On the questionnaire the 61+ indicated it was much worse in the 1970s.

The respondents were asked a series of questions whether women were discriminated against because of the prevailing culture, whether legislation went far enough to protect women, and whether women were discriminated against in terms of promotion. These questions alluded to direct and indirect discrimination due to a protected characteristic (ACAS, 2014, pp.2 and 11).

The female in the 31-40 age group felt that women were treated as being less capable and knowledgeable than their male colleagues, whereas the male respondents did not highlight the lack of knowledge and capability in women which contradicted research by Agapiou (2002, p.701).

When asked whether women were discriminated against because of a masculine culture, across the younger age sets and the 51+ the responses ranged from a Neutral response to Agree and the data was in agreement with the individual responses from interviews.

Students were asked whether legislation was sufficient to encourage equality and diversity in the workforce. The respondents were mainly Neutral on whether legislation went far enough to protect women. Under further comments some of the 24-30 and 31-40 age groups felt that whilst legislation was in place, organisations should take responsibility in promoting equal opportunities. This corroborated the views of Schein (1999, cited in Whetton and Cameron, 2012, p 314) where leaders within the organisation may have role in 'defending' the core beliefs within the organisation and socialising new members.

The respondents were asked if there was a level playing field for promotion as the question alluded to discrimination against women. The 18-23 age group were Neutral however the 24-30 and 51+ age group felt there was not a level playing field. The results are skewed towards Disagree.

Respondents were asked whether perceived discrimination would affect their decision to remain in the industry. Unfairness and discrimination may lead to no satisfaction within the individual in Herberg's Two Factor Theory (Mullins and Christy, 2013, p.265). A consequence of dissatisfaction could lead to Adams' Theory of Equity and whether the women are leaving the industry due to a perception of inequity.

The respondents were asked if they would leave if other genders were treated differently as this question would allude to discrimination. The majority of respondents would not leave the industry or change their career choices if other genders were treated differently. Herzberg's Two Factor theory relates to unfairness and discrimination leading to dissatisfaction within the individual, so therefore it could be argued if it does not relate to the respondents, they will continue to have job satisfaction (Mullins and Christy, 2013, p.265). This assertion is corroborated when asked whether career choices would be affected by the perception of whether women are treated differently. Within the 18-30, and 61+ age group this would not change their career plans. Particularly to note the 61+ age group may start to disengage with their careers at the age of 60+ and discrimination of others may not have any effect on their career plans (Super, 1957, Savickas, 2002, cited in Inkson, 2007, p.56).

The respondents were asked whether they perceived culture had changed in the industry. Within the sample the older age groups felt that the industry had changed/modernised over the last 10 years. The younger group mostly agreed or felt neutral – this could be attributed to the fact they have had less experience within the industry.

With a skills shortage in professional roles and skilled trades and low female participation within the West Midlands (Appendix C, Office of National Statistics, 2018,CITB Analysis, 2018, p.44, CITB Research, 2018), a series of recommendations were sought from the respondents on encouraging women to enter/stay in the industry. Clarke and Herrmann (2007), Galea, Powell, Loosemore, and Chappell (2015) cited in Ackrill, Caven, and Alaktif (2017,

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p.3039) noted culture may not be the only factor in retaining women in the construction industry, long working hours incompatible with childcare commitments, manual working conditions, the lack of equal opportunity, sexism, and employment via social networks may be a barrier to inclusivity. The responses varied. Across the majority of the age groups the consensus was flexible working hours and family friendly policies would encourage women to remain in the industry. The 18-30 age group held a neutral stance as the issues may not be deciding influence in their current life stage. Culture change as means to retention was explored. The majority of the age groups felt a change in culture would encourage women to remain in the industry. Conversely there were strong representations in the disagree and strongly disagree categories which could be explained by students already employed within the industry and research by Bennett, Davidson, and Gales (2000, p.791) comparing perceptions of undergraduate students and employees suggests that women in professional roles "were more committed to remaining in the construction industry than female students".

Whilst promotion by Women in Construction to encourage women into the industry, participation remains low (Appendix C, Office of National Statistics, 2018), students' perceptions were sought on whether Women in Construction had been successful. Whilst the majority of the groups agree the initiative has been successful, the interviews contradict these findings. Actual and perceived discrimination has had an effect on the progression and retention of women in the industry and this may have an effect on the effectiveness of these initiatives (Dainty, Neale et al., 2000; Tharenou, 2005; Whitman, 2005; Worrall et al., 2010, cited in Francis, 2017, p.259).

