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The **IAARHIES** (The International Academic Association of Researchers in Humanities, IT, Engineering & Science) is an international non-profit forum and association of researchers in the field of Humanities, Information Technology, Engineering and Science. IAARHIES is the brand name of The Society for Academic Research (SAR), registered under the section 20 of Societies **Registration Act 1860**.

**IAARHIES**, under the aegis of The Society for Academic Research (Regd.) established in Jaipur, India is an international, independent, private, non-profit and chartered association founded in 2015 to support and encourage research work in the various subjects under Humanities, Information Technology, Engineering and Science. IAARHIES was established as an association of researchers, scholars, students and professors from different discipline with a mission to organize international conferences and workshops. Our conferences are aiming at bringing researchers from various fields to share their current research, ideas and experiences.

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The **IAARHIES** platform is available to all those who are serving in the field of education in any form, and are always ready to give their innovative thoughts for the welfare of education. We promise to convey all these new research/theory in the developing sector of education through our journals and publications. We at **IAARHIES**, are committed for the sustainable development of education.

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## EDITORIAL

### **Greetings from IAARHIES and the Conference organizing Committee!**

At the very outset, we extend a warm welcome to all our distinguished guests, speakers and the participants who have joined us for this International Conference in Singapore.

We are happy to receive the research papers from all part of the world and some of the best papers published in this proceedings. The current edition of the proceedings brings out the various research papers from diverse area of Business, Economics, Management, Engineering, Technology, Science and Humanities. The IAARHIES conferences are an attempt to provide a platform to the researchers, educators and professionals to present their innovative thoughts and discoveries and to explore future trends and applications in the field of Engineering and Technology. However, this conference will also provide a forum for dissemination of knowledge on both theoretical and applied research on the above said area with an ultimate aim to bridge the gap between these coherent disciplines of knowledge. Our final goal is to make the Conference proceedings useful and guiding factor to audiences involved in research in these areas, as well as to those involved in design, implementation and operation, to achieve their respective goals.

We once again are thankful to all the delegates participating in this event in Singapore. We are sure about the contributions to be added by the participating authors to the research community and rapidly growing field of education throughout the globe. We are also thankful to all the International advisory members and reviewers for making this event a successful one.

We are specially thankful to **Mr. Momodou S Bah, Managing Director, MSB Solutions Ltd., The Gambia** for his valuable and supportive participation in IAARHIES International Conference, Singapore. We wish him all the success in life ahead.

*“Let your mind start a journey through a strange new world,  
Leave all thoughts of the world you knew before,  
Let your soul take you where you long to be,  
Close your eyes, let your spirit start to soar and you'll live as you've never lived before.”*

-Erich Fromm

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# Origin and Expansion of English in India and Major Challenges among Modern Technical Students about Sustainability of it

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**ABSTRACT** - The arrival of English Language in India is marked as a result of colonization. The British first arrived in India in the early of 1600s and soon after they began trading under the control of the East India Company. Lord Macaulay (1800-1859) a British Historian and Politician who served in India in 1834-38, played a major role in introducing English and western concepts to education in India. He supported the replacement of Persian by English as the official language, the use of English as the medium of instruction in all schools, and the training of English-speaking Indians as teachers. Till the most recent, English has acquired the reputation of being a language of emerging generation in India.

The present research paper throws light on how, despite of various pressure of nationalists in the country, English has become a widely spoken and understood second language in India and the basic challenges in learning English being faced by the modern students who hail from non-convent schooling and are pursuing Technical courses in various universities in the country. The article would be helpful to the students in learning English and through it achieving their goals. The paper also suggests the suitable remedies against these challenges by adopting certain scientific methods being introduced in the classroom transactions to draw fruitful conclusions. I have been teaching English to the Indian students for around 13 years. The paper would contain the details of the scientific methods being employed in the classrooms transactions with the positive conclusions with relevant case studies. I hope the paper would prove beneficial to the students feeling difficulties in learning English.

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Keywords: Introducing English Language in India, basic Challenges, remedies.

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## INTRODUCTION

While writing his essay entitled “The Gandhian Outlook”, Dr. S. Radhakrishnan, the distinguished indo-anglian writer and the former president of India states “If Gandhiji had lived longer; he would have worked to build a world state”. If the various countries of the world are to be seen as the part of that world state, it would not be an exaggeration to acknowledge English as the main language of this state. With the emergence of the concept of globalization, the world today, becoming more of a global village, English language has become a persuasive tool of socio-cultural and knowledge exchange. As a whole, English has acquired the reputation of being a major language of the globe today. In this paper, I have tried to explain the origin and development of English language in India and finally the major challenges of the modern technical students in the country who hail from the non-convent schooling and country background about sustainability of it along with the suitable remedies.

## ENGLISH GETS THE OFFICIAL STATUS IN INDIA

India is a country located in southern Asia. With over 1.2 billion people, India is the most populous democracy in the

world. It is a federal constitutional republic governed under a parliamentary system consisting of 29 states and 7 union territories. Every state has its own regional languages and these languages are totally different from the national language i.e. Hindi. India has been a land of diverse languages and hundreds of languages are spoken throughout the nation. According to the census 2001 “There are total 234 identifiable mother tongues which have returned 10,000 or more speakers each at the all-India level, comprising 93 mother tongues grouped under the Scheduled Languages (Part A) and 141 mother tongues grouped under the Non-Scheduled languages (Part B)”. In British India, English was the sole language used for administrative purposes as well as for higher education purposes. When India became independent in 1947, the Indian legislators had a big challenge in choosing a language for official communication as well as for communication between different linguistic regions across India. The choices available were:

- Making "Hindi" the official language (41% of total population identified Hindi as their native language).



- Making English the official language (as preferred by non-Hindi speakers, particularly Kannadigas and Tamils, and those from Mizoram and Nagaland).

- Declare both Hindi and English as official languages and each state is given freedom to choose the official language of the state.

The Indian constitution, in 1950, declared Hindi in Devanagari script to be the official language of the union. Unless Parliament decided otherwise, the use of English for official purposes was to cease 15 years after the constitution came into effect, i.e. on 26 January 1965. The prospect of the changeover, however, led to much alarm in the non Hindi-speaking areas of India, especially in South India whose native tongues are not related to Hindi. As a result, Parliament enacted the Official Languages Act in 1963, which provided for the continued use of English for official purposes along with Hindi, even after 1965. Now, English is the co-official language of India, with more than 90 million speakers throughout the country. After Hindi it is the most commonly spoken language in India and probably the most read and written language in India.

#### **ORIGIN AND DEVELOPMENT OF ENGLISH IN INDIA**

The origin of English language in India is marked as a result of colonization. The British first arrived in India in the early of 1600s and soon after they began trading under the control of the East India Company. Lord Macaulay (1800-1859) a British Historian and Politician, who served in India in 1834-38, played a major role in introducing English and western concepts to education in India. He supported the replacement of Persian by English as the official language, the use of English as the medium of instruction in all schools, and the training of English-speaking Indians as teachers. Till the most recent, English has acquired the reputation of being a most popular language of emerging generation in India.

The details are found in Indian history that at the outset of their ruling in India, the British searched for Indian mediators who could help them to administer India. The British turned to high caste Indians to work for them. Many high caste Indians, especially the Brahmans worked for them. The British policy was to create an Indian class who should think like the British, or as it was said then in Britain “Indians in blood and colour but English in taste, in opinions and morals and intellect”. The British also established in India universities based on British models with emphasis on English. These Indians also got their

education in British universities. Raja Ram Mohan Rai (1772-1833), the great social reformer, has come to be called as the “Maker of the Modern India”, was also in favour of the spread of English in India. His letter addressed to Lord Amherst (1773-1857) in the year of 1823 is often presented as evidence of local demand for English. Roy adopted to European learning, and according to him, English provided Indians with “the key to all knowledge – all the really useful knowledge which the world contains”. In his letter, Roy expresses his opinion that the available funds should be used for employing European gentlemen of talent and education to instruct the natives of India in mathematics, natural philosophy, chemistry, anatomy and other useful sciences, which the natives of Europe have carried to a degree of perfection that has raised them above the inhabitants of other parts of the world.

The English Christian missionaries came to India from 1813 and they also built schools at primary level for Indians in which the language of instruction was local language. Later on the missionaries built high schools with English as the language of instruction which obliged the Indians who wanted to study to have a good knowledge of English. The British rulers began building their universities in India from 1857. English became the first language in Indian education. The 'modern' leaders of that era in India also supported English language and claimed it to be the main key towards success. Indians who knew good English were seen as the new elite of India. Many new schools were established in which the language of instruction was English.

Just a few centuries ago, English was spoken by just five to seven million people on one, relatively small island, and the language consisted of dialects spoken by monolinguals. Today there are more non-native than native users of English, and English has become the linguistic key used for opening borders: it is a global medium with local identities and messages. English has become a world language, spoken by at least 800 million people. It is more widely spoken and written than any other language, even Latin, has ever been. It can, indeed, be said to be the first truly global language. English is nowadays the dominant or official language in over 60 countries.

## **MAJOR CHALLENGES AMONG MODERN TECHNICAL STUDENTS ABOUT SUSTAINABILITY OF ENGLISH LANGUAGE & SUITABLE REMEDIES**

Today, there are more than a million English medium schools established throughout the country and they impart English education and a student of such school gets fluency in English language as soon as it reaches between 5th to 8th standard levels. Private English medium schools are gaining popularity throughout India as urban upper middle class Indians who feel that English is the global language send their children to these schools. Increasingly, many poor families too are sending their children to English medium schools due to the poor quality of education in Government run vernacular medium schools. Along with their respective studies, the students are provided with ample opportunities to be fluent in English language. The results are very positive and they become expert not only in speaking but also in reading and writing effectively. The English spoken environment also helps them to enhance their listening skills.

But the case is different with the students who hail from rural background and non-convent schooling. The present research paper throws light on the basic challenges in learning English being faced by the modern students who hail from non-convent schooling and are pursuing technical courses in various universities in the country. Once they are devoid of acquiring fluency in English language up to the college level, it becomes a major challenge in their life to be fluent in it. Here, I have tried to explain the main causes of this complex problem and ultimately reached to some of the solutions that may prove beneficial to these students of the country and the students facing the similar problems throughout the globe.

The primary reason of the students about reading English is, no doubt, to get through the exams being conducted at the end of the year in every class. But ultimately, this knowledge has to be applied in their day-to-day life. In his preface to the book entitled "Contemporary English Grammar for Scholars and Students", JD Murthy says that the students read English grammar merely for "the Grammar's sake" implying that English grammar is learnt or taught as per to make students acquire marks in the exams. This may be considered as the primary reason. Language learning is a natural process for the natives. But for the students of other languages, deliberate efforts are required to learn a foreign language. The students of rural and semi-urban areas in India face problems as English is

not their mother-tongue. For such students, respective problem centred methodologies are to be developed by the teachers. While speaking about methodology, Edward M. Anthony says that "method is an overall plan for the orderly presentation of language material no part of which contradicts and all of which is based upon, the selected approach". The orderly presentation of language to students is influenced by several factors. The teacher has to keep in mind the age of the student, his native language, his cultural background and his previous experience with English. The goal of a course must be kept in mind by the teacher to achieve the desired effects – whether it is aimed at reading, fluency in speech, inculcating translation skills etc. All these objects shape methodology. The traditional method of teaching English seems faulty in itself. The method used in Hindi medium schools to teach grammar is very problematic. For example, while teaching tense study, instead of teaching the proper use of a particular tense, it is taught to the students that if a Hindi sentence ends with "Ta Hai" or "Ti Hai", use the structure of simple present tense or similarly the sentences ending with "Rha Hai" or "Rhi Hai", the structure of present continuous tense is recommended and so on. Once, the student adapts to the wrong methods of implementing Grammar in his/her formative years, it becomes very difficult to make him/her understand the universal usages of grammar. The students get no idea of proper sentence structure. Learning a second language means acquiring a system of rules, but a very little is known about these rules and students find themselves unable to express in English. The students of rural areas do not realize the importance of English as a language of communication whereas this is the most important aspect of this global language. They lack the confidence to speak in English and their expression in the language is poor. First reason is that they have been taught English through Grammar-Translation Method. This method makes them dependent on their mother tongue. Whatever they read, they translate it into their own vernacular.

To solve all these issues, a systematic approach should be followed. The teacher should aim at teaching primarily, not knowledge but skill, the different skills required for good Listening-Speaking-Reading and Writing. Teachers should find some way of helping students to enjoy their language activities, and of building their confidence. Hesitation and low confidence in speaking English are the fruits of improper knowledge of grammatical rules. The English teacher should have the wide-ranging enthusiasm and imagination. It can make English course interesting to

the students and they would be implying their learning in practical life. Secondly, to become fluent in the target language is somewhat a matter depends on the atmosphere building. The teacher, after working on the fundamental grammar, should change the Grammar translation method to the direct teaching method. Students should be given at least 5-10 minutes to speak in English on a given topic in the presence of the teacher with the complete English spoken atmosphere. Situational dialogues also play an important role in removing hesitation, to get fluency and improving the student's pronunciation if it is tried by the students in the presence of the teacher.

For the better results of the English spoken classes, students should also be taken out to a public place or a park once a week where the teacher can organize various activities. When they would speak in public, it would greatly be effective to enhance their confidence level. To handle the problem of lack of vocabulary in the students, productive and receptive use of words should be kept in mind. The students should be made to learn simple words. They may be suggested to read daily English newspapers. This will help in inculcating a habit of learning new words in them. Their newly learnt words will become a part of their own vocabulary and they will be in a position to use those words. This is the natural process of movement at need from receptive to productive use of the words. This enhancement of vocabulary will result into better expression. The common errors made by the students in the different usages of the same word can be cured by this technique. Normally, the students can not differentiate between Noun and Verb, adjective or adverb. They should be clearly guided about the difference between the parts of speech by practice. They can be made aware of the different parts of a word - root, suffix, prefix and how they can change the total meaning of the word by adding suffix or prefix with the root word. After laying stress on their vocabulary, students should be guided towards reading habits. Reading is the core of language learning. Students can acquire the speed and skills for practical purposes. They should be guided to mark the idioms and how the use of idioms makes the expression better. While reading, the students would also mark the difference in similar looking phrasal verbs.

The another major problematic area is the literacy rate of the country. Literacy and level of education are basic indicators of the level of development achieved by a society. Spread of literacy is generally associated with important traits of modern civilization such as modernization, urbanization, industrialization,

communication and commerce. Literacy forms an important input in overall development of individuals enabling them to comprehend their social, political and cultural environment better and respond to it appropriately. Higher levels of education and literacy lead to a greater awareness and also contributes in improvement of economic and social conditions. It acts as a catalyst for social upliftment enhancing the returns on investment made in almost every aspect of development effort, be it population control, health, hygiene, environmental degradation control, employment of weaker sections of the society. Though, according to the census 2011, Indian literacy rate has grown to 74.04% from 12% at the end of British rule in 1947. Although this was a greater than six fold improvement in literacy rate but the level is still below the world average literacy rate of 84%. The most shocking fact is that of all the nations, India currently has the largest illiterate population. The following table shows the comparative status of literacy rate of the country:

Country	Literacy rate	Male	Female	Year
India	74.04	82.14	65.46	2011

To tackle the problem of illiteracy and to eradicate illiteracy in India, the efforts of Indian Government, all the state governments, NGOs and reformers are praiseworthy. Along with the implementation of Policy on Education in India, various schemes like NLM (National Literary Mission), SSA (Sewa Shiksha Abhiyan), Adult Literary Programme etc are being implemented by the Government effectively to achieve 100% literacy in the country. The results are very positive. The Right of Children to Free and Compulsory Education (RTE) Act 2009 now ensures Right of children to free and compulsory education till completion of elementary education in a neighbourhood school in the Country.

#### CONCLUSION

As the literacy rate is growing up day-by-day in the country, the number of English speaking people is growing higher. English symbolizes in Indian minds, better education, better culture and higher intellect. In present times, English is the most preferred language. Indian accent is sometimes difficult for non-Indians to understand. Actually English has co-existed in the Indian sub-continent alongside thousands of local languages. It has remained at the heart of the Indian society. According

to recent surveys, approximately 90 million people use English. It means India is the largest English speaking community outside USA and the UK. As India celebrates its 67th year of independence from British rule, English continues to expand its empire. I hope that the coming generation from non-convent schooling and rural background would recognize the value of the language and they would attempt meaningfully to be perfect in this global language.

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# AMUSEMENT PARK'S CORPORATE IMAGE MANAGEMENT PROGRAM: AN INTEGRAL PART IN THE WHOLE ORGANIZATIONAL SYSTEM

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**ABSTRACT:** "Corporate values" is the "heartbeat of excellence that intrinsically motivates and inspires people in organization". These values are anchored in the mission and vision of the company and integrated in the HR policies and practices. Corporate values integrated to Organizational Support (OS), Psychological Contract (PC), and Employee Engagement (EE) practices were considered in the study as basis for the development of Corporate Image Management Program of selected amusement parks. The study is perceptual in nature. It employs descriptive research method. A self-structured questionnaire developed by the researcher was distributed to regular employees of the three most known amusement parks (Star City, Splash Island, and Zoobic Safari). In general sense based on the overall result from the survey, there are no significance in the perception of respondents with regards to the extent of effectiveness of the organizational support and employee engagement provided by the organization when grouped according to position and length of service and with regards to the importance of corporate values and the extent of effectiveness of the integration of the corporate values to the organizational support and employee engagement provided by the organization. Based on the results the most suggested action given by the respondents are: **(1)** Support programs and policies that care for workers needs; **(2)** Give employees the authority to improve operations, reduce cost and assist customers; and **(3)** Communicates values and ask feedback from employees.

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**Keywords:** Corporate Image, Organizational Support, Employee Engagement

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## INTRODUCTION:

Corporate values according to Joanna Barclay in her book *Conscious Culture*, is the "heartbeat of excellence that intrinsically motivate and inspire people in organization". These are things managers want to make sure are frequently acknowledged and recognized by everyone in the organization. The more a person is aware of his/her values the more valuable the values become for them. These values should be anchored in the vision, mission, goals and objectives of the organization. Management ensures that these values are integrated in the whole organizational system of the firm from the management style, HR practices, policies and procedures formulated. The integration of corporate values to the organizational support and employee engagement practices in the organization is important so that the employees become aware and conscious of how important his role is in achieving the objectives of the company. Perceived Psychological Contract of employee from the consistent

support of the organization, Organizational Support and employee engagement addresses the need of employees as one of the resources of the organization in achieving its goals and objectives.

Using corporate values integrated to organizational support, process of perceived psychological contract of employee and employee engagement practices in developing corporate image is a challenging task for every organization. This is true especially of Amusement Parks because they bring happy experience to different sectors of the community particularly the family. In the amusement park, the family is able to bond and spend time together. The experience they have in the park will bring back memories of good times spend together.

## LITERATURE:

A literature review was made to enable the researcher to have a better insight and a clear perspective of the field

under research. The research noticed that information on related literature and studies associated to the research on hand is only available for foreign books and published researchers thus; this is the challenge of the research to relay facts from foreign concepts to the Philippine setting. Attitudes can have a significant effect on the behaviour of a person at work. Employees with higher levels of perceived organizational support are likely to have positive attitudes and behaviours. It would increase employees' felt obligation to help the organization reach its objectives, their affective commitment to the organization, and their expectation that improved performance would be rewarded. Behavioural outcomes of perceived organizational support would include increases in job performance and job satisfaction and decreases in turnover.

It can also be inferred from the discussion that when employees feel supported their outcomes towards organization are always positive which helps organization to achieve its goals. In summing up it can be concluded that giving value to employees is actually giving value to itself. It is suggested that not only the perceptions on organizational support and external prestige are important to employees' perceptions of the quality of their exchange relationships with their organizations, but also suggest that these perceptions affect employees' work attitudes and behaviours indirectly, through the quality of exchange relationships with their organization.

