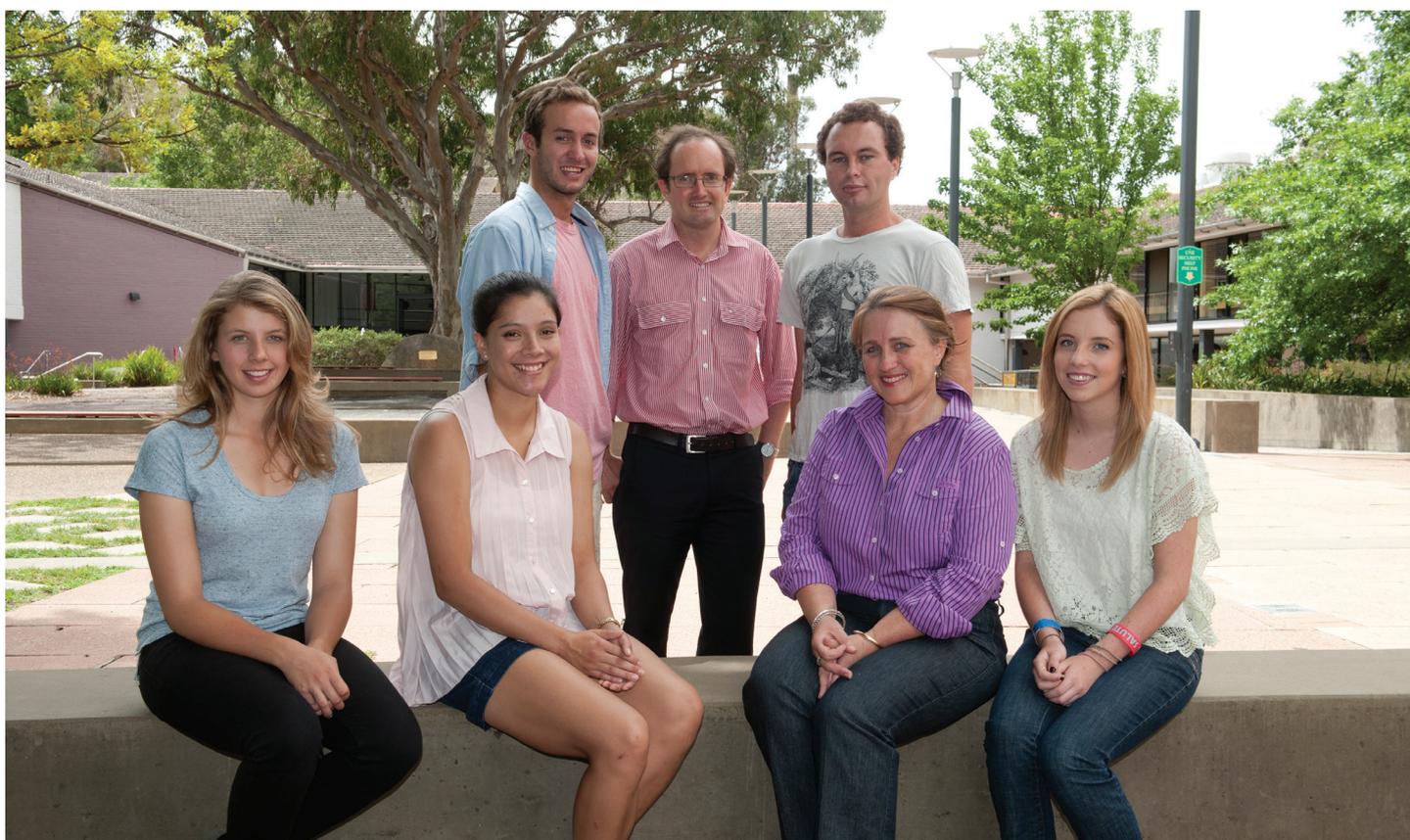


Proceedings of  
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*'Partnerships and the Research Journey'*

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*Partnerships and the Research Journey*  
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**2012 POST GRADUATE RESEARCH CONFERENCE**

## Foreword

The Faculty of Education, Health and Professional Studies had its first Postgraduate Research Conference in August 2006. The conference brought together higher degree research students from three schools: Education, Health and Professional Development & Leadership. Despite the diversity of background and professional work experiences, the conference provided a forum for presentation and feedback on all aspects of Higher Degree Research as well as a number of workshops and skills sessions. The three key themes of the Conference include:

**The politics of doing research** - Papers that focus on discussing issues associated with various aspects of doing the research; Ethics; Sensitivity of data collection; Informing policy development (rural, regional, metropolitan); and International contexts.

**Theoretical perspectives** - Papers included in this theme discuss the theoretical framework that underpins the research study such as post-critical approaches (Feminist, Post-structuralist); Post modernism; critical discourse analysis; etc.

**Diverse methodologies** - Papers that present findings from the study or discuss various aspects of methodology, research design or the mechanics of data collection and analysis; Qualitative and quantitative perspectives; Analysis of data; Presentation of findings; Publishing and presentation of data; Using technology.

## Editors Note

Welcome to the proceedings of the seventh volume of the Postgraduate Research Conference held in October 2012. The papers are based on the presentations made by students at the conference. To ensure we meet the requirements of publishing peer reviewed papers, each paper was blind reviewed independently by two academics. Papers were then subsequently revised by authors according to reviewer's comments and the final copy again reviewed by the editors to improve clarity and ensure consistency of style and language.

The papers in these proceedings are diverse in their disciplinary focus much like the Schools within the Faculty of The Professions, yet inherently bound together by the focus and issues that are fundamental to bridging the gap between theory and practice of doing research.

## Acknowledgements

As conference convenor, I would like to acknowledge the assistance and support of a number of individuals across the Faculty and the University. I would like to express my gratitude to **Professor Victor Minichiello** (*Pro Vice-Chancellor and Dean, Faculty of The Professions*) and **Professor Paul Martin** (*Research Director, Faculty of The Professions*) for enthusiastically embracing the idea of a faculty-wide postgraduate research conference.

I would also like to thank the keynote speakers: **Professor Allyson Holbrook, Professor of Education and Director, SORTI Research Centre**, University of Newcastle, Professor Sid Bourke, Professor in Education, Faculty of Education and Arts, University of Newcastle, and both **Dr Susan Feez and Trish Weekes from the School of Education** for providing their time and valuable knowledge. I would also like to thank and acknowledge the support of faculty academic staff in undertaking blind peer review and providing scholarly feedback. This also includes attendance and support at presentations, forums and conference workshops. My gratitude also goes to **Muriel Dell** for her excellent administrative support to make the conference a success.

**Associate Professor Terrence Hays**

Postgraduate Research Coordinator

Faculty of The Professions



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## Alignment of policy and practice: EFL teachers implementing ICT in Saudi Arabian male public secondary schools

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*Sami Alghamdi, School of Education*

### **Abstract**

*For the last several decades there has been tremendous expansion in the educational facilities in Saudi Arabian schools. More recently, educational policies have placed a greater emphasis on the use of Information and Communication Technology (ICT) in schools. Consequently, many national educational projects have been conducted to promote ICT use in Saudi Arabian schools. However, these trials have resulted in poor quality outcomes; particularly in the EFL context. The purpose of this paper is to describe proposed research to investigate the alignment between EFL teachers' knowledge of and attitudes towards implementing ICT into the EFL classroom, and what the educational policy dictates to be optimal ICT practice in Saudi Arabian male public secondary schools. The proposed research utilises a mixed method research design with three sources of data. First, a document analysis of education policy will be conducted to determine the expectations of ICT implementation in schools. Second, an online survey will be employed to determine EFL teachers' knowledge of and attitudes towards implementing ICT into the EFL classroom. Third, a purposive sample of EFL teachers will be invited to participate in an in-depth interview to clarify any disparity between their practice and what was stated in the policy. This paper describes the methodology to be used in the proposed research.*

### **Introduction**

Since the 1950s the Saudi Arabian government has accumulated huge wealth from oil incomes. The government decided to spend some of this oil income in developing the country's sectors including the education system and this has resulted in a tremendous transformation in the education system (Bahgat, 1999). The Ministry of Education (MOE) has implemented four national education projects promoting Information and Communication Technology (ICT) integration in the education system (Al-Aqeely, 2001). Research is proposed to investigate whether policy specifications are aligned with practice in the use of ICT when teaching and learning English as a Foreign Language (EFL).