The students were asked if career planning and promotion to executive levels, in attempt to overcome direct and indirect discrimination, would encourage women to remain. The majority felt that career planning and promotion would encourage women to stay. This would seem to contradict the findings by Agapiou (2002, p.701) that males had the perception that women are not capable but may have been in manual role rather than executive.

The students were asked if the media had an influence on the image of the construction industry and the choices of careers. The industry has a poor image, sexist attitudes and stereotyping behaviour are barriers to employees, particularly women, who may need flexibility to balance work and family (McDermott et al, 2010, p.272). The students, particularly in the 24-30 to age group felt the media had a part to play. In the interview's participants suggested other influences on careers choices and these are explored in the next section.

Results from Qualitative Data

Recorded interviews with open-ended questions were undertaken and transcribed. Given the snapshot timing of the survey within class time only a limited number of students agreed to participate in interviews, however they kindly allowed their surveys to be used. A content analysis was completed on the transcribed interviews. Words used frequently by the interviewees highlighted where the greatest concern was held by the participant. Keywords or phrases which were searched for were: macho, manly, male orientated/dominated, working hours, family/ children, discrimination, schools, and sexism.

The content analysis summary in terms of perception of a masculine culture indicated that across the age groups there was a perception of masculine culture due to the appearance of words including macho and male orientated. This was more prevalent in the 51+ age group with the frequency of the words "macho" and "male orientated" within their interview. The 51+ age group will have witnessed social change, introduction of legislation detailed earlier, and have had significant experience working in the industry.

Interviewees were asked if banter in classroom was similar to the workplace as this can be an indication of reinforced culture (Langford et al, 2000, p.182; Schein, 2004, cited in Torrington, Hall, and Taylor, 2008, p.88). Whilst the tutors were insistent it was not evident in the classroom, there was admission it may occur "behind closed doors" and other respondents confirmed "onsite slang" was used between males.

The interviewee in the 18-23 group indicated language used in the classroom was not cross-gendered. The female in the 24-30 age group indicated that there was banter within her friends' group on the course, however it was not replicated in the workplace. The lack of input by the 31-40 age group during the interview stage may have provided more of a bias towards a perception of masculine environment.

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The content analysis summary in relation to the perception of discrimination indicated there was an awareness of discrimination across the age groups. The frequency of the word "discrimination" appeared more prevalent in the 24-30 age group and 51+ age group. Individual perception may not, of course, be true reflection of reality (Mullins and Christy, 2013, p.268). The 51+ age group indicated "trades were dominated by males and women were not welcome". The 51+ age group would have had experience working within the industry witnessed the introduction of the Equality Act (2010) (ACAS, 2014, pp.2 &11). In terms of whether the students feel the industry is modernising, the 51+ age group witnessed significant change with "women coming into construction both on site and in professional roles" and they felt there was still much to do. The 18-23 age group felt "more needed to be done in terms of equality in pay". The female 24-30 age group had felt they had seen the least evidence of modernisation. The 51+ age group had witnessed significant change within the industry however the 18-23 age group had not enough industry experience to perceive distance travelled in terms of modernisation. Again, perception is individual, and perception may not be a true reflection (Mullins and Christy, 2013, p.268). In terms of what recommendations can be made to attract and retain females or new entrants, key themes from interview transcripts highlighted flexible hours, family friendly policies, followed by role models within the industry, equal pay, and the promotion of construction careers for women.

CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

Key outcomes from the results can be summed up in that whilst the differing age groups in the student group perceived a masculine culture within the construction industry with its challenges and barriers to women, the women perceived that their capabilities were questioned by their male colleagues. Males in the primary research did not perceive a lack of capability within the females. Workplace culture is construed as having many layers and it is not just macho behaviour or discrimination which is discouraging women. As women are the main caregivers of young children and other family members, long working hours and inflexibility are barriers to participation within the industry. There was a tacit acknowledgment that whilst discrimination and 'banter' is discouraged within the classroom; behaviour witnessed in the workplace can, behind closed door, be replicated in a learning environment in the student group. With legislation to prevent discrimination, those within the student group felt that organisations and their leaders have responsibility in creating change in the 'macho' culture. Promotion of females into executive roles may provide a shift in organisational culture however respondents felt females should be promoted on merit.