A study from the hotel Industry, also suggest that perceived organizational support has a significant effect on job satisfaction. Namely, employees who feel their organization as supportive are satisfied with their job. Several methodological studies demonstrated that employees who are supported from their organization are satisfied with their job (Buchanan, 1974; Susskind et al., 2001; Tansky and Cohen; 2001; Riggle et al., 2009). Employees who are satisfied with their jobs give a better performance (Robbins and Judge, 2009) and contribute to organizational effectiveness (i.e. commitment and lower

employee turnover intentions). Considering the importance of job satisfaction for organizations hotel managers should support their employees so as to continue to work with satisfied employees.

According to the findings of this study, perceived organizational support has a significantly positive effect on affective commitment. In other words, employees will feel more attached to the organization if they receive support from organizations. Consistently with the findings reported by Eisenberger et al. (1986), Eisenberger et al. (1990), Randall et al. (1999) and Rhoades and Eisenberger (2002) the belief is that employees who are cared for and valued by their organizations will attach to their organization in an effective way.

Encompassing all concept of Corporate Values, Corporate Culture Organizational Support and Employee Engagement, all these will sum up to the result of an organization having good Corporate Image in the course of its operational existence in the industry and community it operates. Several studies will prove this concept otherwise as follows:

Building a corporate image is reported to be an integral part of state owned companies and firms in Uganda. This finding indicates that the state-owned companies in Uganda are in the right direction as far as ensuring that they are known for the right reasons and for ensuring quality services are availed to the intended consumers. The findings reveal that the corporate image aspect is significant in influencing the overall performance of these entities. This level of significance need not to be considered lightly since it reflects what the consumers (the people) want. It is therefore recommended that the state owned entities operating in Uganda consider building their image in the public by critically performing what is expected of them and offering service beyond customer expectation (Namubiru, et al., 2014).

In modern competition environment, as consequences of the efforts made to survive and to create an image on

consumers' minds, brand image is established successfully and brand loyalty is increased as a result of customer satisfaction and brand loyalty. Now, the retail businesses understand the significance of how they are perceived by their target audiences.

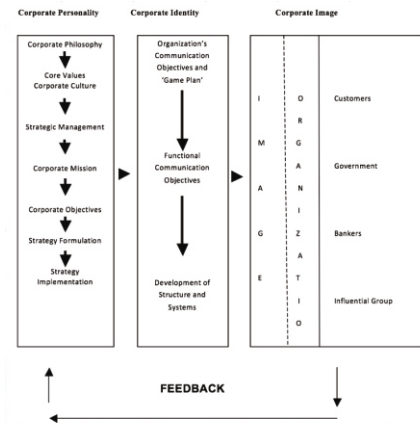
This study seeks to analyze and measure how consumers perceive the corporate image variables of food and garment retail businesses in Istanbul and how and in what these variables effect customer satisfaction extend and how customer satisfaction influences brand loyalty. The relation between "Retailer Corporate Image" and "Customer Satisfaction" has been examined with regression analysis; and 6 variables, related to "Customer Satisfaction" (Store Layout; SL, Store Prestige: SP, Service Quality of Store: SQS, Products: P, In-Store Promotion: ISP and Support Services and Equipment: SSE) has been determined. In the research results, it has been examined that all these variables comprising corporate image influence the customer satisfaction in an adjuvant sense.

The results suggest that the level of profitability was significantly embraced by employee satisfaction, service offering and physical environment. However, the impact of employee satisfaction on profitability appears to be much stronger than other variables, therefore hypothesis three, which states that employee satisfaction is a function of an effective and good corporate image is accepted. Another finding from this study suggests that service offering has an impact on profitability, which tends to accept hypothesis four, "organization" service offering has a positive relationship with customer satisfaction."

Social exchange theory highlights the importance of understanding employees' motivation and its relation to the achievement of organizational goals. Such approaches to organizational behaviour incorporate employees' motives to carry out specific activities within mutual obligations employees-employers. Present article present two contemporary social exchange theories:

Organizational support theory (OST) and Psychological contract theory (PCT).

**Figure 2 - The Corporate Image Management Process**

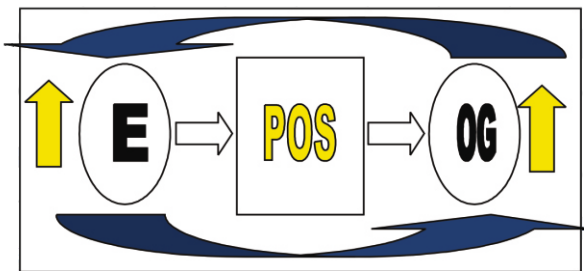


OST maintains that employees form global belief concerning the extent to which the organization cares about them and values their contributions to the organization. Such perceived organizational support (POS) is assumed to be based on the favorableness of employees' history of treatment by the organization. OST maintains that, based on the norm of reciprocity, employees strive to repay the organization for a high level of support by increasing their efforts to help the organization reach its goal.

Figure 4 illustrates the OST - The Square shape that envelope all other shapes and figures represents the ORGANIZATION. The oval shape with the letters "OG" and "E" represents the ORGANIZATIONAL GOALS and EMPLOYEES respectively. The rectangular shape with the letters "POS" for the perceived organizational support of the company provided to the employee. The blue arrow over and below the oval shape with the letters "OG" and "E" symbolizes the reciprocity of the support norm system from organization to its employees and from employees to the organization. The yellow arrow signifies the high level and consistent support provided by the organization and the after math is an increasing effort of the employees to

repay the organization for the high level of support to reach its goal. OST happens only when the organizational support is provided adequately and consistently by the organization as perceived and experienced by the employee, otherwise the PCT will apply.

Figure 3 – Organizational Support Theory

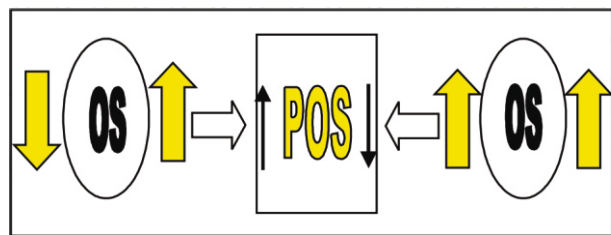


On the other hand, PCT argues that employees form beliefs about the particular types of resources that they are obligated to provide to the organization and that the organization is obliged to provide to them in return. Based on resources promised to them and the obligations that are both communicated by the organization and implied by the norm of reciprocity, employees form a psychological contract with the organization. PCT emphasizes on the role of perceived failure of the organization to keep its promises as a key determinant of employees' dissatisfaction and poor performance.

Figure 6 illustrates the concept of PCT - Psychological Contract Theory applies when the organizational support from the organization itself becomes inconsistent and inadequate as experienced by the employee. Employees' dissatisfaction arise from the perceived failure of the organization to keep its responsibility to support its employees needs as a result yields employees' poor performance. To exemplify the figure below, the Square that envelopes all other shapes and figures represents the ORGANIZATION. The oval shape with the letters "OS" signify ORGANIZATION SUPPORT. The rectangular shape with the letters "POS" is for the perceived

organizational support from the company to the employees. The yellow arrow signifies the decreasing organizational support to the employees as a result employees become dissatisfied and yields poor performance. PCT happens only when the perceived organizational support is not provided consistently by the company as perceived and experienced by the employee, otherwise the OST will apply

Figure 4 – Psychological Contract Theory



Both OST and PCT assume that employees increase their efforts carried out on behalf of the organization to the degree that the organization is perceived to be willing and able to reciprocate with desirable impersonal and socio-emotional resources. Employees who receive highly valued resources (eg pay raise, development training opportunities) would feel obligated, based on the reciprocity norm, to help the organization reach its objectives through such behaviours as increased in-role and extra-role performance and lessened absenteeism.

OST and PCT's employee-employer association considered by the two theories are mutually interdependent rather than being independent. Significant process presented by each of the theories influence the relationship illustrated by the other theory. Therefore, the concept of the other theory implicates the concept described by other theory.

**Social Change Theory** is about the concept of motivational theory. Motivating is not an easy task.



Despite much research and study no foolproof rules have been formulated that can safely be said to solve the problem of motivation in all cases. In fact no satisfactory rules for every situation can be offered simply because human behaviour cannot be predicted with any certainty. From the discussion made on OST and PCT, though not mentioned, the researcher assumes that **motivation** is the key to the whole concept of perceived organizational support expected from the organization and the role of perceived failure from the organization when promises are not fulfilled as expected of the Social Exchange Theory. As we all know, there are no perfect organization and that not all expectations will manifest and not all promises will materialize in every corporate undertakings. As such, it is realistically understood that there should be one strong core values to be integrated and consistently inspire and stimulate people's drive to engaged and participate in attaining the organizational goals.

As to organizational support and employee engagement, the researcher believes that motivation is one key factor to achieve this --- one theory that sets the ground rule for all almost all discipline in the industry is the Maslow's Hierarchy of Needs Theory which states that human needs is the context of hierarchy, ascending from the lowest to the highest order and that when one set of needs is satisfied, this kind of need ceases to be a motivation.

From figure 7, the need theory shows that the low-level once satisfied would make to be self-motivated to achieve more to the higher-level of need in the hierarchy. This theory is also related to David C. McClelland's need theory but only identifies three basic types of motivating needs

such as Need for Power, Need for Affiliation, and Need for Achievement which states that every individual has a mixture of these needs in varying degrees depending on the status and position of an individual in an organization (Zulueta and de Lara, 1999).

These two theories are very much related to OST that when employees' needs and wants are well satisfied by the organization and in the context of the reciprocity system, employees will strive to repay a good treatment of the organization through organizational support.

Another related motivational theory and will support the Social Change Theory of employee-employer relation specifically the PCT theory is the Two-Factor Theory by Frederick Herzberg that identifies two groups of factors that will explain employee motivation. The first group is termed "hygiene" that is geared to environmental factors such as salary, supervision, status, job security, working conditions, company policy, administration and interpersonal relations. The second group is termed "satisfiers" that directly concern job content such as work itself, recognition, and advancement, the possibility of growth, responsibility and achievement. This theory points out that true motivation occurs only when both the motivators and hygiene factors are present (Henson, 2009).

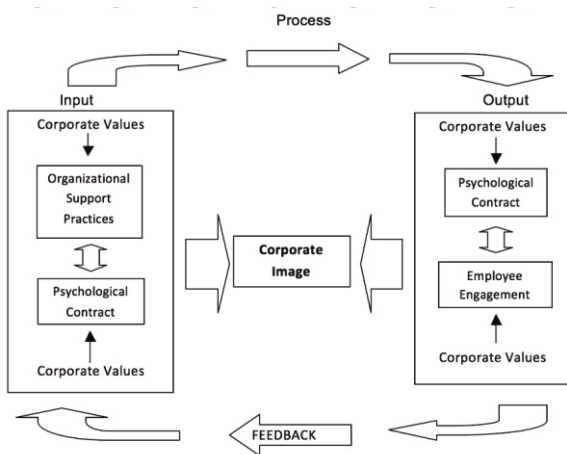
Motivation results from a person's attitudes reacting to specific situation, it is the strength of the drive toward an action. This could also infer in a general context not only in an organization setting that only few human activities takes place without motivation while nearly all conscious

behaviour is motivated or caused.

From the concepts and theories presented in this chapter, the conceptual framework which guided this study is presented.

The research paradigm indicates the determining factors in the formulation of a corporate image program under inputs. The steps to be taken in the assessment, evaluation and fabrication of a corporate image program fall under the process. The result of the process to be undertaken with serious consideration of the factors to focus on will produce a corporate image program for the selected amusement parks under output.

**Figure 6 – Conceptual Framework**



**METHODOLOGY**

This study is a combination of a Qualitative and Quantitative research. For the qualitative part of this research, ethnography will be used to understand how behaviours reflect the culture of a group of a specific field site where a group of people share a common culture and to utilize said information to develop a Model Corporate

Image Program through Integration of Corporate Values to Organizational Support Practices and Employee Engagement Practices in Selected Amusement Parks in NCR. The researcher would like to apply the Purposive non-probability sampling questionnaire Managers/Supervisors and other Rank and File Employees.

For the Quantitative part of this research, criterion sampling method will be used to explain the relationship between variables, such as, the different organizational support and employee engagement practices in the organization. It will also test the effects of an intervention or change; if effects are due to the intervention of certain variable that would comprise as such the Organizational Support Practices, Employee Engagement Practices, and Corporate Values to shape a strong Model Corporate Image Program. Independent variables in this study is the formulation of Corporate Image program appropriate in the industry for Amusement Parks while the dependent variables in this study are the Corporate Values, Organizational Support system of the organization, and Employee Engagement.

**RESULTS**

The statement of the problem served as a frame of references in presenting the salient findings of this research.

Park	Total Employees	Managers	Sample size	Available data	Employee	Sample size	Available data	Total Gathered Data
Star City	500	57	50	55	443	210	221	276
Splash Island	200	20	19	43	180	124	138	181
Zoobic Safari	300	45	40	31	255	156	150	181

**Table 1- Sampling: Company and Individual Respondents**

Profile of the Respondents

Frequency, Percentage and Rank Distribution of respondents according to Position

Table 2. Position

Rank	Frequency	Percent
Manager	17	1.8
Rank and File	712	76.8
Supervisory	198	21.4
Total	927	100.0

Across all three amusement parks, most employees are Rank and File at 76.8%. This is due to the nature of the amusement business

Table 3. Length of service

Length of service	Frequency	Percent
1-3 years	239	25.8
4-6 years	258	27.8
7-9 years	182	19.6
More than 10 years	248	26.8
Total	927	100

Table 3 shows that most employees stayed in the company long enough and it could be inferred that they enjoyed the nature of their job.

Table 4. Educational Attainment

Attainment	Frequency	Percent	Valid Percent	Cumulative Percent
Bachelors degree	259	27.9	27.9	27.9
High School	344	37.1	37.1	65.0
Masters degree	10	1.1	1.1	66.1
Vocational	314	33.9	33.9	100.0
Total	927	100.0	100.0	

Table 4 suggests that employees are high school and vocational graduate at 37.1 and 33.9 percent respectively.

*What are the practices provided by the organization and to what extent are these effective as perceived by respondents?*

Table 5. Descriptive statistics of the Support Practices

Practices	N	Mean	Std. Deviation
Organizational Support Practices	898	2.9609	.62962
Psychological Support Practices	918	2.7667	.66088
Employee Engagement Practices	925	3.0090	.64134

No significant difference between the EEP and OSP at .04 and between OSP and PCP at .2 mean respectively. Though, between EEP and PCP there is a significant of .24 as to the extent of these variables effective as perceived by the respondents. *Is there a significant difference in the*

*perception of respondents as regard the extent of effectiveness of the organizational support and employee engagement provided by the organization when grouped according to position and length of service?*

Using One-Way ANOVA test, there is a statistical significant difference in the perception of respondents in all of the three practices, when grouped according to position.

Table 6. ANOVA Table by Position

		Sum of Squares	df	Mean Square	F	Sig.
OSP	Between Groups	4.392	1	4.392	11.206	.001
	Within Groups	351.201	896	.392		
	Total	355.593	897			
PCP	Between Groups	4.052	1	4.052	9.362	.002
	Within Groups	396.465	916	.433		
	Total	400.517	917			
EEP	Between Groups	4.453	1	4.453	10.943	.001
	Within Groups	375.602	923	.407		
	Total	380.055	924			

There is a significant statistical difference between the perception of employees when grouped according to length of service.

Table 7. ANOVA Table by Length of Service

		Sum of Squares	df	Mean Square	F	Sig.
OSP	Between Groups	10.566	3	3.522	9.126	.000
	Within Groups	345.027	894	.386		
	Total	355.593	897			
PCP	Between Groups	20.755	3	6.918	16.651	.000
	Within Groups	379.762	914	.415		
	Total	400.517	917			
EEP	Between Groups	9.618	3	3.206	7.971	.000
	Within Groups	370.437	921	.402		
	Total	380.055	924			

There is no significant difference in the perception of respondents as regard the extent of effectiveness of the organizational support and employee engagement provided by the organization when grouped according to those who stayed longer in the company.

*What are the corporate values of the organization and to what extent are these important and effectively integrated to the organizational support and employees engagement provided by the organization?*

In general, the results depicted that respondents perceived EE, OS and PC all important but less effective based on the garnered percentage. It could be infer that though an idea/concept is essential but its effectiveness may be less felt and practiced as expected.

Based on the results of the study, Customer Service and Teamwork (Sometimes) tie-up and garnered the highest percentage in how both are perceived effective and important by the respondents in the Organization as Employee Engagement and Organizational Support is consistently implemented by management in the Organization. It could be deduced that these Corporate Values are the ones that obviously manifested and lived by people in the Organization as they go about in the accomplishment of their work.

*Is there a significant difference in the perception of respondents as regard the importance of corporate values and the extent of effectiveness of the integration of the corporate values to the organizational support and employee engagement provided by the organization?*

Using One-Way ANOVA test, results show that in terms of position, there significant statistical differences in the perception of the respondents in effectiveness of Organizational Support Practices, Psychological Contract Practices, and Employee Engagement Practices, while there are no statistical significant differences in the effectivity of the three variables.

However, when grouped by length of service, there are significant differences in the three practices (Organizational Support Practices, Psychological Contract Practices, and Employee Engagement Practices), with regards to their importance and effectiveness.

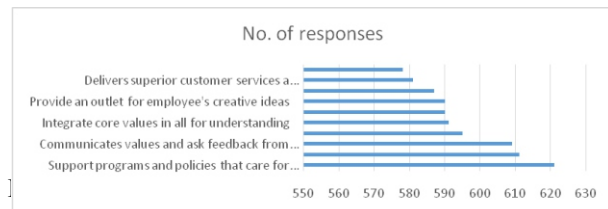
ANOVA- Grouped in terms of POSITION

		Sum of Squares	df	Mean Square	F	Sig.
OSP_EFFECT	Between Groups	3.017	1	3.017	6.812	.009
	Within Groups	361.443	816	.443		
	Total	364.461	817			
OSP_IMPORTANCE	Between Groups	.570	1	.570	1.104	.294
	Within Groups	477.281	925	.516		
	Total	477.851	926			
PCP_IMPORTANCE	Between Groups	1.077	1	1.077	2.764	.097
	Within Groups	321.340	825	.390		
	Total	322.416	826			
PCP_EFFECT	Between Groups	8.407	1	8.407	18.790	.000
	Within Groups	353.921	791	.447		
	Total	362.328	792			
EEP_IMPORTANCE	Between Groups	.005	1	.005	.015	.904
	Within Groups	318.112	901	.353		
	Total	318.117	902			
EEP_EFFECT	Between Groups	5.521	1	5.521	11.877	.001
	Within Groups	373.723	804	.465		
	Total	379.244	805			

ANOVA- Grouped in terms of LENGTH OF SERVICE

		Sum of Squares	df	Mean Square	F	Sig.
OSP_EFFECT	Between Groups	41.587	3	13.862	34.949	.000
	Within Groups	322.874	814	.397		
	Total	364.461	817			
OSP_IMPORTANCE	Between Groups	40.590	3	13.530	28.560	.000
	Within Groups	437.261	923	.474		
	Total	477.851	926			
PCP_IMPORTANCE	Between Groups	29.521	3	9.840	27.650	.000
	Within Groups	292.895	823	.356		
	Total	322.416	826			
PCP_EFFECT	Between Groups	15.330	3	5.110	11.619	.000
	Within Groups	346.998	789	.440		
	Total	362.328	792			
EEP_IMPORTANCE	Between Groups	19.832	3	6.611	19.923	.000
	Within Groups	298.286	899	.332		
	Total	318.117	902			
EEP_EFFECT	Between Groups	17.898	3	5.966	13.241	.000
	Within Groups	361.346	802	.451		
	Total	379.244	805			

What suggestions are offered to develop corporate image through integration of corporate values to organizational support and employee engagement?



suggested action are: **(1)** Support programs and policies that care for workers needs; **(2)** Give employees the authority to improve operations, reduce cost and assist customers; and **(3)** Communicates values and ask feedback from employees.