This paper provides a brief background of Saudi Arabian education policy, a description of ICT use in education in Saudi Arabia, a review of policy and practice and finally, proposed methodology.

### **Education Policy in Saudi Arabia**

The national administration of education in Saudi Arabia is highly centralised (Elyas, 2010; Oyaid, 2009). Education policy is subject to government control by the Supreme Council of Education in Saudi Arabia through two main agencies were established in 1975; the Ministry of Education (MOE) and Ministry of Higher Education (MOHE) (MOHE, 2012; UNESCO, 2010). MOE originally consisted of 42 education directorates, half of these directorates for male education and half for female education, which work as links between the local schools and the MOE (Al-Aqeely, 2001; Oyaid, 2009). In 2010, the MOE decided to minimise the efforts of each education directorate by grouping some directorates together and joining the male

and female directorates under one general directorate in each city to form 13 education directorates (MOE, 2011). The Education Policy is developed by the MOE and distributed to the 13 directorates of education. Each directorate contains an Education Resources Department (ERD), which is responsible for the distribution of the ICT related aspects into schools. Schools within a particular directorate should request their required education facilities including ICT equipment from the ERD within that directorate.

The MOE responsibilities are to deal with administrative issues and to provide: policy for the education system, school buildings, maintenance, textbooks and educational materials. The curriculum department in the MOE is responsible for curriculum development and preparation of subject textbooks.

An education policy was first introduced into Saudi Arabian education system in 1925 (Oyaid, 2009). This policy (18 pages) laid out in 236 clauses with a strong emphasis on the Islamic teachings and conduct. Later on some parts of the policy were updated to cope with the developing education system in Saudi Arabia.

The current version of the Education Policy updated after the establishment of the MOE is not dissimilar to the first policy announced with a strong emphasis on the importance of religious education at all levels of education (Rugh, 2002). Islam continues to be the main influence on education policy and decision makers in Saudi Arabia (Prokop, 2003) and this is reflected in the education policy, which strictly promotes loyalty to Islamic law. This is also reflected in the school system where six religious subjects, specified by the educational policy, are taught daily in schools (Oyaid, 2009). In secondary schools this is 35 per cent of the student learning time. The Education Policy also promotes free education and separation of sexes in the schools and all education sectors.

There are three important policy directives relating to textbooks, teaching calendar and examinations. There is one fixed textbook for each grade and for each subject, which must be used by all public and private schools in the country. The teaching calendar is divided into two semesters consisting of 18 weeks, 16 weeks of teaching and 2 weeks for examination (Prokop, 2003). All students must study for examinations of contents as presented in the textbooks and teachers are advised to restrict examinations to textbook content.

The Education Policy encourages the increasing use of technology in schools and education sectors (Rugh, 2002). In article twenty-eight of the Education Policy, there is a significant emphasis in each school on the use of learning resource centres including ICT facilities (Alshumaimeri, 2008). This emphasis was realised by building in each school of an Educational Resources Centre (ERC) including ICT facilities. The policy encourages all stakeholders to be involved in the use of ICT in education including teachers, head teachers and all staff working either in schools or the education directorates. The policy emphasises the importance of ICT for students and ICT training for teachers (MOE, 2011).

For each subject in the curriculum the Education Policy specifies how many lessons per week and the duration of each lesson and what textbooks are to be used. In particular for EFL context, an average of four lessons per week are stated for each classroom in the secondary schools. The time allocated for each lesson is 45 minutes, which can be either in the morning or afternoon. All EFL textbooks are designed and distributed to students by the MOE and are the same for all the secondary schools in Saudi Arabia.

Training is conducted by the ERD for teachers after a process of arrangement including getting an approval from the head of each directorate, allocating the suitable training time and assigning the attached materials by instructor. These training sessions held once or twice per semester. EFL teachers in particular are advised to attend a minimum of one training session per year.

## ICT in Education in the Saudi Arabia

The introduction of ICT has gone through two main phases in the history of education in Saudi Arabia. The first phase *Computer Literacy Program* and started in 1985 with an introduction of an optional subject in the secondary school. This subject was highly appreciated by the field supervisors and beneficial to students which encouraged the MOE to introduce ICT studies into the curriculum as a compulsory subject in 1988. This program provided most of the secondary schools with a computer laboratory and relevant training course for teachers (Al-Aqeely, 2001). However, due to the shortage of teachers in some areas of the country and ICT support staff this program was discontinued.

The second phase of introducing ICT into education involved the integration of ICT into the process of teaching and learning (Rugh, 2002). To achieve this, the MOE had to increase its commitments to build and develop the ICT infrastructure in the school environment (Oyaid, 2009).

The adoption of ICT in education has accompanied many national reform actions were conducted by MOE. There have been four national projects conducted as reform actions to develop the ICT integration into the process of teaching and learning in general over the last three decades (Al-Maini, 2009). The first projects, *Education Resources Centre (ERC)*, demonstrated the MOE's commitment to ICT integration in education. This project developed schools libraries into Education Resources Centre (ERC) (Oyaid, 2009). Each ERC contains all the pedagogical materials for the school including ICT equipment and facilities (MOE, 2008; Oyaid, 2009). The MOE has established over 1500 ERCs covering all education directorates and plans to continue these as a basic feature in each school (Oyaid, 2009).

The second project, *Watani*, introduced computer-based workstations into each school which represented a positive change from traditional methods of teaching (MOE, 2008; Oyaid, 2009). Further significant decisions made by the MOE promoting ICT use in education were the introduction of ICT into primary schools as a compulsory subject in 2003 and resulted into the launch of 'Watani' project which aimed to promote the use of ICT in education.

The third project, *Jehazi*, enabled teachers to buy laptops, printers and scanners at reasonable prices with no deposit and easy to repayments (Oyaid, 2009). The purpose of this project is to raise awareness and increase the technological knowledge amongst teachers in preparation for the electronic government future (Jehazi.com, 2006; Oyaid, 2009). The Jehazi project package for each teacher consists of: free of charge hard drive and laser mouse; one year subscription to computer magazine and six hours training at The New Horizon Institute of technology to obtain the International Computer Driving License (ICDL) (Jehazi.com, 2006; Oyaid, 2009). This project is considered the opening key for teachers to start a technological era which is still valid till the present time.

The fourth project, *Tatweer*, is considered the largest educational reform project in the country and was announced by King Abdullah in 2008 (Jehazi.com, 2006; Oyaid, 2009). This project is based upon the idea of technological learning environments. The project started with 50 secondary schools for male and females as a pilot for the main project (Alshumaimeri, 2008). The project has built new schools that depend on the use of ICT including: attendance systems in which electronic finger print machines have been brought to the main school doors; teacher training to handle classes in the high-tech style; distribution of laptops to both teachers and students; and the provision of school wireless Internet connections. Within this project, 40000 male and female teachers of different subjects will be provided with ICT training and the required ICT equipment (Alshumaim & Alhassan, 2010). English language teachers in these schools have to adopt the comparative learning approach supported equipped with ICT. EFL Students are asked to work in groups to create their own ICT lesson materials; including presentations through the PowerPoint program. The project emphasises extracurricular activities for the purpose of developing the

intellectual, creative and communicative skills of students. The expectation, particularly for EFL teachers is that there would be extensive use of ICT in teaching. This use of ICT includes all areas of management in the classroom. English language in KSA is basically treated as an academic discipline in the school system and is not extensively used outside of the classroom. EFL teachers have realised the importance of using ICT in their classes to learn to operate in an Information Age (Alshumaim & Alhassan, 2010; Alshumaimeri, 2008). This project began a new era in the development of modern education in KSA.

