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CONTENTS

Editor's Introduction	i
<i>Simona VINEREAN</i>	
The Influence of Load Shedding on the Productivity of Hotel Staff in Cape Town, South Africa	69
<i>Henriëtte STEENKAMP, Ashley FEBRUARY, Jamie SEPTEMBER, Ashley TAYLOR, Shairn HOLLIS-TURNER, Juan-Pierré BRUWER</i>	
How Do Enterprises Communicate Their Innovation Strategies? An Assessment and Comparison of Turkish Firms' Website Statements	78
<i>Arif Orcun SAKARYA</i>	
Carbon Finance – A Platform for Development of Sustainable Business in Kuwait	87
<i>Ahmed Nahar AL-HUSSAINI</i>	
Factors of Attracting Customers in the Jordanian Consumer Markets Amman Markets: A Case Study	94
<i>Hisham Ali SHATNAWI, Hamdi Jaber AL-BARAKAT</i>	
Is the Control Environment a Basis for Customised Risk Management Initiatives in South African Small, Medium and Micro Enterprises?	105
<i>Juan-Pierré BRUWER, Luyolo SIWANGAZA</i>	
Performance Management Practices in the Listed Companies in Sri Lanka	118
<i>Gamage Dinoka Nimali PERERA, Mada Gamage Geetha THARANGANIE, Udayangani Kumari THALGASPITIY</i>	

Editor's Introduction to Volume 4, Issue 2 of Expert Journal of Business and Management

Simona VINEREAN*

Sprint Investify

The second issue of volume 4 of *Expert Journal of Business and Management* presents significant papers challenging business knowledge from various geographical areas, thus exploring topics with worldwide interest. The studies published in this article tackle the implementation of load shedding and its influence on staff productivity in South Africa, innovation statements communicated to stakeholders in Turkey, developing sustainable business through carbon trading in Kuwait, influential factors of shopping patterns in commercial markets in Jordan, control environments for South African SMMs, and performance management practices of listed companies in Sri Lanka. Further, I present a short description of each article published in *Expert Journal of Business and Management*, vol. 4, issue 2.

Henriëtte Steenkamp, Ashley February, Jamie September, Ashley Taylor, Shairn Hollis-Turner and Juan-Pierré Bruwer, authored an article, namely *'The Influence of Load Shedding on the Productivity of Hotel Staff in Cape Town, South Africa'*, which examines the practices of South Africa's main electricity supplier and its implementation of load shedding as a direct consequence of insufficient electricity supply to meet the demands of all its customers. As the Authors point out, this practice has had adverse effects on the sustainability of many organisations, particularly those in the hospitality industry. Thus, the Authors investigate the influence of load shedding on the productivity of the staff in the hospitality industry, for a hotel in Cape Town. Their empirical research found that staff productivity is negatively affected by load shedding, with multiple implication on the sustainability of these organizations, in the long term.

A. Orçun Sakarya poses an interesting research question in the name of his article: *'How Do Enterprises Communicate Their Innovation Strategies? An Assessment and Comparison of Turkish Firms' Website Statements'*. Through this theoretical article, the Author aims to find the extent of innovation statements communicated to stakeholders by Turkish firms listed in the second top 500 industrial enterprises. His conclusions show that firms not only regard embedding innovation in their culture but also emphasize creativity to facilitate innovation in operations.

In *'Carbon Finance - A Platform for Development of Sustainable Business in Kuwait'*, Ahmed Nahar Al-Hussaini analyzes the various possibilities of developing sustainable business through carbon trading in Kuwait and the strategic options offered by both government, as well as private sectors for carbon trading in Kuwait. The main focus of this article has been to discover the role of carbon finance in developing sustainable business and environmental quality.

Hisham Ali Shatnawi and Hamdi Jaber Al-Barakat wrote and published a research paper, titled *'Factors of Attracting Customers in Jordanian Consumer Markets: A Case Study of Amman Markets'*, which

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focuses on identifying the main influential factors of shopping patterns in commercial markets. Using a direct primary research consisting of 249 consumer respondents from Jordan, the study found that psychological factors and consumers' patterns of purchasing have a direct impact on their choices of commercial markets. Also, the promotional policies can attract customers towards these markets.

Juan-Pierré Bruwer and Luyolo Siwangaza's article, *'Is the Control Environment a Basis for Customised Risk Management Initiatives in South African Small, Medium and Micro Enterprises?'*, explored the main research hypothesis captured in the title of the paper. In this empirical research, the Authors examined the SMMEs representatives' perceptions regarding risk management initiatives, influencing risks, characteristics of their SMMEs (control environment). The outcomes exhibited that even though the SMMEs' control environments were regarded as good, they were not used as the basis for the implementation of customised risk management initiatives.

In *'Performance Management Practices in Listed Companies from Sri Lanka'*, Gamage Dinoka Nimali Perera, Mada Gamage Geetha Tharanganie and Udayangani Kumari Thalgaspitiya use two types of research, primary and secondary, to test the role of quality among employees is imperative for companies to survive in the competitive in global market. The results of the study concluded that there is no statistical relationship between the employee capacity, years of existence and ownership with performance management practices of listed companies in Sri Lanka.

A Final Thought

Finally, I want to extend my appreciation and thanks to our Authors for publishing and sharing their valuable contributions and knowledge in our journal. Also, I would like to thank our Reviewers for their essential role in promoting high quality research through their input. Nonetheless, many thanks to our Readers who help advance and disseminate the work we publish!



The Influence of Load Shedding on the Productivity of Hotel Staff in Cape Town, South Africa

Henriëtte STEENKAMP, Ashley FEBRUARY, Jamie SEPTEMBER,
Ashley TAYLOR, Shairn HOLLIS-TURNER and
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In South Africa, ESCOM is the country's main electricity supplier. Since 2008, Eskom has implemented load shedding on an ongoing basis as a result of insufficient electricity supply to meet the demands of all its customers. Owing to the fact that many organisations across South Africa are depended on electricity in order to function, previous research studies show that the wide-spread impact of load shedding has had an adverse on the sustainability of many of these organisations. Among these organisations are those based in the hospitality industry – imperative in relation to the stimulation of the national economy; directly related to tourism. Albeit the aforementioned, the sustainability of organisations in the hospitality industry is also heavily dependent on the productivity of their employees. For this research study the influence of load shedding on the productivity of the staff in the hospitality industry was investigated within one particular hotel (Hotel X) based in Cape Town. Empirical research was deployed, making use of a mixed methods approach to obtain both quantitative data and qualitative data from respondents. Stemming from the findings it was found that load shedding did have an adverse influence on the productivity of staff in Hotel X, despite the fact that affordable measures were put in place to mitigate the disruptions caused by load shedding. Moreover, the latter dispensation was found to have an inadvertently adverse influence on the overall sustainability of Hotel X on the long run.

Keywords: Load shedding, ESCOM, hospitality industry, productivity, sustainability, hospitality, hotel

JEL Classification: A10, H55, J24

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1. Introduction

The Electricity Supply Commission (ESCOM) of South Africa was established in 1923 through means of the *Electricity Act No. 42 of 1992* (South Africa, 2006); their mandate reading as follows:

To efficiently, effectively and sustainably supply electricity to the people of the country, with the main intent to ensure that the present and future needs and interests of electricity customers and users are satisfied.

Notwithstanding ESCOM's mandate, in a South African context, load shedding initially came about as a result of ESCOM not being able to adequately predict power consumption patterns of electricity users (both domestic and industrial) since the early 1980s (NVMypower, 2015) which resulted in events of load shedding and power outages. Though the latter situation can be pinned on many factors, it should be noted that there is a difference between load shedding and power outages:

- **Load shedding:** A last-resort measure which is implemented by a power supply utility whereby the strain placed on an electricity grid is reduced by means of temporarily halting the supply of electricity – purposely limiting electricity supply to users as a result of an over-demand thereof (ESCOM, 2014; City of Cape Town, 2015).

- **Power outages:** When the supply of power or electricity stops due to equipment failure (Cambridge Dictionaries Online, 2016)

To put the problem of load shedding (particularly) in better perspective, previous research studies (Inglesi and Pouris, 2010; Pretorius et al., 2015) make mention that over the years, ESCOM has faced a mammoth challenge in the sense that residential energy consumption dramatically increased by 50% between 2001 and 2007 as a result of the *Free Basic Electricity Policy in 2001* (Electricity (50kWh) is provided to all households at no cost, per month, with concomitant blocked or stepped tariffs for electricity consumption beyond 50kWh (South Africa, 2003))– 50 kWh of free electricity was supplied to poor households, per household, on a monthly basis, since 2001, free of charge. With the increase (An average of 44.1% South Africans were classified as poor between 1996 and 2007 (Odimegwu and Kekovole, 2014)) in the number of poor South African households between 2001 and 2007 (South Africa, 2003) it is of no surprise that the country has been experiencing an ongoing energy crisis since 2007. Apart from the growing number of poor households in South Africa, another factor which directly contributes to the over-demand of electricity is that of illegal electricity connections which claim the lives of many South Africans and causing power outages throughout the country. This is substantiated by a research study (Pule, 2014) where it was found that most illegal electricity connections were extremely dangerous and often resulted in serious injury (or even death), as well as the overloading of the electricity grid.

Notwithstanding the aforementioned, it should also be noted that ESCOM generates 32% of the total energy on the African continent – it is responsible for supplying electricity to users in South Africa, Botswana, Lesotho, Mozambique, Namibia, Swaziland, and Zimbabwe (ESCOM, 2010).

Although the South African government foresaw an increase in local electricity demand in the mid-1990s, there has been a delay to publically fund the actual building of new power supply units (e.g. the Medupi and Kusile power supply units) since 1998 (Department of Minerals and Energy, 1998; Inglesi and Pouris, 2010). These delays were as a result of *inter alia*, a lack of proper implementation of policy, unclear direction from ESCOM's management, and the shortage of public funding (Ismail, 2014; Tralac, 2015). Therefore, it is of no surprise that ESCOM has implemented load shedding since 2008 (Eskom, 2014; City of Cape Town, 2015). In essence, the power supply system has come under severe strain due to maintenance backlogs and a failure to build new power supply units to generate electricity to match economic and social development (Van Der Nest, 2015). According to Tau (2015) the latter dispensation is attributed to the fact that all of the power stations work in harmony meaning that they are dependent on each other, resulting in load shedding when one of the power stations go offline.

According to Tau (2015), South Africa needs round about 29 000 MW of electricity and at present, it is not meeting the amount of energy needed to stay afloat. This view is substantiated by the fact that there are still three power supply units under construction; 70% of work has already been done on Power Supply Unit 5 and about 60% on Power Supply Unit 4. It has also been reported that ESCOM is behind schedule on the construction of the numerous power stations which should have been completed already.

When focus is shifted to organisations which operate in the hospitality industry, research shows that load shedding has had an adverse influence on their overall sustainability. According to Fin24 (2015) and Mbuyazi 2015, both consumers and businesses have difficult years ahead with regard to load shedding since ESCOM proposed their intention to apply for a 9.58 per cent tariff increase (The National Energy Regulator

(Nersa) recently approved a 9.4% electricity hike for 2016/2017 after ESCOM submitted an application to Nersa in November 2015 to recover R22.8-billion, which the utility said it used to avert load-shedding. (Pretorius and Le Cordeur, 2016)). This application was granted, which meant that the overall cost of electricity increased by approximately 24 per cent (Mbuyazi 2015). Notwithstanding the above, when taking into account that load shedding can take place at any time, it also makes life extremely difficult for businesses' management to plan ahead (Fin24, 2015). According to Singh and Ngqulunga (2014), complaints by business owners in the hospitality industry included that they had to pay staff who could not work without electricity.

Stemming from the above, it is clear that load shedding has had an adverse influence on the sustainability of many organisations in the hospitality industry. This is especially the case since most hospitality businesses are directly depended on electricity in order to make ends meet. In addition, among the aspects which load shedding has a direct influence on is that of staff productivity. Therefore, for this research study, the influence of load shedding on the productivity of staff in one hospitality business was empirically investigated.

For the remainder of this paper, discussion take place under the following headings: 1) literature review, 2) research design, methodology and methods, 3) findings and discussion, 4) managerial implications, 5) recommendations, and 6) conclusion.

2. Literature Review

Under this section, discussion take place under the following sub-headings: 1) the current situation surrounding load shedding in South Africa, 2) the influence of load shedding on the South African hospitality industry, and 3) background to the case: Hotel X.

2.1. The Current Situation Surrounding Load Shedding in South Africa

Building forth on the background, load shedding has become a rather frequent occurrence in South Africa. Although South Africa has an array of socio economic objectives, research conducted by Pollet et al. (2015) show that these objectives are not currently being achieved as South Africa is facing issues which include, inter alia: 1) electricity supply challenges, 2) inadequate infrastructure, 3) inefficient regulatory processes, and 4) ineffective leadership by government. Notwithstanding the latter, one of the most important economic growth drivers is that of electricity.

Due to the dire under-investment in the South African electricity supply over the years, it has resulted in a shortage of electricity supply and an increase in the average cost of electricity per unit. In quintessence, the average South African user's dependence on electricity means that any disruptions to the supply of electricity have far-reaching socio-economic implications, such as slow economic, disruptions to essential services such as the South African police services (Pollet et al., 2015).

It should be noted that, load shedding is not only limited to South Africa. For example, Chronicle (2015) reports that Ghana is undergoing an electricity crisis ("DUMSOR") which is reported to have a monumental negative effect on local residents, and industries. Ghana's main electricity supply comes from their three hydro-electric dams, and the causes for their current electricity crisis stems from their hydro-electric generation facilities not functioning properly and/or low water levels.

ESCOM mainly generates electricity through means of coal-powered electricity supply units and nuclear electricity supply units. ESCOM has 10 coal-powered stations namely Arnot, Duvha, Hendrina, Kendal, Kriel, Lethabo, Majuba, Matimba, Matla and Tutuka Power station of which most are found in the Mpumalanga province and one nuclear power station namely the Koeberg Nuclear Power Station situated in the Western Cape (Eskom, 2013). The current state of these power supply units leaves much to be desired as previous research shows that South Africa has an 80% reliance on coal powered electricity (Lehihi, 2015) and that ESCOM's deferring maintenance has put severe strain on the power grid (Corke, 2015). For instance, in December 2005 a bolt was not tightened at the Koeberg Unit One nuclear reactor after it had undergone maintenance, which got loose and caused extensive damage to one of the rotors and resulted in the non-functionality of the entire Koeberg Unit One nuclear reactor (World Heritage Encyclopedia, 2015).

In addition to the above, ESCOM lost ± 220 MW of power imports from Mozambique due to a technical fault which affected a converter at the Apollo substation in Midrand, mainly due to a valve reactor which overheated (Lindeque and Whittles, 2015). Hence it is of no surprise that South Africa's dependence on this particular electricity supplier is deemed as high risk (Lehihi, 2015). Conservatively estimated, the impact of 99 days of load shedding during 2015 caused a 1.3% decline in South Africa's Gross Domestic Product (Du Preez, 2015). To put the latter in perspective, it is believed that load shedding costed the South African

economy approximately R2.17 billion a day (Nersa, 2015); excluding the impact on investor confidence and social trust (Flanagan, 2015).

2.2. The Influence of Load Shedding on the South African Hospitality Industry

Particularly in the hospitality industry, load shedding has had an adverse influence on relevant business entities. Businesses in the hospitality industry have been impacted as follows through load shedding (The Capital Hotel School and Training Academy, 2015; Von Ulmenstein, 2014). Examples of the latter include:

- Electric door locks cannot be programmed to allow key cards access to hotels.
- Slow response from emergency services if guests are trapped in elevators.
- The stifling of the supply of cold and frozen food.
- The depletion of backup batteries of fire systems
- The halting of fire system operations.

The above issues are placed in better perspective by Muirhear (2014) who states that smaller hospitality establishments are greatly affected by load shedding as the vast majority of these businesses do not have any type of secondary power generating device and/or back-up facility. Moreover Coetzer (2014) posits that the hospitality industry is fearful of load shedding as it has a direct and substantial impact on tourism in South Africa; load shedding is not conducive to stimulate tourism.

When emphasis is placed on the employees based in hospitality businesses, Bearak and Dugger (2008) aver that South African employees' productivity are negatively impacted by load shedding as they cannot be productive to perform their duties as per their relevant job descriptions. It is often difficult for the industry to know which stage of load shedding ESCOM is implementing on a given day, often announcing a stage for the whole weekend, and then amending this with last minute notices. A real life example includes starting off with Stage 3 load shedding on Friday and Saturday, followed by Stage 2 load shedding on Sunday. This type of unreliability of ESCOM and unpredictability of schedules make it hard for hotel staff to prepare for the next day resulting in time being wasted on contingency plans and what then results in low productivity levels (Von Ulmenstein, 2014).

2.3. Background to the Case: Hotel X

For this research study, emphasis was placed on Hotel X which was situated in Cape Town. It employed a total of 108 employees ("Property Manager", "Financial Manager", "HR Manager", "HR Clerks", "Administration Clerks", "Debtors Clerks", "Levy Debtors", "Trainee Levy Debtors", "Security Managers", "Reservation Managers", "Reservations Clerks", "Front Desk Managers", "Assistant Front Office Managers", "Trainees at Front Office", "Trainees", "Receptionist", "Supervisors of Guest Services", "Guest Services Officers", "Maintenance Workers", "Electricians", "Housekeepers", "Housekeeping Assistants", "Room Attendants", "Cleaners", "Porters", "Drivers", "Chefs", "Cooks", "Waiters", "Barmen", and "Interns"). Apart from accommodation, Hotel X also offers guest services (i.e. room service, laundry services and special requests), concierge services, transport services, site-seeing trips, valet parking, fitness facilities, massage facilities and numerous entertainment activities.