**DISCUSSION**

Based on the significant findings of the study, the following conclusions were drawn:

1. Across the three amusement parks, majority of the employees are rank and file at an average of 76.1% due to the nature of operations of the organization in the industry of amusement parks. The nature of operations does not need a college degree holder with masters as what the organization needs are those individual who would handle and operate mechanically distinct rides and manage and receive payments from customers.
2. At an average across the three amusement parks, most employees have stayed in the organization from 4 years to more than 10 years. This result conveyed that organizational commitment is evident and employees are

engaging.

3. Since most employees are rank and file across the three amusement parks, the result on educational attainment is congruent to the employees' position in the organization. Employees in the rank and file are high school and vocational course graduate.

4. Employee Engagement practices scored the highest across the amusement parks at 3.0% in comparison to Organizational Support practices and Psychological Contract practices as perceived by the respondents to the degree of effectiveness that is provided by the organization to its employees.

5. There is no significant difference has been noted from amongst the variable in terms of the perception of respondents as regard to the extent of effectiveness of the organizational support and employee engagement provided by the organization when both are grouped according to position and length of service.

6. There is no significant difference in the perception of respondents as regard the importance of corporate values and the extent of effectiveness of the integration of the corporate values to the organizational support and employee engagement provided by the organization amongst the three (3) variables in general but when grouped by position results shows that there is significant statistical differences in the perception of the respondents in effectiveness of Organizational Support Practices, Psychological Contract Practices, and Employee Engagement Practices and when grouped according to length of service there are significant differences in the three practices (Organizational Support Practices, Psychological Contract Practices, and Employee Engagement Practices), with regards to their importance and effectiveness.

7. Customer Service and Teamwork made a significant difference from amongst the corporate values listed as regard to the extent of importance and effectiveness in the integration of corporate values provided by the

organization.

In a general context, the three (3) variables --- Employee Engagement, Organizational Support and Psychological Contract --- which will aid to develop the highlight of this paper that is to conceptualize an effective Corporate Image Program for the Amusement Park Industry will have to be understood thoroughly according to its relevance and connection.

8. Based on the answer of the respondents, the most suggested action are: **(1)** Support programs and policies that care for workers needs; **(2)** Give employees the authority to improve operations, reduce cost and assist customers; and **(3)** Communicates values and ask feedback from employees.

## CONCLUSIONS

In the light of the significant findings of the study that brought about significant conclusions, the following recommendations are provided:

Support programs and policies that care for workers needs, Give employees the authority to improve operations, reduce cost and assist customers, and Communicates values and ask feedback from employees are the three common components that emerged from the suggested action given by the respondents from Enchanted Kingdom, Star City, Splash Island, Zoobic Safari and Manila Ocean Park pertaining to the formulation of Corporate Image Program/Model. Below are insights regarding the three (3) components as follows:

### **Support programs and policies that care for workers needs**

This is the integral and essential part from amongst an organization' values – as they say, that people in the organization are the lifeblood of the business, they are the most important asset of every organization thus, making them feel important through organizational support that would make their task easier and effective.

### **Give employees the authority to improve operations, reduce cost and assist customers**

Another ingredient in the formulation of Corporate Image is to give employees the authority to improve operations, reduce cost and assist customers. Making people engaged is not impossible if they feel empowered --- being able to decide on matters within the scope of their responsibility and being able to be of aid and of assistance with the organizations' goals and objectives.

**Communicates values and ask feedback from employees**

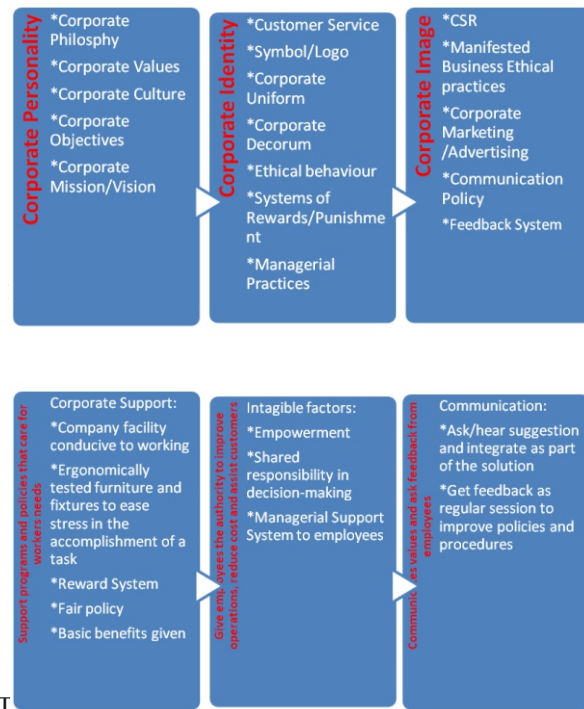
Organizations' should be able to communicate appropriate values efficiently not only to its external public but more so to its internal public because people in the organization are the ones expected to live these values of the organization and make it real as related to the products and services it renders to the its consumers/customers in the industry from which it operates. Proper communication employs proper handling of feedback and how this is to be explained and modified to appropriately fix flaws of the core values that will reconstruct errors and creates a better system of the organization from which all employees are expected to live by and implement. If done effectively, will ensure an suitable and effective Corporate Image Program.

Each of the suggested action of respondents entails activities to be done as depicted in the tabular Corporate Image Program shown below. Listed activities will ensure (if done accordingly) a fitting Corporate Image distinct and appropriate to Amusement Park Industry.

The researcher has migrated and integrated concepts between the RRLS that identifies an attempt to discuss the differences between corporate personality, corporate identity, and corporate image. The three (3) concepts once understood, are then combined into a conceptual model explaining the corporate image management process and the suggested action by respondents to aid in the formulation of Corporate Image Program for Amusement Parks such as (1) Support programs and policies that care for workers needs; (2) Give employees the authority to improve operations, reduce cost and assist customers; and (3) Communicates values and ask feedback from

employees.

**Figure 7 – Applied Corporate Image Management Process**



The Program as distinctly emerges from the concept of Corporate Management Process and the suggested actions of the respondents are corporate personality and Identity. From these two (2) variables, Corporate Image emanates. It is therefore, essential to identify and understand the factors involve in these variables in order to make an effective Corporate Image Program that works. As shown in the above figure, the factors involved in the development of Corporate Personality is in the core of the organization that is to integrate these factors to the system that its people will adapt, to the manifestation of Corporate Identity that would distinctly provide a particular Corporate Image that would be perceived by its external public and its constituents.

More so, the suggested action of the respondents conveys that in order to make an effective Corporate Image Program, an organization should start from the core --- its

people! It is quite evident from the suggestion that organization should work on to the core that handles its operations that naturally creates for the organization its distinct personality translated to identity and manifested as an IMAGE that its external public and constituents could identify with, the very essence why its customers and clients avails its products/services.

Table 9 – Corporate Image Program

	Suggested Action	Factors to pursue	Integration/Evaluation/Validation	Timeline
<b>Corporate Personality</b> Target Audience: Employees	Organizational Support	1. Company facility conducive to working 2. Ergonomically tested furniture and fixtures 3. To ease stress in the accomplishment of a task 4. Reward System 5. Fair policy 6. Basic benefits given	1. Corporate Philosophy 2. Corporate Values 3. Corporate Culture 4. Corporate Objectives 5. Corporate Mission/Vision	Every 5years assessment if integration is still relevant to the organizations' day-to-day operation
<b>Corporate Identity</b> Target Audience: Employees	Empowerment	1. Shared responsibility in decision-making 2. Managerial Support System to employees	1. Customer Service 2. Symbol/Logo 3. Corporate Uniform 4. Corporate Decorum 5. Ethical behaviour 6. Systems of Rewards/Punishment 7. Managerial Practices	Every end of the year to validate integration
<b>Corporate Image</b> Target Audience: Constituents Customers Public	Feedback System	1. Ask/hear suggestion and integrate as part of the solution 2. Get feedback as regular session to improve policies and procedures	CSR Manifested Business Ethical practices Corporate Marketing /Advertising Communication Policy Feedback System	Immediate that is relevant to the situation

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# THE IMPROVEMENT OF SMEs MARKETING PERFORMANCE THROUGH GREEN MARKETING APPROACH

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**ABSTRACT:** The aim of this research is to determine the implementation effect of Green marketing dimension to improve the marketing performance. The importance of human safety and the universe becomes the responsibility of all areas of the institution, profession, and businesses such as producers of Small Medium Enterprises (SMEs). The population is all producers of SMEs listed on the SME Center in Semarang city around 97 business units with saturated sampling techniques. The results showed the value of Sig count on dimensional green product and green price > Sig 0.05 and it shows H1 and H2 rejected, means that the dimensions of green product and green price have no influence on the marketing performance. It different with the dimension of green place and green promotion obtained sig count value < Sig 0.05, shows that H3 and H4 received, it means that there are influences of green place and green promotion in marketing performance.

The conclusions of this research have shown that the higher of awareness to implemented green product and green price on SMEs products have not been able to improve the marketing performance. However, the other conclusions shows the producers have to consider the implementation of green place and green promotion of SMEs products in order to enhance the quality of marketing performance. The Suggestions of this research is the producers of SME have to begin to implemented green marketing approach to their business gradually, so the company contributed actively and responsible to consumer safety and natural balances.

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**Keywords:** Green Marketing (Green Product, Green Price, Green Price, Green Promotion) and the Marketing Performance.

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## INTRODUCTION

Green Marketing can be explained as a safe environmentally marketing to reduce the impact of environmental crisis (D 'Sauza, 2006). Green marketing besides a concept approach also provides an opportunity to create awareness of consumers and the environment so it able to increase market share in the competition. Environmental issues are growing rapidly among the society in global warming issue. The Increasing of public attention caused more companies are willing to accept environmental responsibility. Green marketing strategy is implemented, it is as response of products concerns that are sensitive to the environment (Chen, 2012).

According to the American Marketing Associate (AMA, 2003) Green marketing as a process of marketing products that assumed safe for the environment. Others opinion expressed that the green marketing is the consistency of all activities and facilities design services for the satisfaction of human needs and desires, without make an impact on the natural environment (Ottman, 2011). Similarly, Menon and Menon (1997) stated that the company implemented environmental issues as one of its marketing strategy, known as green marketing.

Environmental issues by public regulators could be seen as another indication that environmental concerns are interpreted as potential areas of business strategies to enhance marketing performance.

Marketing Performance is becoming a benchmark for businessman to assess and evaluate how much the implementation of business strategies are able to produce and enhance marketing performance. Marketing performance according to Kotler (2011) can be described as a comparison of the results obtained for all the methods or strategy conducted to comply and take advantage of the market style as a potential market opportunities. In term of business strategy that is equal with marketing strategy as the main role of company to understand and realize what customers want directly or indirectly so that the company will gain consumer confidence, which is implemented on the behavior of consumer confidence because of the satisfaction felt (Naver and Slater, 2007).

The producers not only create satisfaction for consumers but it gives more value to the products or services through the benefits value from consumers safety for the long-term safety of the community, including social and environmental (Ottman, 2011). In regard to the safety value, green marketing approach is became consideration

for current modern business people to create the best products and services that always considering the consumer safety and environmental safety for the universe (Mourad et al., 2012). According to Byrne (2002) explains that green marketing strategy is a potential strategy as a business strategy and has been used as the main marketing strategy that success to improve marketing performance. Green marketing approach consist of four dimensions including green product, green price, green promotion, and green place and also according to Bakry (2007) and Rashid (2009) explains that the elements of green marketing is a green product, green pricing, green placing, and green promotion.

In essence, the green product can be described as an effort to minimize waste while the production process besides maximizing product's made at the same time to comply therequirement of comfortable environment. The standard of green product is very extensive butin outline, the product should not be harmful to consumers when it use and when it do not use, it can be recycled at least once, and no harm when discharged into the environment. Minimization efforts to encourage all parties to participate in technology development towards green products, especially to anticipate the occurrence of the symptoms of climate change (Mathur, 2000).

The determination of Green Pricing according to Mathur (2000) and Handriani (2011), for the producers need to consider costs inherent elements of a product created so that the determination price can provide some alternative benefits in long-term gained by consumers. The alternative options of consumers about green pricing consist of a premium price, price comparable to the quality and their discounting. If consumers can realize the long-term benefits it caused the determination of green pricing acceptable and consumers are willing to pay more those alternative benefits that ultimately givesome purchases demand and as overall can impact to improve the marketing performance.

The other dimension is associated with green placing or distributor become a very important element which related to the condition or place to distribute product to the consumers without anyharmful to the consumer. The determination of green placing now become a consideration for manufacturers to give satisfaction to the consumer by giving some attention to the strategic sale condition, quantity sold and determinationof availability stocks of products that they want to come back again to make purchases at the same place (Mathur and Mathur, 2000), Mathur also explained that the determination of appropriate of green placing not only make satisfied

effects for consumers in getting products but is able to boost sales levels. Similarly, the determination of Green Promotion became a determination elementsof the marketing strategy success through packaging messages of the product, to clarify the purpose message, and the message delivered give some benefits (Mathur, 2010; Handriani 2011 and Mourad et al., 2012). It must be done not only to attract consumers but also to motivate producers to encourage the consumer awareness of the importance of using healthy products and friendly environment by looking at the critical attitude of today's consumer of using green products, givingchance for manufacturers and marketers in order to enhance the marketing performance. The previous research that supports this research related to Green marketing approach including research conducted by Cravens et al., (2000) and Straughan and Roberts (1998) stated that the strategy of green marketing as potential strategies and main marketing strategy can improve marketing performance, but on the other hand, Byrne (2002) considers green marketing failed to give further contribution to the environment and integrating potential competitive advantage in business strategy. Similarly, the results of research conducted by Papista (2013) states that green marketing cannot encourage or motivate customers to buy back the company's products and it can impact on the marketing performance continuously.

Based on the difference resultsof those studies, it became the basis of this study with the purpose to explain the influence of dimensional of green marketing approach (Green Product, Green price, Green place and, Green promotion) for improving the marketing performance, especially for SME manufacturers in Semarang Regency. From the results survey and initial interviews with several manufacturers showed that there are manufacturer of SMEs which do not consider and save the environment during the production process nor in implementing marketing strategy. Marketing-based environmentally friendly still be something unfamiliar in society and most of people assume that SMEs products do not need to apply the concept of green because it is associated with the selling price relatively expensive and not all manufacturers want to consider and apply the concept of green marketing. While the current state levels of contamination or pollution higher than a result of the production process as well as post-consumer waste on

products or services, these conditions make some stakeholders including the government began to socialize the green movement within the enterprise as well the big companies and small scale enterprises such as SMEs. This activity is also to support the government regulation of Indonesia No. 47 in 2012 on social and environmental responsibility. This study aims to explain the influence of green marketing dimensions in marketing performance as well as to know the most dominant effect of dimensions on marketing performance.

### LITERATURE REVIEW

The Concept of Marketing Performance Marketing Performance is a measure of the achievements obtained from the overall marketing activity process of a company or organization. In addition, marketing performance can also be seen as a concept used to measure the market performance that has been achieved by a product produced by the company. Ferdinand (2000) states that marketing performance is a factor that is often used to measure the impact of the strategy applied by the company. The company's strategy has always aimed to produce a good marketing performance such as sales volume, sales growth rate, and good financial performance. Furthermore, Ferdinand also stated that a good marketing performance expressed in three main scale of value namely the value of sales, sales growth, and market share.

According to Kotler (2011) Marketing performance is a variable that is often used to measure the impact of marketing strategies and market orientation determined by the company. The company's strategy has always argued for generating good marketing performance such as sales volumes and sales growth. As presented by Narver and Slater (2007) market orientation as a business culture that can create superior customer value by focusing on customers, competitors which will produce good marketing performance such as sales volume and sales growth. The quality of marketing performance is also supported by an understanding of the consumer and product advantages which are factors that can increase the success of the products related to the creation of superior value for consumers that become a fortune for the company to improve marketing performance (Haryadi, 2009). Marketing Performance Indicators (Ferdinand 2000) consist of:

1. The sales revenue of products The sales revenue of product is a target from company that wants to achieve in productsales

2. The extensive marketing pace

Sales of a company's products are marketed or promoted to a wide area.

3. Customer Growth

Customer growth is the increasing number of enterprise customers.

It can be concluded that marketing performance is the result obtained and perceived company for a series of operational activities of the marketing strategies that support the goals and target of marketing company. As for marketing performance indicators used to refer to the opinion of Ferdinand (2000) includes revenue of sales products, the achievement of a wide area and the achievement of customer growth. A lot of effort that can be done to realize the success of marketing performance improvement strategies such as determining STP (Segmentation, Targeting and Positioning), determine the marketing mix strategies, to determine service quality methods and other strategies. In the context of green approach in the current era is become opportunity for producers to produce the products or services that a lot of demand. Therefore the concept of green marketing can be used as a best strategy to implement it.

The Concept of Green Marketing

American Marketing Associate (AMA, 2003) explained it as a process of marketing products that are assumed safe for the environment. Other definitions are Leonidou (2012) explained that green marketing as an attempt of people to design, promote and distribute products that do not damage the environment. Green marketing is also described as the consistency of all the activities and facilities design services to create a satisfaction of human needs and desires, without cause impact on the natural environment (Ottman, 2006). Green marketing approach consist of four dimensions including green product, green price, green promotion, and green place. Similarly, according to Byrne (2002), Bakry (2007), Mourad (2006) and Rashid (2009) explains that the elements of green marketing are green product, green pricing, green placing and green promotion. From those explanation, it can be concluded that the Green Marketing is a series combination of a marketing strategy that includes of 4P dimensions those are the dimensions of product, price, place, and promotion with oriented to the consumer concern, consumers safety and environmental safety which ultimately not only be able to create customer satisfaction, but to motivate consumers to be aware the importance of safety to humans and the environment.

The Concept of Green Product

The definition of the green product according to

Kotler (2009) is anything that can be offered to market to get attention, purchases, willing to use or consumption so it can satisfying needs and consumers desires. Meanwhile, according to Nugrahadi, (2002) and Retnawati (2012) explained that Green Products are environmentally friendly product that is clarified that a product designed and processed in a way to reduce the effects that can pollute the environment, both in production, distribution, and consumption. Similarly, the opinion from Kasali (2005) on green products is a product that is created is not harmful to humans and the environment, not wasteful of resources, does not produce excessive waste, and does not involve cruelty of animals and the natural environment. From the definition it can be concluded that Green Products is a series of human activities in producing products that oriented the consumer safety and usefulness of human social life and the balance of the universe. The creation of products oriented to the significance safety of human life and the universe, it can be felt both short-term and long-term so that this condition can bring awareness to the consumer to be aware to use products that are environmentally friendly in accordance with quality standards. From that condition will create a critical attitude of consumers to be more selective about the importance of environmentally friendly products that ultimately have an impact on the growing of demand and can help to boost marketing performance (D'Souze et al., 2006).

The indicators that can create the environmentally friendly products according to Byrne (2002) including (1) Environmentally friendly (not dangerous to health) means environmentally friendly products when its creation, production process, and using product do not harmful to health and does not pollute the environment, (2) There are source efficiency (such as the packaging is not excessive) means Generally green product should use packaging that can be recycled, and (3) it has the recognition of standardization or certification for the safety and comfortable consumers to consume green product, so it must follow the standards applicable products, such as ISO standard 17025: 2008 standard BPOM (Indonesia standard product) and P-IRT. Other opinion from Crane (2000), the dimensions of potential green product which is this strategy is effective as a business strategy and has been used as main key of successful marketing strategy and able to improve the marketing performance.

Based on those theoretical linkage so the hypothesis proposed in this research are:

H1: The Dimensions of Green Product influence to

#### The concept of Green Price

Price is a value of goods and services measured by the amount of money. Based on that value a person or company is willing to report the goods or services owned the other party (Leonidou and Constantinos, 2012). While Swasta (2000) defines that the price is the amount of money paid to obtain some combination of products or services. Further delivered by Sumarwan (2011) that the price is an important element in the marketing mix, most customers are willing to pay a premium price if there is a perception in addition to the value of the product, this increasing value can be caused by the performance, functionality, design, interesting shapes or suitability taste. While the green price is defined as an essential element inherent in pricing. That element is a value or benefit related to the quality of products offered and other great benefits that can give satisfaction to the consumer (Haryadi 2009 and Leonidou, 2012).