Several studies have been conducted investigating the level of ICT use in Middle Eastern education systems, including Saudi Arabia particularly in EFL context. (Al-Aqeely, 2001; GDP, 2005; MOE, 2008; Oyaid, 2009) reviewed the history of reform actions of the educational system in Saudi Arabia particularly the ICT use in EFL context. The MOE introduced ICT training programs, which aimed to eliminate the ICT literacy amongst teachers. Al-Aqeely (2001) investigated the main barriers to successful integration of ICT into the EFL teaching and learning in Saudi Arabia. These barriers were categorised into two main classifications: teacher-level barriers and school-level barriers. The teacher-level barriers were: lack of teacher confidence, lack of teacher competence, resistance to change, and negative attitudes. The school-level barriers were: lack of time, lack of effective training, lack of accessibility to resources and lack of technical support. The adoption of ICT into EFL context according to Bingimlas (2008) and Alshumaim and Alhassan (2010) was conducted after an extended processes of evaluation of the current level ICT use in Saudi Arabian EFL context.

In similar study conducted in Saudi Arabia within an EFL context, Shaabi (2010) identified factors affecting the use of ICT in EFL classroom in Saudi Arabia. These factors fell into three main categories: institutions factors, resources factors and teacher factors. Teacher factors were further grouped into three subcategories: personal, social and external factors each of which included references to ICT. The personal factors include EFL teacher's attitudes and commitments toward the use of ICT in EFL classroom. The social factors include the influence of the school environment whether to encourages or discourages the use of ICT in EFL classroom. The external factors include the accessibility, availability and quality of ICT in school (Oyaid, 2009).

Oyaid (2009) identified types of incentives available to EFL teacher in integrating ICT in their teaching including; wage bonuses and getting faster promotions. Numerous research studies conducted in Saudi Arabia within an EFL context including Al-Ghonaim (2005); Al-Jamhour (2005), Al-Juhani (1991) and Al-Kahtani (2001) have reported that EFL teachers have positive attitudes towards ICT integration in EFL teaching and learning. This means that EFL teachers were able to apply ICT in their teaching provided that the large majority of them had the knowledge required to integrate ICT into their teaching.

The future is promising for promoting ICT in all aspects of life in Saudi Arabia. The use of ICT has become a national policy and not only implemented in the education (Bingimlas, 2008). The most significant example for the ICT national policy was a project called Home Computer Initiative controlled and sponsored by the ICT commission in Saudi Arabia in association with the National Bank (Oyaid, 2009) The main purpose of this project was to enable one million Saudi families to obtain a personal computer with easy payment methods and free of charges Internet subscription for 12 months (Oyaid, 2009).

## **Current ICT use in the Saudi Arabian Education System**

ICT is used in the MOE in many forms at all levels of management including schools. It is being used as a tool to store and process information related to student records, teachers and administrative issues (Alshumaim & Alhassan, 2010). After the start of King Abdullah national project for developing the education Tatweer, the MOE extensively started providing institutions related to each education directorate with ICT facilities, staff and regular maintenance. In addition, ICT training courses for teachers and administrative staff began (Alshumaim & Alhassan, 2010). Internet connection become available for most of the institutions related to the MOE including schools located in urban and non-urban areas. General education directorates (GED) are using ICT in all communication with both schools and MOE with designed related programs and software. The adoption of ICT in the GED was an appreciated decision especially in communication with schools. All administrative issues become electronically treated rather than papers handled in person.

Teachers are using ICT to contact the GED or the MOE for all correspondence including; transfers between schools, requesting pedagogical aid, seeking off times and many other valuable electronic services (MOE, 2008). The fingerprint attendance system launched along with Tatweer is one of the ICT daily activities for teachers in schools and GED. In terms of the pedagogical ICT use, teachers have been provided in each classroom with data shows, smart boards and a personal computer. Teachers are strongly encouraged to use these ICT facilities in their teaching.

For students, ICT has been part of their daily activities in schools related to Tatweer and even in many other schools related to the MOE. In Tatweer for example, 24000 laptops have been distributed to students in each of the related schools (Alshumaim & Alhassan, 2010). Students are using ICT to communicate with teachers, submitting an assignment for instance, or creating their learning projects inside the classrooms and doing homework. In Tatweer secondary schools, students are dealing with a different teaching approach. This approach emphasises that each subject department within schools should have a clearly separate location. This means students have to circulate during school time attending different lessons distributed according to the subject department's location. This system, known as the flexible program, replaced the old approach that made students remain in the same classroom for the entire school day. The flexible program has made it easy for teachers in terms of integrating ICT into the process of teaching. Teachers started developing their teaching spaces with all the ICT and other pedagogical materials related to their subjects (Alshumaim & Alhassan, 2010; MOE, 2011). The King Abdullah Project for developing the education system in Saudi Arabia is considered a new academic endeavour aiming to upskill teachers, develop the curriculum and improve the school environment (Alshumaim & Alhassan, 2010).

According to Alshumaim and Alhassan (2010) the MOE and in support of English language teaching and learning, developed supplementary e-learning materials for both students and teachers. Additional software was published by private companies and approved by the MOE for the secondary schools English curriculum, which includes training exercises supporting English learning and teaching (Bedaiwi, 2007). Teachers use ICT in schools while teaching, for recording the students' achievements and for communicating with the MOE for related administrative or pedagogical issues.

## **The alignment of education policy with ICT practice**

Since the declaration of education policy particularly associated with ICT, MOE increased its commitments to develop the learning environment. The development of the school environment and the building of ICT infrastructure were its commitments to promote the technological environment in schools. However, the actual use of ICT in schools faced many barriers and obstacles that have hindered its successful integration. Consequently this has resulted in lack of quality learning outcomes

amongst students. Therefore, a gap is believed to exist between what the policies dictate and the actual use of ICT in schools. The alignment of policy and the actual use of ICT in schools will be extensively discussed from the EFL context perspective.

Numerous research studies have been conducted investigating the successful integration of ICT into the EFL context. Some of these studies discussed the barriers confronting with the ICT integration into the process of EFL teaching in some Middle Eastern countries including Saudi Arabia. Only a few of found research studies have been conducted investigating the alignment of ICT policy and practice in the Saudi Arabian education system.

Oyaid (2009) reviewed the Saudi Arabian education policy and compared it with the actual use of ICT in schools. A predicted misalignment of the policy and the actual ICT use was the main concern of her mixed methods sociocultural study. There are three main reasons for the predicted misalignment of the policy and the actual use of ICT in schools according to the review of the related literature in Oyaid (2009). The first reason was the numerous locally and internationally calls for a quick reform and development of the educational system, which was mostly based on memorisation (Oyaid, 2009). The locally calls for the national educational reform were concentrating on the quality of the outcome which does not match the local market demands. The old educational system was mostly based on memorisation of the religious sayings of the prophet Mohammed 'Peace be upon him', reciting the holly Quran and studying the Arabic language, history of the Muslims with some basics of mathematics. The internationally pressure was strongly accompanied the 9/11 attacks of the World Trade Centre (WTC) in the United States. Since it was announced that 19 terrorist who attacked the WTC were from Saudi Arabia, many editorials and writers have accused fingers pointing to the Saudi education system (Oyaid, 2009; Prokop, 2003; Rugh, 2002).