3. Research Design and Methodology

This research study was empirical in nature; deemed as case study research (Mouton, 2001). Case study research is a type of research study where a single phenomenon is explored in a natural setting through making use of a variety of methods in order to obtain in-depth knowledge (Collis and Hussey, 2009). In fundamental nature, the case which was researched was Hotel X - the research subjects were all staff members of Hotel X. This research study fell also within the positivistic research paradigm and the interpretivistic research paradigm; both quantitative data and qualitative data were collected from research subjects through means of a questionnaire. The questionnaire which was used comprised of 6 multiple choice questions, 3 yes/no questions, and 8 open-ended questions.

All questionnaires were dissemination of face-to-face, from where all research subjects were approached. Out of the 108 research subjects approached, responses were only received from 50 respondents (46.30% response rate). In addition to the aforementioned, the following ethical considerations were taken into account for this research study (Collis and Hussey, 2009): voluntary participation, privacy and anonymity, knowledgeable consent, protection from harm, and confidentiality.

4. Results, Findings and Discussion

Under this section, the results and findings gathered from the collected data are both presented and discussed under the following sub-headings: 1) general findings, 2) the impact of load shedding on staff productivity, and 3) implemented strategies to combat load shedding.

4.1. General Findings

Respondents were asked an array of demographical questions in order to “profile” the average respondent. In terms of gender, 46.00% of respondents were male while 54.00% were female, and in terms of position 14.00% of respondents were part of management while 86.00% of respondents were part of operations. When respondents were asked about their home language, 18% said Afrikaans, 70% said English and 12% said isi-Xhosa. Respondents were also asked what their ages were; a summary of the results are shown in Table 1:

Table 1. Frequency distribution table of respondents' ages

<i>Value label</i>	<i>Value</i>	<i>Frequency</i>	<i>Percentage</i>
Less than 20 years	1	3	6.00
21 - 29 years	2	16	32.00
30 - 39 years	3	11	22.00
40 - 49 years	4	10	20.00
50-59 years	5	4	8.00
More than 60 years	6	6	12.00
TOTAL		50	100.00

Source: Authors' fieldwork, 2015

Stemming from Table 1, it appears that majority of respondents were between the ages of 21 years and 49 years. Otherwise stated, the inference can be made that these respondents mainly formed part of two generations that are characterised as innovative thinkers (Berner and Van Tonder, 2003; Younger, 2005; Hoekstra et al., 2015):

- **Generation X:** a generation that strives towards creativity, informality, self-reliance and independence
- **Generation Y:** a generation that strives towards authenticity, opportunities and gathering wide-based experience

When respondents were asked how long they have worked at Hotel X, 62% indicated that they have worked there for less than 5 years, 26% indicated that they have worked there for between 5 and 15 years, while 12% indicated that they have worked there for longer than 15 years. Lastly, respondents were also asked about their education – 8% had primary education (between Grade 1 and Grade 7), 72% had secondary education (between Grade 8 and Grade 12), and 20% had tertiary education.

Stemming from the above the analogy can be drawn that the average respondent formed part of Hotel X's operations, with less than 5 years' work-related experience, and possessed secondary education, with English as home language; aged between 21 years and 49 years.

4.2. The Impact of Load Shedding on Staff Productivity

All respondents agreed that Hotel X was negatively influenced by load shedding (broadly), to a large extent. When respondents were asked whether Hotel X had alternative sources of power only 58.00% (It is highly probable that the 42.00% of respondents who said “no” were employed for a very short period of time at Hotel X at the time of data collection.) said “yes”; examples of alternative power sources identified are summarised in Table 2:

Table 2. Examples of alternative power sources at Hotel X

<i>Description of power source</i>
Battery operated lamps in all rooms
Emergency power (for selected equipment)
Gas stove
Generators
Torches (with batteries) in all departments
Uninterrupted power supply units (for certain computers)

Source: Authors' fieldwork, 2015

Taking the above into account, respondents were asked about the safety and security procedures which were in place to mitigate the negative influence of load shedding on Hotel X. Apart from having alternative power sources available (see Table 2), respondents provided the following information:

“Power surge plugs are used for equipment that are used by the front office and administration” – Respondent A.

“Security patrols are intensified during load shedding and the stairway is lighted as much as possible” – Respondent B

“An emergency lift is operational during load shedding which is connected to a generator” – Respondent C

“Emergency lights are turned on when load shedding occurs” – Respondent D.

“Pamphlets are handed out to guests with important information on what to do in the case of load shedding” – Respondent E.

From the above responses it is clear that there were reasonable control measures in place to ensure the safety and security of relevant stakeholders. Although these control measures do not optimally cover all load shedding related risks, they do help mitigate safety and security risks when load shedding occurs.

Even though Hotel X made use of alternative power sources and had both safety and security measures in place to combat risks in the event of load shedding, respondents were asked to expand on the impact of load shedding on Hotel X. The following information was provided:

“Only one computer is connected to a red plug, so during load shedding there is no productivity and it causes a backlog of work” – Respondent A.

“Workloads build up extensively, especially from an administrative side. Not all reservations made can be processed” – Respondent C

“We are not able to tend to e-mails, check guest accounts or make and receive phone calls during load shedding since our computers are not plugged into a red outlet (emergency power)” – Respondent F.

“My computer is one of the few in the hotel that is powered by a backup generator due to the nature of my work (e.g. deadlines with salaries and certain payments and reports). Load shedding also has an impact on the fingerprint-clock-in-and-out-access-machine, mainly for staff who work over the weekend at an hourly wage” – Respondent G.

“Card machines are not working which means that guests should pay by means of cash, which is not always possible” – Respondent H.

“I cannot vacuum rooms, meaning that no new guests can be checked in to dirty rooms” – Respondent I

“The kitchen is in complete darkness so little food (if any) can be prepared” – Respondent J

“The laundry cannot operate at all. No rooms can be prepared with clean beddings” – Respondent K

Stemming from the above, it appears that load shedding has a direct influence on all operational aspects of Hotel X, as well as the productivity of its staff members. When the operations of Hotel X are disrupted through load shedding it can have a destructive influence on its overall sustainability (the attainment of relevant objectives). Although Hotel X makes use of alternative power sources, it appears that there is very limited alternative power sources made available to all operations.

To understand the impact of load shedding on the productivity of staff members, respondents were asked how exactly load shedding influences their productivity at work. A summary of the responses are provided below:

“I am unable to do any work” – Respondent A

“I cannot provide any service delivery” – Respondent C

“I become lazy and it decreases my morale” – Respondent F

“I have to spend time on catching up lost time which is not good for my health; I becomes stressed” – Respondent H

“I cannot meet my deadlines” – Respondent L

“I cannot prepare food quickly enough to keep customers happy” – Respondent M

“I must reschedule reservations made which upsets customers” – Respondent N

The responses above validates the previous inference made that load shedding has an adverse influence on the productivity of staff members at Hotel X. This is especially the case since most operational tasks are delayed and/or cannot be performed by members of staff.

4.3. Implemented Strategies to Combat Load Shedding

Respondents were asked whether Hotel X has implemented relevant load shedding strategies to combat load shedding. A total of 66.00% of respondents replied “yes”, with the following additional answers provided as justification:

“More emergency power outlets are to be installed” – Respondent B

“The security and safety measures put in place (torches, lamps, emergency lights, etc.) are quite helpful” – Respondent E

“The Hotel is in talks to get a generators to power the entire hotel and relevant equipment” – Respondent H

5. Recommendations

The following recommendations can be made to the management of Hotel X after taking the literature review, results, findings and discussions into account: 1) acquire a larger generator or additional generators (whichever is more economic) which can provide electricity to the entire hotel for a period of at least 5 hours, and 2) to implement alternative energy power sources (solar, wind, etc.) in the foreseeable future. Both these recommendations will help serve as long-term preventive measures in relation to the realisation of risks pertaining to load shedding. In the same vein, cost implications will have to be taken into consideration through a thorough cost-benefit analysis.

In the short-term, a more affordable approach to mitigate the risks of load shedding (especially during unscheduled load shedding) will be for Hotel X’s management to make use of portable power supply devices, additional torches, the installation of electricity friendly appliances (with low Wattage) and to install surge plugs throughout.

6. Conclusion

This research study was undertaken to ascertain the influence of load shedding on the productivity of hotel staff in Cape Town at Hotel X. As a clear indication from the literature reviewed, it is evident that load shedding has a negative impact on all businesses operating in South Africa, including those that operate in the hospitality industry. This view was supported by the findings made in this study as most employees in Hotel X (involved in operations) could not properly work around load shedding; almost all staff members were reliant on electricity to perform their daily tasks. Not only did load shedding impact on their productivity, but employee morale was also adversely affected as a result.

Albeit the latter, it was also found that Hotel X’s management did make use of alternative power sources to mitigate the risks associated with load shedding. Even though these alternative power sources did assist with the mitigation of some load shedding related risks to some extent, much more can be done by Hotel X’s management to optimally mitigate these risks, provided that relevant financial resources are available.

7. Managerial Implications

Hotel X’s management should adopt a more diplomatic management operating style in order to incorporate the ideas of staff members before making final decisions (Jamian et al., 2013). This view is justified by the findings where staff members proposed valid recommendations in order to mitigate load shedding related risks (e.g. the installation of more surge plugs, backup power for imperative operations, etc.). Moreover, the overall sustainability of Hotel X also has a direct impact on the livelihoods of staff members hence their inputs will be pragmatic in most cases.

Even if the management of Hotel X does not directly implement the recommendations made above (or the recommendations made by staff members), it is important for them to set a proper tone at the top – the manner in which they plan, organise, lead and control in Hotel X by making use of an appropriate managerial philosophy (driven by core values) and managerial operating style (Bruwer, 2016). This tone at the top will boost the morale of relevant stakeholders and place a solid foundation for relevant risks (including load shedding related risks) to be managed appropriately.

8. Limitations of the Research Study and Avenues for Future Research

This research study had two major limitations: 1) only one hotel (based in Cape Town) was targeted and, as such, none of the findings can be generalised to the broader population, and 2) only internal

stakeholders were approached. It should be noted that this research study was descriptive in nature, falling within both the positivistic and interpretivistic research paradigms – a recent and relevant phenomenon was explored in greater depth within the ambit of one organisation in order to lay a basis for future research studies to be conducted. Furthermore, insights gleaned from internal stakeholders provided the researchers with information in order to understand the internal workings of Hotel X better.

Therefore, considering the above, the following avenues (*inter alia*) are suggested for future research:

- The feasibility of installing alternative power sources in South African hotels.
- The economic sustainability South African hotels to implement alternative power sources.
- The impact of load shedding on the profitability of South African hotels.
- The impact of load shedding on the liquidity of South African hotels.
- The impact of load shedding on the solvency of South African hotels.
- The impact of load shedding on the efficiency of South African hotels.

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How Do Enterprises Communicate Their Innovation Strategies? An Assessment and Comparison of Turkish Firms' Website Statements

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Innovation strategy practices primarily aim to sustain competitive advantage and growth via new business models and added value. The goal of this study is to discover the extent of innovation statements communicated to stakeholders by Turkish firms listed in the second top 500 industrial enterprises ranking of Istanbul Chamber of Industry as of 2013 and 2014. To do this, topics closely related to innovation are examined via a comparative analysis of related website contents. The study includes four main parts. The first and second parts review the literature and theoretical background. The third part introduces the methodological framework of the paper including the profile of the firms under consideration and analytical procedures. Content analysis is used to group web-based information related to innovation and other notions. Groups include mission, vision and values, research and development ability, and innovation related topics which statement densities are discussed in the context of motivation for value creation. It has been deduced that the gradual increase in firms' innovation awareness is also communicated to stakeholders especially in research and the context of development activities. Finally this paper ends with a conclusion.

Keywords: Innovation, research and development, stakeholder, value

JEL Classification: M10

1. Introduction

Regarding the increasing popularity of innovation in Turkey, firms' perception towards this notion is one of the riveting topics. One step further, when it is assumed that the way firms communicate various activities related to innovation with both inside and outside stakeholders, content of provided messages can be considered as additional indicators of firms' innovation-based value creation characteristics. Here, the way firms transmit related messages may also underline firms' approach to their stakeholders.

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Firms may display their identities and activities via their corporate websites, which may also contain different functions. Besides the most basic dissemination of information, the function of websites also facilitates firms' support functions, where; websites are used for communicating with outside stakeholders. This notion underlines the perception of a "website" for this study, beginning by a literature search including two groups of studies regarding the role of websites in the context of firms and the notion of stakeholder.

When we judge that the Internet can be used as a communication tool in between the firm and its "widely approached" stakeholders, approached in-depth in the following section, the research question then becomes as follows: assuming that firms are willing to create value for their stakeholders in a broad concept, to what extent do they communicate their innovation related strategies or activities on their websites in Turkey? Here, it should also be underlined that according the literature searched, websites can be used for multiple purposes and websites are freely accessible all stakeholders so they can get the information they require.

In the study, to discover the extent of the messages, content analysis is used to group web-based information related to innovation, research and development (R&D) and other notions. The analysis section includes six content groups and 25 attributes of innovation and creativity statements of 307 and 329 firms for years 2013 and 2014 respectively. Content group categories first include general statements along with mission, vision and values, R&D ability, and innovation related topics. Attributes under these categories vary from technology usage to implementation and practices, innovation monitoring, R&D competences in detail, human resources policies, design, new product development (NPD), collaboration; quality policy and so on. In the data collection process, each link in a firm's web-site and its contents are investigated with respect to statements on firm's innovation-related strategies. In the main text, the term "firm" is used instead of "enterprise".

2. Literature Review

The first group of literature we mention is related to the various functions of websites for communication purposes in general, and the second group of studies involves the websites' interaction with the notion of innovation, as content. Regarding this group of studies, the role of e-communication in banking services is discussed by (Kirakosyan and Dănăiață, 2014, pp. 361-370) in their studies. Researchers have assessed that, besides various online channels, websites are pointed out as tools for communicating with customers.

Websites are greatly used for marketing purposes. Tools such as search engines on websites as proposed by Laric and Lynagh, (2008, pp. 361-366) for internet usage in industrial promotional strategies (Deeter-Schmelz and Kennedy, 2002 pp.145-154), site contents for the convenience of online retailers (Haynes and Taylor, 2006 pp. 145-154) targeting stakeholders (Chang, 2009, p.327) and marketing communications in general (Perry and Budkin, 2002, pp.133-144). In the same context websites can also serve additional communication implications such as the cosmetics industry (Ahn et al., 2013, pp.97-113).

Website communication can also be perceived for communication sustainability purposes in order to clout consumer perceptions (Dach and Allmendinger, 2013, pp. 409-418) and the communication of values and practices in the same context (Ki and Shin, 2015, pp. 36-43) Likewise, corporate identity can be discussed in a website's contents (e.g. Law and Verville, 2011 pp.17-32) website trust issues including online purchase decision making (Chien et al., 2013 pp. 6-20, Yoon, 2002, p.47) perceived credibility (Ong, 2011, p.207) or online communication contributions for open innovation processes in a design process context (Paulini et al., 2012, pp.90-112). Regarding strategic communication, Fisher and Arnold (2003, pp. 45-55)' assessed company websites in order deduce the functions that a website has to fulfil in order to serve strategic goals. In a similar context, Pan and Xu's (2009, p.251-253) research reveals insights into the cultural characteristics of websites in different countries. Social media channels have also become popular tools as part of a firm's communication strategy. In this context, Da Silva et al. (2013, pp. 676-695)' reveals an intensive presence of the sample companies in selected social networks; whereas, websites can also be used to collect idea for innovation purposes from customers via social media applications as expressed by Martini et al. (2013, pp.198-213).

The second group of research literature mainly involves websites' function in the context of innovativeness in various areas. For example, the adoption of interactivity related innovation on corporate websites is investigated by Zollet and Back (2014, p.2-19). The researchers deduced drivers that serve innovativeness as complexity, perceived benefits, top management support, and information intensity. In the context of human resources management, and innovative approaches for online recruiting, Bermúdez-Edo et al, (2010, pp.177-189)' results revealed that the corporate website perception of users for job acceptance

mainly depends on dimensions such as ability, integrity and benevolence. In the same framework, Peng et al. (2010, pp.160-164) reveal the factors that influence creativity and the website's implications in this context. For e-government services, the capability of website architecture to provide innovative services is investigated by Cheng et al. (2012, p.54-71). In the same background, Wen and Cheng's (2007, pp.2799-2806) research proposes a framework for analyzing interactions in two dimensions: being system and customer. It should also be noted that Suciú and Petrescu-Prahova (2011, pp 16-20) underline the relationship between innovation and some of the attributes considered in this study, especially in the context of organizational assessment of innovation.

Considering the fact that value creation is an intangible notion, third group of studies focus on different dimensions of value creation in the sense of stakeholder perception are assessed. Basically, stakeholder theory focuses on the instrumental role of a firm's values and squabbles, and that value creation occurs when there is accordance between stakeholders on which values are substantial (Kraaijenbrink, 2012). Two meanings are of value creation are introduced in Argandoña's (2011) research. The first meaning of value is related to extrinsic results, where, the firm creates something economic or non-economic as a result of stakeholder relationship. Secondly, value can be intrinsic such as psychological satisfaction, which is especially valid for employees at a first glance. When economic outcome is emphasized, a company's market power is stated as one of the values in accordance and degree of competition as one of the influencing factors. In particular, competitive advantage is a way to maximize profits and also requires proper stakeholder management. In this framework; it can also be intuited that as the number of stakeholders evolve, the scope of the values that are subject to be agreed upon widens and that a company should not only provide economic value for its stakeholders but also other types of values.