Values on prices by Queensland (2002) was an added bonus, but it often become the determining factor between value and quality products. Environmentally friendly products are often more expensive when the cost of the product life cycle is considered. Therefore, the green price according to Leonidou and Constantinos (2012) described as the inherent value through the benefits of product or service comply the basic needs of consumers and consumer psychology. Most of consumers are willing to pay products or services at a premium price. The premium price is known as relative prices which describes the pricing within a certain time because they are the dominant market position of the product and the certain price exceeds the benchmark price. The conceptual model proposed by Ottman (2011) about consumers' willingness to pay a premium price for environmentally friendly products has reasons that premium prices are not only limited to the payment, but there is an element of benefits and guarantees (safety or health) perceived for a long term for users and for the environment thus assuming a premium price relative considered cheaper and profitable. Consumers who recognize the importance of health and safety value for the long term, so that the fees paid at this time not to be a burden even it tend to increase the number of requests that indirectly can improve marketing performance.

Different with the research from Capelins and Strahan (1996) stating that the consumers' willingness to pay a premium price for environmentally friendly products is seemed expensive because they thought that the product is needed at this time (short term) is not upcoming and future value will usually be more

expensive. The measurement of greenpricing according to Haryadi (2009) and Leonidou (2012) can be done in three ways namely (1) determination of pricing premium (relative), meaning that pricing premium produce perceptions and attitudes of consumers in purchasing by considering relative elements from price value as a consideration of products assurance (such as safety, comfort, health and safety) for consumers and the environment, (2) determination pricing comparable to the quality that meansa manufacturers in pricing product should consider the quality products sold to consumers, in other words the price of environmentally friendly products is appropriate and proportional to the perceived quality especially for the long term, (3) Determination of discountthat means as a way to attract consumers to buy environmentally friendly products. Determination of discount conducted as a proof of producers concern to consumer needs, more evidence is to give consumers the opportunity to feel the benefits of environmentally friendly products, give some discount based on number of units purchased, giving the discount during important moments such as in holidays or other important days. Thus the hypothesis proposed research are:

H2: The Dimensions of Green Price influence to Marketing Performance

The concept of Green Place

Distribution (Place) is a select and manage the trade channels used to distribute products or services, also to serve the target markets, as well as developing a distribution system for delivery and trade products physically (Kotler and Armstrong, 2012). While according to Payne (2000) related to the location of the company's decision about where operations and staff will be placed. Payne also believes there are three types of interaction between producers and customers such as(1) customers come to the manufacturer, (2) the manufacturer come to customers, and (3) the customer conducted thebusiness transaction through third parties. Queensland (2002) explains that the place or distribution chainis a choice where and when to make product always available can give a significant impact to the customer. A lack of customers who really just want to buy the product because of its environmental friendliness alone. Sellers who want to achieve success in sales of environmentally friendly productswidely supposed to put their product in the market widely so it can be identified. The location is also consistently must be considered in accordance with the destination image where the location should be different from competitors such as by creating an attractive display, or use materials that can be recycled to emphasize the

environmental advantages and other advantages (Haryadi, 2012).

According to Byrne (2002) The success of determination location or distributor can be done through:(1) Determination outlet distance means not only the ordinary products, environmentally friendly products should also be placed on the strategic outlet and harmless, is located in middle city and even can be visited by many people, (2) The number of outlets means to multiply the network and make sure to emphasis on product excellence and environmentally friendly display using recycled materials that do not pollute the environment, and 3) The completeness or availability of products in each outlet, namely the availability of products and the range of products in each outlet can be considered consumers in the purchasing if it cannot comply soit cause consumer will move to another outlet.If the manufacturer or marketer consider effectively it can determine the location or distribution that will provide a significant impact on improving the marketing performance where consumers easier to get some product or service are desired, the availability of products in every place makes consumers get more product easily (Haryadi, 2002 and Byrne, 2012). Based on the linkage study oftheory, it can be proposed that research hypothesis as follows:

H3: The dimensions of Green Place effect on marketing performance.

The concept of Green Promotion.

According to Karna (2001) promotion is reflecting activities to communicate the benefits of the product and persuade consumers to buy them. Meanwhile, in regard to the concept of green, the green promotion is a way of promotion related to how the company is changing the public perception about environmentally friendly products (Sholahudin, 2013). Similarly, Queensland (2002) explains that promoting a product and services to gain market can be done with advertising, public relations, sales promotion, direct marketing, and on-site promotions. The smart sellers of green products would be able to emphasize the credibility of environmentally friendly products using sustainable marketing as tools and communication practices.

According to Karna et al., (2001) green promotion is applied as an effective business strategy created able to reach successful of business strategy or marketing performance through (1) determining Advertising destination, it means that the information submitted is aimed to promote the company's image-oriented to environment,(2) Building a Framework Order, it means manage the best composition for advertising

consist of the ad title, copyright, and the color illustrations are included in the advertisement not ignore the ethics code and (3) provide the message benefits, which is associated with the message content delivered should to provide consumer awareness of the importance of consumers protection and the environment through comfortable product.

Based on the exposure above so the hypothesis proposed is:

H4: The Dimensional of Green Marketing Promotion influence to marketing performance

H5: The Dimensional of Green Promotion more dominant effect on marketing performance

From the some descriptions and research variables linkage, it can be made the research model as figure 1 below:

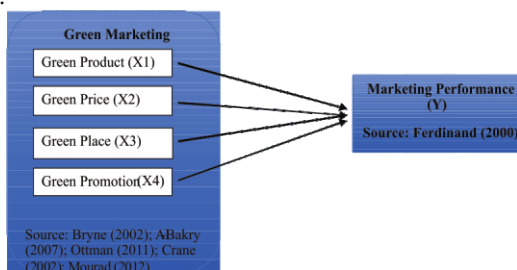


Figure 1. Research Model

**RESEARCH METHODS**

The population of this research was all producers of SMEs registered in SME Center Semarang Regency about 97 people with the sampling technique using saturated sample which all members of this population is the samples number. The variables of the study consist of four Independent variable namely (1) green product (X1) with indicators of environmentally friendly products, efficiency resource, and standardization, (2) green price (X2) with indicators determination of pricing premium, the price is comparable to the quality, and granting discounts, (3) green place (X3) with indicators determination of distance outlets, the number of outlets, and availability of products, and (4) green promotion (X4) with an indicator of destination message, frame message, the benefits of message and one dependent variable is Marketing Performance (Y) with indicators of revenue of sales products, expansion of the area and customer growth

**RESULTS AND DISCUSSION**

Validity and Reliability Testing Results The Results of validity testing of the 32 item instrument variables of green

marketing is done with SPSS program can be seen in Table 1 below:

Table 1. The Result of Validity Instrument test of Green Marketing

No	Indicator	Amount sig	Sig. $\alpha = 0.05$	Remarks
1	P1	0.046	< 0.005	Valid
2	P2	0.006	< 0.005	Valid
3	P3	0.008	< 0.005	Valid
4	P4	0.000	< 0.005	Valid
5	P5	0.000	< 0.005	Valid
6	P6	0.000	< 0.005	Valid
7	P7	0.026	< 0.005	Valid
8	P8	0.001	< 0.005	Valid
9	P9	0.000	< 0.005	Valid
10	P10	0.002	< 0.005	Valid
11	P11	0.000	< 0.005	Valid
12	P12	0.000	< 0.005	Valid
13	P13	0.000	< 0.005	Valid
14	P14	0.000	< 0.005	Valid
15	P15	0.000	< 0.005	Valid
16	P16	0.015	< 0.005	Valid
17	P17	0.000	< 0.005	Valid
18	P18	0.000	< 0.005	Valid
19	P19	0.000	< 0.005	Valid
20	P20	0.000	< 0.005	Valid
21	P21	0.000	< 0.005	Valid
22	P22	0.028	< 0.005	Valid
23	P23	0.022	< 0.005	Valid
24	P24	0.000	< 0.005	Valid
25	P25	0.001	< 0.005	Valid
26	P26	0.000	< 0.005	Valid
27	P27	0.000	< 0.005	Valid
28	P28	0.000	< 0.005	Valid
29	P29	0.008	< 0.005	Valid
30	P30	0.000	< 0.005	Valid
31	P31	0.009	< 0.005	Valid
32	P32	0.000	< 0.005	Valid

According to the table 1, It can be explained that 32 items as the instrument of green marketing declared valid where sig count <sig  $\alpha$  (0.05) and this instrument is feasible as a measuring tool of this research. As for testing the validity of the five items of marketing performance instruments can be seen in table 2 below:

Table 2. The Result of marketing performance validity test

NO	Indicator	Amount sig	Sig. $\alpha = 0.05$	Remarks
33	P33	0.000	< 0.005	Valid
34	p34	0.000	< 0.005	Valid
35	P35	0.000	< 0.005	Valid
36	P36	0.000	< 0.005	Valid
37	P37	0.000	< 0.005	Valid

From table 2, it is explained that the five items represent the marketing performance instrument is valid because it has a sig count <sig  $\alpha$  (0.05) and can be used as a measurement tool of resear For reliability testing of research variables conducted by SPSS program and the results are shown in Table 3 below:

Table 3. The Result of reliability variable research testing

Variabel	Cronbach's Amount Alpha	Characteristic cronbach's alpha	Remarks
Green Product (X1)	0.797	> 0.70	Reliable
Green Product (X2)	0.775	> 0.70	Reliable
Green Product (X3)	0.801	> 0.70	Reliable
Green Product (X4)	0.789	> 0.70	Reliable
Performance (Y)	0.912	> 0.70	Reliable

Based on Table 3, it can be explained that all the instruments that represent the variables research declared reliable, whereit obtained the values of Cronbach's Alpha test> Cronbach's Alpha implied (0.70). Classic assumption test with SPSSprogram can be done by normality testing, multicollinearity, and heteroskenasitasy. The results of Normality testing conducted by statistical testing of KolomogorofSmirnov as seen in Table 4 below:

Table 4. One-Sample Kolmogorov-Smirnov Test

Unstandardized Residual		
N		100
Normal Parameters <sup>a,b</sup>	Mean	.0E-7
	Std. Deviation	278,436,919
Most Extreme Differences	Absolute	,062
	Positive	,031
	Negative	-,062
Kolmogorov-Smirnov Z		,619
Asymp. Sig. (2-tailed)		,839

Based on the table above explained that the Kolmogorov Smirnov Z values obtained for 0.619 with Asym Sig 0.839 > 0.05, it can be interpreted that the research data were normally distributed and comply the criteria of assumptions. As for testing the Multicollinearity can be seen in Table 5 below:

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error				Beta	Tolerance
		1	(Constant)	,545	3,303		,165	,869
Green Price	,083		,106	,071	,780	,438	,778	1,285
Green Product	-,056		,095	-,066	-,589	,557	,521	1,920
Green Place	,249		,091	,305	2,723	,008	,516	1,939
Green Promotion	,303		,082	,398	3,711	,000	,565	1,770

a. Dependent Variable : Marketing Performance

According to the table 5. It can be explained that the tolerance values obtained <0.1 and VIF value> 1.0 then the data above can be interpreted that the data does not occur multikol or did not find a correlation between independent variables. Similarly, for Heteroskedasitas testing conducted with statistical tests Gletser can be seen in table 6 below:

Table 6. The Result ofStatistic Gletser testing

Model	Coefficients <sup>a</sup>			t	Sig.	
	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
1	(Constant)	8,257	1,851		4,460	,000
	Green Price	-,160	,060	-,286	-2,684	,059
	Green Product	,086	,053	,211	1,617	,109
	Green Place	-,044	,051	-,112	-,855	,395
	Green Promotion	-,086	,046	-,235	-1,875	,064

Dependent Variable: ABSI

Based on the table above it can be explained obtained probability (sig) count> 0.05. From this Result shows that the model does not happen heterokedasitas and comply the classical assumptions.

Hypothesis testing

Based on the testing of multiple regression analysis using SPSS it is known as a partial test results Table 7 below

Table 7. The Result of Parsial test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	,545	3,303		,165	,869
	Green Product	-0.056	0.095	-0.066	0.589	0.557
	Green Price	0.083	0.106	0.071	0.780	0.438
	Green Place	0.249	0.091	0.305	2.723	0.008
	Green Promotion	0.303	0.082	0.398	3.711	0.000

a. Dependent Variable: Marketing Performance  
 From Table 7 above it can be explained that obtained Sig count values of green product dimension> sig 0.05 so that the first hypothesis argue that dimensional of green producteffect on the marketing performance isrejected. It means dimensional of green product has no effect on marketing performance. This result explains that green product approach for SMEs products is not all done by the manufacturer for example on the packaging product they use materials that are difficult to recycle such as plastic and bottle. There are SMEs products that do not comply the standardization of products in accordance with applicable rules, not all manufacturers of SMEs have a quality certificate of ISO 14000 or P-IRT. It has not been done due to lack of knowledge of the SMEs manufacturers about registration procedures to BPOM or P-IRT and some of them do not have access to get information about the

condition of the products that are environmentally friendly.

Similarly, the green price dimension obtained Sig count value  $> \text{sig } 0.05$ . It can be interpreted that the second hypothesis argue the dimensional of green product effect on the marketing performance is rejected. It means the dimension of green price has no effect on the marketing performance. The determination of green price for SMEs product is not always can be done by the manufacturer of SMEs as on indicators of pricing premium, where they have some perception and assessment that green products are considered more expensive especially the majority of consumers assumed that the benefits of manufacturer's products are more advance than the products from home industry or SMEs due to the green product in the manufacturing process requires a high cost, so it can increase the price of product and it becomes a problem for SME producers. And not all consumers receive the selling price set by SMEs although manufacturers have been given stimulus such give some discounts. Both the results of this study support the research by Byrne (2002), which showed that companies that failed to pursued the implementation of green marketing dimension to give contribution for the environment and consumers, inability caused consumers to return purchases that can impact on the marketing performance.

In contrast to the green dimension place obtained sig count value  $< \text{sig } 0.05$  so that the third hypothesis which states the dimensional green place influence to marketing performance received. These results can be explained that the establishment of a strategic location and secure for consumers has been done by the manufacturer of the product outlet where SMEs manufactures can be reached by any transportation and located in strategic place, easily seen by consumers as well as the variety product and completeness of SMEs products availability. However, the distribution of the outlets number is remain not fully performed by the manufacturer SMEs. Lack of number outlet SMEs products at the retail level as in include to the minimarket, supermarket or hypermarket. SMEs products more focused on one center unit and SMEs cooperation because this way is considered cheaper by manufacturers, accommodated, providing convenience to consumers in terms of transportation access, easy of finding outlets and the availability of product variants. By determining the effective location sales are expected to increase sales or marketing.

It also happened on the dimension of green promotion that can be seen Sig count value  $< \text{Sig } 0.05$ . It indicate that the hypothesis 4 which states dimensional

effect on the promotion of green marketing performance received. Green promotion is able to make a strong contribution to improve strong marketing performance where manufacturers strive to deliver right information (frame messages or information) such as using polite language, there is an element of honesty not to manipulate where the information submitted in accordance with the facts. Manufacturers also give information about the benefits such messages include benefits products and urged consumers to return the product is safe to consume. However, not all manufacturers of SMEs consider the messages or advertisements such as unclear of printing logos, this consideration is not used due to printing is a cost to be incurred while the logo should be printed clearly in order to convince consumers to facilitate understanding products and attract consumers sympathy.

Both of results of these studies have supported the results of previous research conducted by Cravens et al., (2000) and Straughan and Roberts (1998), which explains that the dimensions of green marketing strategy is defined as potential strategies as business strategies and has been used as the pivot of a successful marketing strategy to improve marketing performance. Green marketing approach is an evident that the fifth hypothesis which states green promotion more dominant effected on marketing performance received. This result seems on the benchmarks on marketing performance of SMEs producers through customer growth as an increasing of market share interested in SMEs products, increasing the number of product units sold, and the growing demand for products in some region, and in some places. Thus the Green marketing approach for SMEs products need to be appropriate grouped related to the application of green approach concept due to not all SME products are appropriate to be implemented of green concept.

## CONCLUSIONS AND RECOMMENDATIONS

The conclusions of this research is dimensions of green product and green price did not give some effects on marketing performance. This is shown the sig count value both dimensions obtained  $> \text{sig } 0.05$ . Both of results of these studies means that the higher of SME manufacturers want to implement green product, it cannot affect to the marketing performance. Similarly, the green price means that the higher of SME manufacturers wishing to apply green price, it cannot affect to marketing performance. While other conclusion proved that the dimension of green place and green promotion affected to the marketing performance. This is shown in sig count



green place, it can affect to marketing performance northe better determination ofgreen promotion of SMEs product so it can influence the marketing performance.

The recommendation of this research is for SMEs Manufacturers should begin to consider using a gradual approach to green marketing primarily on the dimensions of green product bothin manufacturing process as well as in its marketing strategies. For instance utilizing resource efficiency that means able to packaging product by using save materials and can be recycled according to the standard andit needs to register SMEs product to BPOM or P-IRT in order to gain recognition standards quality so that consumers are more confident and safer. Other suggestions related to the application of green price is SMEs producers should consider in granting discounts pricewith remain to consider product quality as an element to attract sympathy and interest of consumers. The suggestions for further research related to green marketing approach is the SMEs can add or combine other variables that can improve marketing performance of SMEs such as green service quality variable that increase marketing performance over generalize.

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# The Effects of High Performance Work System on Employee Attitudes: A Study of International Organization

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**Abstract:** In the last three decades, a growing body of research has suggested that using a mix or system of human resources management (HRM) practices would lead to superior organizational performance. These practices (such as selective recruitment and hiring procedures, performance-based compensation systems, employee participation, and training and development) have been referred to as high performance work systems (HPWS) and originated from the study of strategic human resource management (SHRM), where researchers have examined the effects of adopting HPWS on organizational performance. Although there is a growing body of evidence demonstrating the effects of HPWS on organizational performance, there is less evidence evaluating the effects of adopting HPWS in international organization and particularly intergovernmental organization (IGO). IGOs, such as United Nations (UN), World Bank (WB), and International Monetary Fund (IMF), are international bodies serve different mandates and aim at maintaining global socioeconomic stability between member states' governments. Despite the increasing interest among IGOs managers in adopting HPWS, research in this unique organizational context lags behind which reveals significant gap in HRM literature. This mixed methods-research study seeks to address this gap by reporting the results of a staff survey and follow-up interviews conducted on a cross-section of one of the largest IGO's in the region. The results have shown different effects of the bundles of HPWS practices on organizational performance. The results are discussed in light of HRM theory to explore the importance of organizational context on the link between human resource management and organizational performance. The results raise issues about the universal applicability of HRM-performance research and have implications for the standardization of HRM policies and practices within intergovernmental organization.

## Introduction

In the last three decades, a growing body of research has suggested that using a mix or system of human resources management practices would lead to superior organizational performance (Datta, Guthrie, & Wright, 2005; Zhang, Zhu, Dowling, & Bartram, 2013). These practices (such as selective recruitment and hiring procedures, performance-based compensation systems, employee participation, and training and development) have been referred to as high performance work systems (HPWS) and originated from the study of strategic human resource management (SHRM), where researchers have examined the effects of adopting HPWS on organizational performance (Appelbaum, Bailey, Berg, & Kalleberg, 2000; Boxall, Ang, & Timothy, 2011).