Whilst there were perceptions of masculine environment within individual workplaces, this did not detract the students from entering the workplace. There was an awareness of discrimination and inflexibility of working hours, however as this did not affect the individuals concerned in their current life stage, the students' satisfaction in their jobs was not adversely affected enough for them to consider leaving the industry. Key recommendations generated by the students for encouraging women to enter and remain in the industry include flexible working hours, family friendly policies and role modelling by female executives.

So, what can we conclude from above? The research confirmed that whilst there have been some modernisation and initiatives within the construction industry in terms of anti-discrimination and the promotion of women, a perception of a masculine culture is still evident particularly within a cohort of students. The research also highlighted that perceived macho behaviour is not the main feature of culture within an industry, other factors including long working hours, inflexible family policies, direct and indirect discrimination, disparity in pay, inability to access mentoring network, and lack of personal development may create barriers and challenges to women considering entry into the industry or those currently employed. Whilst discrimination and culture may feature in personal job satisfaction and the decision to remain in a job role, unless the individuals are personally discriminated against, they are unlikely to leave if they perceive that a specific gender is subject to discrimination. The research highlighted promotion of female roles within construction industry had limited success with Women in Construction and Women into Property, the key to gender parity in the industry may be through role modelling with families of those considering entry to the industry and the wider community. The introduction of the National Careers Strategy with mandatory requirements for employer engagement may provide opportunities to widen the participation of women in the construction industry with an eventual feminisation of culture. Careers Advisors may have an important role in highlighting and promoting careers in construction to all genders. Whilst Careers Advisors' own professional practice is client-centred where clients are best placed to make their own decisions, the government's introduction of the National Careers Strategy in secondary schools with a mandatory requirement for interaction with employers from Years 8 to 13 should include a cross-section of STEM (Science, technology, engineering, and mathematics) industry sectors which may help highlight the careers available to all genders within the construction industry (Hambly and Bomford, 2019, p.41; The Careers and Enterprise Company, 2019). These interactions may potentially increase the numbers of female participation and precipitate further cultural and perceptual change within the industry.

Implications

Despite the small sample, the research has national and regional implications as a skills gap remains within the industry and national housing shortage. Suitably skilled personnel are required to construct 340,000 houses annually until 2031. Perception of a masculine culture may impact on the industry's ability to recruit and retain women into an industry they feel does not value their knowledge, capabilities, or welcome and accept them. Family friendly policies and change in the perception of the construction will enable the retention of females and help close the national and regional skills gap.

The research has implications for employers within the construction industry. Unless a change of culture occurs with a shift to flexible working hours, family friendly policies, and the enforcement of anti-discrimination procedures, the industry will be unable to retain suitably skilled staff to fulfil national and regional housing building contracts. Culture change will also promote board diversity and business competitiveness and a failure to promote inclusivity for all genders may have stunt creativity, innovation, strategic decision making, and organisational growth.

Companies may need to implement mentoring, networking opportunities and staff development programmes to enable females to progress to senior positions within the organisation. These women would then act as role models for new entrants into the industry. Coaching and mentoring offer opportunities of changing and establishing expected behaviours for all genders within the organisation in relation to anti-discriminatory behaviour and this would also enable a shift in cultural change. The current perception of culture has implications for careers guidance professionals and for industry initiatives including Women into Construction and Women into Property. Perceptions of their lack of effectiveness to encourage women into the industry may mean women lack awareness of the career opportunities in the sector or rely on unofficial sources for careers guidance or alternatively advice given by careers guidance professionals.

The research also highlights implications for educational establishments if females do not see construction as a viable career or they would not be accepted into the sector. Unless establishments can encourage women into the industry and establish early anti-discriminatory behaviour within students, the industry will fail to recruit a diverse and capable labour force and the skills gap will continue. The introduction of the National Careers Strategy and employer engagement may increase awareness of sector careers and encourage females to consider a career within the industry and this may initiate feminisation and culture change.

Policy Recommendations

Key recommendations to encourage female participation in the industry include:

- implementation of flexible working and family friendly policies within construction companies
- positive role modelling by female executives within construction companies
- promotion of women to board level positions to encourage board diversity and business competitiveness
- construction companies engaging with schools and colleges as part of the National Careers Strategy to promote careers to all genders to attract talent from a diverse range of demographics
- sustained organisational shift in culture within individual construction companies and the Higher Education sector to ensure adherence to anti-discriminatory policies and encourage inclusivity.