According to Freeman (2001, p.144)', there are two approaches a stakeholder. A narrow-definition mainly involves the stakeholder groups who are vital for an organization's survival and its achievement of goals whereas wide-definition includes any group or individual who can influence or be influenced by the organization. When these two notions are imagined as "approaches" it can be inferred that a wide stakeholder approach with a proper stakeholder management may ease to create more value.

The importance of management in this stakeholder is underlined by (Harrison and Wicks, 2013, p.98) as follows:

"Rather than focusing primarily on economic measures of performance, a stakeholder-based performance measure challenges managers to examine more broadly the value their firms are creating from the perspective of the stakeholders who are involved in creating it. Thus, it gives managers the information they need to engage stakeholders where they are and enhance managerial ability to use such insights to create more value"

An important finding regarding the role of communication for informing stakeholders is underlined by Freeman et al., (2010, p.3-343) in the context of accounting. Here the Internet is regarded as significant in providing stakeholder dialogue on the way to environmental governance and accountability, along with research literature that assesses the Internet's role as a communication tool with stakeholders.

3. Research Methodology

3.1. Research Context

Content analysis was used as a methodology (Berelson, 1952, Krippendorff, 1980). This helped to reveal perceptual attributes of website content outcomes from the actions of firms towards a group of attributes.

Content analysis was used to convert web site content into content categories by following systematic rules of coding. It quantifies and analyses the presence, meanings and relationships of words and concepts related with mission, vision and values statements along with additional groups such as "innovation related topics" and "R&D".

In other words, this methodology is selected because it counts the word frequency of concepts in the websites to reflect important groups of information and lists topics for website outcomes. Then, similar topics are combined together and labeled as attributes of website outcomes.

3.2. Data Collection and Sample

To observe the variations in the content groups, research sample consists of firms of the second largest 500 industrial enterprises ranking of list of the İstanbul Chamber of Industry for years 2013 and 2014 (ICI, 2015; 2016). The ranking criterion is based on the ratio of sales to production. For both years, firms from different domains, including textile, food, automotive, construction, metal, pharmaceutical, energy, chemical

industries and so on, appear in the list. In 2014, 95 new firms are included in the ranking. Dispersion of firm responses by statement category basis (which is later called as “content group”) is displayed in Tables 1 and 2.

Table 1. Number of firms responding with innovation related statements under each category in 2013

Statement Category	Number of responding firms
General Statements	134
Mission	37
Vision	31
Corporate Values	57
R&D	119
Innovation Related Topics	136

The most popular innovation statements of over 307 firms can be observed under the categories “innovation related” and “general statements” for 2013. A similar picture is also valid for 2014, where the number of firms under consideration is 329.

Table 2. Number of firms responding with innovation related statements under each category in 2014

Statement Category	Number of responding firms
General Statements	170
Mission	43
Vision	31
Corporate Values	50
R&D	129
Innovation Related Topics	150

4. Analysis and Results

In this section, six content groups and 25 attributes of innovation and creativity statements are displayed in Tables 3 and 4. Here, there are six content groups, but primarily general statements, which provide an overview of a firm. There are also statements on mission, vision, corporate values, R&D and innovation related topics that constitute content groups where attributes vary in a wide array from innovation tracking to policies on human resources.

Table 3. Frequency table of innovation strategies reflected in firm websites for year 2013

Content Groups	Attributes on Innovation Strategies	Number of Firms	%
General Statements	Innovativeness /innovative products / methods / vision / brands as approaches	89	66,4
	Follow-up innovativeness/innovative technologies and creative ideas in the market	12	8,9
	Undertaking R&D activities	65	48,5
Mission	Innovativeness/innovative structures, technology tracking/or solutions	26	70,2
	Involvement in R&D projects	8	21,6
Vision	Creativity, research, development and entrepreneurship	6	19,3
	Innovativeness/ Tracking/ Continuous/ Approach/ Innovative approach/ Innovative Products	27	87
Corporate Values	Entrepreneurship	2	3,5
	R&D intention as a value	3	5,2
	Promotion of innovativeness and innovative ideas	43	75,4
	Promotion of creativity/creative solutions	10	17,5
R&D	Patent activities	5	4,2
	Existence of R&D dept/team/labs	55	46,2
	NPD capability	38	31,9
	Innovation as an integral part of R&D policy	14	11,7
	R&D center possession	9	7,5

	Existence of R&D page	30	25,2
	University/Industry collaboration	14	11,7
	Design activities	53	44,5
Innovation Related Topics	Existence of innovation page	11	8
	R&D as an integral part of quality policy	13	9,5
	Innovation as an integral part of quality policy	38	27,9
	Innovation/creativity as an integral part of HR policy	55	40,4
	Document/Information sharing tools	16	11,7
	Existence of training activities	7	5,1

Table 4. Frequency table of innovation strategies reflected in firm websites for year 2014

Content Groups	Attributes on Innovation Strategies	Number of Firms	%
General Statements	Innovativeness /innovative products / methods / vision / brands as approaches	113	66,4
	Follow-up innovativeness/innovative technologies and creative ideas in the market	17	10
	Undertaking R&D activities	77	45,2
Mission	Innovativeness/innovative structures, technology tracking and/or solutions	38	88,3
	Involvement in R&D projects	5	11,6
Vision	Creativity, research, development and entrepreneurship	9	29
	Innovativeness/ Tracking/ Continuous/ Approach/ Innovative approach/ Innovative Products	25	80,6
Corporate Values	Entrepreneurship	4	8
	R&D intention as a value	1	2
	Promotion of innovativeness and innovative ideas	45	90
	Promotion of creativity / creative solutions	8	16
R&D	Patent activities	10	7,7
	Existence of R&D dept/team/labs	54	41,8
	NPD capability	42	32,5
	Innovation as an integral part of R&D policy	22	17
	R&D center possession	15	11,6
	Existence of R&D page	55	42,6
	University/Industry collaboration	20	15,5
	Design activities	60	46,5
Innovation Related Topics	Existence of innovation page	20	13,3
	R&D as an integral part of quality policy	8	5,3
	Innovation as an integral part of quality policy	41	27,3
	Innovation/creativity as an integral part of HR policy	83	55,3
	Document/Information sharing tools	26	17,3
	Existence of training activities	14	9,3

Since there are some similarities in the attributes shown in both tables; we can distinguish these in Tables 3 and 4 under two headings: approaches and processes. In approaches, firms' tendencies for innovation can be overviewed; whereas in processes, innovative approaches embedded in a firm's operations (e.g. R&D, NPD, design or training etc.) can be observed in a focal way. Therefore, mission, vision and values can be comprised under approaches and the remaining content groups under "processes".

A-Approaches

General Statements

In general statements, it can be observed that firms are willing to embed innovative approaches in their activities (66,4%), which remains constant for both years, and also prefer to focus upon R&D activities. Considering the fact that general statements also provide an opinion on a firm's stance, more than half of the firms in the sample do have a tendency to innovate, and less than half of them prefer to support similar approaches with R&D activities.

Mission and Vision

Since a firm's mission and vision are closely related and the number of respondents is almost similar, these two notions are considered together.

In comparison with general statements, a majority of the firms include "innovativeness" in their mission, and therefore in their official goals (70,2%) with an increasing trend in 2014 (88,3%). With regard to general statements, it can also be observed that R&D Project involvement still does not hold an important place in firm's missions. A similar situation is also visible in vision statements; where; innovative approaches are popular (87% and 80,6% respectively); however firms do not consider R&D related processes at a similar level in their visions.

Values

Promotion of innovative ideas is the most frequent statement within firm values with a gradual increase from 75,4% to 90%. It is not supported by creativity or R&D activities at the same level.

Therefore, firms' awareness of innovation as a main policy guideline is more likely than processes such as creative thinking and R&D related ones, which support firm-based innovative capabilities. This leads to the question of the importance of R&D activities themselves, and which are discussed next.

B-Processes

Research and Development

At first glance, it can be observed that firms mostly emphasize possessing R&D labs or departments at almost same levels (46,2% and 41,8% for 2013 and 2014 respectively) along with design activities (44,5% and 46,5% for both years). The dramatic increase in the number of R&D pages (from 25,2% to 42,6%) can be assumed as an indicator of the emphasis on R&D activities. Another popular statement is related to NPD capability (31,9% and 32,5% for 2013 and 2014 respectively). The reasons for this are discussed in the next section.

Innovation Related Topics

The firms underline the significance of HR policies for creativity, and also show innovativeness at an increasing level (40,4% in 2013, 55,3% in 2014). This is followed by attributes related to innovation-based quality policies, which remained at the same level for both years. The remaining attributes show increasing trends in general terms, especially innovation pages as website content, and document sharing opportunities on websites.

5. Discussion and Conclusion

5.1. Discussion

To assess the results stated above, the first thing to bear in mind is that firms increasingly consider innovative approaches as a mission rather than a visionary topic. It should also be underlined that since the attributes under the headings "mission and vision" are similar, this can be intuited that a wide array of innovation-related topics have become a target for firms to achieve. This can be imagined as a positive factor in considering the innovation awareness of firm' and how this aspect is evolving is communicated. It can also be observed that this shift in approaches also penetrates corporate values in the form of promoting innovative ideas, increasing by almost 14,9% since 2013. Therefore, firms not only regard embedding innovation in their culture but also emphasize creativity to facilitate innovation in operations.

Regarding the "processes" content groups, the most important variations in context of R&D, here, R&D pages have become more popular, R&D centre establishments tend to increase, along with collaboration with outside stakeholders such as universities in the form of different projects.

Mostly reflected in the web pages of the firms from the textile industry, the topic of design activities remained almost stable between 2013 and 2014. In contrast with this, NPD has become one of the most popular activities. Recalling the interconnectedness between a firm's NPD capability and innovativeness, improvement of NPD capability may again be estimated as an aspect that would create value on a firm's operations in the same framework.

Moreover, it should also be expected that HR policies that involve a search for creative human capital, along with related staff promotion policies could be viewed as a support for fostering firm-based innovation capabilities. Similar to R&D related content groups, regarding the role of human factor in innovative

competences, a gradual increase in related HR policies can be estimated can be thought of as a positive communication.

Finally, quality-innovation interaction remained for the most part; constant for both years. This means that firms' perception of innovation-based quality is one of the notions that are subject to further improvement.

In light of the findings stated above, it can be deduced that firms mostly prefer communicating their value creation activities by bringing R&D competences to the forefront (mostly "processes").

Here, regarding the fact that densities of R&D activities are important indicators of a firm's innovativeness, messages of economic value creation are indirectly transmitted to stakeholders with positive creativity gains supported by R&D activities that are expected to furnish new knowledge for firms. Likewise, among "approaches" vision can be considered as a significant message transmitter.

Based on the notions stated above, one of the possible motivators of the promising position of the innovation stated above is an improvement in recent government policies implemented in Turkey, mainly promoting firm-based innovative activities. An important topic on the policy agenda is the motivation of collaborative activities between firms and universities (and/or- research institutions) in the form of joint projects on different subjects, including; entrepreneurship or engineering activities. Others include, establishment of incubators and science parks nearby universities in order to provide a location advantage, particularly for start-ups. Firms may also undertake independent projects by collaborating with universities in their own networks. An increase in similar collaborations may also be assumed as indicators of a cultural shift that brings firms and research institution closer to each other.

As a result, considering the fact that websites content provides different messages for a wide array of stakeholders, it can be deduced that the firms under review use their websites in order to disseminate messages of value creation, mainly economic ones. It should also be noted that messages are essentially perceived to be managerial.

5.2. Conclusion

This study has assessed a number of firm websites to observe innovativeness related to messages, while message contents were also compared for a period of two years. It has been deduced that firms are keen to embed innovative practices in their operations in a way to create economic value and also messages that primarily focus on what R&D activities have taken place. In addition, innovative processes are supported by creativity promoting HR policies, collaborations and related structures of corporate culture. It can be observed that firms are keen to communicate innovative messages through a wide stakeholder approach. One contribution of this study is that it provides a holistic approach in the manners in which to observe firms' innovation awareness and communication potential.

The main constraint of this study is due to different industries of the firms under consideration, as stakeholder profiles, expectations, market conditions and firm reactions, may cause differences in the innovation perceptions of the firms (e.g. some industries may be more technology intensive or nature dependent in terms of the procurement of raw materials). In-depth interviews to be conducted with various firm managers constitute an area of further research in order to discover processes of value creation processes in by industry type, and a comparison of the differences among industries in this context.

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Carbon Finance - A Platform for Development of Sustainable Business in Kuwait

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Since 1880, the temperature of global has increased by 0.85 degree Celsius. Due to the increase in temperature, the impact of climate change is constantly increasing, which is known as global warming. The increase in temperature is due to emission of greenhouse gases. Carbon dioxide is a major greenhouse gas, which is capable of causing serious hazardous influence to the environment. Carbon emission reduction and low-carbon economy development have become global targets and national policy in both developing and developed countries. Carbon finance is a tool for reducing greenhouse gas (GHG) emissions using a process called capture and storage (CCS). Using this process, the carbon dioxide is captured and stored for further usage as a renewable resource. Carbon finance has a high impact on the growth of sustainable business development. This research analyzes the various possibilities of developing sustainable business through carbon trading in Kuwait and the strategic options offered by both government, as well as private sectors for carbon trading in Kuwait. The central focus of research is to discover the role of carbon finance in developing sustainable business and environmental quality. Since no previous research is conducted on the specific role of carbon finance in developing a sustainable business preferably in Kuwait, the influence of carbon financing in sustainable business development and environmental quality are analyzed in this research.

Keywords: Carbon Financing, Sustainable Development, Kuwait, Greenhouse gases, Global warming, Environment quality

JEL Classification: M10, M14

1. Introduction

A term used to define continuing rise in average temperature of surface of earth and its oceans is known as 'global warming'. Nowadays, various research scholars found that the impact of climate is constantly raising in connection with trace gas level could surpass that of the distended carbon dioxide concentration (Abellera and Short, 2011). In line with the present condition, more than 100 countries have embraced global warming limit of less than 2 degrees Celsius as a foremost part for reducing risk, impact and change according

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to climate change. Yet, the greenhouse gas emissions related to a predefined maximum warming are inadequately known as inferable from instabilities in the climate response and carbon cycle (Fulton, 2008).

Verification of change in environmental condition includes increased ocean levels, instrumental temperature record and reduced snow spread in Northern Hemisphere. Sustainable business practice and eco design have become significant nowadays to business process worldwide. As we know, the essential cause is carbon dioxide gas. Industrial production processes and fossil fuel combustion for electricity, heat, and transportation are the source of carbon dioxide emissions. There is no trace for reduction in growth rate of carbon dioxide generation, it is kept on increasing. Numerous United Nations (UN) climate conferences conducted everywhere in the world. To avert climate change, an international agreement envisioned to reduce the greenhouse gas emission is "Kyoto Protocol".

Every independent country has to impel clean generation forms in order to achieve reduced greenhouse gas emission by incorporating "Kyoto Protocol". This protocol consists of two major mechanisms such as Joint Implementation, Emission Trading. These protocols are utilized to help countries to encounter their responsibility in greenhouse gases reduction. Emission reduction target can be achieved by countries using a technique called Emission Trading (ET) at a reduced cost (Bouton, et al., 2010; Dargin, J., 2015). Leading to different business carbon emissions and carbon decrease costs, the industry with more releases rights can offer the plenitude to those commercial ventures having absence of surge rights in order to secure points of interest. Carbon emission rights having market estimation of liquidity and moreover broad items can be traded through the business sector (Zeng and Zhang, 2011). The urban population of Kuwait is steadily increasing over the past two decades. The average increase in total population was 4.1% per year between 1994-2011.

Table 1. Total greenhouse gas emission in Kuwait

GHG Sources and Sinks	eCO ₂	CO ₂	CH ₄	N ₂ O	NO _x	CO	NMVOC	SO ₂
Energy	30855	28856	92.69	0.17	113	544	522	320
Industrial Processes	668	668	0.00	0.00	0	0	0	0
Solvent and other product usage	0	0	0.00	0.00	0	0	0	0
Agriculture	66	0	2.70	0.03	0	0	0	0
Land-Use change & forestry	-22	-22	0.00	0.00	0	0	0	0
Waste	784	0	33.80	0.24	0	0	0	0
Total national Emissions	32373	29524	129.19	0.44	113	544	522	320
Net national emissions	32351	29502	129.19	0.44	113	544	522	320

Source: Kuwait's United Nations Framework Convention on Climate Change.

In the future, the average annual temperature will increase to as high as 28.7 degrees Celsius in Kuwait during the time period of 2010-2035, which shows an increase in temperature of 1.6 degree Celsius over the past decades (Environment Public Authority, 2012).

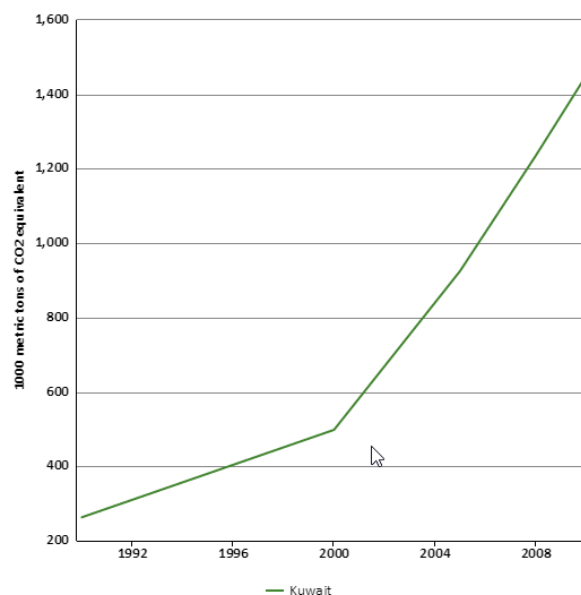


Figure 1. GHG emission in Kuwait

Source: World Development Indicators (WDI), February 2015

Reduction of carbon emissions plays an important role in business through carbon finance, which becomes a cost-effective and blooming investment opportunity for every business seeker. The role of government and private sectors towards climate change through carbon finance has become extremely dynamic and essential. Kuwait is a place where government and private banks are capable of financing companies, projects and individuals. Banks have excessive roles to play both in producing low-carbon opportunities and in assisting consumers better recognize the choices and implications related with climate change. Bank provides insurance coverage for managing and understanding problems, risks, opportunities and modification requirements with respect to climate changes. Along these lines they can play a significant role for developing expertise, products and administrations that their customers and accomplices require from them to address these global challenges. Further they should also pro-actively minimize their own operational greenhouse gas emissions. The carbon finance effectively promotes business. The mechanisms of Kyoto Protocol promote sustainable development of business. The expense of carbon-based energy production is expanding day by day. When costs associated with energy are reduced, there is higher chance of business development. This paper will focus mainly on the availability of strategic options in Kuwait with respect to carbon finance for developing sustainable business (Datey, and Tiwari, 2015; Stiglitz and Uy, 1996; Dargin, 2015; Wong et al., 2008).