The second reason for the mentioned misalignment was the quick actions for a national reform done by MOE in the rush without any prior research of the exact required needs for the current education environment (Elyas, 2010; Prokop, 2003; Rugh, 2002). These actions resulted in wasting time, efforts and money though it has been assumed that there was some improvement. In addition, these reform actions were conducted as fast as possible to cope with the developing countries. However, these quick reform actions accompanied no further evaluation and received negative feedback from those working in the fields mainly teachers and schools staff.

The third reason, considered the focus of this discussion, was the ICT integration into the Saudi education system. The Saudi Arabian decision makers, in responding to the increasing pressure and calls for an educational national reform, brought all the ICT equipment from the developing countries to be placed in schools without prior knowledge and studies of the current education setting (Oyaid, 2009).

Lately and as a response to many journalists and writers who badly criticise the MOE policy being conducted over years, the MOE is struggling with many files dealing with the current situation. More than five technological project were conducted in the rush, plenty of money have been spent with no fixed plan for a national reform and generations of students still suffering the current situation of everyday educational experiments done by MOE.

The research in hand is seeking to fill in the gap existing in the literature on ICT policy and practice. The ICT related policy will be reviewed seeking its alignment with the actual ICT practice in schools. In addition, investigation of factors affecting the ICT use in the EFL context will be conducted. For this reason and from the mentioned literature about the current ICT use in school and its alignment with the education policy, the researcher arrived at the following research questions:

What is the nature of alignment of policy and practice in the use of ICT in EFL teaching? The research secondary question is:

What is the degree of the alignment of policy and practice in the use of ICT in EFL teaching?

## The proposed study

The aim of this study is to investigate the alignment between ICT related policy and practice, and its relation to teachers' knowledge of and attitudes towards ICT integration in the English as a Foreign Language (EFL) context. Alshumaimeri (2008) stated that there is a lack of English language proficiency amongst most of the secondary school graduates in Saudi Arabia. The education policy emphasises the importance of a good quality learning outcomes; however, the misalignment between what has been dictated in the policy and EFL teachers' performance in schools is increasing (Oyaid, 2010). To investigate the degree of this misalignment, a Critical Discourse Analysis (CDA) of teachers' responses through survey and interviews, and documentary analysis of the education policy; particularly in EFL teaching and learning, will be conducted. In the data collection stage, an online survey will be used to determine EFL teachers' knowledge of and attitudes towards implementing ICT into EFL teaching. This will be followed by in-depth interviews with purposefully selected sample of EFL teachers.

Male EFL teachers from 30 secondary schools in the city of Al-baha in south-western Saudi Arabia, will be invited to participate in the study. From this population, 100 participants will be randomly selected. All participants' native language is Arabic and they teach only English. The majority of the participants will have at least two years of EFL teaching experience and a minimum qualification of a Bachelor's degree.

The research will utilise a mixed method of quantitative and qualitative research design. The instruments for data collection to be used will be; an online survey and in-depth follow-up interviews to gather data from the EFL teachers. The online survey will be designed to determine EFL teachers' knowledge of and attitudes towards implementing ICT into EFL teaching. Associated with the survey will be the collection of a range of demographic items that include: age, qualification, number of students in each classroom, school location, ICT availability in school, ICT training and ICT support in schools. This survey will be conducted in English because as EFL teachers, participants are proficient in English. This survey will be followed by purposefully selected sample of EFL teachers to participate in the in-depth interviews.

For qualitative data analysis, document analysis of the education policy and a Critical Discourse Analysis (CDA) of responses of EFL teachers to survey and interviews will be conducted. For quantitative data analysis, both descriptive and inferential statistical techniques will be applied to the online survey data. Descriptive statistics will include frequency analysis and sample means. Inferential statistic will include independent sample t-tests and One Way ANOVA. The purpose of both qualitative and quantitative analysis will be to help provide a better picture of the study population's knowledge of and attitudes towards implementing ICT into EFL teaching and the associated demographic data.

## Conclusion

Numerous research studies have been conducted investigating the level of ICT in Saudi Arabian context but few investigated the alignment with its practice in schools. This paper described the proposed research aimed at investigating the alignment between EFL teachers' knowledge of and attitudes towards implementing ICT into EFL classroom and what the educational policy dictates in Saudi Arabian male public secondary schools. The study is expected to come up with valuable suggestions for addressing the apparent misalignment and propose solutions to improve the ICT practices in Saudi Arabian male public secondary schools in an EFL context.

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# The conceptual framework model for the adoption of governance of CSR and financial performance

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## Abstract

*Purpose:* This paper proposes to synthesize the relevant and empirical literature on Corporate Social Responsibility (CSR) adoption, within the context of the corporate governance and other factors which influence the adoption. This paper focuses on the role of the diversity of the board of directors within a CSR and governance systems through a research framework. The paper also examines that role of top management team, which helps in the implementation of a socially responsible business. This leads to improved corporate financial performance, which then increases the adoption of corporate social responsibility within the organization.

*Design/ Methodology:* This paper uses stakeholder theory to present canon for examination of a number of research propositions presented in the paper. This helps to identify a future research agenda within this area.

*Findings:* A number of research propositions and research agenda are presented on the potential adoption of CSR literature, and the association it may have with the corporate financial performance.

*Originality/value:* As the extant literature does not provide a canon of CSR adoption, the paper's originality is its argument that a positive association between adoption of CSR and financial performance could serve as an approach to assess adoption of CSR. Furthermore, the use of stakeholder theory provides additional insights into identifying the adoption of CSR and its link with the financial performance issues.

## Introduction

Corporate social responsibility (CSR) is increasingly important for organization to develop their business strategies and their financial performance in the long run (Angus-Leppan et al., 2010, Jamali and Mirshak, 2007, Waldman et al., 2006b, Werther and Chandler, 2010), yet is an underdeveloped area of research. Organization have actively tried in the past to focus their interest on the profitability of the business organization, while ignoring the needs of the society and other stakeholders in the organizational setup (Freeman, 1984, Sen et al., 2006). This lack of focus on the social responsibility of the organization however started to change in the last twenty years where the research agenda has moved towards the corporate social responsibilities (Aguilera et al., 2006, Angus-Leppan et al., 2010). However, it is increasingly clear that the link between the financial performance of the organization, and the CSR adoption also needs to be clearly established, with a research agenda being set which dissects the factors which can develop this link.

This research sets out to establish this link between the corporate social responsibility of the organization with the financial performance of the organization. A literature review is conducted which establishes a number of links between the two issues. Firstly, we established that the diversity of the board of directors has a critical link to the socially responsible organization. (Arora and Dharwadkar, 2011). The positive contributions of the directors working in an organization is critical, as they are the

ultimate decision makers, and their positive contribution towards a socially responsible organizational setup would be critical. In this regard, the different pressures which the board of directors face have also been evaluated. However, another critical factors is the presence of a corporate governance system, which is also geared towards the CSR principles, which can lead the organization in the direction of a ethical undertaking towards the different stakeholders in the organization (Spitzeck, 2009). Another link between the financial performance of a company and the CSR applicability by it is the way in which the top management team of the company is oriented towards an establishment of the CSR principles of the organization (Angus-Leppan et al., 2010). Although the nature of the top management team is critical to the success of the CSR initiatives, this also needs to be tied into the long term strategic direction of the company. This link between the strategic direction and the CSR is also significant as top management team of an organization has different competing demands, which they need to meet. A clear strategy which guides the leaders towards a CSR positive relationship between the company and the society also enables a clear path for improved financial performance (Werther and Chandler, 2010).