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RURAL YOUTH EMPOWERMENT THROUGH NATIONAL RURAL YOUTH SERVICE CORPS (NARYSEC): CASE OF SDM GAUTENG PROVINCE, SOUTH AFRICA

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ABSTRACT

South Africa's unemployment rate climbed to 30.1%, while Q1 employment stats seen 8.5 million SA youth without jobs (Eyewitness News, 2020). This paper investigates the extent of rural youth empowerment through the National Youth Service Corps (NARYSEC) programme. National Rural Youth Service Corps (NARYSEC) was implemented by the national government through the Department of Rural Department and Land Reform in nine (9) provinces of South Africa. NARYSEC came a year later after the implementation of the Comprehensive Rural Development Programme (CRDP), as part of the rural economy transformation strategy from poor rural wards. The purpose of this study is to investigate if the rural youths has been empowered through NARYSEC by DRDLR with Gauteng Department of Rural Development (GDRD) in Sedibeng District Municipality with the focus to Vaal Triangle. The study employed a qualitative approach with the data collected utilising semi structured interviews schedule from 20 NARYSEC. The findings revealed that youth has been partially trained and equipped with some skills, but they are not yet employed. It was found that rural youths are still facing numerous challenges and there's lot to be done to empower them. The study suggested interventions to further empower youth in Vaal- Triangle.

Keywords: Unemployment**,** National Rural Youth Service, Rural Development, Youth Empowerment, Employment.

INTRODUCTION

National Rural Service Corp is rural wards-focused which service minority from rustic regions, including youth with incapacities. In 2010 and 2011, staffing embattled four minority per bucolic area. Around the year twenty twelve the enlistment initiative was amplified to apprentice around specific number of six per rustic region, through importance Comprehensive rustic expansion curriculum sites where the numbers were 10 rustic minority per node site. South Africa comprises of 2 920 rustic regions, the progression was profitable to inform the engagement of more than 10 000 minorities. Actuality exact firm on gender, Programme enrolment procedure claimed on 50/50 masculinity and feminist equilibrium per rustic region. Coast-to-coast rustic minorities established the idea for rustic populations, with a deterioration in the close of minority redundancy in rustic zones and amplified reading ability and services in rustic capacities. Intended on an enlarged one-use revenue for minority in rustic parts as a consequence of joblessness and commercial chances "DRDLR", 2013.

According to the findings from Quarterly Labour Force Survey (2014) minority in South Africa faces extraordinary stages of redundancy through 37% whereby foundation society amongst the years of 15 and 35 (Stats SA, 2014). Minority joblessness amount in Southern Africa augmented percentages by years to current (Economics Trading, 2019).

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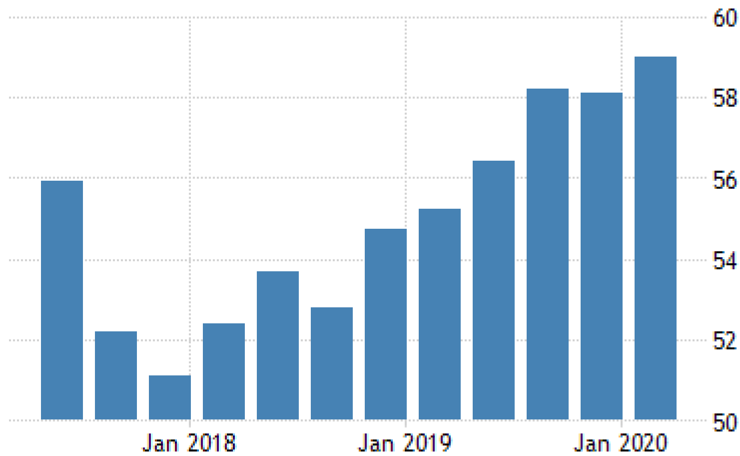
Figure 1: South Africa Youth Unemployment Rate | 2013-2020 Data.



Tradingeconomics.com (25 June 2020).

Youth Unemployment Rate in South Africa averaged 53.06 percent from 2013 until 2020, reaching an all-time high of 59 percent in the first quarter of 2020 and a record low of 48.80 percent in the fourth quarter of 2014.