2. Effect of Climate Change with respect to the Business Sector

The essential motto of the research is to categorize the complications of global warming and the effect of climate change with respect to the business sector. The main instrument for attaining reduction in carbon dioxide emission is carbon finance, which in turn shifts into an excellent platform for developing a sustainable business, and improves environmental quality.

2.1. Impact of Greenhouse Gases on Environment

Regardless of the way that Kuwait is a small Arab nation situated in the Middle East, Kuwait possesses a region of 17818 km² at the northern shore of the Arabian Gulf in the middle of Iraq and Saudi Arabia (The World Factbook, 2010). The number of inhabitants in Kuwait is growing quickly, having expanded by 450 percent at regular intervals of 25 years (Stewart et al., 2009). As a result of a high rate of populace development in Kuwait, an observable increment in the rate of water usage or utilization has been brought on by the boundless advancement of building development, modern, and rural exercises. This forces weight on new water sources, making water shortage, which has driven Kuwait to depend altogether on eccentric sources, for example, saltwater desalination plants to take care of its demand for water (Waddock et al., 2002).

A huge measure of fossil fuels is combusted for electricity generation. This is the purpose for the outflow of huge measure of carbon dioxide. Another reason is that inaccessibility of the best source for mitigating carbon emissions. The carbon lessening procedure can be affected by new innovation shift and fuel decision. The emanations can be lessened by fuel switch or executing vitality effective technique that will give changeless arrangement. Greenhouse gas emanation lessening in both developed and developing needs more noteworthy association and consideration regarding the rising subject of carbon finance (Bowen, 2013; Caulton and Keddie, 1989).

The present situation of greenhouse gas outflows furthermore the future discharge patterns will results in higher emission levels (Stewart et al., 2009). The evaluation of International Energy Agency expresses that the worldwide surface temperature will increment up to 40% in the year of 2100, if any further alleviation move is not made (Waddock et al., 2002). The worldwide surface temperature will increment up to 3.5-5 degree Celsius in the year 2100 as indicated by the present ecological conditions (updated United Nations Environment Program (UNEP) Emissions Gap Report) (Chomitz, 2002). If we do not take mitigation step for the greenhouse gas emission, the chance for increase in temperature of 4 degree Celsius is 40% and for 5 degree Celsius is 10% in 2100 (Meltzer et al., 2014).

2.2. Carbon Finance

Carbon finance is an effective and dynamic finance tool and finest income-generating stream for moderating greenhouse gas outflows. Atmosphere advantages can be actualized through carbon finance. Decrease in carbon emissions will bring about human advancement and co-advantages for biodiversity (Lacis et al., 1981).

The carbon finance gives ample opportunities for creating nations to change to low-carbon development by incorporating ecologically neighborly methodologies. Carbon finance contributes to sustainable business advancement regardless of its inclusion to worldwide natural endeavors. Carbon account

permits us to diminish the environmental change and helps us to develop business (Labatt, S. and White, 2011).

Carbon trading is preferably designed for risk management. The producing units have to estimate the risks involved in carbon price and carbon reduction. The fact is that present market is unable to recognize the risk premium associated with carbon trading. Determination of future price mechanism of carbon is not only a problem. But also excess allocation of carbon credit also creates numerous problems for finance market. Discrepancy in distribution of carbon allowances to market players will provide burden to general consumer and market volatility. This is due to the unavailability of verified emission data and projection of carbon finance according to these data (International Monetary Fund, 2012).

The main motto of carbon finance is to develop business sector and mitigate greenhouse gas emissions.

- Carbon finance carefully looks at the financial eventual outcomes of living and working in a carbon discerning society, where release of greenhouse gas (basically carbon dioxide) drive a cost.

- Carbon finance analyzes and explores the financial related threats and open entryways for carbon mitigation procedures.

- Carbon finance implies specific subfield of environmental finance.

- Carbon finance outlines natural change and carbon dioxide releases as a noteworthy part of key organization decision making.

- Carbon finance predicts the availability and utilization of business segment based instruments to for all intents and purposes dissipate natural threats and accomplish environmental goals.

Carbon finance powers associations and purchasers to identify the carbon yield of the things they deliver or purchase. Given the overall action to ease outflows of greenhouse gas, it is unavoidable that carbon emissions will be masked on the worldwide business area (Labatt and White, 2011).

2.3. Role of Industries

Successful moderation of ecological issues may enhance the productive utilization of assets and have financial effect on firms. Moreover, there are noteworthy social and financial advantages to be picked up. While a few organizations are among the greatest emitters of carbon or greenhouse gasses, organizations over all segments are required to decrease their carbon outflow levels. Organizations may need to react to administrative methodologies, for example, carbon pricing by trading or tax assessment that are started to stimulate industries to diminish their emissions. These measures will at first expand the expenses for working together (Environment Public Authority, 2012). The more corporations are required to drive down their carbon emissions. Significantly firm's carbon exposure is converted into severe management problem. Then the corporate managers have to align sustainable activities with respect to their own primary corporate strategies, decisions and objectives to generate shareholder value.

The more partnerships are required to drive down their carbon discharges, the more critical an association's carbon presentation turns into a management issue. Subsequently, corporate directors ought to adjust maintainable exercises to their essential corporate targets, procedures and choices to make shareholder value (Waddock et al., 2002). Nowadays, every industry has started planning strategies to expand or merge with companies having less pollution to evade national/international legislative restrictions or to get benefit from undertaking with clean energy technologies (International Monetary Fund, 2012).

3. Kuwait and the Status of Sustainable Business

3.1. Kuwait Government

On March 2005, the Kuwaiti government signed the Kyoto protocol in order to mitigate environmental difficulties and to decrease greenhouse gas outflows. In 1995, the government established the Environmental Public Authority (EPA). Again a Kuwait Institute for Scientific Research (KISR) was established by the government in 1967. The main motto of KISR establishment is to conduct scientific research based on industry, energy, agriculture and national economy. While the EPA plays a dynamic part in accomplishing sustainable developments by focusing on the part of society in changing negative practices in managing in terms of the environment and reducing greenhouse gas emissions (Waddock et al., 2002). The major steps taken by Kuwait government to reduce carbon dioxide emission are fuel switching, district cooling, green buildings, and solar and wind power generation. The above action will result in significant amount of reduction in carbon dioxide emission in the year of 2020. The mitigation technologies were majorly concentrated with respect to energy sector including energy supply/demand side, due to the prominence production and consumption of energy. With the assistance of World Bank, Kuwait government has developed a project for

GHG mitigation called Kuwait Environment Public Authority (KEPA). The short term activity is clean development mechanism. By utilizing mitigation option, amount of carbon dioxide emission can be reduced to 10284 Gg. The impact of greenhouse mitigation techniques is explained in figure 2.

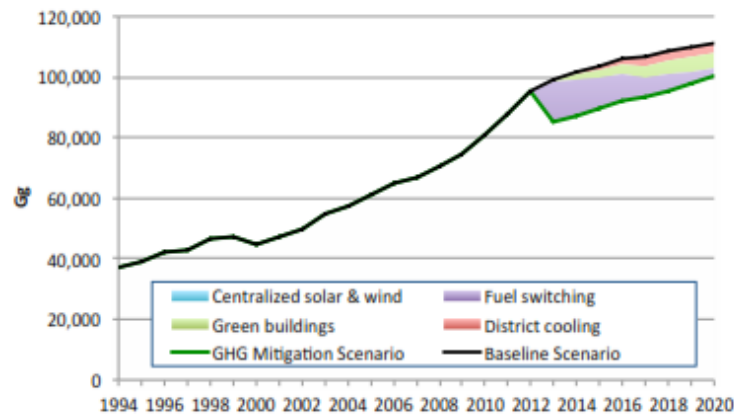


Figure 2. Impact of GHG mitigation techniques.
 Source: Environment Public Authority, 2012

Carbon capture and storage technology prevents 90% or less carbon dioxide emissions associated with power generation. Government has introduced incentives to shift behavioral change among consumers (International Monetary Fund, 2012).

A sovereign wealth fund consists of funds such as stabilization funds and Intergenerational savings fund. The Intergenerational savings fund has long-term wealth creation and policy objective that enables entrepreneurs to take larger risks. This fund mainly focuses on social/economic development (Chapple and Gold, 2010).

Clean Development Mechanism: At the solicitation of environment protection agency (EPA), bank has Bank has given assistance regarding improvement in national clean development mechanism (CDM) Strategy. The bank provides a CDM portfolio and outline of options for Kuwait to take part in an international post-Kyoto regime. This process is also intended to assist EPA to increase awareness and employ both private and government sector stakeholders in an exceedingly manner with respect to carbon finance in common and CDM more preferably, and also to provide training to prospective project proponents and support assimilation of CDM project events and other emerging schemes of carbon trading (International Monetary Fund, 2012).

Environmental Compliance Fund (ECF): This movement reacts to a solicitation from the Kuwait Incomparable Council for the Environment, and accordingly from the Ministry of Finance, for World Bank support in advancing enhanced environmental execution from point-source and industrial polluters in Kuwait through the foundation of an ECF. Bank support involves aiding EPA to plan environment consistence system to help the polluting ventures diminish pollution to the level required by the national principles and rules. That particular system consists of following exercises:

- (i) Compliance Action Plan (CAP) – CAP has to be set up by each of the polluting industries to lessen pollution.
- (ii) Financing Window – It has to be set up in business banks to provide both grants and loans to the polluting industries to implement activities in CAP.

Project cycle: The World bank conducts a review based on project cycle of Kuwait government.

The technology is aimed to identify the methods to shorten project cycle and improve management practices of present project in Kuwait. The Bank team effectively reviews and analyzes projects of government entities in three different stages: Concept, Implementation, Evaluation.

This process assists to identify obstacles and areas which need amendments in procedures and legislation/regulation. The Bank also provides recommendations to reinforce capability of Government agencies to device projects through sufficient training (Sovereign Wealth Fund Institute, 2012).

3.2. Role of Private Sector

Fundamental aide for carbon finance is set up by Ashden Awards and Global Village Energy Partnership (GVEP). This fundamental aide empowers business entrepreneurs to comprehend carbon money in a superior way, and gives thoughts and recommendations to step as per their potential. In developing nations, extension of energy-related projects is troublesome because of finance. These days, carbon finance gives various chances to entrepreneurs. The carbon markets give income sources to business by producing

commercial value for reducing greenhouse gas emission. In this way increment in commercial possibility of business, carbon finance plays a noteworthy part in sustainable development in business. In developing nations, the carbon credits are ideally used by industrial firms to accomplish their emission reduction responsibility lawfully. The interest and supply of carbon credits varies as indicated by economic drift (Labatt and White, 2011).

In 2000, the Carbon Disclosure Project (CDP) was started in London in order to give information to potential investors. The Carbon Disclosure Project is individual non-profit organization having highest database for corporate climate change in the world. Numerous industries across the world measure and disclose their own climate change strategies through CDP. CDP will provide essential tools and know-how, and support your strategy development. Other institutions were collaborated with CDP for utilization of supply chain to measure, analyze and manage especially under the Kyoto Protocol higher phases.

4. Conclusion

4.1. Discussion

In this study, the role of carbon finance for developing a sustainable business platform in Kuwait is analyzed. This paper aimed to analyze the reason for development of sustainable business in Kuwait and to find the role of both government and private sector in reference to the development of sustainable business in Kuwait. The findings of the research show that the services, regulatory compliance and strategies provided by the Kuwait government as well as private sector have a greater influence in developing a sustainable business in Kuwait. Kuwait government and private sector are the essential points in developing sustainable business through carbon finance. Based on the findings of the study the effectiveness of sustainable business development in Kuwait will improve by controlling all the above variables.

The private sector provides advisory services for the corporate decision makers in order to evaluate the environmental risks associated with the business. When carbon sustainable business is developed through carbon finance with the help of Kuwait government and private sector, the ultimate output is going to be reduction in carbon emission. Adoption of continual environmental-oriented business practices results in overall effective business performance in terms of profitability, sustainability and firm's value. The inability to measure the value of carbon footprint is fueled by private sectors. In order to provide useful and timely information to the market and consumer, the Kuwait government effectively provides environmental innovation activates and knowledge. The government regulations provide lots of opportunities that help industries to facilitate their own financing projects and carbon trading for developing a sustainable business. Since there is a positive correlation between the environment and financial performance, everybody can recognize that effect of environmental change will be huge into business and that will result in emission-free environment.

4.2. Recommendations

In the present scenario, both business and environmental sustainability has ended up imperative for worldwide industries, in order to guarantee its survival and to stay focused. In this way, industries ought to endeavor to become green to avoid future regulatory actions. Since environmental business stability is in direct correlation with decision making process, the Kuwait government has to arrange more seminars, workshops and awareness programs for people those who are unaware about risk mitigation techniques and favorable strategies in carbon trading, such that industries can have an idea about future opportunities in carbon trading. Green revolution is capable of affecting every business activity. Lack in resources e.g. IT systems, tools, regulation, standards, etc. has to be addressed by the Kuwait government. Kuwait government has to focus also on more new trading schemes for carbon emission/carbon trading.

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Factors of Attracting Customers in Jordanian Consumer Markets: A Case Study of Amman Markets

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This study aims to identify the influential factors of shopping patterns in commercial markets. The study was carried out on a random sample consisting of 249 consumers in the city of Amman. The study also used a questionnaire as an essential tool to collect data for the study population; also it used scientific research in the field of commercial markets and consumer behaviors in collecting secondary data. After conducting a statistically significant analysis, the study showed the following results: the study sample is affected by the quality of provided services and how much these services exhibit convenience and appropriate use. Also, the promotional policies such as advertising, samples, gifts and withdraw on goods and much more can attract customers towards these markets. Moreover, the study found that psychological factors and consumes' patterns of purchasing have a direct impact on their choices of commercial markets.

Keywords: commercial markets, consumer attitude, shopping patterns, retail, shopping centers

JEL Classification: M16, M31

1. Introduction

The commercial markets in Jordan are divided into three main categories:

- Large commercial markets (Malls): Hyper Market Stores.
- Medium-sized commercial markets: Super Markets.
- Small-sized commercial markets: Grocery Stores.

Until the end of the twentieth century, the largest category of markets in Jordan was the medium-sized commercial markets (supermarket), whereas, in the early twenty-first century, some government legislation, which has worked to encourage investment in Jordan, have been edited to emerge new branches of international markets that expanded the competition among them to provide excellent and qualified services to customers.

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In this aspect, companies do not hide the appearance of a fierce competition to attract customers through activities such like advertising offers and discounts in newspapers and publications or even by e-mail since the use of the Internet in Jordan has largely increased.

According to the large number of these markets, it is important to survey and analyze the situation of this category of large business markets from the point of view of current consumers, additionally; this study is one of kind in terms of the academic nature of the field.

1.1. Objectives of the Study

- To know the factors affecting the consumer's attitude of buying from commercial markets.
- Identify the most important factors affecting the consumer's pattern of buying from commercial markets.
- To know the impact of certain factors (the nature of work, income level, educational level) on the pattern of consumption.

1.2. The Problem of the Study

This study attempts to answer the following questions:

- What are the factors that affect the consumers' pattern of shopping for Jordanian goods?
- What are the factors that affect the consumers' pattern of shopping in Jordanian markets?
- Are there differences in the factors that affect shopping pattern in individuals in terms of (income, level of education, the nature of work)?

1.3. The Importance of the Study

The importance of this study is to determine the most important factors that affect the purchasing abilities of individuals while making shopping in the markets, and to know the desires and needs of consumers from commercial markets. This study is also considered one of its kind that follows a scientific method in determining the criteria that affect the buying pattern of the Jordanian individuals.

1.4. The Nature of the Study

This study is classified as a descriptive study; it used the exploratory methods for collecting required data and information by using a questionnaire developed to Jordanian consumers who go frequently to commercial markets, to determine the pattern of their purchase.

With respect to the theoretical aspect and the method of desktop search, some of modern Arab sources interested in purchasing behavior were hired to the study.

1.5. Determinants of the Study

The study has faced a range of difficulties and challenges that can be summarized as the following:

- Lack of time available for extensive and comprehensive search.
- The sample of the study is small compared to the full community.
- Lack of financial resources available to conduct this study.
- Lack of cooperation between the public and the study respondents.

2. Literature Review

Family is the most important unit of consumption in society as the family members significantly influence the purchasing decision; moreover, the interest of family members is different in product varieties in the purchase process, and the roles change depending on the pattern of family life.

As a result of these variables, workers must change their marketing and advertising messages to be directed towards the party which has the biggest impact on the purchase decision.

When you select the term of family, it can be described as a group of two or more people, they form a connection based on blood, marriage or adoption, whereas the housing family live in one housing units; all the family members live in one unit whether the blood ties or not. The family is an important social and economic unit for purchase behavior, and this is due to:

- Many of products are purchased by the family as a whole.
- The family has a significant impact on the purchasing attitude and behavior of individuals.