Much of this research has shown a positive link between adopting HPWS practices and organizational performance (Mahdi, Liao, Muhammad, & Nader, 2014; Macky & Boxall, 2007; Datta et al., 2005; Guest, 2002). However, most empirical analysis applied by researchers addressing the HPWS–performance relationship has been based on a narrow view of performance measurement, focusing primarily on financial indicators within private sector (Cafferkey, & Dundon, 2015; Kalleberg, Marsden,

Reynolds, & Knoke, 2006). Although many scholars have referred to worker attitudes as the intermediate variable between HPWS practices and organizational performance, current research provides no insight into the impacts of HPWS on individual worker attitudes (Gould-Williams, 2004). As such, there is very little evidence concerning the effects of HPWS in other organizational contexts and whether these practices lead to desirable individual outcomes. It is the aim of this paper to provide such evidence from intergovernmental organization (IGO). IGOs, such as United Nations (UN), World Bank (WB), and International Monetary Fund (IMF), are multilateral institutions serve different mandates and aim at maintaining global socioeconomic stability between member states' governments. As public service providers, IGOs operate across national boundaries, hire expatriates, deal with cultural diversity, and rely on donations from the governments of member states to fund their programs. This paper seeks to examine the effects of adopting HPWS practices in this unique organizational context using data from staff-survey and follow-up interviews from cross section of one of the largest UN headquarters. The first part of the paper provides an overview of the main theoretical and

research. Then a description is provided of the research context and methodology used to collect data and test the research hypotheses. The results of statistical analysis are provided along with summaries of interview statements collected from interviews with randomly selected IGO workers. Finally, the concluding section highlights the implications of the research findings with reference to the extent to which HPWS practices lead to positive worker attitudes and recommendation to IGOs managers.

### **What is High Performance Work Systems?**

Within management literature, the basic thesis underlying the majority of HRM studies is that people are the most valuable asset that organizations can develop to achieve and sustain high levels of organizational performance (Becker & Huselid, 2006; Sourchi, & Liao, 2015). Due to the increasing interest within management studies in HRM practices, a new notion of “best practices” has emerged. Sometimes this is referred to as “high-performance work systems” (Appelbaum et al., 2000), “high commitment” HRM (Guest 2001, 2002), or “high involvement” HRM (Wood, 1999). High-performance work systems (HPWSs) are conceptualized as a set of distinct but interrelated HRM practices with a particular configuration, or architecture, designed to optimize organizational performance through promoting employee skills development, work reorganization, and enhanced worker attitudes (Beaupré & Cloutier, 2007; Guthrie, 2001; Ingvaldsen, Johansen, & Aarlott, 2014). The key idea is that there is a synergistic effect with a cluster of HRM practices, with the potential to bring about improved organizational performance through providing more flexibility of work structures, extensive worker participation, and more co-operative relationships between managers and employees (Appelbaum et al., 2000). Accordingly, HPWS represents a combination of several HRM practices into a bundle that has systematic and synergistic effects aimed at selecting, developing, retaining, and motivating employees with better abilities in work-related activities, leading to improved organizational performance (Boxall, 2012).

This new concept of managerial focus that embraces people management through HPWS, can be traced back to Huselid's (1995) seminal work, *The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance*. In this work, Huselid surveyed senior human resource

His findings show a positive correlation between HPWS and the economic profit per employee. Since then, the topic became very popular and an abundance of research attempted to replicate Huselid's findings on the relationship between deploying HPWS in the workplace and organizational performance. The HRM–Performance relationship has been researched from different perspectives rooted in organizational behaviour, sociology, economics, industrial relations, and organizational psychology, with a particular emphasis on the impact of various combinations of HPWS practices on a range of performance outcomes, such as employee skills, behaviours, and attitudes (Pauwe, 2009). For instance, MacDuffie (1995) proposed one of the earliest and most comprehensive studies on HPWS. He argued that HPWS practices affect performance not individually but as interrelated elements in an internally consistent “bundle” or “system” that “shapes the pattern of interactions between and among managers and employees” (p. 200). In a similar study, Eileen Appelbaum (2000) and her colleagues investigated the effects of HPWSs on organizational performance in the US steel, apparel, and medical imaging industries. The authors reported that adopting HPWS has positive effects on employee measures of trust, organizational commitment, job satisfaction, and lower job stress. Furthermore, empirical evidence supporting these views on HPWS has emerged in other organizational contexts. For instance, in a recent empirical study on MNEs operating in Russia, the US, and Finland, Fey, Morgulis-Yakushev, Park, and Björkman (2009), examined the HPWS–performance linkage to understand how contextual factors may affect this relationship. The authors' findings have shown that the contextual factors led to mixed HRM outcomes due to variations in national culture, market, and competitive context. For instance, training was more important and motivating in Russia, a country that shifted from communism to a market economy, where many people were trained in areas not related to their current job. This raises one of the key discussions within HRM literature examining whether HPWSs are universally applicable or may not be optimal in different settings (Boyacigiller, Kleinberg, Phillips, & Sackmann, 2004).

### **Limitations, Contradictions and Inconsistencies**

Despite the substantial research on HPWS and the growing empirical data on its link to organizational performance, there are some real criticisms of this approach to HRM. A brief overview of HRM literature

demonstrates conflicting views on major issues related to HPWS. Some scholars questioned whether these systems actually work and if so, how they lead to enhanced organizational performance (Boselie et al., 2005; Guest, 2011). Another criticism of HPWS is whether these practices have negative effects on employees, such as job stress and work intensification (Stanton & Manning, 2013; Macky & Boxall, 2007). For instance, there is no agreement among HRM scholars on the precise mix of HRM practices that constitute HPWS. Boselie et al. (2005), in their article entitled "Commonalities and contradictions in HRM and performance research," analyzed 104 articles addressing HPWS that have been published over a decade. They argue that "no consensus has emerged on what employee management activities should be in a comprehensive HRM checklist" (p. 72). Studies defined different bundles of HPWS practices without an agreement on a coherent and fixed list of practices that constitutes HPWS (Boselie et al., 2005). Many scholars have been attempting to explain the contradictions and inconsistencies on the structure of HPWS within HRM–performance literature, proposing different methodological and theoretical concerns.

Gould-Williams (2004), in his empirical analysis of HPWS in public sector organizations, attempted to summarize major reasons that explain these differences by highlighting some of the main problems in HRM research, arguing that

In part this reflects the eclectic approach taken by researchers in evaluating the effects of a range of HRM practices... the research to date is limited in several ways. First, early studies adopted a very narrow view of performance, focusing primarily on financial indicators. Second, the research evidence is based on views of single organizational representatives, namely senior persons who are more likely to provide biased reports of the extent and effects of HRM practices. Third, although several studies have sought to use a variety of performance outcomes, such as productivity and financial measures, few have considered the effects of HRM practices on workers. (p. 66)

Therefore, HPWS are broadly defined and no specific list of practices constitutes these systems. However, close reading of the HRM literature indicates that the most acceptable and widely used bundles of HPWS practices are proposed by Boselie et al. (2005). In their study, the authors reviewed every empirical research article into the linkages between HPWS practices and performance

published for a decade. They conclude that the top four HRM practices in the HPWS list have been training and development, contingent pay and reward schemes, performance management and appraisal, and recruitment and selection processes. The authors justify their findings claiming that these practices reflect the main functions of HRM, "namely to identify and recruit strong performers, provide them with the abilities and confidence to work effectively, monitor their progress towards the required performance targets, and reward them well for meeting or exceeding them" (p. 73).

Furthermore, current research provides no insight into the impacts of HPWS on individual worker attitudes (Gould-Williams, 2004). The majority of research examining the implications of adopting HPWS on organizational performance originates in American and European private sector firms utilizing financial outcomes as the only indicator of organizational performance. There is very little evidence concerning the impacts of HPWS on individual worker attitudes, which makes it unclear whether these practices lead to desirable individual outcomes.

Finally, the majority of research addressing the relationship between organizational performance and HPWS practices has been tested in private sector organizations, with only minimal research evaluating the effects of these systems in different organizational contexts. Despite the substantial empirical evidence that HPWS practices are positively related to organizational performance in the private sector, there is a great need to investigate this relationship in other organizational contexts (Katou & Budhwar, 2007). Only recently, scholars began considering the context as an important contingency factor, arguing that understanding the effects of HPWS practices in different organizational settings is essential to the theoretical development of the field of HRM (Teo & Crawford, 2005; Skaggs & Youndt, 2004; Daley & Vasu, 2005). HRM researchers began investigating the distinctions between different organizations, such as manufacturing and service organizations, public, non-profit, and private organizations, examining the effects of the organizational context on HRM outcomes.

In summary, the researches addressing HPWS have few limitations. First, it is still unclear whether HPWS are universally applicable in one hand, and what specifically constitutes this specific list of HRM practices in the other hand. Second, most empirical analysis applied by researchers addressing the HPWS–performance

relationship has been based on a narrow view of performance measurement, focusing primarily on financial indicators (Kalleberg, Marsden, Reynolds, & Knoke, 2006). Although many scholars have referred to worker attitudes as the intermediate variable between HPWS practices and organizational performance, current research provides no insight into the impacts of HPWS on individual worker attitudes (Gould-Williams, 2004). Finally, the majority of research addressing the relationship between organizational performance and HPWS practices focuses on private sector organizations, with only minimal research evaluating the effects of these systems in different organizational contexts. Therefore, there is very little evidence concerning the impacts of HPWS in public organizations and particularly IGOs.

### **HRM in Public Sector Organizations**

The literature on HRM has focused on private sector organizations and there has been very limited research on public sector organizations. Despite the substantial differences between public and private organizations, there is no clear distinction within HRM literature addressing how these differences may impact the practice of HRM in these different work environments (Beadles, Aston, Lowery, & Johns, 2015; Mostafa, & Gould-Williams 2014; Rainey & Bozeman, 2000). Some scholars stated that HRM literature “disregards or gives only some acknowledgement of HRM within the public sector, relying instead on appropriating a business model of firms as the general context for HRM scholarship” (Brown, 2004, p. 305). Others disagree, arguing that the “available evidence does not provide clear support for the view that public and private management are fundamentally dissimilar in all important respects” (Boyne 2002, p. 118). Therefore, contemporary HRM research does not clearly indicate significant differences between private and public organizations but rather “disregard[s] or give[s] only cursory acknowledgement” of HRM within the public sector (Brown, 2004, p. 304). However, the agreement among scholars is that the adoption of New Public Management (NPM) has resulted in a dramatic change in HRM within public sector organizations. The introduction of NPM has resulted in a strategic approach to HRM within the public sector. Several authors have argued that within the traditional model of public administration, personnel management was subject to bureaucratization under which all activities were formalized by predefined, systemized rules and procedures, and was characterized by rational-legal bureaucracy based on specialization,

prevention of arbitrary dismissal, reliance on authority of work position, and merit selection (Schroeder, 1992). For instance, within that old system, staffing and recruitment was centralized and employment based on the notion of lifelong employment with narrow, specific, task-based and highly routinized jobs and strict seniority based on length of service (Brown, 2004). The changing structure and operations of governments, paralleled with the adoption of NPM, have replaced this traditional Weberian model of centralized and bureaucratic practices with private-sector HRM systems (Colley, McCourt, & Waterhouse, 2012). However, there were no clear distinctions between the adoption of HPWS in public and private organizations.

Gould-Williams (2004) in his study examining the effects of HPWS practices on public sector employees in the Government of Wales found that some specific HRM practices might have different outcomes within public organizations. For instance, results have shown that training provisions had the most significant and positive effects on employee commitment and job satisfaction in public sector organizations. However, the effects of other HPWS practices were similar across public and private-sector organizations. Similarly, Leggat, Bartram, and Stanton, in their 2011 study on public health organizations in Australia, reported a positive correlation between certain aspects of HPWS practices and improved care delivery and patient outcome. Their findings reported a significant gap between HPWS policies and actual practices. They reported that public healthcare organizations in Australia generally do not have the necessary aspects of HPWS in place, which necessitates more effective implementation for the newly adopted policies.

Daniel Beaupré and Julie Cloutier (2007) conducted one of the first studies of its kind to examine the adoption of HPWS in the public service sector, highlighting the uniqueness of public sector organizations, where performance outcome is not linked to financial indicators but rather to political costs. The study was an exploratory examination of the managerial reform within the Government of Quebec in 1999, and the effects of creating Autonomous Service Units (ASUs) within the government body. In their study, the main objectives were to verify if the new management model of Autonomous Service Units corresponded to a “high-performance” management model, and to examine the effects of establishing these ASUs in several government departments. The authors were able to organize group discussions and semi-

government departments. In their findings, the authors reported that “results show that two of the four ASUs under study have the characteristics of a 'high-performance' management model: the employees are committed and motivated, their level of satisfaction is very high ... and the economic performance of the ASU showed exceptional growth” (p. 538). Therefore, it appears that the public sector managers are attempting to transfer HPWS practices to public organizations. However, further research is needed to examine HPWS practices in specific types of public sector organizations such as IGOs, to assess the effects of these practices on workers. This analysis would contribute to further understand the desirability among IGOs workers of adopting HPWS practices.

### Research Hypotheses

Drawing from normative HRM theories, positing that HRM practices lead to enhanced employee attitudinal outcomes, such as improving employee motivation, commitment, and satisfaction, this study hypothesizes that organizational HPWSs would develop employee attitudes. Consistent with HRM theory: key individual worker attitudes satisfaction, motivation, commitment, and intention to quit are the determinants of the effects of HPWS. HPWS practices are defined as IGO activities related to staffing and recruitment, performance appraisal, compensation and rewards, and training and development. In this research, we set out to test the effect of HPWS on four key attitudinal measures: motivation, commitment, satisfaction, and intention to quit. These four measures are used as the dependent variables and determinants of the effects of HPWS. As such, the following hypotheses have been identified:

**Hypothesis I:** *There are positive effects of HPWS practices on employee commitment.*

**Hypothesis II:** *There are positive effects of HPWS practices on employee job satisfaction.*

**Hypothesis III:** *There are positive effects of HPWS practices on employee motivation.*

**Hypothesis IV:** *There are inverse effects of HPWS practices on employee intention to quit.*

## Research Methodology

### Research Context

The research setting for this study is the United Nations Relief and Works Agency (UNRWA). The UNRWA is an international relief and human development Agency with a quasi-governmental role, delivering essential public services to over five million registered refugees. UNRWA services include education, healthcare, social services, and emergency aid. In 2006, the UNRWA began a comprehensive reform program to strengthen its management capacity. Accordingly, one of the main achievements of the reform process is the deployment of new HRM systems that included recruitment strategies, performance management systems, training and development, and reward and recognition systems. The underlying message of the reform process has been adopting HPWS practices, which is the object of this study. (UNRWA, 2006a). The Agency drafted a “Mid-Term Plan” (MTP) for the reform process with an emphasis on HRM as the main area of organizational change. According to the UNRWA's MTP:

The Agency's workforce is its most valuable asset. Over recent years, insufficient attention to staff training and development has been a factor in the deterioration of service standards across the Agency. From this standpoint, renewed investment in building the capacity of UNRWA's human resources is an independently worthy objective as well as a vital means by which strategic objectives can be realized [...] investing in staff capacity will ultimately benefit the Palestinian community, while also contributing to the quality and impact of the Agency's interventions. For these reasons, the MTP incorporates multi-faceted capacity-building components, embracing human resource and career development needs, management information skills and enhance capacity for research and analysis. These components could form the basis for a more comprehensive strategy for staff development. (UNRWA, 2006b, p. 5)

The Agency, in furtherance of the MTP, established a Human Resources Task Force (HRTF) with the goal of drafting a Human Resources Management Strategy for the Agency. The HRTF was established for consultation to elicit a range of views from within the Agency. The HRTF was guided by external consultants and advised by a technical team of internal specialists on HRM processes. Thus, the main task of the HRTF team was to conduct a comprehensive review of HRM policies and processes and identify any inefficiency in the old system. This review

was the first step towards creating a new HRM system to deliver better human resourced programs, which appeared to be adopting high-performance work systems (UNRWA, 2006b).

### Data Collection

To collect data, surveys were distributed and interviews were conducted with program administrators, operations' directors, and field staff representing employees from different countries with varying lengths of service as well as an extensive range of levels of education and professional backgrounds. A total of 505 questionnaires were distributed in seven service departments. Over a period of six weeks, respondents returned their completed questionnaires directly to the researcher by hand. A total of 234 usable responses were obtained providing a response rate of 46.3 per cent. In addition to questionnaires, a total of 10 face-to-face interviews were conducted to better understand the data obtained from questionnaires. These individual interviews were conducted with the person responsible for human resources in addition to line managers and staff members. The duration of each interview was between 30 to 120 minutes.

### Sample

The sample of 234 employees had the following characteristics: 67.8 per cent male; 15.3 per cent were between the ages of 18–30 years, 49.3 per cent between 31–45 years, 35.0 per cent between 46–60 years and 0.5 per cent were over 60 years. The average length of service was 13.08 years (standard deviation 7.92). For qualifications, 20.5 per cent had diploma, 47.3 per cent had a university degree, 21.8 had postgraduate university degree, and 10.5 per cent had no formal qualifications. Participants positions varied as 61.4 per cent were frontline workers, 25.7 per cent supervisors, 12.4 per cent middle managers, and 0.5 per cent program managers. The sample were based in the following departments: Engineering, Infrastructure and Camp Development 21.0 per cent; Education 29.0 per cent; Microfinance 10.0 per cent; Procurement 8.0 per cent; Financial Services 3.0 per cent; Human Resources and Administration 8.0 per cent; Job Creation Program 5.0 per cent; Logistics and Support Services 5.0 per cent; Community Services and Mental Health 2.0 per cent; Health 1.0 per cent.

### Measures

There are four independent variables and four dependent variables for this study related to the four research hypotheses. The four independent variables are the measures of the bundles of HPWS practices: staffing and

recruitment, performance appraisal, compensation and rewards, and training and development. In order to measure these variables, the HRM Practices and Policies Profile (HRMPPP) questionnaire was used to investigate individual perceptions of HRM practices. The questionnaire is based upon the typology of HRM practices proposed by Schuler and Jackson's (1987) and their empirical work in the U.S. (Sparrow and Wu, 1998). The items are presented as 23 pairs of self-explanatory alternative HRM practices representing four bundles of HPWS practices. Each bundle evaluates one major HRM function and participants were told that there are no right or wrong answers, and they should indicate their choice by choosing an appropriate number (ranged from 1 to 7) between the pair of HRM choices. Higher score indicates the extent to which the organization uses specific HPWS practice across the whole sample which identifies the main characteristics of the current HRM system.

The four dependent variables are employee commitment, satisfaction, motivation and intention to quit. A set of questionnaires grouped in one single questionnaire was used to measure these variables. Organizational commitment was measured based on fifteen items using Porter et al.'s (1974) Organizational Commitment Questionnaire (OCQ). Job Satisfaction was measured based on the Job Satisfaction Survey (JSS; Spector, 1997) which is a 36 items questionnaire that uses nine facet scales to assess employee attitudes about the job and aspects of the job and the organization. Finally, James Lindner's (1998) organizational motivation questionnaire was used to define the degree of motivation within the work place using the main ten employee motivating factors. The questionnaire was first used in a study at The Ohio State University's Piketon Research and Extension Center. The mean of the perception scores for each of the items was calculated to give an overall attitude score. For *Intention to quit*: single item measure was used for employees' 'intention to leave the organization. Respondents were asked to indicate the degree to which they agreed with the statements: 'I intend to leave this organization'. Surveys are in the public domain and no permission is required for its use.

### Results

Table 1, below, provides the means, and standard deviations based on a 7-point scale. For the 23 items used as measures of bundles of HPWS practices. The findings suggest that there was an uptake of three HPWS practices. For the staffing and recruitment bundle, the results suggest



that the organization relies heavily on internal resources, use fixed and explicit job description, and an extensive socialization process for new hires. However, there are limitations on the opportunities for advancement within the organization. These limitations may be referred to the narrow career path for advancement which is limited to specific area of practice or the same business unit. For performance appraisals HPWS practices, findings show that the performance appraisal process focuses on results, which is crucial for the appraisal process; other aspects of the HPWS are not fully adopted by the Agency. For instance, results indicate that there is little attention to employee development. Previous research emphasized that the appraisal process should capture areas for employee development based on employee engagement and focus on group performance (Payne, Horner, Boswell, Schroeder, & Stine-Cheyne, 2009). Finally, results indicate that employees are neutral and have mixed perceptions with regards to the performance appraisal time frame whether it focused on long or short term criteria. As shown above, there was a little uptake of many HPWS practices especially in the area of compensation and rewards.