The Department of Rural Development and Land Reform with Gauteng Department of Agriculture and Rural Development, dedicated itself to a continuing affiliation with contributors in the plan and consequently anticipated minority joined in countrywide rustic minority forces to obligate themselves, to the plan for the same period.

Initiative of the programme consists of a character development, life skills training (rights awareness) skills development that includes construction, agriculture; aids advances (building, agriculture, tragedy running, linking, electrical, archives management, etc.); Real-world workplace; expertise (e.g. project management which encompasses the whole business and economy in leadership); Dispositional to bucolic districts partake directly communal financial expansion of rustic zones "DRDLR, 2017".

Department of Rural Development and Land Reform (DRDLR) originated diverse developments to kindle engagement formation and aids growth, extra services expansion and work formation platforms partake also remained introduced and industrialised at both regional and departmental heights. Precise emphasis of NARYSEC involvements and developments to commence were founded on rustic community facility distribution (DRDLR, 2013).

Rustic Corps edge with other planned platforms intended at evolving rustic societies. It was destined to perform vital character in the rustic development, the growth approach was premised on bucolic societies captivating custody of their own expansion and progress creativities commenced bucolic societies ought to ground on expansion requirements articulated by the bucolic societies. Domestic communal outlining assumed greatest ordered requirements articulated by the communal (DRDLR, 2013).

The objectives of this paper are as follows:

- to investigate if the rural youth has been empowered through employment, literacy and skills training, as well as programmes linked to community needs in rural areas.
- to investigate the development of youth with multidisciplinary skills through civic education
- to investigate if the youth has been capacitated with retaining knowledge and technical skills acquired during training
- to investigate growth in non-refundable revenue of minority in rustic zones as an outcome of engagement and innovative chances.

- This paper is structured as follows: introduction, section two reviews the related literature; section three presents the research method, this is followed by findings and discussions in section four and section five is the conclusion and recommendations

LITERATURE REVIEW

The purpose of the review is to identify existing theoretical framework which link empowerment to the implementation. It is also to summarise findings from other studies which may be similar issues. The objectives behind the exercise is to identify gaps and therefore locate the present study and how it can add value to existing knowledge.

Overview of Youth Empowerment in Rural South Africa

Comprehensive Rural Development Programme (CRDP) is one of the rural development programme, which was supposed to be implemented in a manner that it was also Youth focused inclusive and orientated as well, thus aiming to empower youth in rural nodes. Scheduling and enactment may possibly be measured as a main decisive influence in relative to the results of growth procedure. The community management, expansion and organisation ought to disparagingly evaluate their progression of articulating and applying databases and guidelines to refining people's excellence of life.

Enablement is a commercial and effort idea which income the impartation of labouredly assistances and understanding to an able bodied, intellectually suitable individual or group of individuals to enable them participate in the connecting and dissemination of monetary and societal capitals for evocative self-benefits and the enhancement of society. This incomes that to invest a specific to train, instruct, and source them to attain earnings of living or expertise in directive to empower them to live practically and optimally in that society. It means inaugurating superstar into a life-sustaining profession or career to qualify them fight the encounters of poverty, insufficiency of capitals and tediousness (Emejuru, 2016).

Rural youth empowerment comprises programs and activities aim at assisting the rural youth to identify, utilize and maximise their potentials as well as to develop confidence and self-identity. Moreover is to encourage youth to grow together in accountability, imbibing and eagerness to create a change (National Youth Policy, 2014).

The Comprehensive Rural Development Programme (CRDP) in South Africa

One of one of the strategies to create rural employment and target rural poverty alleviation, the SA government approved the rustic corps on 12 August 2009. The inclusive rustic expansion curriculum was a deliberated urgency in management's Middling Period Premeditated Agenda Medium Term Strategy Framework. The enterprise of the curriculum was based on the piloting of the certain observations within the African countries to eliminate poverty. Although the countless transaction of model records has appeared from the areas around the provinces in the southern Africa (DRDLR, 2009).

The rustic corps were dissimilar in previous administration approaches in bucolic regions since they were premised to real partaking dwellers arrangement attitude slightly a heavy-handed tactic to bucolic expansion. It is intended at actuality an active reply to deficiency and food insecurity by maximising the use and management of natural resources to create animated, reasonable and sustainable rustic societies. The rustic corps must advance the values of existing and welfare and rectify past injustices through rights-based interventions and address skewed patterns of delivery on possession economically (DRDLR, 2012).