The family includes a life cycle of a combination of interrelated variables which include marital status, number of members, ages, and the nature of household work.

Consumer behavior of the family varies depending on family life stages (Schiffman and Kanuk, 2009) and the analysis of family life cycle is an important means of marketing strategy because this analysis can be part to market based on the life cycle of the family.

Discounts and bonuses: wholesalers and retailers should implement the necessary amendments of the prices lists of their products in order to push or motivate those organizations to accomplish their goals and marketing programs as planned, as follows:

a. Discounts and bonuses

The marketing organizations provide commercial discounts to move their stocks. These discounts vary according to the distributor activities that are carried out. For example, a manufacturer who distributes cellular phones through a wholesaler or a retailer can determine the price of the product by (200 JD) for each phone with the discount by (20%) of the declared price.

b. Discounts associated with quantities stimulating the members of distribution to buy larger quantities of products and goods. A manufacturer may present a specified discount on the price if the agent bought a certain amount of products, and the discounts increase as the demand increased, for example, a specific organization may not provide any discounts if the required quantities are less than 100 units but if they are (100-150) units, the discounts may be (5%) of the advertised price of products, but if the required quantities increased from (150 units to 200) units, the discount might be 10% of the advertised price and so on.

c. Cash discount

This discount can be implemented on the advertised price to encourage buyers to pay directly for the cash discount. Also, there is another kind of cash discount when the payment is made within one month from the date of purchase and there is another cash discount if the payment is made within two months from the date of purchase and so on.

d. Bonuses

The goal of bonuses is to encourage members of distribution or consumers to get indulged or take specific behavioral attitudes toward the product for sale, for example, in car showrooms, a consumer may be granted a financial bonus or other additional item if he bought the original product, which is the car, instead of the old item and these bonuses help customers as well as competitors who will take this policy.

e. Coupons and rebates

It is known that a reasonable part of the promotion budget is devoted to giving free coupons, especially for goods which are counterfeit or have some manufacturing defects. For example, the United States, which present huge marketing practices, are still giving coupons with large amounts of money as in 2014, the amount of coupons was more than 500 million dollars annually.

The rebates mainly reduce the price of the product by returning a set amount of the price. These rebates need from buyers to provide a proof for buying in order to receive a returned amount of money. The truth is that this method has been frequently used in recent years, especially the durable goods such as automobiles, electrical appliances and cameras. Moreover, there are other ways to attract buyers by offering the product with a very low price in order to encourage the buyers to buy another and more products.

The deal sent by mail or e-mail can include information about a free drink offer when buying a pizza Hut or sending a very simple cash money about twenty or thirty pounds when buying the original product.

2.1. The Nature and Importance of Retail

The retail trade of small, medium and large size gives services to all types of consumers. Although there are differences between the retail trades, they share two properties, namely:

- It connects producers with last consumers at the appropriate times.
- It is a valuable service for each of (producers and last-consumers)

The retail consists of sale or all activities that are directly related to the sale of products and services to the final consumer, whether it is for personal use or other.

Thus, any company, institution, factory, wholesaler, or a retailer may sell anything to the last consumer for non-business use which is considered a retailer. This is true regardless of how the sale of these products is performed, whether personally sold via the Internet, telephone or by advertising or where these products are sold in the store, consumer's house, or any place or on the Internet, or how the institution has been engaged to the sale and this is called retail activity.

2.2. Physical Facilities

Here is a look at the physical facilities provided by retailers when you sell products by catalogs or direct sales or by sales representatives, but some retailers may rely on selling products by material sites as follows:

- The appropriate location which is the secret of the lasting success of retail trade.
- Size: This is due to the total area of square feet of retail venue.
- Design: It depends on the extent of consistency of spaciousness, lighting and other, whether on internal or external scale.
- Coordination: The size of the empty spaces distributed and allocated to each class of products or the production and distribution sections of retail stores.

2.3. Shopping Centers

They are the main centers for retail locations in suburban areas, and shopping centers consist of a set of stores that hire a certain space in a building owned by a particular company or an organization.

Shopping centers can be classified according to size, market, or type of hiring. In order to increase the space, there are several types of shopping centers such as: comfortable centers, dialogue centers, community centers, and classifying retailers according to marketing strategies.

Whatever the form of ownership, retailers have to develop many marketing strategies to succeed in the selected markets. The retail requires the implementation of marketing strategies and ensuring several things including determining the quantity and quality of products, price, location, and policies of appropriate customer service to facilitate the sale of products in addition to other services such as parking, delivery, and payment method.

Generally, the retail stores are classified into three factors:

- Product classification (wide and deep).
- Levels of appropriate price for each targeted segment.
- Size of wanted customer services.

a. Department stores

These stores provide positive features such as displaying goods in wanted places. Many of the department store went out of the market, and only a small number of them that offer abundant customer services in these sections.

b. Specific lines stores

This type of clothing shops do not have low prices, and the expansion of the products varies depending on different varieties, the store sometimes chooses or focuses on certain products, such as shoes, sports clothes and others, or they make a specific part of the production for sports shoes

c. Specific stores

Specialized stores typically focus on a product line, or part of it, such as meat markets. Consumers should recognize the difference between specialized stores and specialized products. These stores may display specific brands with low prices. For example, the stores specific for the sale of educational games that motivate children's thinking and creativity.

d. Supermarkets

The word of supermarket can describe the retail routes and types of institutions. These stores display many commodity categories. In these stores, it is used the self-service in choosing types of products needed by consumers and customers. The prices in these stores are competitive where all kinds of products are sold there, including vegetables, books supplies and others, and this can collect customers after providing attractive offers.

3. Research Framework

3.1. Hypotheses

The first hypothesis:

H0: The income level does not affect the shopping pattern of consumer in Jordan.

Ha: The income level affects the shopping pattern of consumer in Jordan.

The second hypothesis:

H0: The geographical location of the market does not play a role in influencing the pattern of consumer's shopping.

Ha: The geographical location of the market plays a role in influencing the pattern of consumer's shopping in Jordan.

The third hypothesis:

H0: There is no relationship between the consumer's pattern of purchase and the pattern of consumer shopping in Jordan.

Ha: There is a relationship between the consumer buying pattern and the pattern of consumer shopping in Jordan.

Fourth hypothesis:

H0: There is no relationship between the working time of market and the consumer shopping pattern in Jordan

Ha: There is a relationship between the working time of market and the consumer shopping pattern in Jordan

Fifth hypothesis:

H0: Psychological factors for the consumer do not play a role in the pattern of consumer shopping in Jordan.

Ha: Psychological factors for the consumer to play a role in the pattern of Jordanian consumer shopping

Sixth hypothesis:

H0: Customer satisfaction with the level of service does not affect the pattern of consumer shopping in Jordan.

Ha: Customer satisfaction with the level of service affects the pattern of consumer shopping in Jordan.

Seventh hypothesis:

H0: Discounts and offers do not play a role in the pattern of consumer shopping in Jordan.

Ha: Discounts and offers to play a role in the pattern of consumer shopping in Jordan.

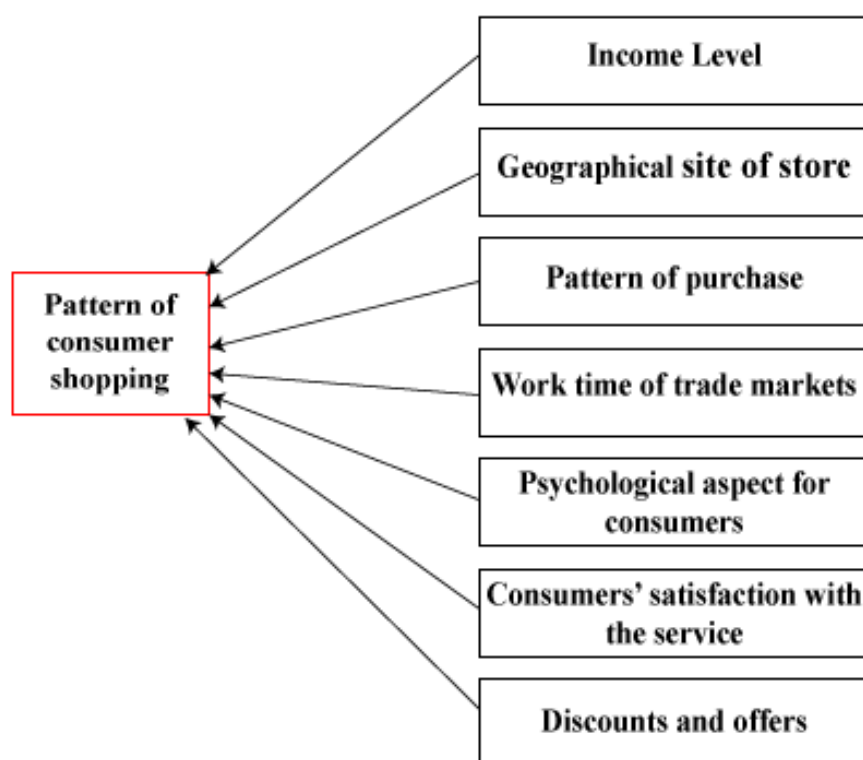


Figure 1. The theoretical framework of the study

3.2. Procedural Definition for the Variables of the Study

First, the dependent variable:

- Consumer shopping pattern:

The consumer method used in the commercial markets, and the level of consumers' turnout on shopping and thus, the pattern of this shopping is either spontaneous or pre-planned. The pattern of shopping is affected by the way of displaying products as well as the general level of prices.

Second, the independent variables include:

a. Level of income:

It is the income earned by individuals from salaries or wages, and accordingly, we can define the household spending on consumer goods is only a part of family behavior which is affected by a variety of factors controlled by economic, social and demographic differences and the environment as well as the nature of this item.

b. Geographical location of the market:

The place where the marketing center resides and these types of stores are usually centered in cities and commercial centers, and they are rarely found in villages and rural areas.

c. Consumer's buying pattern:

It is the approach used by the consumer when he buys goods; this approach is a day, a week, or even longer intervals.

d. Work time trading for the market:

It means the times that provide the commercial market its services to current and prospective consumers and it can be determined in advance of the start and end time and it determines the official and weekly school holiday.

e. Psychological factors of consumers:

It means studying the effect of individuals' incentives on consumer and purchase behavior, as well as the sensory perception and forms the trends which may change. This study focuses on psychological comfort of consumers when go shopping in shopping centers through everything surrounded including goods and services of organizing and arranging the factors affecting the purchase process in terms of cleanliness, conditioning and interior design of the shop and others.

f. Customer satisfaction with the level of service:

The commercial markets can attract the attention of consumers, due to the provided free services including:

- Transferring and sending goods to customers' homes to meet their demands by telephone.
- Providing free samples to consumers' homes for experience and choice.
- Giving gifts on holidays and special occasions to consumers.
- Providing places for rest and entertainment, reading and listening to music.
- Providing credit facilities to consumers and for long periods.
- Providing private parking for consumers while they are inside the shops.

g. Discounts and presentations:

They are the promotional methods used by stores to attract consumers through visual and written advertisements, display of goods, gifts, draws, and methods of sales promotion.

3.3. The Study's Population

The study population consists of all Jordanian citizens, which is a very large population, and thus the researchers selected an appropriate sample, in accordance with specific conditions, including a comprehensive study sample for different ages of the population, different levels of income, and different financial and educational cases.

3.4. The Study's Sample

The survey was conducted on a simple random sample consisting of (249) Jordanian citizens, where the results of the descriptive analysis showed that the sample consisting of 249 individuals composed 133 Jordanian citizens representing 67.3% of the study sample, also it consists of 116 female Jordanians representing 32.7% of the study sample.

According to the level of education, which was divided into three categories: Tawjihiy or less, Diploma, Bachelor or more, we note that the largest category of the study sample ranges between (BA or more) which shows the greatest category of the sample is educated and intellectual, and this can be explained that the education level in the Jordanian society is increasingly developing.

According to the variable of nature of work, which was divided into five categories (employee, dealer, traders, housewife, etc.), we note that 40.8% of Jordanians, which is the highest level, are employees.

We note that 26.5% of respondents are from other categories (student, retired, etc.) the traders got the percentage of 12.2%, stakeholders are 18.4%, whereas the least category went for housewives by only 2%.

As for the variable of income level for the respondents, it is less than 200 JD, representing 32.7% and 200-399 JD by 20.4%, and the income between 400-599 JD represented 16.3% and the income of 600 JD was 30.6% of the sample.

3.5. The Unit of Analysis

The study included all Jordanians (male, female) who are going to commercial markets (malls) with various demographic variables related to gender, the nature of work, income level, education level of the sample which consists of 249 individuals, after excluding the inappropriate questionnaires.

3.6. Methods of Data Collection

a. **Primary Sources:** they include a questionnaire that is designed to achieve the objectives of the study; it was divided into two sections:

- First part: It includes general data related to vocabularies of the study including gender, nature of work, income level, and education level
- Second part: It includes twenty-four questions related to the study which is about the main factors affecting the shopping pattern of Jordanian consumers in commercial markets.

b. Secondary Sources: they include all scientific books on the subject of the study, which are listed in sources and references.

The time of the study: Month 3/2016

4. Statistical Analysis and Hypotheses Testing

4.1. Research Methods

The following statistical methods were used for the empirical analysis of the data collected:

a. Descriptive statistics methods:

- Repetitions.
- Arithmetic mean.
- Standard deviation.
- Percentages

b. Inferential statistical techniques:

- Test F-test
- Test T-test

4.2. Display and Interpretation of Statistical Analysis

The study explored the following sample characteristics, presented in Table 1, 2 and 3, namely the descriptive analysis of the gender variable and the nature of the work, respectively.

Table 1. Gender variable of the sample population

Gender	Repetition	Percentage
Male	133	67.30%
Female	116	32.70%
Total	249	100%

Table 1 notes that 32.7% of respondents are females and the rest are males.

Table 2. Nature of the work variable of the sample population

Marital status	Repetition	Percentage
Employee	60	40.80%
Dealer	46	12.20%
Trader	49	18.40%
Household	41	2%
Others	53	26.50%
Total	249	100%

Based on Table 2, we note that 40.8% of respondents are employees, which is the highest rate.

Table 3. Education level variable of the sample population

Education level	Repetition	Percentage
Tawjihy or less	72	12.20%
Diploma	77	22.40%
BA	100	65.30%
Total	249	100%

In Table 3, we find that the highest percentage of the study sample have a bachelor degree by 65%, and the least percentage went for (Tawjihy and less) by 12%, which shows that the consumer society is dominated by education, which positively affects the level of knowledge about the best items products available in the market.

4.3. Testing of the Hypotheses

First hypothesis

H0: There is no effect of the level of income on consumer pattern of in Jordan.

Ha: There is an effect of the level of income on consumer pattern of shopping in Jordan.

Base of decision

The hypothesis of nihilism can be accepted if the values of f and t tests are within the tabulated value.

As for the p test, the hypothesis of nihilism can be accepted if the value of p is greater than 0.05.

The results of the simple linear regression analysis are summarized in Table 4.

Table 4. Results of the simple linear regression analysis for Hypothesis 1

Hypothesis	Df	F		P	R ²	Decision
		Tabulated	Calculated			
Level of income	47.1	4.05	24.29	0.000	0.341	Refused

Based on the results of the analysis, the results of testing this hypothesis are:

The hypothesis of nihilism was rejected to be replaced with the alternative hypothesis which means the geographical location affects the shopping pattern of the Jordanian consumer in the markets, and that seems to be clear from the interpretation coefficient (0.341).

Second hypothesis

H0: There is no influence of geographical location on the pattern of consumer shopping in Jordan

Ha: There is an influence of geographical location on the pattern of consumer shopping in Jordan.

Base decision

The hypothesis of nihilism can be accepted if the values of f and t tests are within the tabulated value.

As for the test p, the hypothesis of nihilism can be accepted if the value of p is greater than 0.05.

The results of the simple linear regression analysis are summarized in Table 5.

Table 5. Results of the simple linear regression analysis for Hypothesis 2

Hypothesis	Df	F		P	R ²	Decision
		Tabulated	Calculated			
Geographical location	47.1	4.05	9.93	0.003	0.174	Refused

Based on the results of the analysis, the results of testing this hypothesis are:

The hypothesis of nihilism was rejected to be replaced with the alternative hypothesis which means the geographical location affects the shopping pattern of the Jordanian consumer in the markets, and that seems to be clear from the interpretation coefficient (0.174). However, this coefficient is not high enough to exhibit a strong relationship.

Third hypothesis

H0: There is no influence of pattern of purchase location on the pattern of consumer shopping in Jordan.

Ha: There is an influence of pattern of purchase location on the pattern of consumer shopping in Jordan.

Base decision

The hypothesis of nihilism can be accepted if the values of f and t tests are within the tabulated value.

As for the test p, the hypothesis of nihilism can be accepted if the value of p is greater than 0.05.

The results of the simple linear regression analysis are summarized in Table 6.

Table 6. Results of the simple linear regression analysis for Hypothesis 3

Hypothesis	Df	F		P	R ²	Decision
		Tabulated	Calculated			
Pattern of purchase	47.1	4.05	33.65	0.000	0.417	Refused

Based on the results of the analysis, the results of testing this hypothesis are:

The hypothesis of nihilism was rejected to be replaced with the alternative hypothesis which means the pattern of purchase affects the shopping pattern of the Jordanian consumer in the markets, and that seems to be clear from the interpretation coefficient (0.174).

Fourth hypothesis

H0: There is no effect of working hours in the market on the pattern of the Jordanian consumer shopping in commercial markets

Ha: There is an effect of working hours in the market on the pattern of the Jordanian consumer shopping in commercial markets.