This research paper has been structured in the following manner. Section two of the research paper sets out the main theoretical domain within which the research will be carried out. This includes the stakeholder theory. Section three dissects the literature into five main stands. These are the diversity of the board of directors, governance systems, business strategy and the financial performance. Each of these issues are interlinked, and examined in relation to their impact on the CSR adoption in organizations. Section five is the discussion and the research agenda, which is set in light of the literature review, which has been conducted earlier. Six different research propositions are presented, which link the factors for the adoption of CSR to improve the financial performance of the organization. These research propositions are then discussed in detail, while also focusing on the future research issues for the organizations. The final section of the research presents a number of conclusions of the research. These conclusions are the future research agenda of the research. One of the key conclusions of this research is that the role of the senior management is significant in the setting up of a socially responsible direction of the organization. However, the senior management needs to balance the conflicting demands of the CSR and the financial performance. One of the main conclusions of the research is that the strategic needs of the organizations need to be brought into line with the CSR needs of the organization, and further research is needed on this area to establish a clear empirical direction of this research. The research further suggest that the link between the governance arrangements and the financial performance needs to be further investigated for a clearer understanding of the issues involved in the adoption of CSR in organizations. One of the significant research contributions of this research articles is that it is able to link the literature between the corporate social responsibility, corporate governance and financial performance. Most of the significant literature on corporate social responsibility fails to link it to the underlying concept of profitability for the organization. However, as part of this research we link the different issues of governance with the issues of financial performance, and then link it back to issues of corporate governance for the organization. Another significant contribution of the paper is that it dissects the literature of integration of governance systems into CSR, and they ways in which organizations can use it to their advantage.

## Theoretical Perspectives

### Stakeholder Perspective on CSR

Within the governance structure of organizations, it is imperative to think that the stakeholder theory is critical in understanding the social entity and the affects of welfare on many people (Freeman, 1984). The importance of the stakeholder in the way that the governance structures are organization has also been observed in a positive manner. One of the significant observations of the researchers has been that the corporate governance should understand the main concerns of the stakeholder in the organization (Kuznetsov and Kuznetsova, 2010, Retolaza et al., 2009). This would mean that the participation of the stakeholders in the decision making in the organization at the strategy level should enhance efficiency and reduce the level of conflict (Spitzeck, 2009, Freeman, 1984). Organizations need to integrate the corporate concerns regarding the corporate social responsibility into the decision-making at the strategic level (Husted and Allen, 2006, Mackey et al., 2007, Perrini and Minoja, 2008). However, the alignment of the goals of the different stakeholders (Russo and Perrini, 2010) into the corporate social responsibility concerns also means that there is a risk of conflict between the organizations (Sen et al., 2006, Werther and Chandler, 2010), which in many cases means that governments need to redraw the legislative action (Spitzeck, 2009). Research suggest that the proactive companies, tend to integrate the stakeholder concerns into their decision making processes (Arenas et al., 2009, Jones and Nisbet, 2011), which also establishing the necessary governance structures (Spitzeck, 2009). This often also involves integrating the socially responsible organization, and ensuring that the a set of policies, practices and programs are integrated into the different operations of the firm, which can lead to a maximization of the positive impact on the society (Spitzeck, 2009).

## Literature Review

The importance of Corporate Social Responsibility (CSR) in the organization framework has been increasingly becoming more significant for organizations (Werther and Chandler, 2010), increasingly so in a globalized and networked economies.

### Diversity of Board of Directors and CSR

The corporate governance structure, which is given by the senior management in the organization, is one of the most significant aspects of the way in which organization can respond to the different types of challenges they face (Husted, 2003, Jamali et al., 2008). The role of the board of directors has become even more crucial today, as the there are new issues of globalization, loss of the trust in business organizations and the legislated and voluntary movement toward governance reform have been increasingly active (Morgan et al., 2009). Aspects of corporate citizenship have also been deemed to be highly significant for the organization, as it tried to fulfill its financial obligations and the obligations of the organization towards the society (Neal and Cochran, 2008, Van den Berghe and Louche, 2005). One of the critical component of the CSR and governance to assess the difference between the positive and the negative CSR. Literature suggest that the positive CSR is the way in which effective and efficient decision making can be used by the organization to assure the proactive sustainability practices by the organization (Arora and Dharwadkar, 2011). However, evidence does suggest that effective corporate governance should curtail the negative CSR, which is normally based on a cost benefit analysis, and is not always supportive of a positive contribution to the society (Arora and Dharwadkar, 2011).

The relationship between the CSR and the positive contributions it can make to the society are complicated. This level of complexity is dependent on the relationship between the positive economic contribution of the CSR and the nature of these benefits in the long run for the organization (Arora and Dharwadkar, 2011). Some evidence suggest that the main concern of the different institutional actors is dependent on the monitoring of the governance in organization, which seeks to lay out the foundations for proper CSR activities in an organization (Arora and Dharwadkar, 2011). The way an organization gives its board of director is a critical signal about the importance that the organization paying to it s external environment (Arora and Dharwadkar, 2011, Bondy et al., 2008). These independent board of directors could be appointed to protect the interests of the shareholders on in some cases the hiring may be brought about to increase the independence of the board of directors (Arora and Dharwadkar, 2011, Bondy et al., 2008). In such cases, the positive CSR may be the best option for organization, as they want to achieve long term sustainability and they look at the long term benefits rather than short term finance of the organization (Arora and Dharwadkar, 2011).

The pressure which board of directors face when dealing with positive CSR is significant. (Arora and Dharwadkar, 2011). Many of the institutional actors are more interested in the short term financial performance of the company, and therefore the board of directors are under pressure not to invest too heavily in the different kind of positive CSR options that may be available to them (Arora and Dharwadkar, 2011). Another critical component of the independent directors is that most of them are hired for their excellent results in terms of their financial acumen, and their interest in the socially responsible nature of their organization is not their major advantage (Arora and Dharwadkar, 2011). This means that these directors are more likely to analyze the historical financial data when making decisions, rather than the strategic nature of the future CSR investments that they may be asked to undertake (Arora and Dharwadkar, 2011, Morgan et al., 2009, Neal and Cochran, 2008). In such cases, the focus of the board of directors would be on the on short term interest of the organization rather than the long-term nature of the CSR results.

Another aspect which is significant between the relationship of the board of directors and the CSR investments is the availability of the CSR investments available in the market (Morgan et al., 2009, Neal and Cochran, 2008). In many cases, the socially responsible investments are of benefit to the organization when the demand is significant, and only they provide a positive profit for the organization (Arora and Dharwadkar, 2011). One of the critical components of the link between the financial performance of the firm and the socially responsible conduct is the inherent difficulties in the set up of the private organization. In most cases, the main reason for setting up the private firm to increase the profits for the different shareholders of the company, and in many cases CSR is seen as an added cost to the company, which should be avoided (Arora and Dharwadkar, 2011). In such circumstances, it becomes increasing difficult for the members of the boards to try to implement a long-term strategic direction based on CSR, as the future profits from the use of CSR, as a strategic approach cannot be balanced.

### **Integration of CSR in Governance Systems**

The corporate governance boards have been increasingly diversities in US and beyond, as the integration of CSR into the governance arrangements of an organization are highlighted (Arora and Dharwadkar, 2011, Doh, 2006). The improvements in the government systems not only increases the knowledge domain of the board of directors, but also enables a better and informed decision making the senior management of an organization. (Post et al., 2011). The way in which the integration of the responsibility

issues of the governance structure are critical has been highlighted by the good governance models in a number of countries (Spitzeck, 2009). Some of the key responsibilities of corporate governance are based on issues such as the stakeholder engagement, human rights and environmental suitability of the organization (Spitzeck, 2009). Governance structure of an organization also has a link with the board of an organization (Morgan et al., 2009, Neal and Cochran, 2008), as the different types of committees and top management team of the organization is arranged by the governance arrangement of the organization (Angus-Leppan et al., 2010).