According to the reports from DRDLR (2013) Inclusive Rustic Expansion Disposition was actualised in different sites with service delivery as well as the Agri-Entrepreneurial to combat poverty and redressing the past government.

Through work undertaken at sites, in aggregation with all the spheres of government (DRDLR, 2012).

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According to the data unemployment is a delinquent, thus unemployment turned to be poverty which equals to weak economy and add to weaken Growth Development Plan (World Bank 2006).

The Central African experience: Nigeria

The Nigeria Non-Profit organization was established after the civil with intention to empower the youth NYSC, Its intentions was to instruct minorities' ideas to local Youth in socio economical. Subsequent to confronted diverges intricate glitches that comprise amid others deficiency, high percentage of illiteracy, insufficient socio-economic structures, deprived healthcare amenities and an unsuccessful communiqué scheme that pretentious mostly minority. Through an assessment to mitigate these trials, predominantly to stand-in coast-to-coast agreement and incorporation and shape a resilient, self-reliant population with an energetic budget, the army administration. Yakubu Gowon has led to the reputable of National Youth Service Corps act "Chukwemeka and Ani, 2014".

The Non-Profit organization obligated to sanction and produce next cohort of early front-runners with optimistic state charm management potentials that would be animated, gratified and dedicated to the harmony and stable progress, Non-Profit organization system, harmony expansion incorporation. Through admirable apparition, structure aided determining country constructing accountable receptive inhabitants. Anticipated unassertive inauguration associates, cultivated a yearly amount forces associates outstanding profitable inoperativeness. Militaries associates countrywide compensating implements associates' administration (Arubayi, 2015).

Reproducing the location dedicated to this preparation, the Non-Profit association act instructs that a Nigerian alumnus who were not legitimately excused from existence share of the system, and ensures not assumed the obligatory package, remained not employable and might not pursue radical workplace in the republic. Nigeria's previous vicar of economics had to quit from position since they were unproven fake of the Non-Profit organization. (Alo, 2015).

Redesigning in Nigeria

At the same time as possibly dangerous to call for the scuffling of the Non-Profit organization system, a detailed reconsideration has developed compulsory relocate pertinent dominant statuses. Possibly abundant importance positioned incorporation imperfect victory. Route concoct forces affiliate's significances. Analogous arrangements was durable relationship societies. Inclusive assignation safeguard society's rustic zones, determined aids from the undeveloped specialists prescribed annual by the prearrangement. In the face of principal meetings plus the insecurity of lifespan, belongings and nutrition scarcity in fragments of the nation, maybe it will force ideal nation-wide facility. Enthusiastic to preparation, country puddle proficient soldiers complement prevailing volumes alternative retort. Soldierly rationalised supervise.

Instant concentration force memberships dedicated aids knowledge, expertise, instruction, wellness, communications and guidance and so forth. Throughout the historical some might be co-ordinated to trade posts whereas others might be encouraged to start-up businesses as individuals or in groups. The system would be modernised to proposition an amalgamated development since the world of fortified teaching to the world of effort. It would advance the foremost conveyor belt finished which all sophisticated immature Nigerians nationals were quantified the incident to initially instigated crosswise and escalate authorised determination although recommending them an unintended for national competence. It should suggest agreed provider's perfect management to authorise them duplicate intuitively on their career picks.

The organisation wishes promptly to enlarge its capacity puddle by conveying in additional minority, counting early artistes who have attained professional services in the procedural, farming, method, and cordiality and entertaining arenas. This will help activate a superior puddle of services that can be excellently positioned transversely the national for composed growth.