Base decision

The hypothesis of nihilism can be accepted if the values of f and t tests are within the tabulated value. As for the test p, the hypothesis of nihilism can be accepted if the value of p is greater than 0.05.

The results of the simple linear regression analysis are summarized in Table 7.

Table 7. Results of the simple linear regression analysis for Hypothesis 4

Hypothesis	Df	F		P	R ²	Decision
		Tabulated	Calculated			
Working hours	47.1	4.05	23.31	0.000	0.332	Refused

Based on the results of the analysis, the results of testing this hypothesis are:

The hypothesis of nihilism was rejected to be replaced with the alternative hypothesis which means the working hours affects the shopping pattern of the Jordanian consumer in the markets, and that seems to be clear from the interpretation coefficient (0.332).

Fifth Hypothesis

H0: There is no effect of psychological factors in the market on the pattern of the Jordanian consumer shopping in commercial markets.

Ha: There is an effect of psychological factors in the market on the pattern of the Jordanian consumer shopping for consumer in commercial markets.

Base decision

The hypothesis of nihilism can be accepted if the values of f and t tests are within the tabulated value. As for the test p, the hypothesis of nihilism can be accepted if the value of p is greater than 0.05.

The results of the simple linear regression analysis are summarized in Table 8.

Table 8. Results of the simple linear regression analysis for Hypothesis 5

Hypothesis	Df	F		P	R ²	Decision
		Tabulated	Calculated			
Psychological factors	47.1	4.05	38.02	0.000	0.447	Refused

Based on the results of the analysis, the results of testing this hypothesis are:

The hypothesis of nihilism was rejected to be replaced with the alternative hypothesis which means the psychological factors in the markets affect the shopping pattern of the Jordanian consumer in the markets, and that seems to be clear from the interpretation coefficient (0.447).

Sixth Hypothesis

H0: There is no effect of customer satisfaction and way of display on the pattern of the Jordanian consumer shopping in the commercial market.

Ha: There is an effect of customer satisfaction and way of display on the pattern of the Jordanian consumer shopping in the commercial market.

Base decision

The hypothesis of nihilism can be accepted if the values of f and t tests are within the tabulated value. As for the test p, the hypothesis of nihilism can be accepted if the value of p is greater than 0.05.

The results of the simple linear regression analysis are summarized in Table 9.

Table 9. Results of the simple linear regression analysis for Hypothesis 6

Hypothesis	Df	F		P	R ²	Decision
		Tabulated	Calculated			
Customer satisfaction and way of display	47.1	4.05	17.88	0.000	0.276	Refused

Based on the results of the analysis, the results of testing this hypothesis are:

The hypothesis of nihilism was rejected to be replaced with the alternative hypothesis which means the customer satisfaction and way of display in the markets affect the shopping pattern of the Jordanian consumer in the markets, and that seems to be clear from the interpretation coefficient (0. 276).

Seventh Hypothesis

H0: there is no effect of discounts on the pattern of the Jordanian consumer shopping for consumer goods in the commercial markets.

Ha: There is an effect of discounts on the pattern of the Jordanian consumer shopping for consumer goods in the commercial markets.

Base decision

The hypothesis of nihilism can be accepted if the values of f and t tests are within the tabulated value. As for the test p, the hypothesis of nihilism can be accepted if the value of p is greater than 0.05.

The results of the simple linear regression analysis are summarized in Table 10.

Table 10. Results of the simple linear regression analysis for Hypothesis 7

Hypothesis	Df	F		P	R ²	Decision
		Tabulated	Calculated			
Discounts	47.1	4.05	26.41	0.000	0.360	Refused

Based on the results of the analysis, the results of testing this hypothesis are:

The hypothesis of nihilism was rejected to be replaced with the alternative hypothesis which means discounts affect the pattern of the Jordanian consumer shopping for consumer goods in the commercial markets, and that seems to be clear from the interpretation coefficient (0. 360).

5. Conclusion

5.1. Discussion of the Study's Results

In light of the statistical analysis, the study has come out with the following:

- There is a statistically significant relationship between the level of consumer's income and type of commercial markets, this means the consumer go to the markets where he can find affordable products that commensurate his income.
- There is a statistically significant relationship between consumers and the geographical location of commercial markets.

5.2. Recommendations

- There is a statistically significant relationship which shows the effect of working hours in the market on the decision of choosing a specific market from others.
- There is a statistically significant relationship between the reputation of a market and consumer's choice, and this is due to the fact that Jordanians prefer and feel more proud when choosing markets with high reputation and fame.
- There is a statistical significant relationship between discounts and offers presented in a market and consumer's preference for that market from other competitive markets.
- There is a statistical significant relationship between the size of a commercial market and consumer's choice to such markets and this is due to consumers think the market with multiple departments has more choices of better products.
- There is a statistically significant relationship between promotional policies and consumer's choice to multi-service markets because the consumer is attracted to the promotional way of presenting products and varieties.
- There is a statistically significant relationship between the consumer's satisfaction and consumer choice to commercial markets which continuously present services.

- There is a need to focus on everything that attracts consumers to commercial markets of useful services and convenient means of shopping.
- Focusing on adding new marketing services such like e-procurement, goods delivery to predefined homes with other services as payment via credit cards to save time and effort for consumers.
- Allocating different designs for each department in the commercial market that commensurate with the provided services and items.
- Focusing on everything that would promote the sense of loyalty in consumers when going to markets for shopping.

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Is the Control Environment a Basis for Customised Risk Management Initiatives in South African Small, Medium and Micro Enterprises?

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Before the official recognition of Small, Medium and Micro Enterprises (SMMEs) in South Africa during the mid-1990s, these business entities have been key players in the stimulation of the national economy. Albeit their socio-economic value added, prior research shows that the sustainability of these business are among the worst in the world, since approximately 70% of South African SMMEs fail within their first three years of existence. This dispensation is often blamed on inter alia, their inadequate management of economic factors which, in turn, cultivates risks. Notwithstanding the fact that most South African SMMEs make use of customised risk management initiatives, previous research shows that these initiatives are not deemed as adequate and/or effective to mitigate risks. Since the manner in which risks are managed are strongly dependent on the attitude and awareness of its management surrounding internal control (control environment), this study focused on investigating whether the control environment was used as foundation to implement their customised risk management initiatives. Empirical research was conducted whereby primary quantitative data were collected from respondents through the deployment of a questionnaire, through means of non-probability sampling methods. The results showed that though the control environments of South African SMMEs were regarded as good, they were not used as foundation by South African SMMEs to implement their customised risk management initiatives.

Keywords: Control environment, sustainability, SMME, risk management

JEL Classification: M42

1. Introduction

Small, Medium and Micro Enterprises (SMMEs) were in operation in South Africa prior to the mid-1990s (Visagie, 1997), these business entities were only formally recognised by the national government, for the first time, through the publication of the Small Business Act No. 102 of 1996. In this Act, SMMEs (In

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South Africa, a SMME is generally classified in terms of its revenue, number of full-time employees employed and net-asset value, per industry) are defined as separate and distinct business entities (In South Africa, a SMME does not have to be formally registered in order to be regarded as a separate and distinct business entity.), together with its branches and/or subsidiaries that are owned and/or managed by one owner or more; situated in any sector and/or sub-sector of the national economy (South Africa, 1996).

Since the implementation of the latter Act, South African SMMEs have received a lot of attention from national government and have been dubbed as major economic drivers (Berry et al., 2002; Amra et al., 2013) as they play an important role in the fortification of the South African economy against economic stagnation (Fatoki and Odeyemi, 2010). The latter is specifically the case since these business entities are largely responsible for attaining three core socio-economic objectives, namely the: 1) the stimulation of the national economy, 2) the reduction of the unemployment rate, and 3) alleviating of poverty (Mabesele, 2009; Bruwer, 2010). The socio-economic value which South African SMMEs add to the national economy is substantiated by various research studies (Booyens, 2011; Swart, 2011; Ngary et al. 2014) where it was found that they are responsible for employing between 80% and 90% of the national workforce, while contributing between 30% and 50% to the Gross Domestic Product (GDP). As at 2013, the estimated GDP of South Africa was estimated at US\$ 353.9 billion, while the national workforce size was estimated at 18.5 million citizens (Indexmundi, 2015). Hence, the analogy can be drawn that during the 2013 fiscal year, South African SMMEs were responsible for contributing at least US\$ 106.2 billion towards the South African economy, while simultaneously providing employment opportunities to at least 14.8 million South African citizens.

Albeit the aforementioned, these business entities are believed to have one of the worst sustainability rates in the world (Fatoki, 2014; Wiese, 2014). This view is supported by Fatoki and Odeyemi (2010) who express the view that during the early-2010s, between 70% and 80% of South African SMMEs are believed to fail after being in operation for only three years. Moreover, Moloi (2013) and PCW (2015) share the view that South African SMME sustainability has not improved to a great extent since the early-2010s as, in more recent times, approximately 75% of South African SMMEs have to close their doors after being in operation for less than four years. Previous research studies (Bruwer 2010; Siwangaza 2014; Kemp et al. 2015; Prinsloo et al. 2015; Ngubane et al. 2015; Hendricks et al. 2015) show that the weak South African SMME sustainability is adversely influenced by not appropriately managing economic factors; examples of these factors include, inter alia crime, extensive red-tape, high interest rates, high inflation rates, market uncertainties, limited access to financing, and skills shortages. Although economic factors are inevitable, they need to be managed appropriately in order to mitigate potential risks which, in turn, may adversely influence on the overall sustainability of a business (Reding et al. 2013). One manner in which economic factors (along with their risks) can be properly managed is through the implementation of a sound system of internal control (Bruwer et al., 2013; Siwangaza et al. 2014).

A system of internal control can be described as a formal process which is implemented by management in order to establish sound internal control, with the main intent to provide reasonable assurance surrounding the attainment of business objectives in the foreseeable future (COSO 2004; Reding et al. 2013; Bruwer and Coetzee 2016). Such a system comprises five elements, of which risk management and control environment are part of. In quintessence, the control environment serves as the foundation of any system of internal control (COSO 2013), and is regarded as the overall attitude of management regarding the internal control in their respective business entities (McNally, 2013). In a South African SMME dispensation, previous studies (Siwangaza, 2014; Bruwer, 2016) found that the internal control systems deployed by these business entities do not provide reasonable assurance surrounding the attainment of relevant business objectives, particularly since they are inadequate and/or ineffective in relation to the mitigation of risks. Hence, taking the above into account, it is highly probable that South African SMMEs may not have a sound control environment (as foundation) on which their customised risk management initiatives are built. Thus, for this study, using the aforementioned as basis, the main research objective was to empirically investigate whether the control environment of South African SMMEs was used as foundation for their implemented risk management initiatives.

For the remainder of this paper, discussion takes place under the following headings: 1) literature review, 2) research design, methodology and methods, 3) results and discussion, and 4) conclusion.

2. Literature Review

Under this section, relevant discussion is provided to place the main research objective in better theoretical perspective. The remainder of this section is expanded on under the following sub headings: 1) a brief overview of the South African economic landscape, 2) risk and risk management, 3) control environment.

2.1. A Brief Overview of the South African Economic Landscape

Notwithstanding the fact that economic factors have an adverse influence on the sustainability of South African SMMEs, these factors are further impacted by the economic landscape of the country. In layperson's terms, the economic landscape of a country is a term used to describe the overall form and/or state of a particular country (Guilhoto et al. 2002). Although the economic landscape can be analysed in great depth through many economic indicators, only four economic indicators were used to provide a brief overview of the South African economic landscape:

- **Nominal GDP:** It is the market value of all the different kinds of products and services produced within a particular country over a specific period of time, specifically 12 months (Mankiw 2009). In a general sense the GDP is a measure of the economic 'well-being' of a country.
- **Unemployment rate:** This economic indicator depicts the percentage of the national workforce that is both willing and able to work, but who is without work and/or seeking work (Manyerere 2016).
- **Population size:** This is the estimated size of the country's human inhabitants. In South Africa, the population size is determined through means of a comprehensive survey, called census (Statistics SA 2011).
- **Inflation rate:** A term that is usually expressed in percentage terms, which depicts the cost of living by measuring the price stability of goods and services (Ali et al. 2015).

In Table 1, relevant statistics are shown in relation to the aforementioned economic indicators for the 2014 and 2015 fiscal years, respectively.

Table 1. The economic indicators of the South African economic landscape

Economic indicators	2014	2015
Nominal GDP	US\$ 350.6 billion	US\$ 323.8 billion
Unemployment rate	25.5%	26.4%
Population size	54 million	54.4 million
Inflation rate	6.21%	4.5%

Sources: Trading Economics 2015; Statistics SA 2016

Stemming from the statistics in Table 1, the following three interpretations can be made: 1) it becomes apparent that the 2015 nominal GDP declined by 7.64% (US\$ 26.8 billion) when compared to that of 2014. This decline may be interpreted in the sense that less South African citizens contributed to the stimulation of the national economy as a result of either increased unemployment, or decreased productivity, 2) the unemployment percentage increased by 0.9% from 2014 to 2015. Although this increase appears to be marginal, when it is viewed in relation to the estimated population size, which increased by 400 000 people from 2014 to 2015, clear tangent planes start to emerge that the number of unemployed South Africans increased to a great extent. This phenomenon justifies the previous inference made pertaining to the decline in the nominal GDP from 2014 to 2015, and 3) as the inflation rate was positive for both 2014 and 2015, evidence is provided that inflation increased year on year – meaning that the cost of living increased from one year to the next.

In core, stemming from the interpretations above, it appears that South Africa has a very exacting economic landscape. This is especially the case when taking into account that business entities, including SMMEs, need to operate in this economic environment in order to add socio-economic value to the South African economy. Hence it is of no surprise that the South African economic landscape has been described as a type of breeding ground for risks to realise in (Bruwer et al 2013).

2.2. Risks and Risk Management

In a global dispensation, business entities are confronted with a variety of risks that mostly threaten their attainment of their relevant objectives (Johnson and Johnson 2013; Coetzee et al. 2014). In layperson's terms, a risk is an event that may or may not possibly occur; which may or may not influence the attainment of a business' objectives in the foreseeable future, which can be positive or negative (COSO 2004). Even though most risks are inherent in nature (namely, those risks which are naturally part of a phenomenon or a circumstance) (Verbano and Venturini 2013) previous research studies (IIA 2012; Reding et al. 2013) show that risks, regardless of their nature, have unique influences on every business entity. The risks which business entities face can be categorised into four groups (Boubala 2010; Masama et al. 2012; Smit 2012; Deloitte and Touche 2012; Deloitte 2015; Coetzee et al. 2015), namely: 1) strategic risks (risks which impact on the vision and mission of a business), 2) operational risks (risks which impact on the operational tasks of a business), 3) reporting risks (risks which impact on financial and non-financial reporting tasks in a business), and 4)

compliance risks (risks which impacts on the conformity to relevant rules, policies and regulations). When taking into account the girth of risks, justification is provided as to why risks need to be managed appropriately.

The management of risks (also known as risk management, which is encapsulated within a system of internal control) is a structured and continuous process which is focused on the mitigation of all potential negative influences of risks (identification, assessment and treatment), across all levels of a business, as undertaken by management, with the main intent to provide reasonable assurance surrounding the attainment of relevant business objectives (COSO 2004; Jayathilake 2012; Reding et al. 2013; Sunjka and Emwanu 2015; Bruwer, 2016). The manner in which risks are managed depends largely on their likelihood of realising and the potential impact (IOD 2009) as risks can be avoided (high likelihood of realising and high impact), transferred (low likelihood of realising and high impact), reduced (high likelihood of realising and low impact), or tolerated (low likelihood of realising and low impact). Based on the COSO's Enterprise Risk Management (ERM) Framework (see Figure 1), which is considered to be one of the most comprehensive risk management frameworks in the world (Institute of Management Accountants, 2014; Protiviti 2016), the function of "risk management" is built on the elements of "internal environment" (the overall attitude of management surrounding internal control) and "objective setting" (the actual objectives that are set by a business that should be achieved in the foreseeable future), and comprises of three legs, namely: 1) event identification, 2) risk assessment, and 3) risk response (COSO 2004; Scannell et al. 2013; Reding et al. 2013; Almgren 2014; Coetzee et al. 2014; Coetzee et al. 2015). These three legs are expanded on below.

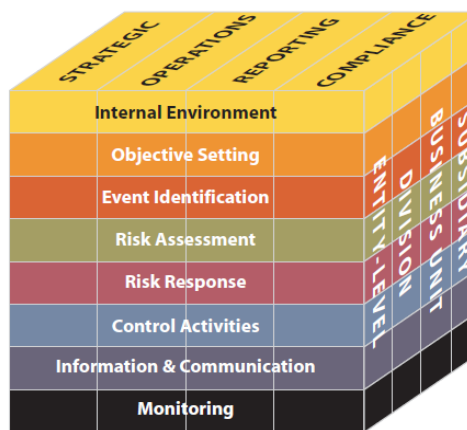


Figure 1. The COSO's ERM Framework
Source: COSO (2004)

- Event identification: Pragmatically, risks can only be managed once they have been identified. Hence, risks need to be identified by taking into account both internal risk factors (risks inside a business which may stem from people, technology and/or the environment) and external risk factors (risks outside a business which may stem from the economy, nature and/or the political environment).
- Risk assessment: Once risks have been identified, they should be assessed both in terms of their potential likelihood of realising (frequency) and their potential impact should they realise.
- Risk responses: The outcome of the risk assessment will culminate into a selection of appropriate risk responses. Depending on the likelihood and impact of risks, they will be terminated, transferred, mitigated or tolerated.