TABLE 1 Means, and standard deviations

Items	HR Practices	Mean	Std. Deviation
<b>Staffing and Recruitment Choices</b>			
1.	New position staffed from internal resources	4.57***	1.72
2.	Job description is fixed and explicit	4.78***	1.68
3.	Organization career paths	3.50***	1.46
4.	Advancement within the organization	4.03	1.80
5.	The socialization process of new employee is extensive.	4.25*	1.90
<b>Performance Appraisal</b>			
1.	Performance appraisal tends to be Results oriented	4.39***	1.69
2.	The primary purpose of the appraisal is Performance.	3.60***	1.86
3.	Low level of employee participation in the process	3.80	1.82
4.	Appraisal process emphasizes long-term criteria	3.99	1.67
5.	Appraisal emphasis individual performance.	3.83**	1.94
<b>Compensation and Rewards</b>			
1.	The organization pays low salaries when compared with other organizations.	3.34***	1.64
2.	Employees receive few perks.	3.17***	1.53
3.	Benefits package is a Standard, fixed package.	3.87	1.93
4.	The pay system contains no incentives to reward productivity, quality or other desired results.	2.92***	1.48
5.	The incentives tend to be short-term.	3.29***	1.65
6.	Job security	3.84*	1.97
7.	Our compensation system is hierarchical in nature.	2.63***	1.65
<b>Training and Development</b>			
1.	The emphasis of employee training program is long-term.	4.22*	1.72
2.	There is limited amount of training per employee.	3.31***	1.75
3.	The training and development received is Task-specific.	4.50***	1.68
4.	Training and development received is unplanned, and unsystematic.	3.69**	1.83
5.	Employee participation in formulating training and development needs is high.	4.26**	1.74
6.	Training and development is oriented toward individual.	3.36***	1.83

\*statistically significant at .05 level

\*\* statistically significant at .01 level

\*\*\*statistically significant at .001 level

For the attitude measures, as shown in table (2), respondents are very committed to the organization with Mean score of 4.76, but less satisfied with Mean = 4.36. However, respondents demonstrate very low intention to leave the Agency with Mean = 2.68. Results also show that they are motivated with score 5.15 (based on a 7-point scale). The results show that the relationships are in the anticipated directions. Two dependent variables - commitment and satisfaction - have the strongest association with the four bundles of HPWS practices. The strongest association reported between training and development, performance appraisal, and rewards and recognition. Finally, it is clear that the aggregate effects of HPWS have the highest association with each of the dependent variables. This also indicates that HPWS are mutually reinforcing, overlapping, and have synergistic effect on employee attitudes.

TABLE 2 Means, standard deviations and t test of difference between mean and mid-point

Items	N	Mean	Std. Deviation	Cronbach's Alpha
<b>Organizational Commitment</b> (Cronbach alpha .85)	231	4.76***	1.01	0.85
<b>Job Satisfaction</b> (Cronbach alpha .92)	233	4.36***	1.09	0.92
<b>Motivation</b> (Cronbach alpha .75)	229	5.15***	0.51	0.65
<b>Intention to Quit</b>	224	2.68***	1.91	--

The bivariate relationships between the dependent and independent variables are outlined in table 3. Results show that the highest association is between training and development and job satisfaction with  $r_s = 0.600$  significant at ( $p < 0.01$ ). Job satisfaction has also relatively strong association with performance appraisal with  $r_s = 0.569$  significant at ( $p < 0.01$ ). Finally, there is moderate association between job satisfaction and selection and recruitment practices with  $r_s = 0.361$  significant at ( $p < 0.01$ ). For employee commitment, the results indicate that employee commitment has strongest association with the same independent variable (training and development) with  $r_s = 0.469$  significant at ( $p < 0.01$ ). The association between employee commitment and selection and recruitment practices is the lowest compared to other practices with  $r_s = 0.361$  significant at ( $p < 0.01$ ). However,

there is significant correlation between motivation and the other bundles of HPWS practices. For instance positive correlation exist between training and development and motivation with positive Spearman correlation of  $r_s = 0.197$  significant at ( $\rho < 0.01$ ). The following section will now consider the relative impact of the independent variables on individual worker outcomes through ordinary least squares multiple linear regression analyses.

TABLE 3 Correlation Matrix

	1	2	3	4	5	6	7	8	9	
1.Commitment	Spearman's rho Sig. (1-tailed) N	1.000 . 231								
2.Satisfaction	Spearman's rho Sig. (1-tailed) N	.740** .000 231	1.000 . 233							
3.Motivation	Spearman's rho Sig. (1-tailed) N	.258** .000 229	.273** .000 229	1.000 . 229						
4.Intention to Quit	Spearman's rho Sig. (1-tailed) N	-.488** .000 224	-.356** .000 224	-.168** .006 223	1.000 . 224					
5.Staffing and Recruitment	Spearman's rho Sig. (1-tailed) N	.229** .000 231	.361** .000 233	.127* .028 229	-.102 .064 224	1.000 . 234				
6.Performance Appraisal	Spearman's rho Sig. (1-tailed) N	.454** .000 231	.569** .000 233	.051 .221 229	-.263** .000 224	.408** .000 233	1.000 . 233			
7.Compensation and Rewards	Spearman's rho Sig. (1-tailed) N	.313** .000 231	.506** .000 233	.196** .001 229	-.133* .024 224	-.297* .000 233	.383** .000 233	1.000 . 233		
8.Training and Development	Spearman's rho Sig. (1-tailed) N	.469** .000 230	.600** .000 231	.197** .001 228	-.248** .000 223	.324** .000 231	.398** .000 231	.627** .000 231	1.000 . 231	
9.HPWS	Spearman's rho Sig. (1-tailed) N	.506** .000 231	.683** .000 233	.193** .002 229	-.247** .000 224	.608** .000 234	.674** .000 233	.783** .000 233	.823** .000 231	1.000 . 234

OLS regression analyses

The four hypotheses identified were tested using hierarchal multiple regression in an attempt to estimate the net effect of each of the independent variables (bundles of HPWS practices) on the dependent variables (employee attitude). Four models are presented in table (4) below, combining the independent variables to predict the dependent variable. Based on the

the independent variables significantly contributes to explanation in variance in one or more of the attitude measures. Detailed presentation of each of the four models associated with the four dependent variables is discussed below.

TABLE 4 Results of Regression Analysis with HPWS as Predictors of Employees Attitude

Predictors	Individual outcomes															
	Model 1: Commitment		Model 2: Satisfaction		Model 3: Motivation		Model 4: Intention to Quit									
	B	(t)	B	(t)	B	(t)	B	(t)								
Staffing and Recruitment	-0.010		-0.168		.060		1.144		.065	.936	-.007	-1.100				
Performance Appraisal	.309***	5.701	.357***	7.000	-.026	-.380	-.122	-1.719								
Compensation and Rewards					-.036		.204**	3.082	.103**	3.061	.088	1.064				
Training and Development									.305***	5.719	.324***	5.471	.098	1.201	-.349**	-3.121
R <sup>2</sup>	0.319		0.493		0.040		.042									
F value	53.213***		73.457***		9.37**		9.739**									
N	229		230		227		222									

- \*statistically significant at .05 level
- \*\*statistically significant at .01 level
- \*\*\*statistically significant at .001 level

As shown in table (4), the first model shows that two bundles of HPWS are powerful and statistically significant predictors of employee commitment. This indicates that both performance appraisal and training and development have positive effects on employee commitment. For this dependent variable, adjusted R<sup>2</sup> = 0.319, which shows that the model accounts for 31.9% of variance in employee commitment significant at ( $\rho < 0.001$ ). Accordingly, both bundles: performance appraisal ( $\beta = 0.309, \rho < .001$ ), and training and development ( $\beta = .305, \rho < .001$ ) are statistically significant predictors of employee commitment. The model also reveals that neither rewards and compensation, nor recruitment bundles are statistically significant predictors of employee commitment. Consistent with previous research on the relationship between training provision and employee commitment, training provision leads to improvements in organizational commitment based on the social exchange

theory (Bartlett, 2001; Al Emadi & Marquardt, 2007). Social exchange theory posits that employees enter into a relationship with the organization so as to maximize the benefits they obtain (Blau, 1964). Researchers argue that employees training provision is part of the unwritten psychological contract between the organization and employees (Newman, Thanacoody, & Hui, 2011). Employees perceive training and development opportunities in exchange for displayed organizational commitment (Bartlett, 2001). Similarly, for performance appraisal, previous research has shown that performance appraisal process is characterized with employee participation in setting of goals and standards for performance, which also increase chances of employee commitment (Vasset, Marnburg, & Furunes, 2011). In addition, performance appraisal helps organization in clarifying employee roles and reduces any ambiguities, which also leads to higher levels of commitment (Pettijohn C, Pettijohn L, & Taylor, 2001). The direction of the relationships was anticipated for two of the four bundles of HPWS practices; the exception being staffing and recruitment, where there is no significant effect from the regression analysis. However, the agreement among HRM scholars is that staffing and recruitment selection procedures have positive effects on employee commitment (Bowen & Ostroff, 2004, Dyer & Reda, 2010). This result may reflect respondents' experience of limited opportunities within the organization for other positions and promotions. One of the interviewees stated that "promotion opportunities within the organization are very limited". However, this is perceived from senior management as more flexible recruitment system that allows for external hiring which allows the organization to select the best candidates. One Chief program officer indicated that

One of the main objectives of selection process is to find the candidate who has the appropriate knowledge, skills, and abilities to perform well on the job from a pool of applicants for a position. We cannot assume that everyone who works for the organization and apply for a job is qualified to actually perform it. Therefore, now we can hire externals if we are not able to find the internal

qualified person for the job.

This situation illustrates the need for workers to understand management's motives for recruitment and staffing activities. Failure to do so is likely to undermine the anticipated effects of flexible and comprehensive selection processes.

The second model shows that three bundles of HPWS practices are statistically significant predictors of employee's job satisfaction. These bundles are performance appraisal, compensation and rewards, and training and development and each of these bundles have positive effects on employee's job satisfaction. For this model, adjusted  $R^2 = 0.493$ , which indicates that the model accounts for 49.3% of variance in job satisfaction measures significant at ( $p < 0.001$ ). Three bundles of HPWS practices are powerful and statistically significant predictors of job satisfaction: performance appraisal ( $\beta = .357, p < .001$ ), compensation and rewards ( $\beta = .204, p < .01$ ), and training and development ( $\beta = .324, p < .001$ ). Accordingly, there is an indication of statistically significant effects of three bundles of HPWS practices on employee job satisfaction in IGO's. Results are consistent with previous studies on the effects of performance appraisal on employees' job satisfaction. Many studies have shown positive significant relationship between job satisfaction and compensation (Beutell & Wittig-Berman, 1999), training and development (Jones Melanie, Jones Richard, Latreille, and Sloane, 2009), and performance appraisal (Pettijohn et al, 2001). For instance, studies have shown that performance appraisal process establishes feedback system between employees and their managers which permits for manager to clearly define subordinates roles within the workplace. The resulted feedback minimizes role ambiguity among employees in different types of organizations which, in turn, negatively correlates with job satisfaction. Finally, the second model also reveals that staffing and recruitment is not statistically significant predictor of employee satisfaction and has no statistically significant effects on employee satisfaction.

As shown in the third model, only one of the four HPWS is statistically significant predictor of employee motivation. The results of the regression analysis reveal that none of the individual bundles of HPWS practices is powerful predictor for motivation and intention to quit. For employee motivation dependent variable, adjusted  $R^2 = 0.040$ , which indicates very little effects of the independent variables on employee motivation. These effects account only for 4.0 % of the variance in employee motivation significant at  $p < 0.01$ . Only compensation and

rewards ( $\beta = .103, \rho < .01$ ) is statistically significant predictor of employee motivation and has positive statistically significant relationship with employee motivation. The model also reveals staffing and recruitment, performance appraisal, and training provision are not statistically significant predictors of employee motivation. Accordingly, there is an indication of positive impacts of only of one bundle of HPWS practices on employee motivation in IGO's. This could be referred to what is been referred to Public Service Motivation (PSM), proposed by James Perry and Lois Recascino Wise in published essay "The Motivational Bases of Public Service" (1982). The authors proposed that motivation among public servants originates from unique motive and beliefs that are different from those of their private sector counterparts (Perry and Wise, 1990). The authors defined PSM as "an individual's predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations" (1990, p. 368). The definition clearly emphasizes motives, such as civic duty and compassion that are commonly associated with public organizations.

Finally, the fourth model shows that only one of the four bundles of HPWS is statistically significant predictor of employee's intention to quit. For employee intention to quit dependent variable, adjusted  $R^2 = 0.042$ , which indicates that the model accounts only for 4.2 % of variance in employee intention to quit significant at  $\rho < 0.01$ . Accordingly, there is a very little effects of only one bundle of HPWS, namely training and development bundle has statistically significant relationship with ( $\beta = -.103, \rho < .01$ ) on employee's intention to quit. Therefore, results indicate that training and development is the only statistically significant predictor of this dependent variable with inverse relationship. The model also reveals that the other three bundles of HPWS practices including staffing and recruitment, performance appraisal, and compensation and rewards are not statistically significant predictors of employee intention to quit. Accordingly, there is an indication of inverse relationship with negative impacts of only one bundle of HPWS practices on employee intention to quit in IGO's. The majority of research addressing what factors impact employee's intention to quit suggests that stress resulting from workloads and the relationships between supervisors and subordinates are major causes for employee intention to leave the organization (Firth, Mellor, Moore, & Loquet, 2004). However, some previous research addressing intention to quit among employees suggest that specific training, which focuses on building employee's skills

related to the job, make employees reluctant to quit their jobs as workers believe that the benefits of training are lost if they leave to another organization (Sieben, 2007).

### Conclusion

This paper aimed at evaluating the effects of bundles of HPWS practices on IGO's worker attitudes. The study evaluates four employee attitudes measures, namely commitment, job satisfaction, motivation and intention to quit. The results were based on employee questionnaire and face-to-face interviews collected from a cross-section of employees working in humanitarian IGO with quasi-governmental role providing education, health, infrastructure, relief and social services. As such, this paper has contributed to the current HRM-Performance debate by extending the analysis to IGOs. The findings reported here are consistent with previous research demonstrating a link between bundles of HPWS practices, enhanced worker attitudes (Guest, 2011; Paawue, 2009). Of the four bundles of HPWS practices used in this study, only training and development had a consistent effect on three measures of employee attitudes. Training and development has positive relationship with employee commitment, and satisfaction, and inverse relationship with employee intention to quit. Results have also shown that performance appraisal has strong positive relationship with employee commitment and satisfaction. On the other hand, compensation and rewards has positive relationship with employee satisfaction and motivation. Managers working in IGO's needs to consider enhancing employee attitudes with increased focus on training and development activities along with ensuring that adequate consideration is given to incentives and pay structure. Findings demonstrate that HPWS perceived differently by the individual workers which may contribute to explaining the different effects of HPWS in IGO context. Additionally, previous research within HRM literature emphasized that country differences and contextual factors may also impact the perceptions of individual workers towards HPWS especially in IGO's context (Fey et al, 2009).

One of the main conclusions of this study relates to employees perception towards the application of HPWS and the effectiveness of adopting HPWS. The study results demonstrate that out of 23 practices identified as HPWS practices, only seven practices has been identified to be adopted by the organization based on employees perception. This indicates that there are different perceptions among IGO's employees with regards to the

issues within HRM literature which refers to the fit between HRM practices, policies, and processes addressing the actual deployment of HRM systems and whether HRM policies match HRM practices and business processes (Heneman III & Milanowski, 2011). Previous research has shown that HPWS, to be effective, policies should match both the actual HRM practices and processes applied within the organization. Misfit between the policy and the practice could result into ineffective or counterproductive effects on employees' attitude (Kepes & Delery, 2007). Employee's attitudes and behaviours are affected by processes more than policies so when policies and processes are not aligned, employees may demonstrate negative behaviours due to perceptions of injustice (Simons & Roberson, 2003). The results obtained from face-to-face interviews validated the results obtained from the closed-end questionnaire revealing that most employees did not feel that the policies and procedures are particularly effective. Most employees confided that they perceived real intention for major changes in HRM policies and practices. The employees indicated that increased recognition, empowerment and open communication have positively influenced workers' attitudes. However, they believe that the organization did little to attempt to implement additional and more tangible changes in other areas such as internal promotion, new pay system, and training and development programs. The implication is that there should be considerations towards employees' perceptions of HRM practices to avoid any contradictions between the intended HRM policies and actual HRM practices experienced by employees. Previous research examining employees' perception towards HRM practices showed that while managers describe the performance evaluation process as an open discussion between employees and management, employees felt that employee-goals were set without consulting them (Kooij, Jansen, Dikkers, & De Lange, 2010). In a similar study, better communication between management and staff involving them in decision-making activities were perceived as information overload from staff leading to negative individual outcomes (Gould-Williams, 2004). Therefore, individual work-related HRM outcomes are affected by employees' perceptions of HRM practices, instead of by intended HRM policies (Edgar & Geare, 2005; Guest, 1999). In the same line of reasoning, there are some implications related to the process of developing, implementing and administering the adopted HPWS. Researchers argue that the possession of certain practices is not a sufficient condition but is a necessary condition for attaining the desired HRM outcomes (Khilji

and Wang, 2006). It is very important for organization adopting HPWS to consider how to develop, implement and administer HPWS practices to achieve high level of HRM outcomes on the organizational level (Gerhart, Wright, MAHAN, & Snell, 2000). Results demonstrated variation in employees' perception towards implemented bundles of HPWS practices. These results were validated from interview participants who reported that the organization clearly announced new austerity measures which affected the deployment of HPWS especially with implementing new pay system. For instance, results indicate that the organization failed to sustain internal or external equity, provide incentives for quality of work and provide lots of benefits for employees. Previous research on international compensation has shown that the unique nature of multinational enterprises including IGO's which rely on donors on its operations, face funding challenges when it comes to compensation and rewards system (O'Sullivan, 2010). In many cases, donors' countries budgets vary in terms of salaries and in the exchange rates upon which salaries are to be calculated. Therefore, within the IGO context, salaries may vary according to the donor's country funding which may influence the internal compensation equity. On the other hand, external equity is also a challenged due to the complexity of determining suitable market rates and possible lack of HRM expertise in using of salary surveys to determine the appropriate salary levels (Festing, Eidems, & Royer, 2007). Finally, HPWS are complementary systems with synergistic effects when combined into coherent HRM architecture. Appropriate compensation and rewards practices would enhance the effectiveness of staffing and recruitment practices because compensation and rewards practices often serve to attract and maintain talented individuals who possess the highest levels of skills. The linking of compensation and rewards to performance appraisal and to feedback systems would also enhance the effectiveness of training and development, because dialogue between managers and employees can inform employees about requisite skills and knowledge identifying employees capacity building needs. The implication seems to be that because of the austerity measures implemented within the organization, funding restriction on organization plans had consolidated impacts on other areas of the HRM reform process. Thus it may be important to consider the other organizational factors and resources and to further plan the reform process. Further research is needed to determine whether staffing and recruitment strategies affect employees' attitude in public organization.

need to be considered when evaluating study findings. One of the limitations of this study comes from the nature of cross section research design which is common in HRM literature and has been previously discussed from several academics. According Paauwe (2004), the cross-sectional data used in research examining the effects of HPWS on employees, does not permit any tests of the causal ordering between the effects of HPWS and performance. While the study results specify the effects of HPWS on employee attitudes, testing the causal relationship with performance outcomes requires longitudinal research approach which involves repeated observations of the same variables over long periods of time. However, data collection on management issues over long time period is difficult and expensive especially with traditional survey methods (Paauwe, 2004). Another limitation for this study is that only single organization was included in this study due to the lack of researcher resources. Therefore, study finding are limited to the research site and study participants. Although similarities may exist between the findings in this study and other IGOs, caution should be taken in making generalizations about the findings of this study in relation to other comparable institutions. However, limiting research to single organization assisted in isolating HPWS in an attempt to control size, age, and technology besides other possible interdependencies for the effects of HPWS on the organizational level. Finally, in real life there are many independent variables that may affect employee attitudes in addition to HRM practices. These variables may include work relationships, organizational politics and organizational leadership (Allen & Eby, 2012, Walumbwa, Hartnell, & Oke, 2010, Chang, Rosen, & Levy, 2009). However, this study was limited to examining HPWS practices as independent variables. Any other variables that may affect the dependent variables were excluded from the study. Nevertheless, despite these limitations, the results presented here suggest that the bundles of HPWS have positive effects on employees' attitude in IGOs context and this supports similarities with other types of organizations.