The governance patterns which are an integral part of an organization also need to be taken into account by the organizational actors (Spitzeck, 2009). The top level management commitment to the corporate responsibility engagement is of significant importance for any organization (Beltratti, 2005, Bondy et al., 2008, Post et al., 2011, Spitzeck, 2009) The role of the corporate governance arrangements is to ensure that the senior management is able to set the values and standards of the company according to the needs of the shareholders, which would include the socially responsible needs of the organization (Aguilera et al., 2006). The integration of the CSR into the governance systems of organizations seems to suggest two main aspects. Firstly, that the corporate responsibility is given to the top-level committees, which is composed of the stakeholders. These stakeholders can then be integrated and embedded into the business practices of the organization (Spitzeck, 2009, Fassin and Van Rossem, 2009, Harjoto and Jo, 2011, Sun and Yang, 2008). Another strategy would be to compose the corporate responsible committees, which are formed by the use of external agents and representatives of the stakeholders. Such integration of the business could be facilitated by the steering group and a CSR leadership panel. This would also also facilitate the CSR sponsors and management team to ensure that a proper CSR strategy is followed (Spitzeck, 2009, Lim and Phillips, 2008, Scherer and Palazzo, 2011, Young and Thiyil, 2009). Such active methods could be one of the key methods of ensuring the integration of the senior management with the CSR objectives can be developed over time as part of the governance arrangement of the organization

### **Top Management Team and CSR**

From a leadership point of view, the different organization have to examine the different institutional drivers which are present on the political, financial education and cultural systems (Angus-Leppan et al., 2010). The traditional differences between the two opposing forms of CSR are based on an explicit and implicit nature of the activities, which are then based on top management team of a company (Angus-Leppan et al., 2010) Although many researchers call CSR as an ambiguous tem (Angus-Leppan et al., 2010), as it is used interchangeable with corporate responsibility and corporate sustainability, however the issues have been similar (Groves and LaRocca, 2011, Lakshman, 2009, Pearce and Manz, 2011). The concerns of CSR are based on three main principle of people, planet and profit, however the implementation is still a unknown for managers (Angus-Leppan et al., 2010, Blowfield, 2005). One way of examining the role of the top management team in the CSR responsibilities of an organization is through the use of explicit and implicit nature of the activities of the leaders in organizations (Benn et al., 2010, Lindorff and Peck, 2010, Torres-Baumgarten and Yucetepe, 2009). The sense making on the part of the leaders in an organization is also critical to the ways in which the leaders are able to influence the process of decision making in the CSR (London, 2008, Morgan et al., 2009).

Largely the empirical studies have ignore the place of corporate leader in implementing the CSR practices (Angus-Leppan et al., 2010, Waldman et al., 2006a, Waldman et al., 2006b). The position of top management in the influence of the different types of strategies and the project has been well established, however the effects of the values,

ethics of the manager have largely been ignored in the literature on CSR (Angus-Leppan et al., 2010, Groves and LaRocca, 2011, Lakshman, 2009). Some of the researchers have argued that the most appropriate top management team to implement the CSR is to ensure that the managers take a strategic approach, which is not linked to maintaining an integrity to the personal values of the leader (Waldman et al., 2006a). However, this strategic led approach has not been linked to any empirical evidence. On the other hand, some of the researchers are of the view that a personal led approach, which take into account the different drivers for CSR based on personal preference and moral can also be justified (Angus-Leppan et al., 2010). The discussion in the literature on the ethical and the moral dimensions of top management team will help us in informing on the nature of the CSR in organizations today (Angus-Leppan et al., 2010).

Therefore, the link between the business strategy of a firm and the way they use CSR has also been investigated by the literature in detail (Heslin and Ochoa, 2008, Husted and Allen, 2006, Husted and Allen, 2007, Mackey et al., 2007, McWilliams and Siegel, 2002). However, one of the key problem which managers face has been the way in which they can build CSR into the business strategy of the firm (Reinhardt and Stavins, 2010). Some of the reports suggest that many of the organization still do not have a long term strategy to deal with CSR, and many of the decisions are taken by local managers when an opportunity is seen by them (Galbreath, 2010, Kreng and Huang, 2011, Lee, 2011). The role of the senior managers is to ensure that the organization has a long term strategic direction, and can incorporate CSR as part of this regime (Galbreath, 2010). The process of building the CSR into the strategy of the firm can be highly tricky for the managers, as the focus of these managers is on profit maximization, and not on CSR (Galbreath, 2010). The strategy of the firm is the base of the company, which is a foundation for the creation of the company and the competitiveness of the organization (Becker-Olsen et al., 2011, Bornhofen et al., 2011, McWilliams and Siegel, 2011).

One of the key components of the organization is the mission of the organization, which is a declaration of the purpose of the company and its beliefs (Orlitzky et al., 2011, Ramachandran, 2011, Wei et al., 2011). Ensuring that the long term strategy of the company and its mission is the indication to the different stakeholders about the intent of the firm, a CST strategy based reaction could ensure that the right message comes across to everyone (Galbreath, 2010). The right balance between the mission of the company and the CSR is not always easy, and is a tricky proposition for managers (Galbreath, 2010). Another critical component of the CSR strategy is to understand the environment of the organization (Reinhardt and Stavins, 2010, Romero, 2010), and ensure that the organizational actors are able to implement the long term strategies of the senior management (Kim, 2011, Kreng and Huang, 2011). Another issues which is significantly important for the organization from strategic point of view is that the strategic addressing of the market is also highly important, as it would enable the organization to offer the products and service to a specific market. The role of the market services is to ensure that the CSR strategic relationship between the customer and the different market components are clearly understood (Galbreath, 2010, Wei et al., 2011, Willers and Kulik, 2011).

Another way the strategic direction of the company is linked to CSR is by understanding the customer needs (Galbreath, 2010, Husted and Allen, 2006, Husted and Allen, 2007). Strategic direction as a corporate direction needs to ensure that the market orientation and the level of innovation that the company is delivering are according to the level of CSR that the customers demand (Galbreath, 2010, McWilliams and Siegel, 2002). This will ensure that a equilibrium between the needs of the customer and the needs of the organization to deliver profitability for its share holders is delivered, and that the focus of managers is not overtly towards one component only (Galbreath, 2010, McWilliams and Siegel, 2002). A critical component of any strategic direction is to ensure that the competitive advantage for the company is ensured at all cost, which would enable the

company to deliver the level of competitive advantage through the use of innovation for the CS related aspects of the company's output (Sharp and Zaidman, 2010, Shea, 2010). Companies need to position themselves, and use their resources in an effective manner for any significant competitive advantage (Galbreath, 2010, McWilliams and Siegel, 2002). The unmet social needs of the consumers is one way that companies can position themselves in the market, and create a sustained long term strategy to incorporate the CSR into the organizational direction (Galbreath, 2010, Siegel and Vitaliano, 2007). The implications of this business strategy for the organization are significant (Barba-Sanchez and Atienza-Sahuquillo, 2010, Shea, 2010, van der Heijden et al., 2010). One of the underlying issues which the managers deal with is to ensure that any strategy which is undertaken by them needs to be about the success of the organization (Galbreath, 2010, Siegel and Vitaliano, 2007). However, the link between the CSR and the long term performance of the company has not been clearly established in the literature (Cox and Schneider, 2010, Galbreath, 2010). The unmet social needs and responsibilities of the firm need to be met, but the way in which senior executives can use the strategic direction of the organization is also not clear (Galbreath, 2010, Siegel and Vitaliano, 2007).

### **Financial Performance and CSR**

The performance of any company is one of the significant measure by which the success or the failure of the company is judged (McWilliams and Siegel, 2000, Neal and Cochran, 2008). The positive financial performance of the organization is seen as one of the benchmark for the company to succeed, and in hardly any case the right to have CSR can be put before the right to make a significant profit for the share holder (Peloza, 2006, Scholtens, 2008). The financial performance of the firm. Balance between the financial performance of the company and significant corporate social responsibility has been highlighted in U S with the demise of Enron, where one of the reaction to the problems at the company was the passing of the Sarbanes Oxley Act, which required legislative action to improve the corporate governance in companies in the US (Karaibrahimoglu, 2010).