Albeit the fact that the COSO's ERM framework is comprehensive in its coverage as to how risks should be managed, research conducted by Smit and Watkins (2012) show that South African SMMEs are mainly concerned about managing selected risks, which include: fire hazards, safety hazards, security hazards, health hazards and quality hazards. In addition, based on previous research studies (Smit, 2012; Bruwer et al., 2013), it was found that management of South African SMMEs are largely ignorant about the actual risks which their business entities face on a daily basis as they prefer to make use of customised risk management initiatives (internal control activities). As risk management is built on the control environment of a business entity (see Figure 1), clear tangent planes emerge that since South African SMMEs operate in an exacting economic environment, while having difficulty to manage economic factors, along with risks, it may be the case that South African SMMEs have ill-developed control environments. This inference is greatly supported by Bruwer and Coetzee (2016) who found that the managerial conduct in South African SMMEs was flexible - the managerial conduct of management is synonymous with the control environment of a business (McNally, 2013).

2.3. Control Environment

As previously mentioned, the control environment is the foundation upon which any internal control system, including all risk management initiatives, is built (COSO 2004; COSO 2013). Based on previous research studies and policy documents (COSO 2004; COSO 2013; Reding et al. 2013; Siwangaza 2014; Coetzee et al. 2014; Bruwer and Van Den Berg 2015; Bruwer and Coetzee 2016) the control environment comprises five aspects, namely: 1) the philosophy and operating style of management, 2) the commitment of management towards integrity, ethical values, competency, responsibility and accountability, 3) the assignment of authority taking into account job levels and responsibilities, 4) the establishment of hierarchical structures and communication methods, and 5) the establishment of human capital policies and procedures.

The importance of a sound control environment is placed in perspective by previous research studies (IIA 2011; Jiang and Li 2010; Oseifuah and Gyeke, 2013) which found that business failures are strongly associated with ill-developed control environments. As such, it is of no surprise that the control environment is analogous to a keystone in an arch bridge; without this keystone, the arch bridge will simply cease to exist (IIA, 2011). Using this analogy as basis, it becomes apparent that the control environment will influence the overall functioning and effectiveness of any system of internal control – it sets the tone at the top; forms the basis of corporate governance (Jackson and Stent 2007; Jiang and Li 2010; IIA 2011; Oseifuah and Gyeke 2013; Reding et al. 2013). Corporate governance pertains to the balancing of interests of all stakeholders in a business in order to help achieve the objectives of a business entity. Notwithstanding the aforementioned, based on a research study conducted by Bruwer and Van Den Berg (2015), evidence was provided that the control environments of South African SMMEs were poor, which did not provide the relevant support to their risk management initiatives.

3. Research Design, Research Methodology and Research Methods

This research study was empirical in nature and constituted survey research. Moreover, this research study was quantitative in nature, falling within the positivistic research paradigm, which entailed the collection of primary data from respondents through means of questionnaires. The questionnaire comprised two multiple choice questions, three ratio questions, and 53 five-point Likert scale questions. The targeted population for this research study was South African SMME management and since the size of the population was unknown, non-probability sampling methods were deployed, particularly that of purposive sampling. A total of 50 respondents were approached and only 30 respondents responded positively. All approached respondents had to adhere to the following delineation criteria:

- Each respondent had to own/manage only one SMME
- Each respondent had to have a least 6 months' managerial experience
- Each respondent had to be South African
- Each respondent had to be actively involved in their SMME
- The SMME of each respondent had to be classified as either a 'micro enterprise', 'very small enterprise', 'small enterprise' or 'medium enterprise' as per the National Small Business Act No. 102 of 1996.
- The SMME of each respondent had to employ between 1 and 50 employees.
- The SMME of each respondent had to be based in the retail industry.
- The SMME of each respondent had to be regarded as a sole trader.
- The SMME of each respondent had to be regarded as an informal trader (not formally registered).
- The SMME of each respondent had to be regarded as a non-franchised business entity.
- The SMME of each respondent had to physically operate from the Cape Town Central Business District, within the perimeter of Bree street, Strand street, Adderley street and Wale Street (see Figure 2)
- The SMME of each respondent had to have only one outlet (main business) and no branches or subsidiaries.
- The SMME of each respondent had to exist for at least 1 year.
- The SMME of each respondent had to operate between 08:00 and 16:00 every weekday, at least.

Relevant ethical considerations were also taken into account for this research study. All respondents were informed that information provided by them would strictly be treated with confidentiality, and that they would remain anonymous as information provided would only be used for research purposes. Furthermore respondents were given full disclosure of the nature of the research study before participating and respondents

were guaranteed being safeguarded from physical harm. Lastly, all respondents were informed that they may withdraw from the study at any time they should so wish without being discriminated against.



Figure 2. Geographical area where respondents were selected from
Source: Google (2016)

4. Results and Discussion

Throughout the remainder of this section, results and relevant discussion take place under the following sub-headings below: 1) demographical results, 2) risk management initiatives, and 3) control environment.

4.1. Demographical Results

Although all respondents adhered to the delineation criteria, respondents were asked to describe a few demographical aspects surrounding their relevant SMMEs, including their positions in their respective SMMEs.

When respondents were asked to describe their respective retail SMMEs, 53.33% were described as fast food businesses, 30.00% were described as convenience stores, and 16.67% were described as spaza shops. In addition, respondents were asked how long their respective SMMEs have been in existence. A summary of the results are shown in Table 2.

Table 2. Frequency distribution table of how long sampled SMMEs have been in existence

Value label	Value	Frequency	Percent	Valid Percent	Cum Percent
Less than 1 year	0	3	10.00	10.00	10.00
1 Year	1	2	6.67	6.67	16.67
2 Years	2	3	10.00	10.00	26.67
3 Years	3	4	13.33	13.33	40.00
4 Years	4	3	10.00	10.00	50.00
5 Years	5	3	10.00	10.00	60.00
6 Years	6	3	10.00	10.00	70.00
7 Years	7	2	6.67	6.67	76.67
8 Years	8	1	3.33	3.33	80.00
10 Years	10	1	3.33	3.33	83.33
14 Years	14	1	3.33	3.33	86.67
15 Years	15	1	3.33	3.33	90.00
22 Years	22	1	3.33	3.33	93.33
32 Years	32	1	3.33	3.33	96.67
40 Years	40	1	3.33	3.33	100.00
Total:		30	100.0	100.0	

Stemming from the table above, the average number of years which sampled SMMEs was in existence for amounted to 7.33 years. As a result, the inference can be made that since these business entities existed for longer than 4 years, on average, it is probable that their sustainability was above average. This is quite a major feat as these business entities remain in operation by predominantly selling a mixture of necessity and/or non-

necessity products on which marginal mark-ups are placed which, in turn, are regularly consumed by customers (Bruwer, 2016).

Respondents were asked about the position(s) which they held in their relevant SMMEs. A total of 23.33% of respondents were regarded as ‘owners’, 53.33% were regarded as ‘managers’ and 23.33% were regarded as ‘owners and managers’. When respondents were asked how long they have been in their respective positions, 73.33% indicated that they had at least 4 years’ experience with an average of 6.60 years’ experience recorded. Hence, the assumption can be made that with the average amount of experience of respondents in a managerial position, they may have had a fair amount of practical insight into the business world, especially when taking into account that their business entities have been in existence for an average of 7.33 years.

Lastly, respondents were asked how many employees they employed on a full-time basis. Stemming from the results, 63.33% of SMMEs employed between 1 and up to 5 employees, 33.34% of SMMEs employed between 6 and up to 10 employees and 3.33% of SMMEs employed between 11 and up to 50 employees; the average number of employees employed amounted to 5. When making use of the classification criteria of SMMEs as per the National Small Business Act No. 102 of 1996, the inference can be made that 63.33% of SMMEs were regarded as ‘micro enterprises’, 33.34% of SMMEs were ‘very small enterprises’, and 3.33% of SMMEs were ‘small enterprises’.

Taking all of the above into account, the average respondent can be described as a manager with 6.60 years’ experience, of a micro fast food business, that has been in existence for 7.33 years, which is responsible for employing 5 employees on a full-time basis.

4.2. Risk Management Initiatives

In order to understand the risk management initiatives which SMMEs used, respondents were asked to rate a few statements through means of a five point Likert scale (“1 = strongly disagree”, “2 = disagree”, “3 = neither agree nor disagree”, 4 = “agree”, and 5 = “strongly agree”). First, respondents had to rate an array of statements which started with the following sentence: ‘To mitigate risks in my SMME, the following is used ...’. A summary of the results are shown in Table 3. Based on the results, the top seven risk management initiatives which were used in SMMEs were found to be competent and trustworthy employees ($x = 4.37$), periodic cash counts ($x = 4.30$), periodic stock counts ($x = 4.17$), staff supervision ($x = 4.07$), physical security over assets ($x = 3.77$), periodic reconciliations ($x = 3.63$), and appropriate authorisation activities ($x = 3.60$). In turn, the worst two risk management initiatives used in SMMEs were that of regular routine backups ($x = 2.90$), and the physical checking of goods when they are received/sent ($x = 2.90$). In fundamental nature, the results point to the possibility that SMME management did not make extensive use of technology to operate their respective business entities and relied mostly on ‘hands on’ risk management initiatives that related to core operational activities (e.g. cash and inventory). This is supported by the average mean-scores for the remaining risk management initiatives (e.g. regular rotation of responsibilities, pre-numbered source documents, authorisation procedures for issuing goods, performance reviews), giving rise to the phenomenon that these business entities made use of customised risk management initiatives to combat risks.

Table 3. Frequency distribution table of respondents’ perceptions regarding risk management initiatives in SMMEs

Statement: ‘To mitigate risks in my SMME, the following is used ...’	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Std dev	Mean
Competent and trustworthy employees	0.00%	3.33%	10.00%	33.33%	53.33%	0.81	4.37
Periodic cash counts	3.33%	3.33%	6.67%	33.33%	53.33%	0.99	4.30
Periodic stock counts	3.33%	6.67%	6.67%	36.67%	46.67%	1.05	4.17
Staff supervision	3.33%	6.67%	13.33%	33.33%	43.33%	1.08	4.07
Physical security over assets	13.33%	6.67%	13.33%	23.33%	43.33%	1.43	3.77
Periodic reconciliations	13.33%	0.00%	23.33%	36.67%	26.67%	1.27	3.63
Appropriate authorisation activities	6.67%	10.00%	16.67%	50.00%	16.67%	1.10	3.60
Appropriate disciplinary procedures	13.33%	0.00%	33.33%	33.33%	20.00%	1.22	3.47
Regular rotation of responsibilities	10.00%	10.00%	30.00%	33.33%	16.67%	1.19	3.37
Pre-numbered source documents	16.67%	10.00%	23.33%	23.33%	26.67%	1.42	3.33
Authorisation procedures for issuing goods	16.67%	10.00%	26.67%	23.33%	23.33%	1.39	3.27

Performance reviews	13.33%	6.67%	30.00%	40.00%	10.00%	1.17	3.27
Analysing internal reports on a monthly basis	20.00%	3.33%	30.00%	26.67%	20.00%	1.38	3.23
CCTV cameras	30.00%	6.67%	6.67%	30.00%	26.67%	1.64	3.17
Electronic security (e.g. login passwords)	23.33%	10.00%	13.33%	33.33%	20.00%	1.49	3.17
One task is assigned to one person	23.33%	16.67%	10.00%	36.67%	13.33%	1.44	3.00
Computerised accounting information systems	30.00%	6.67%	20.00%	20.00%	23.33%	1.58	3.00
Regular routine backups	36.67%	10.00%	10.00%	13.33%	30.00%	1.73	2.90
Physical checking of goods when they are received/sent	23.33%	6.67%	43.33%	10.00%	16.67%	1.35	2.90

Albeit the aforementioned, in order to understand the effectiveness of the aforementioned risk management initiatives, respondents were asked how well these initiatives assisted SMMEs to mitigate risks. The average mean-score of respondents amounted to 3.46 which can be translated to a rating which rests between ‘average’ and ‘good’. When taking into account that SMMEs have been in operation for an average of 7.33 years, it is possible that their risk management initiatives may be effective. On the contrary, as respondents made use of risk management initiatives which cover only core operational activities, in a customised approach, their actual existence may be based on luck alone.

To shed more light on the adequacy and effectiveness of the control initiatives used by sampled SMMEs, respondents were asked to rate an array of statements on a five point Likert scale (1 = “very little”, 2 = “sometimes”, 3 = “often”, 4 = “almost always”, and 5 = “always”) which started with the following sentence: ‘Although my SMME has implemented control initiatives, the following risks still influence its sustainability...’ A summary of the results are shown in Table 4. From the results, it appears that competition ($x = 3.27$) and price risks ($x = 3.20$) were the most prevalent risks which sampled SMMEs were still facing after the implementation of the relevant risk management initiatives. The latter gives rise to the possibility that the risk management initiatives of SMMEs were, in actual fact, adequate in order to mitigate potential risks. It should however be noted that responses were given by management, which may or may not have been biased.

4.3. Control Environment

In order to understand the foundation on which the risk management initiatives of SMMEs were built on, respondents were asked about the control environment of their SMMEs. This was done by asking respondents to rate statements on a five point Likert-scale (1 = “strongly disagree”, 2 = “disagree”, 3 = “neither agree nor disagree”, 4 = “agree”, and 5 = “strongly agree”), which started with the following statement ‘The following characteristics are evident in my SMME ...’. A summary of the results are shown in Table 5. Stemming from the results, justification is provided as to why the risk management initiatives may be as effective as it is. Taking into account that the control environment is the overall attitude of management towards internal control, the results provide evidence that SMMEs have a sound control environment on which their risk management initiatives were built. This is particularly the case since the tested characteristics which were most evident in sampled SMMEs were that of transparency ($x = 4.23$), integrity ($x = 4.00$), compliance with laws and regulations ($x = 4.00$), moral values ($x = 3.87$), sound lines of authority ($x = 3.87$), accountability ($x = 3.73$), accountability ($x = 3.73$), responsibility ($x = 3.73$), and commitment to competency ($x = 3.67$). Most of these characteristics are strongly associated with that of good corporate governance.

In an attempt to ascertain whether the control environment of SMMEs had an influence on the effectiveness of risk management initiatives, as foundation, a regression analysis was performed. A summary of the results are shown in Table 6. Stemming from the results, no significant relationships were identified between the control environment of South African SMMEs and the effectiveness of their risk management initiatives. This may be as a result of two matters: 1) respondents may not have been entirely honest about the effectiveness of their SMMEs’ risk management initiatives, and 2) respondents may not have been entirely honest about the characteristics evident in their SMMEs – emanating to respondent bias.

Notwithstanding the latter, it was also tested whether the control environment of SMMEs had an influence on the actual implemented risk management initiatives, specifically those which they used (see Table 4); those that had a mean greater than 3.5. Multiple regression analyses were performed. The latter is summarised in Table 7. From the results, it appears that there were only two statistically significant relationships: 1) a positive relationship between accountability and the utilisation of periodic stock counts (β

= 0.81) ($p=0.004$), and 2) a positive relationship between transparency and the utilisation of periodic stock counts ($\beta = 0.56$) ($p=0.003$). In quintessence, a statistically significant prediction can therefore be made that if transparency and accountability were evident in SMMEs, these business entities will make use of periodic stock counts. There existed no other significant relationships between the characteristics of the control environment of SMMEs and implemented risk management initiatives.