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# AJAIBRAILLE (ARDUINO HIJAIYYAH BRAILLE)AS AN EFFECTIVE SOLUTION LEARNING HIJAIYYAH LETTER FOR VISUAL IMPAIRED CHILDREN

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**ABSTRACT** :Eyes is the most fundamental of human sense to acquire information from environment and do the daily activities such as walk, eat and the list goes on especially in learning without them we extremely hard to learn almost everything. Learn is the way human to develop, this tool helping blind people to learn hijaiyyah letter.

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Keywords: Learning, visual impairment, Arduino, children, blind

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## INTRODUCTION :

Blindness or visual impaired is part of mankind's problem in this world. 285 million people are estimated to be visually impaired worldwide: 39 million are blind and 246 have low vision that number based on WHO data and still growing. Managing Director Cicendo Eye Hospital Bandung, Hikmat Wangsaatmadja stated "Our population is experiencing blindness about 3.5 million residents, certainly blindness becomes a serious problem in Indonesia, so the assumption is if Singapore's population of 3.5 million, if exchanged for Indonesian citizens who are blind, then there are all blind. ". blind children have a sense of vision less alert (*low vision*) which does not function as a channel of acquiring information in the activities of day-to receiver day as individuals in general who have sighted vision, so impacting on his own development as development academic, for example, resulting in blind children learning difficulties so will hinder the learning process. To overcome the difficulties and obstacles needed media learning which aims to stimulate thoughts, feelings, concerns and ability or skills of children with visual impairment in the process of learners in order to reach the learning objectives. The purpose of learning is the The main target to be achieved after the learning process. although the media is just helping tool in achieving the learning objectives. Media that we develop is a board AJAIBraille hijaiyyah braille letters to make a sound so can help children with

visual impairment to learn to understand the hijaiyyah letter like ordinary person. This learning media is expected to provide lessons for children blind children to learn and listen to the shape of the hijaiyyah letter how the sound of each letter of the hijaiyyah. The form is relatively simple and easy to carry anywhere with laced songs associated with the hijaiyyah letter added value of this tool for besides portability also this tool can add interest to learn through songs. In addition, the affordability make all circles with visual impairment can have it. With these innovations, blind children are expected to learn the shape of the hijaiyyah letter and say the sound of each hijaiyyah letter with interesting and fun.

## 2. DETAIL EXPERIMENTAL

AJAIBraille is a medium of learning that helps children blind to learn letter hijaiyyah easily and fun. AJAIBraille designed to apply strategies the development of children's creativity the blind models of Synectics which developed by Alimin and Sunardi (1996), was to create something and introducing new oddities. AJAIBraille a media that can be classified into something new. This is because AJAIBraille apply the rapid development of new technologies as the main components, namely arduino. Arduino is a physical computing that can make a system or physical devices using software and hardware namely could receive interactive nature of environmental stimuli and responds Behind (Djuandi, 2010) that is open source. This

tool was designed to incorporating elements of strangeness in it in the form of size shaperesembles a power bank. It cause is also very flexible tool fortaken anywhere, because of its relatively small size, the diameter of 7cm,15 cm long and 5 cm tall.AJAIBraille These advantages make this tool as a mediumlearning for children with Visual impairment instudy and understand the hurly hijaiyyah.

**2.1 Effectiveness and Performance of AJAIBraille**

Media-based learning open source technology that providesAJAIBraille many contributions to the effectiveness in helping childrenblind persons.Various solutions in handling ease of blind children inlearning the Holy Quran, especially sub hijaiyyah has a lot on offer.Among them, In 2010, Abrams has been designing software Iqra Braille. This software using Borland Delphi 7.The program works by reading a Braille keyboard that is configured astouch sensors and serially transmitted to a computer. The value of reading datasent will be used to play sound on sound library in the programIqra Braille.Use of this software is less effectively implemented for childrenchildren with visual impairment. This is because the software requires a PC (personal Computer) or a laptop, and the like to be used. In addition, This softwareinflexible used for day-to-day. It's different invitationAJAIBBraille the author designed. This tool can detect a touch of lettersbraille that exist on the surface of the tool to be read by the microcontrollerwhich can convert the digital signal into sound signals.

AJAIBraille can easily use in everyday life, because AJAIBraille form toolhas a shape such as power relatively small-sized banks. This mattermake AJAIBBraille very flexible.Aprilianti (2012) find tools for learning Braille letters hijaiyyahfor blind people.she using a solenoid to form Brailleand use a touch sensor to detect a touch on the letter.When the sensor is touched microcontroller will read the voice data onSDCard via SPI communication. Data processed by the sound of SDcardmicrocontroller using a DAC into sound signals. However, this tool is notusing the battery as a power supply in the system. This resultedportability is not optimal. Therefore, use a battery AJAIBrailleas a power supply for improved portability tool. Not only just that , AJAIBraillefeaturing letters randomly, so that the memory of children increased.Therefore, AJAIBraille an effective solution to the problemhijaiyyah letter almost the learning process among childrenblind persons.

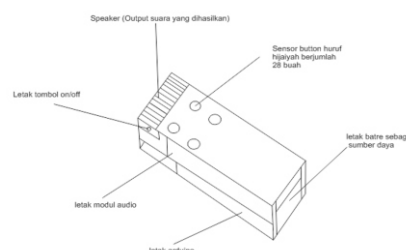


Fig.1. Design tool of AjaiBraille

no	Component name	Function
1	Arduino	As an open source tool AjaiBraille
2	USB	<ul style="list-style-type: none"> <li>• Loading programs from computer to the board</li> <li>• Serial communication between board and computer</li> <li>• Providing electrical power to board</li> </ul>
3	audio module	For setting up the analog result of touch into audio form.
4	button Cap 28 pieces	To obtain information
5	Battery	As power sources external power to Media
6	Speaker	As output sound
7	Button switch on / off	As a connector or breakerseries
8	Cables male to male	
9	Bread board	
10	Pin male header	

## 2.2 How it Works AJAIB Braille

The way of AJAIB Braille is by touching the buttons on the surface which there are hijaiyyah letter Braille code. AJAIB Braille equipped with voice outputs a response issued when the tool button on the touch by the user making it easier for users when using this tool because it does not need to be No coach or teacher. In this study using Arduino, in Arduino are main components of a chip microcontroller with the type AVR. The microcontroller is a chip or IC (integrated circuit) that programmed using a computer. The program planted in microcontroller so that electronic circuits can read input, process the input and then generate output that is sound. Microcontroller serves as the "brain" that controls the input, process and output circuit this electronic. For the storage of sound, these learning tools using stored on the SDCARD in the component Arduino.

## CONCLUSION

The way the device is detecting the touch Braille exist on the surface of the tools to be read by the microcontroller to convert the digital signal into sound signals. Based on the description above, AJAIB Braille can help improve the ease of children with blind in studying the letter hijaiyyah. The design of its smaller size so as to facilitate the user when it will bring this tool when this tool is traveling featured with batteries that can be recharged so can be said to be more efficient and effective and easier for blind children in learning letters hijaiyyah. In addition, this tool featured with battery refills can thus be said to be more efficient and effective and easier for blind children in learning letters hijaiyyah.

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# MONETARY POLICY ANALYSIS UNDER CORE AND HEADLINE INFLATION TARGETING IN THAILAND

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**ABSTRACT-** To analyse the performance of monetary policy in Thailand under core and headline inflation targeting regimes, this study uses a small open-economy dynamic stochastic general equilibrium model. All relevant parameters are estimated by a Bayesian technique. A merit of an incomplete exchange-rate pass-through assumption provides the realistic model. Results show that headline inflation targeting regimes perform better than core inflation regimes in generating lower welfare losses, and Bank of Thailand can improve welfare by non-positively responding to real exchange rate.

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**Keywords:** Monetary policy, Core inflation, Headline inflation, Incomplete exchange rate pass-through, Bayesian estimation

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## INTRODUCTION

Since January 6, 2015, the Bank of Thailand (BOT) switched from a core inflation targeting regime (CITR) to adopt a headline inflation targeting regime (HITR). Note that a headline inflation targeting regime (HITR) means the regime that the central bank target headline inflation, while a core inflation targeting regime (CITR) means the regime that the central bank target core inflation. For Thailand, headline inflation is measured by overall CPI inflation and core inflation is measured by overall CPI inflation excluding energy and food inflation. The question whether central banks should conduct between CITR or HITR is raised. Also, many monetary economists debate about this question in the international. The literature supporting CITR, namely Aoki (2001), Gali and Monacelli (2005), Dhawan and Jeske (2007) and Bodenstein et al. (2008), mention that the resource misallocation is caused by price rigidity under New Keynesian (NK) model.

Note that Aoki (2001), Dhawan and Jeske (2007) and Bodenstein et al. (2008) use the closed economy based NK with the complete financial market. While, Gali and Monacelli (2005) use an open economy based NK with the complete financial market and the complete exchange rate pass-through. Since the firms in sticky price sector cannot freely adjust their prices, the average markup price will change in response to shocks and can be different from the efficient one. Hence, the central bank is suggested to

stabilize sticky prices so that the average markup price becomes the constant one at the efficient level for anchoring inflation expectation over time. Interestingly, Gali and Monacelli (2005) mention that because of the complete exchange rate pass-through assumption, an importing good price is a flexible price. If this assumption is relaxed so that an importing good price becomes sticky prices, stabilizing a domestic good price or CITR can be the sub-optimal policy.

In addition, Anand and Prasad (2010) support HITR and argue that the supporting evidence for CITR rely on the complete financial markets assumption and the source of distortion from price stickiness. They then adopt the incomplete financial market assumption so that households cannot well insure their future income against a risk and then household's demands for goods become insensitive to the policy rate. Note that Anand and Prasad (2010) improves the model by introducing more realistic features of the emerging market. Their model is the closed economy based NK with the incomplete financial market including the credit constraints of households working in food sector, requirements for a minimum subsistence food level to survive of households, a high share of expenditure on food in total expenditure of households and low price elasticity of household's demand for foods. Although many studies examine whether monetary policy should conduct between CITR and HITR, it is still no consensus. Our

study then aims to analyse the performance of monetary policy under CITR and HITR by using theoretical approach allowing us to clearly capture economic frictions and corresponding to Lucas critique. As Thailand is a small open country and the exchange rate adjustment becomes an important issue, our model come up with a small open economy feature. Because the contributions of the literature show that the finding sensitives to unrealistic assumptions (i.e. the complete exchange rate pass-through and the complete financial market), our model introduces the incomplete exchange rate pass-through assumption.

The other interesting issue relates to real exchange rate (RER) response of monetary policy under HITR. Because a change in headline inflation is already passed from a change in exchange rate through a change in an importing good price, it will be benefit to know how BOT responds to RER under HITR. This study uses a small open economy DSGE based NK and RBC model with the incomplete exchange rate pass-through proposed by Adolfson et al. (2007). All relevant parameters are estimated by a Bayesian technique.

The remaining parts of a paper are organized as follows. Section 2 sets up a theoretical model. Section 3 presents methodologies including parameter calibration, parameter estimation and policy rule modification. Section 4 mentions the monetary policy analysis results and section 5 concludes.

## 1. A THEORETICAL MODEL

Key frictions of the model are as follows: i) price and wage rigidities implying that law of one price and wage do not hold, ii) incomplete exchange rate pass-through implying that an import price cannot fully adjust according to an exchange rate change, iii) a risk premium for foreign bond holding implying that uncovered interest rate parity does not hold, iv) a costs of capital adjustment implying persistence in a capital price, v) habit formation implying consumption gradually responding to the policy rate, vi) working capital channel implying that the policy rate can create a cost push shock and vii) complete financial market by allowing that households can borrow against the risk in the future income.

### 1.1 Households

Each  $j^{th}$  household maximizes life-time utility function as follows:

$$E_0^j \sum_{t=0}^{\infty} \beta^t \left[ \zeta_t^c \ln(C_{j,t} - bC_{j,t-1}) - \zeta_t^h A_L \frac{(h_{j,t})^{1+\sigma_L}}{1+\sigma_L} + A_q \frac{(Q_{j,t}/P_t^{core})^{1-\sigma_q}}{1-\sigma_q} \right] \quad (1)$$

subject to the budget constraint:

$$\begin{aligned} M_{j,t+1} + S_t B_{j,t+1} + P_t^{headline} C_{j,t} (1 + \tau_t^c) + P_t^i I_{j,t} + P_t^{core} (a(u_{j,t}) \bar{K}_{j,t} + P_{k,t} \Delta_t) = \\ R_{t-1} (M_{j,t} - Q_{j,t}) + Q_{j,t} (1 - \tau_t^k) \Pi_t + (1 + \tau_t^y) \frac{W_{j,t}}{1 + \tau_t^w} h_{j,t} + (1 - \tau_t^k) R_t^k u_{j,t} \bar{K}_{j,t} \\ - \tau_t^k [(R_{t-1} - 1)(M_{j,t} - Q_{j,t}) + (R_{t-1}^* \Phi(\frac{\tilde{\Phi}_{t-1}}{\tilde{\sigma}_{t-1}}, \tilde{\Phi}_{t-1}) - 1) S_t B_{j,t}^* + B_{j,t}^* (S_t - S_{t-1})] \\ + R_{t-1}^* \Phi(\frac{\tilde{\Phi}_{t-1}}{\tilde{\sigma}_{t-1}}, \tilde{\Phi}_{t-1}) S_t B_{j,t}^* + T R_t D_{j,t} \end{aligned} \quad (2)$$

and the law of motion for the physical capital stock:

$$\bar{K}_{t+1} = (1 - \delta) \bar{K}_t + Y_t F(I_t, I_{t-1}) + \Delta_t, \quad (3)$$

where  $C_{j,t}$  is consumption,  $h_{j,t}$  are working hours,  $Q_{j,t}/P_t^{core}$  is a real cash balance,  $\zeta_t^c$  is a consumption preference shock,  $\zeta_t^h$  is a labor supply shock,  $Y_t$  is a stationary investment-specific technology shock,  $I_{j,t}$  is investment,  $S_t$  is a nominal exchange rate (NER),  $B_{j,t+1}^*$  is a foreign bond,  $P_t^i$  is a nominal investment goods price,  $u_{j,t}$  is an utilization rate formulated by  $u_t = K_t/\bar{K}_t$ ,  $M_{j,t}$  is a money balance,  $\Pi_t$  is a profit,  $W_{j,t}$  is a nominal wage,  $A_t$  is a real aggregate net foreign asset position,  $\tilde{\Phi}_{t-1}$  is a time varying risk premium,  $D_{j,t}$  is a net income by holding state contingent securities. Each household is a monopoly labour supplier and solves wage setting problem as follows:

$$\max_{W_{j,t}} E_t \sum_{s=0}^{\infty} (\beta \bar{L}_s)^s \left[ -\zeta_{t+s}^h A_L \frac{(h_{j,t+s})^{1+\sigma_L}}{1+\sigma_L} v_{t+s} \frac{(1 - \tau_{t+s}^y)}{(1 + \tau_{t+s}^w)} \left( \pi_{t+s}^{headline} \dots \pi_{t+s-1}^{headline} \right)^{\kappa_w} W_{j,t+s}^{new} \right] h_{j,t+s}$$

The constant elasticity of substitution (CES) function of the aggregate consumption is indexed by the domestic and imported consumption is given by

$$C_t = \left[ (1 - \omega_c)^{1/\eta_c} (C_t^d)^{(\eta_c-1)/\eta_c} + \omega_c^{1/\eta_c} (C_t^m)^{(\eta_c-1)/\eta_c} \right]^{\eta_c/(\eta_c-1)} \quad (4)$$

where  $C_t^d$  and  $C_t^m$  are the domestic and imported consumption, respectively. An aggregate CPI is:

$$P_t^{headline} = [(1 - \omega_c)(P_t^{core})^{1-\eta_c} + \omega_c(P_t^{m,c})^{1-\eta_c}]^{1/(1-\eta_c)} \quad (5)$$

## 1.2 Firms

### 1.2.1 A domestic sector

A final firm transforms intermediate goods into a homogenous good by the following CES equation:

$$Y_t = \left[ \int_0^1 Y_{i,t}^{\frac{1}{\lambda_{d,t}}} di \right]^{\lambda_{d,t}}, \quad 1 \leq \lambda_{d,t} < \infty, \quad (6)$$

Each intermediate firm  $i$  minimizes its cost subject to the following production function:

$$Y_{i,t} = z_t^{1-\alpha} \epsilon_t K_{i,t}^\alpha H_{i,t}^{1-\alpha} - z_t \phi,$$

where  $z_t$  is a permanent technology shock,  $\epsilon_t$  is a covariance stationary technology shock,  $K_{i,t}$  is a capital service stock, which can differ from the physical capital stock ( $\bar{K}_t$ ),  $H_{i,t}$  is a homogeneous labour input and  $\phi$  is a fixed cost. The cost minimization of each intermediate firm  $i$  gives the following marginal cost

$$MC_t^d = \frac{1}{(1-\alpha)^{1-\alpha}} \frac{1}{\alpha^\alpha} (R_t^\alpha)^{\alpha} [W_t (1 + v(R_{t-1} - 1))]^{1-\alpha} \frac{1}{z_t^{1-\alpha} \epsilon_t} \quad (8)$$

Because of the working capital cost, this marginal cost can be affected by  $R_{t-1}$ . Each intermediate firm  $i$  is a monopolistic producer and can set its price by the following price setting problem:

$$\max_{P_{new,t}^{core}} E_t \sum_{s=0}^{\infty} (\beta \xi_d)^s v_{t+s} \left[ \left( \pi_t^{core} \pi_{t+1}^{core} \dots \pi_{t+s-1}^{core} \right)^{\kappa_d} P_{new,t}^{core} Y_{i,t+s} - MC_{i,t+s} (Y_{i,t+s} + z_{t+s} \phi) \right]$$

The log-linearized optimal condition of the price setting problem gives the Philips curve in domestic sector as follows:

$$\hat{\pi}_t^{core} = \frac{\beta}{1 + \kappa_d \beta} E_t \hat{\pi}_{t+1}^{core} + \frac{\kappa_d}{1 + \kappa_d \beta} \hat{\pi}_{t-1}^{core} + \frac{(1 - \xi_d)(1 - \beta \xi_d)}{\xi_d (1 + \kappa_d \beta)} (\widehat{m}_t + \hat{\lambda}_{d,t}) \quad (9)$$

### 1.2.2 An importing sector

Importing firms buy a homogenous good from an abroad market with a foreign price ( $P_t^*$ ) and sell it as an imported consumption good ( $C_t^m$ ) and an imported investment good ( $I_t^m$ ). The monopolistic importing firms  $i$  can set imported consumption goods prices ( $P_t^{m,c}$ ) and imported investment goods prices ( $P_t^{m,i}$ ) as the result of incomplete exchange rate pass-through. The price setting problems of the importing firms are as follows:

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$$\max_{P_{new,t}^{m,c}} E_t \sum_{s=0}^{\infty} (\beta \xi_{m,c})^s v_{t+s} \left[ \left( \pi_t^{m,c} \pi_{t+1}^{m,c} \dots \pi_{t+s-1}^{m,c} \right)^{\kappa_{m,c}} P_{new,t}^{m,c} C_{i,t+s}^m - S_{t+s}^{P^i} (C_{i,t+s}^m + z_{t+s} \phi^{m,c}) \right]$$

$$\max_{P_{new,t}^{m,i}} E_t \sum_{s=0}^{\infty} (\beta \xi_{m,i})^s v_{t+s} \left[ \left( \pi_t^{m,i} \pi_{t+1}^{m,i} \dots \pi_{t+s-1}^{m,i} \right)^{\kappa_{m,i}} P_{new,t}^{m,i} I_{i,t+s}^m - S_{t+s}^{P^i} (I_{i,t+s}^m + z_{t+s} \phi^{m,i}) \right]$$

The log-linearized optimal conditions of the price setting problems give the Philips curve in the importing sector as follows:

$$\hat{\pi}_t^{m,j} = \frac{\beta}{1 + \kappa_{m,j} \beta} E_t \hat{\pi}_{t+1}^{m,j} + \frac{\kappa_{m,j}}{1 + \kappa_{m,j} \beta} \hat{\pi}_{t-1}^{m,j} + \frac{(1 - \xi_{m,j})(1 - \beta \xi_{m,j})}{\xi_{m,j} (1 + \kappa_{m,j} \beta)} (\widehat{m}_t^{m,j} + \hat{\lambda}_t^{m,j}) \quad (10)$$

where  $\widehat{m}_t^{m,j} = \hat{p}_t^* + \hat{s}_t - \hat{p}_t^{m,j}$  and for  $j = \{c, i\}$ .