One of the key benchmark for financial performance is to ensure that the organization is able to use a strategic direction to seek both profits while also fulfilling their corporate social responsibilities (Neal and Cochran, 2008). This issue, however when put in practice can be highly tricky, as the focus of the financial managers is almost always on the financial gains of the company. In such cases, the socially responsible nature of the financial institutions and managers can be questioned (Neal and Cochran, 2008). This has led to the need for the governments to bring in new legislation, which seeks to ensure that the needs of all the stakeholders are met with fairness, rather than the focus being only on the needs of the shareholders of the company (Neal and Cochran, 2008, Peloza, 2006, Scholtens, 2006). Another aspect of the financial performance is the need to balance the financial model for the organization with the social needs of the society. Some of the commentators have questioned the intentions of the senior managers, and the need for government led regulation to curtail the greed of the capitalist society (Neal and Cochran, 2008, Inoue and Lee, 2011, Jones and Nisbet, 2011). However, the empirical evidence suggests that corporate governance matters, and the markets pay for good corporate governance, which in turn is integral for the corporate social responsibility (Neal and Cochran, 2008, Karaibrahimoglu, 2010, Yang et al., 2010).

## Discussion and Research Agenda

The review of the literature has highlighted a number of strategic issues relating to the adoption of CSR in organization, and its links to financial performance and governance of the organization. This section proposes a number of research propositions, which are analyzed in relation to the literature in the academic arena, and proposes these as a future research agenda. Significant gaps in the literature have been identified as part of the literature review. One of the issues which has been identified is the lack of link between the board of directors (corporate governance) and the CSR in the company,. Secondly, another significant literature is the lack of research on the Top management team and its link with CSR in organizations. Another limitation of the research is that the link between the financial strategy and the CSR has also not been clearly established. These pro positions have been suggested with a view of developing these as future research direction for the researcher and the academics. These research propositions are as follows.

***Proposition 1: The diversity of the board of directors has a positive influence on integration of corporate social responsibility in governance systems***

This research suggests that the diversity of the board of directors is one of the most critical components within the corporate governance structures of an organization. This assumption is based on valid empirical evidence from the evaluated literature, which suggest that the nature and type of board of directors has a direct influence on the nature of the corporate social responsibility. In cases where the boards of directors are aware about the different types of needs that the society has, the boards of directors are able to guide the organization into a positive CSR. In cases where the board of directors sees CSR as an unwanted responsibility, the organization is more liable to engage in negative CSR, which only uses the CSR as a propaganda tool for the organization (Post et al., 2011), rather than trying to deliver real world benefits to the wider society. The nature of the corporate governance is also highly influenced by the makeup of the board of directors.

The type of corporate governance which organizations use is also significantly important for the adoption of CSR as a an organizational strategy, enabling long term advantages for the company rather than only short term tactical implementation of CSR into the organizational fabric. Another important aspect of the board of directors is their ability to face the pressure. In many cases, the different actors of the organization put severe pressure on the board of directors to act in a particular way, which can serve the vested interests of these groups. The share-holders are, in most cases looking for profit maximization. However the wider society would want a positive contribution from the different actors in the organization, which would ensure that conflicts of interest in the organization are significant (Ellis and Bastin, 2011, Hung, 2011).

***Proposition 2: The integration of CSR into governance systems has positive influence top management team.***

Another significant research proposition of this research is that the corporate governance has a significant impact on the way CSR is implemented in the organization. Corporate governance,. In many cases is the guiding force for the organization on the different types of corporate decisions that the senior managers take. The responsibility of having a positive corporate governance code, which can guide the senior management towards a positive CSR is critically important (Beltratti, 2005, Doh, 2006, Fassin and Van Rossem, 2009). The top level led corporate governance of a company would have a number of advantages. Firstly, the share-holders are part of the decision

making apparatus which is able to see that the CSR is fully implemented by the company. Another critical component of the CSR and corporate governance is to ensure that eth balance between the needs of the shareholder and the wider society is met, and no one segment is able implement a strategy which ignores the other component (Judge and Piccolo, 2004, Lakshman, 2009, Lehmann et al., 2010).

Another significant issue with regards to the corporate governance in organizations is that the top level management of the organizations needs to ensure that the corporate governance is stable (Husted et al., 2010, Neal and Cochran, 2008, Sun and Yang, 2008), and can facilitate the corporate social responsibilities of the organization according to the needs of the society. The level of integration of the CSR into the governance systems can also be a key measure for the success of CSR as a main domain of the organization, which is followed as a philosophical approach by the organization. By integrating the CSR into corporate governance, the managers can ensure that the in the long term, a CSR strategy can be devised which is missing from many of the top companies in the Western World (Lim and Phillips, 2008, Van den Berghe and Louche, 2005, Young and Thyil, 2009).

***Proposition 3: Top management team has a positive influence on the integration of corporate social responsibility with the business strategy***

The positive impact of the top management team into inspiring the organization into |CSR is highly debatable. The general consensus within the literature remains that although the role of the senior management is significant in the implementation of the CSR ideas across the organization, its impact on CSR needs to be researched further for any significant results. Although the Top management team has been attributed as having a role of inspiring the organization (Lee, 2011, McWilliams and Siegel, 2002, Perrini and Minoja, 2008, Ramachandran, 2011), the same cannot be said about the ability of the top management team to inspire in the case of CSR. Social responsibility presents top management team with new challenges,. As they are only inclined on the needs of the organization to increase the profits, their ability to inspire the organization similarly to undertake essentially a venture which does not have any short term profitability gains is questionable (Heslin and Ochoa, 2008, Husted and Allen, 2007, MacGregor and Fontrodona, 2011).

Similarly, the impact that the Top management team has on integration of the corporate social responsibility of an organization into the business strategy of the organization is not clear, and a future research agenda component(Reinhardt and Stavins, 2010, Romero, 2010). The focus of most managers when developing a business strategy is on the long-term profit motive of the organization, and the way in which the managers can realign this focus to social issues in unclear, and would prove difficult for managers. The business strategy of companies, which is completely based on a socially responsible motive is more likely to be successful in integrating the strategy and CSR into a palatable mix for the senior management. Another research challenge is to evaluate the nature of the Top management team into the business strategy, and the amount of influence that these managers have on a positive CSR (Becker-Olsen et al., 2011, Bornhofen et al., 2011, Mackey et al., 2007).

***Proposition 4: The integration of corporate social responsibility into the business strategy has a positive influence on the improved financial performance of the organization***

The link between the business strategy of the organization and the financial performance has been clearly established in the academic literature. However, the link

between the corporate social responsibility of the organization, and the way in which it can be integrated into the business strategy for the improved financial performance of the organization is an under searched topic, which needs to be investigated further. However, from the literature we are able to dissect one main aspect that for the senior management one of the key issues is the way in which they are able to perform their businesses and improve their financial performance is important (Jones and Nisbet, 2011, Karaibrahimoglu, 2010). The use of CSR, if possible is one of the strategic directions that some companies can undertake to ensure that they can balance the strategic needs of growth and profitability while also catering to the societal needs. Another aspect of the linking of financial performance with CSR is that in some cases it may be prudent on the part of the senior management to implement a CSR led strategy, which can attract the conscience of the customers and can be a source of competitive advantage for the company (Scholtens, 2008, Yang et al., 2010).

The improved financial performance of the company is also seen as one of the key benchmarks for the success of any company. The senior executives in an organization need to balance the financial needs of the company with the social and reputational needs of the organization and its stakeholders. The stakeholder theory gives us some insight into the way in which management can integrate the business strategy into the CSR. This can be undertaken with the help of the consideration of all the different kinds of stakeholders and ensuring that a fair and just approach is used for balancing these different needs of the stakeholders, and not only considering the short term needs of the shareholders for the immediate profit maximization by the managers (Neal and Cochran, 2008, Peloza, 2006, Scholtens, 2006).