Table 4. Frequency distribution table of respondents' perceptions regarding risks which influence their SMMEs

Statement: 'Although my SMME has implemented control initiatives, the following risks still influence its sustainability ...'	Very little	Sometimes	Often	Almost always	Always	Std dev	Mean
Competition	13.33%	16.67%	20.00%	30.00%	20.00%	1.34	3.27
Price risks	6.67%	16.67%	40.00%	23.33%	13.33%	1.10	3.20
Reputational risks	23.33%	23.33%	23.33%	20.00%	10.00%	1.32	2.70
Cash flow risks	23.33%	20.00%	36.67%	16.67%	3.33%	1.14	2.57
Market risks	36.67%	13.33%	36.67%	6.67%	6.67%	1.24	2.33
Legal risks	53.33%	13.33%	23.33%	6.67%	3.33%	1.17	1.93
Potential damage to assets	63.33%	6.67%	16.67%	6.67%	6.67%	1.31	1.87
Political risks	63.33%	10.00%	16.67%	10.00%	0.00%	1.08	1.73
Potential theft of assets	13.33%	30.00%	30.00%	26.67%	0.00%	1.00	1.28
IT risks	53.33%	6.67%	23.33%	16.67%	0.00%	1.00	1.22
Credit risks	36.67%	20.00%	33.33%	10.00%	0.00%	1.00	1.05

Table 5. Frequency distribution table of respondents' perceptions regarding characteristics of their SMMEs (control environment)

Statement: 'The following characteristics are evident in my SMMEs...'	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Std dev	Mean
Transparency	3.33%	3.33%	10.00%	33.33%	50.00%	1.01	4.23
Integrity	6.67%	0.00%	23.33%	26.67%	43.33%	1.14	4
Compliance with laws and regulations	3.33%	3.33%	13.33%	50.00%	30.00%	0.95	4
Moral values	3.33%	13.33%	16.67%	26.67%	40.00%	1.2	3.87
Sound lines of authority	3.33%	6.67%	20.00%	40.00%	30.00%	1.04	3.87
Accountability	3.33%	10.00%	20.00%	43.33%	23.33%	1.05	3.73
Responsibility	6.67%	6.67%	23.33%	33.33%	30.00%	1.17	3.73
Commitment to competency	6.67%	3.33%	36.67%	23.33%	30.00%	1.15	3.67

Table 6. Summary of results for regression analysis

Dependent variables		Effectiveness of Risk Management Initiatives
Independent variables	R^2	0.34
	F	0.85
	$Sig.$	0.000***
Integrity	β	-0.36
	$Sig.$.392
Moral behaviour	β	-0.16
	$Sig.$	0.735
Compliance with laws and regulations	β	0.06
	$Sig.$	0.888
Accountability	β	-0.09
	$Sig.$	0.858
Sound lines of authority	β	-0.26
	$Sig.$	0.633

Responsibility	β	-0.54
	Sig.	0.124
Transparency	β	0.05
	Sig.	0.931
Commitment to competency	β	-0.21

Note: *** Significant at a 0.001 level

Table 7. Summary of results for multiple regression analysis

Dependent variables		Competent and trustworthy employees	Periodic cash counts	Periodic stock counts	Staff supervision	Physical security over assets	Periodic reconciliations	Appropriate authorisation activities
Independent variables	R ²	0.35	0.71	0.89	0.56	0.66	0.56	0.63
	F	1.39	2.61	9.88	1.2	2.04	1.2	1.76
	Sig.	0.000*	0.000*	0.000*	0.000*	0.000*	0.000*	0.000*
Integrity	β	-0.01	-0.46	-0.53	-0.09	-0.77	0.09	-0.45
	Sig.	0.977	0.154	0.014	0.806	0.029	0.805	0.192
Moral behaviour	β	0.15	0.7	0.38	-0.08	0.75	-0.32	0.41
	Sig.	0.722	0.073	0.126	0.858	0.071	0.472	0.322
Compliance with laws and regulations	β	-0.36	0.22	0.17	0.21	-0.5	0.14	-0.24
	Sig.	0.334	0.497	0.409	0.568	0.148	0.701	0.493
Accountability	β	-0.18	0.18	0.81	0.48	0.89	0.15	0.41
	Sig.	0.685	0.648	0.004*	0.294	0.041	0.736	0.339
Sound lines of authority	β	-0.27	-0.63	-0.047	-0.79	-0.3	0.14	-0.17
	Sig.	0.528	0.101	0.061	0.081	0.444	0.753	0.682
Responsibility	β	0.25	0.22	-0.21	-0.01	-0.01	-0.36	-0.14
	Sig.	0.382	0.374	0.196	0.981	0.966	0.222	0.603
Transparency	β	0.56	0.12	0.56	0.44	0.18	-0.32	0.52
	Sig.	0.068	0.641	0.003*	0.156	0.511	0.29	0.073
Commitment to competency	β	0.09	0.12	-0.18	0.22	0	0.25	0.11
	Sig.	0.704	0.552	0.197	0.381	0.999	0.302	0.615

Note: * Significant at a 0.01 level

5. Discussion

5.1. Conclusion

From the literature reviewed it was evident that the control environment serves as foundation for any system of internal control, including all of its facets (of which risk management is one of). As management is ultimately charged with the responsibility to manage all risks in a business, it is imperative that all businesses should make use of appropriate initiatives to manage risks.

Based on the results and discussion above, it appears that South African SMMEs make use of customised risk management initiatives to manage selective risks in relation to their core operational aspects such as cash management and inventory management. Albeit the limiting scope of the customised risk management initiatives, their effectiveness were rated as between 'average' and 'good' by respondents. The latter was confirmed by the observation that the risks which still influence SMMEs were mainly related to competition and price risks. In order to determine the basis which was used to develop the customised risk

management initiatives, respondents shared that the characteristics evident in their respective SMMEs pertained to that of good corporate governance.

Upon further testing, it was found that there existed no direct relationships between the individual characteristics of the control environment of SMMEs and the effectiveness of their risk management initiatives, and only two significant relationships between the characteristics of SMMEs' control environments and their implemented risk management initiatives (out of the 56 tested relationships). The latter observation alludes to the possibility that respondents may not have been entirely honest about the effectiveness of their SMMEs' risk management initiatives, and or the characteristics evident in their SMMEs. Therefore, from the research conducted, although the control environment of South African SMMEs appeared as good, the inferential statistics provide evidence that the customised risk management initiatives deployed by these business entities were not based thereon as foundation.

5.2. Limitations and Avenues for Further Research

Although responses were only received from SMME management, the information in this research study came directly from individuals who had decision-making authorities in their respective business entities. Nevertheless, the responses that were obtained may have been biased (as supported by the inferential statistics). In addition, despite the thorough delineation criteria utilised, only SMMEs that were physically operating in a small area (within the perimeter of Bree street, Strand street, Adderley street and Wale Street) was approached. This was mainly due to time constraints (the authors only had 2 weeks to collect data) and money constraints (the authors had no formal budget to expand on the research study).

With the above in mind, suggested avenues for further research include, but do not limit to qualitative research on the control environment and risk management initiatives deployed in South African SMMEs.

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Performance Management Practices in Listed Companies from Sri Lanka

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In today's world of business, the role of quality among employees is imperative for companies to survive in the competitive in global market. Hence, performance management practices (PMP) have been indispensable for companies. This study intended to scrutinize whether employee capacity, years of existence and ownership of listed companies relate to PMP in Sri Lanka. The companies that have been listed in the Colombo Stock Exchange were selected as the sample for the study and, with a firm level unit of analysis, a self-administered survey was conducted covering all the companies using the five point Likert scale of 27 statements. 244 questionnaires were distributed among either human resource manager or performance managers or human resource development manager respondents on behalf of the company and 216 returned questionnaires were deemed usable for further analysis amounting to 88% response rate. In a pilot study, it was revealed that the measurement scales met the acceptable standards of validity and reliability analyses. Independent Sample T-test and One-Way ANOVA methods were used to test the objectives of the study. The results of the study concluded that there is no statistical relationship between the employee capacity, years of existence and ownership with PMP of listed companies in Sri Lanka.

Keywords: Colombo Stock Exchange, Employee Capacity, Listed Companies, Ownership, Performance Management Practices, Years of Existence

JEL Classification: M21, G31, M50

1. Introduction

In general, the performance management practices are identified as crucial factors for determining the organizational performance. Hence, the organisational competitive advantage is maintained by performances of the individuals who are capable of assisting the organisation to achieve the desired strategic aims (Dessler, 2011). Armstrong (2000) proposed that performance management (PM) offers the opportunity to get better results from the whole organisation or from the teams and individuals from that particular organisation, by

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understanding and managing performance within a predefined framework of planned objectives, standards and competence requirements. As such, as the overall objective, PM is identified as an attempt to verify how the organisation and its subsystems such as processes, units and employees contribute in unity at its highest level to reach the expected outcomes of an organization (Holloway et al. 1999; Castka, et al., 2003). So, it is necessary to recognize how PMP assists to the realization of Sri Lankan listed companies' performance management.

1.1. Research Gap

The foregoing evaluation of literature obviously highlights that a number of authors have examined (Armstrong and Baron, 1998; Verbeeten, 2008; Roland and Verbeeten, 2009; Fiona *et al.*, 2015) PMP in different organizations in different contexts around the globe but no study has been conducted in listed companies in Sri Lanka. Because of that reason, the present study has been intended to examine the PMP followed by the listed organizations in Sri Lanka. Hence, the problem of the study is: Are employee capacity, years of existence and ownership related to the PMP being followed by the Sri Lankan listed companies?

1.2. Objectives of the Study

The present study has been undertaken to pursue the following broad objectives:

1. To study whether employee capacity is related to PMP being followed by the Sri Lankan listed companies.
2. To examine whether years of existence is related to PMP being followed by the Sri Lankan listed companies.
3. To analyse how ownership is related to PMP being followed by the Sri Lankan listed companies.

2. Theoretical Framework

Considering the existing literature, the theoretical framework that was developed for this study is depicted in Figure 1. The independent variables are suggested for employee capacity, years of existence and tenure of listed companies and the dependent variable for PMP.

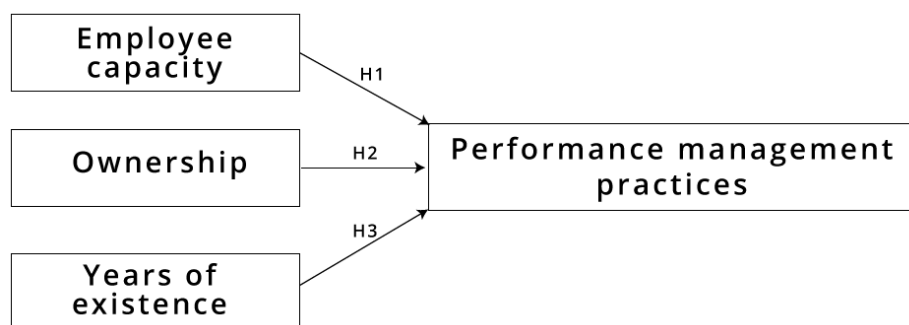


Figure 1. Theoretical framework

Employee Capacity

Employee capacity refers to the number of employees currently employed in the company. The importance of employee capacity is partly due to its role as the source of the firm's capabilities (Biron *et al.*, 2011). Previous studies (Fiona, *et al.*, 2015; Garengo and Bititci, 2005) mention that the PMP depends on employee capacity. However, Verbeeten (2008) mentions that the company PMP does not depend on employee capacity. As such, the first hypothesis is:

H1: A Performance management practice of listed company is positively related to employee capacity.

Ownership

Ownership denotes the ultimate owner of the company. It shows whether the company is Sri Lankan or foreign. Further, this study needs to identify any differences between the PMP and ownership in the Sri Lankan listed companies. Therefore, the next hypothesis of this study is as follows:

H2: A Performance management practice of listed company is positively related to ownership.

Years of Existence

Years of existence is the number of years in which the listed company had been established in Sri Lanka up to 2016. Furthermore, it emphasizes the age of the company situated in Sri Lanka. This study needs

to verify whether there is any relationship between the PMP and the years of existence in the Sri Lankan listed companies. The final hypothesis of this study is as follows:

H3: A Performance management practice of listed company is positively related to years of existence.

3. Research Methodology

The study was conducted both on primary and secondary data. It means that the study depends to a great extent on primary data that have been gathered through a well-structured questionnaire and also secondary data through publications, journals, books etc.

3.1. Sample and Procedure

The study was confined to all Sri Lankan listed companies (244) registered in the stock exchange market and conducted under the universal sampling method. There was a company level unit of analysis of the respondents for the study which included the representatives from the company: the human resource manager or performance manager or human resource development manager. Then, the researchers maintained closer contact with each and every company and got the names of the above verified managers while confirming their consent and preference for sending the questionnaire; either via e-mail or mail. This was followed by the sending of a cover letter consisting of the questionnaire and personally addressing them with a request in prepaid return envelopes stating the general purpose of the study and highlighting that all the essential steps have been taken to keep the identity and the responses of managers strictly anonymous and confidential.

3.2. Measurement of Variables

The questionnaire that elicits facts under two sections took about 5 to 6 minutes for respondents to complete. Questions under the Section A were dealing with the demographic factors about the listed companies as well as Section B with PM. As the prevailing data, employee capacity grouping in this study as less than 500 employees, between 501 – 1000 employees, between 1001 - 1500 employees, between 1501 - 2000 employees, More than 2000 employees. All above grouping levels were measured through 1,2,3,4 and 5 points. Further, it was observed an interval in the level of measurement of the employee capacity. The present data categorized the years of existence in this study as less than 5 years, between 6 -10 years, between 11 -15 years, between 16- 20 and more than 20 years. There was an interval in the level of measurement of the years of existence and points were allocated as 1 to 5 respectively. When the ownership measures, 1 point was given to the Sri Lankan firm and 2 to a foreign firm.

Performance Management Practices

Performance management is a mean of developing better results and signs of improvement from the entire organisation or the groups or people inside it, by comprehension and managing performance inside a concurred structure of planned objectives, principles and competence prerequisites (Armstrong, 2009). PMP were measured by a well-established instrument developed by Dumond (1994) and dimensions include: organizational objectives and strategy, organizational performance needs, organizational performance expectations, performance management process and measuring effectiveness. The five-point Likert scale of the range from 1-5, denoting 'Strongly Disagree to Strongly Agree', was used to measure each item in the research instrument and the research were operationalised above five dimensions into different indicators created on literature.

4. Data Analysis

In this process, the data was first moved to the Statistical Package (SPSS Version 21.0 for Windows) for Social Sciences. At the initial stage, the data set was subjected to a preliminary statistical analysis to check for the accuracy relating to data entering and coding prior to working out with the results of the study. A total of 244 questionnaires have been distributed and 218 were received back. After the scrutiny of these questionnaires, 2 questionnaires were rejected on account of incomplete responses. Finally, 216 completed questionnaires were used for the present study.

4.1. Validity and Reliability

For ensuring the reliability and the validity of the tools, a pre-test was carried out using 30 questionnaires. The reliability measured through a Cronbach alpha result was .966 (Scales that received an alpha score of over .7 are considered to be reliable; Hair et al., 2010), KMO value was .568. Thus, all the items

present adequate correlation in the construct (KMO value for PMP were more than .5, which is considered to be good (Hair, et al. 2010) and Bartlett's test value was .000.

Table 1. Validity and Reliability

Dimension	KMO Value	Bartlett's test value	Cronbach's Alpha
PMP	.568	.000	.966

5. Results

As shown in Table 2, the majority of the respondents are Sri Lankan (73.6%), and the rest (26.4%) are foreign ownership. The study revealed that there is an equal percentage (21.3) of existence in listed companies between 6-10 and 16-20 years: 20% of companies with more than 20 years of existence, 19% of companies with less than 5 years of existence, the rest of 18% of companies with between 11-15 years of existence; also 43% of the companies have less than 1000 employees, while 57% companies have more than 1000 employees.

Table 2. Demographic Factors

Variables		Frequency	Percentage
Ownership	Sri Lankan	159	73.61
	Foreign	57	26.39
Years of Existence	Less than 5	41	18.98
	Between 6 - 10	46	21.3
	Between 11 - 15	40	18.52
	Between 16- 20	46	21.3
	More than 20	43	19.91
Employee Capacity	Less than 500	38	17.59
	Between 501 - 1000	55	25.46
	Between 1001 - 1500	58	26.85
	Between 1501- 2000	30	13.89
	More than 2000	35	16.2

Cronbach's Alpha retrieved from the SPSS output for all the five PMP dimensions has been summarized in the following table.

Table 3. Reliability Statistic for Performance Management Practices Dimensions

Dimensions	Cronbach's Alpha	Number of items
Organizational objectives and strategy	0.877	5
Organizational Performance Needs	0.866	4
Organizational Performance Expectations	0.880	6
Performance Management Process	0.887	9
Measuring Effectiveness	0.779	3

From above Table 3, all of the five dimensions have Alpha Cronbach's values above .7, the accepted limit for the reliability test. The values indicate that there is good internal consistency among the scales. Having considered that the overall reliability of the questionnaire is above .7, it can be concluded that the questionnaire is reliable.

The following table explained the ANOVA analysis between the employee capacity and PMP.

Table 4. Employee Capacity and Performance Management Practices

Employee capacity	N	Mean	df1	df2	Levene Statistic P-value	F (ANOVA)	P- value
Less than 500	38	3.3705	4	211	0.076	1.838	0.123
Between 501-1000	55	3.5391					
Between 1001-1500	58	3.5526					
Between 1501-2000	30	3.652					
More than 2000	35	3.4477					
Total	216	3.5139					

According to Table 4, the p-value for Levene's test for equality of variance is .076, which is more than .05. Thus, equality of variances is assumed. The p-value of the ANOVA is .123, which is more than .05 and indicates that the employee capacity does not vary due to the average PMP.

The results of the Independent Sample T-test between ownership and PMP are shown in Table 5.

Table 5. Ownership and Performance Management Practices

Ownership	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	P-value	t	df	P-value (2-tailed)	Mean Difference	Std. difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variance assumed	2.04	0.155	-1.53	214	0.128	-0.11167	0.07299	-0.25555	0.0322
Equal variance not assumed					0.095	-0.11167	0.06628	-0.2429	0.01955

According to Table 5, Levene's test for equality of variance, the p value (.155) indicates that it is reasonable to assume the equal variance between two groups. The p value (.128) of the equality of mean test does not reject the null hypothesis of equality of means between the Sri Lankan and foreign companies.

The ANOVA analysis, between years of existence with PMP in the listed companies is presented in the Table 6 below. The p-value for the Levene's test for equality of variance is .071, which is more than .05. Thus, it is assumed that there is an equality of variances. The p-value of the ANOVA is .454, which is more than .05 and indicates that the average PMP does not vary due to the years of existence.

Table 6. Years of existence and Performance Management Practices

Years of existence	N	Mean	df1	df2	Levene Statistic P-value	F (ANOVA)	P-value
Less than 5	41	3.46	4	211	0.071	0.919	0.454
Between 6-10	46	3.58					
Between 11-15	40	3.56					
Between 16-20	46	3.53					
More than 20	43	3.42					
Total	216	3.51					

6. Discussion, Conclusion and Recommendations

There is no statistical evidence to prove the PMP of listed company is positively related to employee capacity. As a result, the first hypothesis of this study was rejected. It means that there is no relationship between the employee capacity and PMP in the Sri Lankan listed companies. This finding was confirmed by previous research Verbeeten (2008) conducted on PMP in public sector organizations getting the same results.

The second hypothesis of the study is also rejected, i.e. that the PMP of listed company varies along with the ownership of that company. According to the findings, there was no significant difference between the local and foreign companies PMP. Based on the results of the study, the third hypothesis is also rejected. There is no statistical proof to prove that there is a relationship between PMP of listed company and years of existence.

The outcomes of the study were key factors to ratify that no significant relationship exists between employee capacity, years of existence and ownership of listed companies related to PMP in Sri Lanka. All Sri Lankan listed companies, whether local or foreign, perform PMP in a similar manner as well as the employee capacity and the years of existence do not effect on the PMP. The result of this study is dynamic in a theoretical as well as an empirical scenario.

However, this study was limited to Sri Lankan listed companies. The instrument ought to be refined for better outcomes and a comparative study with other sectors as well as including other countries for further research.

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