### 1.2.3 An exporting sector

The exporting firms buy a homogenous good from the domestic market with a core price ( $P_t^{core}$ ) and sell it as an exported good ( $\tilde{X}_t$ ). The monopolistic exporting firms  $i$  can set an exported good price ( $P_t^x$ ). The price setting problem of exporting firms is:

$$\max_{P_{t+1}^x} E_t \sum_{s=0}^{\infty} (\beta \xi_x)^s v_{t+s} \left[ \left( (\pi_t^x \pi_{t+1}^x \dots \pi_{t+s-1}^x) \kappa_x P_{t+s}^x \right) \tilde{X}_{t+s} - \frac{P_{t+s}^{core}}{S_{t+s}} (\tilde{X}_{t+s} + z_{t+s} \phi^{mi}) \right]$$

The log-linearized optimal condition of the price setting problem gives the Philips curve in the exporting sector as follows:

$$\hat{\pi}_t^x = \frac{\beta}{1+\kappa_x\beta} E_t \hat{\pi}_{t+1}^x + \frac{\kappa_x}{1+\kappa_x\beta} \hat{\pi}_{t-1}^x + \frac{(1-\xi_x)(1-\beta\xi_x)}{\xi_x(1+\kappa_x\beta)} (\widehat{mc}_t^x + \hat{\lambda}_t^x) \quad (11)$$

where  $\widehat{mc}_t^x = \hat{p}_t + \hat{s}_t - \hat{p}_t^x$ .

### 1.3 Central Bank

To analyse the performance of monetary policy under CITR and HITR, we consider the Taylor type of policy rules as follows:

$$\hat{R}_t = \rho_R \hat{R}_{t-1} + (1 - \rho_R) (r_\pi \hat{\pi}_{t-1}^{cpi} + r_y \hat{y}_{t-1} + r_x \hat{x}_{t-1}) + \varepsilon_{R,t} \quad (12)$$

for  $cpi = \{headline, core\}$  where  $\hat{R}_t$  is a policy rate,  $\hat{\pi}_{t-1}^{cpi}$  is an inflation target,  $\hat{y}_{t-1}$  is an output gap,  $\hat{x}_{t-1}$  is RER and  $\varepsilon_{R,t}$  is a policy interest rate shock.

## 2 METHODOLOGY

### 2.1 Parameter Calibration

To define steady state values of Thai economy, these calibrated parameters are from findings from Tanboon et al. (2007), and calculation from Thai data. Because of lack of data, the remaining calibrated parameter follows Adolfson et al. (2007).

Table 1 Calibrated Parameters

Description	Parameter	Value
Labor disutility	$A_L$	7.5
A fraction of firms' wage bill	$\nu$	0.95
Substitution elasticity in consumption	$\eta_c$	5
The capital utilization rate	$\sigma_k$	0.49
A persistence of a capital income tax	$\rho_{\tau^k}$	0.9
A persistence of a pay-roll tax	$\rho_{\tau^w}$	0.9
The wage markup	$\lambda_w$	1.05
Curvature parameter for money demand	$\sigma_m$	10.62
Discount factor	$\beta$	0.99
A capital share in production	$\alpha$	0.3
A labor supply elasticity	$\sigma_L$	1
A steady state money growth	$\mu$	1.018
A steady state technology growth	$\mu_z$	1.01
A steady state inflation in a steady state	$\pi$	1.008
A steady state nominal interest rate	$R$	1.028
A labor income tax in a steady state	$\tau^y$	0.11
A steady state consumption income tax	$\tau^c$	0.07

### 2.2 Data

To estimate the model, this study use Thai quarterly data during 2001Q1 to 2015Q4 covering the period of implementing inflation targeting. We choose fifteen observable variables, namely a real wage, consumption, investment, an effective real exchange rate, a policy interest rate RP1, working hours, GDP, exports, imports, headline inflation, core inflation, an investment deflator, a foreign output, foreign inflation and a foreign interest rate. All data are seasonally adjusted by X-12-ARIMA.

### 2.3 Policy Rule Modification

We modify the policy rules representing for CITR and HITR. To modify the policy

rule under CITR, we estimate the model where BOT targets core inflation with the time periods from 2001Q1 to 2014Q4 to obtain the following policy rule:

$$\hat{R}_t = \rho_{R,C1} \hat{R}_{t-1} + (1 - \rho_{R,C1}) [r_{\pi,C1} \hat{\pi}_{t-1}^{core} + r_{y,C1} \hat{y}_{t-1} + r_{x,C1} \hat{x}_{t-1}] + \varepsilon_{R,t} \quad (C.1)$$



The problem of modifying the policy rule under HITER is that the time periods of HITER have only 4 observations since it began on 6 January 2015. We then solve the problem by following these two approaches. The first approach is to modify the policy rule under HITER by using the same estimated parameter values as the policy rule (C.1) because we assume that BOT responds to all variables in Taylor rule under HITER with the same degree as under CITR. Therefore, we obtain the following policy rule:

$$\hat{R}_t = \rho_{R,C1} \hat{R}_{t-1} + (1 - \rho_{R,C1}) [r_{\pi,C1} \hat{\pi}_{t-1}^{Headline} + r_{y,C1} \hat{y}_{t-1} + r_{x,C1} \hat{x}_{t-1}] + \varepsilon_{R,t} \quad (H.1)$$

The second approach is to estimate the policy rule under HITER the time periods from 2001Q1 to 2015Q4 because we assume that BOT began implementing HITER since 2001Q1. Therefore, we obtain the following policy rule:

$$\hat{R}_t = \rho_{R,H2} \hat{R}_{t-1} + (1 - \rho_{R,H2}) [r_{\pi,H2} \hat{\pi}_{t-1}^{Headline} + r_{y,H2} \hat{y}_{t-1} + r_{x,H2} \hat{x}_{t-1}] + \varepsilon_{R,t} \quad (H.2)$$

To analyse RER response, we further modify the following policy rules without RER:

$$R_t = \rho_{R,C1Nx} R_{t-1} + (1 - \rho_{R,C1Nx}) [r_{\pi,C1Nx} \hat{\pi}_{t-1}^{Core} + r_{y,C1Nx} \hat{y}_{t-1}] + \varepsilon_{R,t} \quad (C.1.Nx)$$

$$\hat{R}_t = \rho_{R,C1Nx} \hat{R}_{t-1} + (1 - \rho_{R,C1Nx}) [r_{\pi,C1Nx} \hat{\pi}_{t-1}^{Headline} + r_{y,C1Nx} \hat{y}_{t-1}] + \varepsilon_{R,t} \quad (H.1.Nx)$$

$$\hat{R}_t = \rho_{R,H2Nx} \hat{R}_{t-1} + (1 - \rho_{R,H2Nx}) [r_{\pi,H2Nx} \hat{\pi}_{t-1}^{Headline} + r_{y,H2Nx} \hat{y}_{t-1}] + \varepsilon_{R,t} \quad (H.2.Nx)$$

## 2.4 Welfare Criteria

This study adopts the welfare loss function proposed by Adolfson (2001). We further modify the welfare losses as the functions of core and headline inflation as follow:

$$WFL^C = Var(\hat{\pi}_t^{Core}) + 0.5Var(\hat{y}_t) \quad (13)$$

$$WFL^H = Var(\hat{\pi}_t^{Headline}) + 0.5Var(\hat{y}_t). \quad (14)$$

## 3 RESULTS

### 3.1 Estimation Results

To estimate the remaining 49 parameters, this study employs the Bayesian inference which is a mix of calibration and maximum likelihood by specifying prior information and applying to the model with the data. The prior information shown in Table 2 are specified by following Adolfson et al. (2007)

Table 2 Estimation Result

Description	Parameter	Prior Information			Posterior Mean			
		Distribution	S.D.	Mean	C.1 &H.1	C.1.Nx &H.1.Nx	H.2	H.2.Nx
Calvo wages	$\xi_w$	Beta	0.050	0.675	0.660	0.751	0.679	0.647
Calvo core prices	$\xi_d$	Beta	0.050	0.675	0.778	0.720	0.890	0.678
Calvo import consumption prices	$\xi_{m,i}$	Beta	0.100	0.500	0.472	0.310	0.498	0.434
Calvo import invest. prices	$\xi_{m,i}$	Beta	0.100	0.500	0.202	0.164	0.187	0.466
Calvo export prices	$\xi_x$	Beta	0.100	0.675	0.526	0.354	0.487	0.492
Indexation wages	$\kappa_w$	Beta	0.150	0.500	0.366	0.516	0.775	0.551
Indexation core prices	$\kappa_d$	Beta	0.150	0.500	0.498	0.508	0.259	0.434
Indexation import consumption prices	$\kappa_{m,i}$	Beta	0.150	0.500	0.389	0.368	0.398	0.445
Indexation import investment prices	$\kappa_{m,i}$	Beta	0.150	0.500	0.257	0.245	0.835	0.555
Indexation export prices	$\kappa_x$	Beta	0.150	0.500	0.430	0.423	0.535	0.459
Markup core prices	$\lambda_d$	Inv. gamma	2	1.200	3.553	7.239	3.967	1.430
Markup import consumption prices	$\lambda_{m,i}$	Inv. gamma	2	1.200	1.320	1.195	1.442	0.755
Markup import investment prices	$\lambda_{m,i}$	Inv. gamma	2	1.200	1.402	1.672	3.520	1.792
Investment adjustment costs	$\xi^I$	Normal	1.500	7.694	0.506	0.181	1.951	7.347
Habit formation	$b$	Beta	0.100	0.650	0.721	0.769	0.877	0.630
Elasticity of substitution investment	$\eta_i$	Inv. gamma	4	1.500	0.393	0.476	0.559	0.195
Elasticity of substitution foreign	$\eta_f$	Inv. gamma	4	1.500	2.874	1.535	3.032	1.772
Technology growth	$\mu_A$	Normal	0.0005	1.500	1.011	1.011	1.011	1.011
A labour pay-roll tax	$\tau_w$	Beta	0.050	1.006	0.236	0.124	0.214	0.140
A labour-income tax	$\tau_y$	Beta	0.050	0.120	0.254	0.188	0.076	0.195
Risk premium	$\hat{\phi}$	Beta	0.100	0.200	0.269	0.663	0.341	0.001
A unit root technology shock	$\rho_{A1}$	Beta	0.100	0.850	0.365	0.360	0.156	0.786
A stationary technology shock	$\rho_{A2}$	Beta	0.100	0.850	0.882	0.914	0.902	0.715
An invest. specific technology shock	$\rho_{A3}$	Beta	0.100	0.850	0.787	0.825	0.657	0.951
An asymmetric technology shock	$\rho_{A4}$	Beta	0.100	0.850	0.998	0.987	0.992	0.809
A consumption preference shock	$\rho_{C1}$	Beta	0.100	1.500	0.698	0.889	0.569	0.781
A leisure preference shock	$\rho_{C2}$	Beta	0.100	1.006	0.962	0.968	0.928	0.876
A risk premium shock	$\rho_{\hat{\phi}}$	Beta	0.100	0.120	0.962	0.956	0.978	0.889
A risk imported consump. markup shock	$\rho_{\lambda_{m,i}}$	Beta	0.100	0.200	0.912	0.989	0.505	0.880
An imported investment markup shock	$\rho_{\lambda_{m,i}}$	Beta	0.100	0.850	0.819	0.996	0.950	0.856
An export markup shock	$\rho_{\lambda_x}$	Beta	0.100	0.850	0.941	0.970	0.938	0.760
Interest rate smoothing	$\rho_R$	Beta	0.050	0.800	0.890	0.901	0.901	0.835
Inflation response	$\tau_\pi$	Normal	0.100	1.700	1.751	1.668	1.681	1.682
Output gap response	$\tau_y$	Normal	0.050	0.125	0.062	0.072	0.042	0.075
Real exchange rate response	$\tau_x$	Normal	0.050	0.000	-0.003	-	0.039	-

### 3.2 Monetary Policy Analysis

#### 3.2.1 Monetary Policy Performance Analysis under Core and Headline Inflation Targeting Regimes

Table 3 shows that welfare losses (WFLs) of (C.1), including 26.797 and 26.925, are higher than WFLs of (H.1), including 22.661 and 22.681. Similarly, WFLs of (C.1), including 26.797 and 26.925, are higher than WFLs of (H.2), including 20.436 and 20.514. Overall, monetary policy under HITR create less WFLs than one under CITR. Because an importing good price is a sticky price and the resource misallocation caused by price rigidity, an overall CPI becomes a sticky price too. Therefore, stabilizing an overall CPI becomes a more desirable monetary policy than stabilizing a core price. The model allows an importing good price to be a sticky price by introducing the degrees of incomplete exchange rate pass-through, reflexed by Calvo import consumption prices parameters ( $\xi_{m,c}$ ). Those in (C.1), (H.1) and (H.2) are 0.472 and 0.498, respectively. In the other words, the monetary policy under HITR performs better than the one under CITR.

Table 3 Welfare losses of monetary policy under CITR and HITR

The Regime	The Rule	Policy Parameters				Welfare losses	
		$\rho_R$	$\gamma_C$	$\gamma_F$	$\gamma_X$	WFL <sup>C</sup>	WFL <sup>H</sup>
CITR	C.1	0.890	1.751	0.062	-0.003	26.797	26.925
	C.1.Nx	0.901	1.669	0.072	-	53.439	53.595
HITR	H.1	0.890	1.751	0.062	-0.003	22.611	22.681
	H.2	0.901	1.681	0.042	0.039	20.436	20.514

Source: Author's calculation

### 3.2.2 Real Exchange Rate Response Analysis

Table 4 shows that WFLs of (C.1), including 26.797 and 26.925, are lower than WFLs of (C.1.Nx), including 53.439 and 53.595. Therefore, monetary policy under CITR with  $r_x$ , equalling -0.003, performs better than the one without  $r_x$ . Similarly, WFLs of (H.1), including 22.661 and 22.681, is lower than WFLs of (H.1.Nx), including

45.602 and 45.970. Hence, monetary policy under HITR with  $r_x$ , equalling -0.003, performs better than the one without  $r_x$ . In contrast, WFLs of (H.1), including 22.611 and 22.681, are higher than WFLs of (H.2.Nx), including 8.551 and 9.876. Therefore, monetary policy under HITR with  $r_x$ , equalling 0.039, performs worse than the one without  $r_x$ . Overall, the results imply that BOT can improve the welfare by non-positively responding to RER.

Table 4 Welfare losses of monetary policy with and without RER response parameter

The Regime	The Rule	Policy Parameters				Welfare losses	
		$\rho_R$	$\gamma_C$	$\gamma_F$	$\gamma_X$	WFL <sup>C</sup>	WFL <sup>H</sup>
CITR	C.1	0.890	1.751	0.062	-0.003	26.797	26.925
	C.1.Nx	0.901	1.669	0.072	-	53.439	53.595
HITR	H.1	0.890	1.751	0.062	-0.003	22.611	22.681
	H.1.Nx	0.901	1.669	0.072	-	45.602	45.970
	H.2	0.901	1.681	0.042	0.039	20.436	20.514
	H.2.Nx	0.835	1.682	0.075	-	8.551	9.876

Source: Author's calculation

## 4 CONCLUSION

This study examines the performance of monetary policy under CITR and HITR. The results show that HITR performs better than CITR. Because the incomplete exchange rate pass-through allows an importing goods price can be a rigidity price, stabilizing an overall CPI becomes a more desirable monetary policy than stabilizing a core price. RER response analysis indicates that BOT can improve the welfare by non-positively responding to RER.

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# **The Perception of Women Leadership of Primary School Principals in Banjar City, West-Java Province, Indonesia**

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**ABSTRACT:**The women leaders is growing rapidly nowadays. This study aimed to discuss the perception of women leadership of primary school principals in Banjar-City, West-Java Province, Indonesia. This study utilized 16 women principals of primary school, 15 teachers and 1 school boards of each school as sample by using Yamane Formula. An open-ended survey questionnaire and semi structured-interview were applied to collect data. Data analysis of questionnaire used IOC by expert. Majority of respondents are agree that women have many opportunities to be favorable leader. This study found out that there were barriers women principals of primary school in leading organization. The women are indicated using their feeling in leading organization, apparently, required to be developed and improved. The less of self-confident, inspiring others, taking risk, controlling emotion and encouraging others are factors in which leading women undesirable as leader. Asides, the growth of women leader number di Indonesia, therefore, women leader are needed to strengthen their characteristic and style of leadership.

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Keywords: women leadership, stereotype, perception, primary school principal

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# **SPIRITUAL LEADERSHIP EFFECTIVENESS ON ORGANIZATIONAL OUTCOMES: A VALIDATION STUDY IN HO CHI MINH CITY, VIETNAM**

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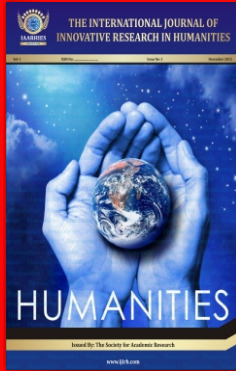
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**ABSTRACT:** The study examines the validity of causal model of Spiritual leadership Theory (SLT) in Vietnam organizational context and evaluates the contribution of spiritual survival (meaning/calling and membership) and empowerment as mediators between leader's spiritual leadership intrinsic motivation and organizational outcomes (organizational commitment and organizational citizenship behaviour). Furthermore, the research aims at figuring out the effectiveness of spiritual leadership motivation factors on the organizational outcomes and how it contributes to impractical meaning for the transformation of the organization. The positive hypothesizes between the SLT variables and empowerment to organizational commitment and in-role/ ex-tra role performance were tested in a sample of 514 full-time employees in various organizations in Ho Chi Minh City, Vietnam. They were all taking the MBA evening classes throughout 3 big local universities. Consequently, the study resulted in confirmation of validity of SLT in the sampling area. The impact of membership on organizational commitment is as twice as that of meaning/calling and empowerment, while the three mediators influence similarly on the organizational citizenship behaviour. Some discussions about the results and implications for the future research and practice are also mentioned

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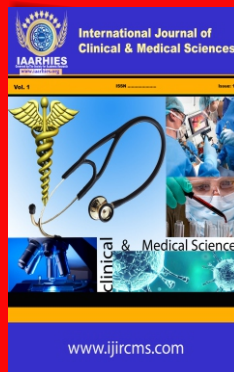
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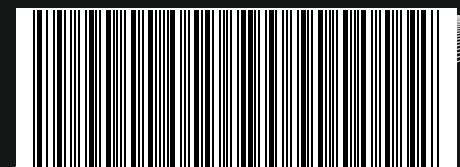
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