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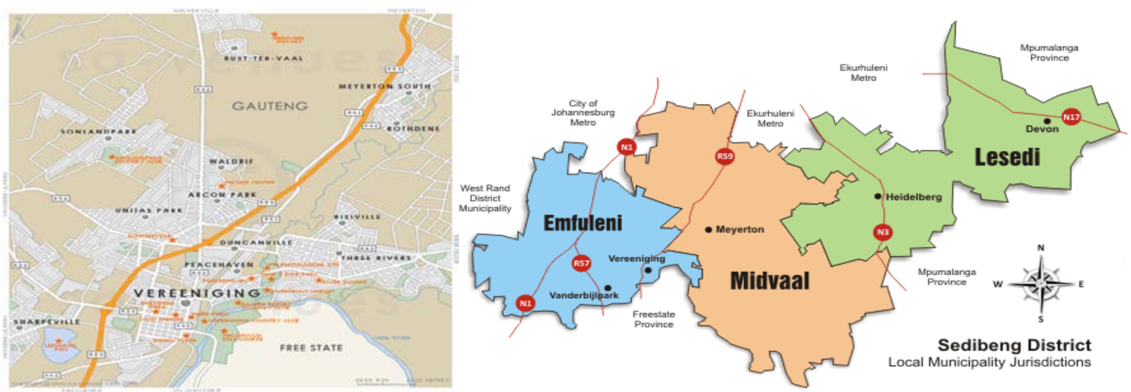
RESEARCH METHODS

The study was carried out in Bantu –Bonke village and Mamello informal settlement located in Sedibeng District Municipality - Midvaal Local Municipality seventy five (75) kilometres away from Johannesburg in Gauteng Province, South Africa. Bantu Bonke had eighty seven (87) households and Mamello informal settlement consisted of two hundred and sixty five (265) shacks in Midvaal local municipality rural nodes. The paper has adopted mixed method research design to collect and analyse databased on a sample of 26 participants. These include four (4) participants from 2011 NARYSEC intake and six (6) from 2012 intake, which bring the number to a total number of twenty (20) NARYSEC also 2 Council of the Stakeholders and 1 Coordinator from DRDLR as well as 1 coordinator from GDARD, 2 Community development workers from both Bantu Bonke and Mamello. This paper, however focuses on the qualitative aspects of the study, where a sample of 20 was selected using purposive sampling. Results of the qualitative part are reported. Key DRDL, GDARD and SDM officials directly involved in NARYSEC and those who have more knowledge and information concerning NARYSEC implementation were identified by means of purposive sampling techniques and key research questions.

Below, Figure 2 is a geographical map of Sedibeng district Municipality.

Figure 2: Sedibeng District Municipality-Map. Sedibeng.gov.za



FINDINGS AND DISCUSSIONS

DRDLR has been successfully implemented the NARYSEC, as per plan. Findings and discussions were based on the key objectives of the NARYSEC, while it was implemented. The first key objective was to recruit unemployed youth in rural areas, from the interviewed participants, there was none of them were employed through the skills learnt from NARYSEC.

The second Key objective was to equip the minority over Supplementary Teaching and Exercise platforms related to the recognised evolving communal developments in rustic zones. From the designated contestants, the response was that five (5) of them had an opportunity to participate in the AgriParks, though there was no formal training, only workshops attended.

To develop youth with multi-disciplinary skills through civic education, was also the key objective of the NARYSEC, all the participants has agreed that they were taken to the multi-disciplinary skills through civic education at Saldahna bay military academy.

To upsurge the quantity of rustic societies getting provision in their self-development over the rustic progress plan. The response on this, was that the rural communities in Mamello and Bantu-Bonke do receive some support in their development through CRDP, with the utilisation of their catering company while having the official meetings-

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although they constantly experiencing a problem of having proper documents to can register their companies due to the accessibility of the relevant offices.

The amplify literateness and services one-use revenue for minority in rustic regions as a result of unemployment and entrepreneurial opportunities were never met as per one of the constitutions of rural areas (Lam etal, 2009).

NARYSEC's recruitment process has managed the 50/50 gender balance per rural region, as promised. The department commitment towards a long-standing association through contestants in the plan and the anticipated minority registered in rustic progress plan to obligate themselves, likewise, to the plan for the similar retro has not being kept on. The department has initiated different projects to stimulate employment creation and skills development- that has not reached the initial plan.

CRDP implementation was to advance method premised on rustic societies captivating control of their personal progress. As such, expansion advantages assumed in rustic societies remained too initially and notable be grounded on expansion desires articulated by the rustic societies themselves. The domestic and communal outlining was commenced to, amid others, record and prioritise the needs expressed by the community. National rustic forces minority were to be skilled in the partaking investigation method and were successful to be arranged to several zones transversely South Africa to commence the treasured mission that was significant in shaping the possibility, complexity and way of expansion to yield dwelling in rustic zones.

Throughout equally domestic and communal desires outlining, lodging continuously arose as one of the five essentials recognised by rustic societies. Therefore, the building of households in rustic zones as fragment of the expansion of rustic structure in track with the inclusive rustic expansion outline. Preparation was consequently moved to emphasis succeeding minority. Aspect scheduling tangled development, that involved credentials building locations; employment skilfully competent assignment managers, engineers, architects, etc. Teaching of the National rustic forces minority contributors in building started on 1 July 2011.

CONCLUSION AND RECOMMENDATIONS

As mentioned at the beginning of this paper that its purpose was to investigate the rural youth empowerment, through the National Rural Youth Service Corps (NARYSEC) programme. The paper has adopted mixed method research design to collect and analyse databased on a sample of 26 participants, whereby the there's an inclusion of four (4) participants from 2011 NARYSEC intake and six (6) from 2012 intake, which brings the number to a total of twenty (20) NARYSEC, also 2 Council of the Stakeholders (COS) and 1 Coordinator from DRDLR as well as 1 coordinator from GDARD, 2 Community development workers from both Bantu Bonke and Mamello. This paper, however, focuses on the qualitative aspects of the study, where a sample of 20 was selected using purposive sampling. Results of the qualitative part are reported. Key DRDL, GDARD and SDM officials directly involved in NARYSEC and those who have more knowledge and information concerning NARYSEC implementation were identified by means of purposive sampling techniques and key research questions.

The findings by the researcher are as follows, DRDLR has successfully implemented the NARYSEC, with the intentions to empower rural youth for them to be employable- unfortunately according the participants the main objective by DRDLR have not been met. The youth have been equipped with the multi-disciplinary kills, only at the military base as well as the plumbing, as for the formal education they were promised to be taken to Education Further Training (EFT) never happen.

On increasing, the youth receive support by being appointed to cater for the meetings which would facilitated within their jurisdictions, although they would be having challenges on renewing their business certificates (tax certificate inclusive) and being registered in the government's vendor data base.

The increased literacy and skills were never met as per one of the constitutions of rural areas. The youth have been trained through workshops, according to their responses, they expected to be fully trained be afforded the starter

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pack to be able to sustain the entrepreneurships. Although the NARYSEC's recruitment process has managed the 50/50 gender balance per rural ward, as promised the concern was that they were not employed. The department commitment has not been kept. The department has initiated different projects to stimulate employment creation and skills development- that has not reached the initial plan.

NARYSEC should solve the unemployment as well as the socio-economic issues, through government crucial programmes, inclusive NYDA, NPC and DRDLR.

This will enhance better cross-sectorial synergy for development and job creation to benefit the youths. Government agencies that could support in this joint revamping of the NARYSEC programme including the National Youth Development Agency (NYDA), the National Planning Commission (NPC), and DRDLR. The governing board of the NARYSEC may also need to be altered to reflect a more entrepreneurial emphasis.

Rustic forces affiliates could have developed straighter complex in the preservation and building of community set-up particularly in the rustic zones.

Encouragements should be afforded for forces associates to move into innovative commercial connexions upkeep, expressively enlarge admission authority and incitement dispensation ordinary low-cost. Rational between shareholders should also aid to guarantee smoother disposition of NARYSEC employees into the vibrant segments such as farming, food safety, well-being, teaching, mental preparation, civil trade, water, hygiene and other spaces applicable for rustic socio-economic change.

In addition to the above recommendations, the researcher also recommend that the government should at least focus on one or two youth empower and development programmes, monitor and evaluate the programme, and have the impact at hand before they could bring in a new programme. Although most of the youth empowerment programmes focused on the youth in townships in Gauteng Province, the programmes and projects like Tshepo 1 Million, has provided courage to undeveloped persons in Gauteng who are jobless and eyeing for a technique to access the services and knowledge that will organise them for the domain of work. It has availed chances to the minority aged eighteen (18) to thirty-four (34) years old on formal employment in companies of all sizes, Public works platforms, and Micro innovativeness opportunities. Work experience and acquainting chances to construct their CV. Bokamoso Expertise Expansion, also concentrates on urban youth and early adults, equipping them with different skills as well as the entrepreneurial ideas.

The researcher also recommends that, the NARYSEC custodian DRDL, should re-establish the programme with proper planning and already apply their motoring and evaluation from the implementation, or else benchmark at other African countries which are upfront with such initiative.

The paper also has an in-depth possibility for future research, especially now in South Africa

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