***Proposition 5: The integration of CSR into governance has a positive influence on the improved financial performance.***

Financial performance of the company is not only dependent on the business strategy of the organization, but also on the governance arrangement that the company can undertake. The governance arrangements have a direct link to the financial performance of the organization (Bondy et al., 2008, Doh, 2006). The financial performance of many companies is based on the increase in profits at the cost of their corporate responsibilities. This however may not be the most prudent strategy, as the balanced approach would enable the organization to have a governance arrangement which is more prudent and long term in nature. Governance by its very nature is a critical issue for organizations, as the financial performance of the organization is linked to the way in which the governance is used by the organization to develop long term strategies (Neal and Cochran, 2008, Post et al., 2011, Spitzbeck, 2009).

***Proposition 6: The expectation of improved corporate financial performance has a positive influence on the adoption of corporate social responsibility***

The research agenda for this particular proposition is perhaps the most important. The link between the improved corporate financial performance with the adoption of the corporate social responsibility would be a neat balance between the different needs of the business (Mason and Simmons, 2011, Nikolaeva and Bicho, 2011), its different stakeholders and the shareholders of the organization. There is a need for managers to understand that the improved financial performance is not mutually exclusive with a socially responsible company, and the need to determine the long term strategic needs of the company can be aligned with the responsibility needs of the company towards the society. Another significant factor which the company would need to develop is to create an understanding of the company's different stakeholders that servicing the long term, social responsibility needs would in turn lead to better financial performance as the

customers and other stakeholders of the company would see the ethical issues being dealt with by the company in a positive manner. Other critical issues would be to ensure that the company is able to deliver to the profitability for the shareholders. However, one of the key barriers to the integration and alignment of the corporate social responsibility with the improved financial performance needs of the company is the skills and interests of the senior management, which have traditionally only focused on the financial needs of the company. One of the research agendas we propose is that more research is needed to link the different aspects of leadership, especially top management team with the ways in which companies fulfill their corporate social responsibility (Matten and Moon, 2008, Retolaza et al., 2009, Scherer and Palazzo, 2011).

Significant Studies and their methods are as follows:

<b>Study</b>	<b>Method</b>	<b>Sample</b>	<b>Study focus and findings/conclusions</b>
(Husted, 2003)	Literature Review	N/A	The increased competitiveness of the organization has led to managers increasing their focus on the return on their investments in CSR
(Arora and Dharwadkar, 2011)	Secondary Data	1522	Effective governance by organizations discourages positive and negative CSR, and increases higher slack and positive attainment discrepancy.
(Spitzeck, 2009)	Secondary Data from indexes	51	The researcher explores patterns of integrating corporate responsibility issues into corporate governance and how they have developed over time.
(Jamali and Mirshak, 2007)	In-depth Interviews	8	Corporate Governance and CSR are linked by most managers of organizations in Lebanon.
(Post et al., 2011)	Secondary Data	78	The composition of the board of directors has a direct link with the CSR functionality of the organization
(Morgan et al., 2009)	Secondary Data	N/A	Although corporate boards are assuming more oversight of CSR, more needs to be done.

(Galbreath, 2010)	Literature Review	N/A	Normally used approach of CSR such as triple bottom line approaches are too removed from the strategy of the firm.
(Waldman et al., 2006a)	Survey	232	More research needed to link leadership with CSR
(Neal and Cochran, 2008)	Literature Review	N/A	Need for organizations to learn from financial services when dealing with CSR.
(Angus-Leppan et al., 2010)	In-depth Interviews	11	Implicit and explicit CSR has significant impact on the leadership.

## Conclusions

This paper has attempted to provide a theoretical foundation for examining the link between the corporate social responsibility and the financial performance of the organization. One of the key conclusions of this research seems to indicate that further research is needed to establish a more clear and direct link between the different elements of the financial performance and the CSR in an organization. One of the significant conclusions of this research is that the role of the top management team cannot be neglected in steering the organization towards a positive CSR. The role of the board of directors is especially integral to the successful implementation of CSR strategies, and they can be a foundation for the fostering of a business strategy, which fulfills the strategic need of the company as well as the socially responsible expectations from the organization. One of the significant conclusions of this research was the role of the diversity of the board of directors on the corporate governance, leading to a positive CSR in the organization. The way in which board of directors are chosen and selected for the organization is pivotal to their understanding of the socially responsible needs of the organization. This would also mean that the company needs to take a proactive view to the choosing of the highest level managers, as they would lead the organizations into improving their CSR positioning, which could then lead to improved financial performance for the company. One of the most critical factor which was identified by this research was that the focus of the board of director seems to be in the financial acumen, which is the key selection factor for the managers. The different ways in which directors are selected should also focus that the some of the board of directors are aware of the CSR needs in a proper manner, and can then implement a strategy which can be sued for the improvements in the overall outlook of the company as a more socially responsible for the society.

Another significant conclusion of this research is that the top management team should have a bearing on the way the organization deals with the societal issues. This is highly debatable, as was shown in the review of the literature. Although the literature on Top management team shows that the leader is inspirational and motivating for the organization, however it is not clear what impact the leader should have on the corporate social responsibility issues within the organization. Further research is needed to clarify these issues and to develop a link between the Top management team and the CSR strategy that a organization employs. Another significant issues, which was evaluated as part of this research was regarding the governance systems and their link

with the CSR. Research clearly indicates that a governance system, which is aligned with the CSR strategy would have a positive long term impact on the financial performance of the organization. However, in many cases, the research points out that this has not been followed by the organization (such as Enron) in US, and this has resulted in a momentous events leading to the dissolution of the company,. In many cases, the corporate governance is being fed into the system as government legislative action to force the companies to follow an ethically positive stance, whoever we believe that this could be counterproductive. A more sensible strategy would be for self regulation, which would ensure that the management can implement the CSR according to their business and societal need, however senior management action is needed for such moves. Further research on this aspect of governance and CSR is also needed.

Another significant issues which this research also found was that the link between the strategic needs of the organization and CSR needs to be clearly marked and clarified. The long term business strategy of the company can be used, however within the realms of the stakeholder needs of the organization, which would ensure that the strategy of the company is able to fulfill the needs of all the stakeholders of the organization. Another critical factor in the needs of the organization, which needs to be taken into account is that the organizations need to give more importance to the balance between the different components of the CSR and the financial performance of the company. Another major research challenge is to ensure that the link between the governance and the financial performance is further researched, as this is an under researched area.

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# The acceptance of Enterprise Resource Planning (ERP) systems and financial performance of some research propositions

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## Abstract

*The purpose of this research paper to present the synthesized theoretical and empirical literature to help in the development of propositions and suggestions of a research agenda on the acceptance of ERP systems and their link with financial performance, the paper develops the technology acceptance model (TAM) to synthesize relevant literature and to develop proposition for future research agendas. The proposition and the research agenda will provide an adequate explanation of the acceptance of ERP systems, and their possible association with financial performance of organizations. The literature does provide a canon of acceptance of ERP systems in relation to financial performance. This research provides a positive association between the acceptance of ERP systems and financial performance. Also, the use of TAM theory provides further insight into identifying the adoption factors of ERP.*

## Introduction

The use of the ERP systems and the ways in which the organizations adopt them has been widely researched (Li, 2010, Markus et al., 2000, McNurlin, 2001, Murphy and Simon, 2002, Plaza and Rohlf, 2008, Yeh and Pacis, 2005). The adoption process which the organization undertake seems to focus on the different types of needs of the user and the ways in which the organization is able to satisfy the needs of the user (Chen et al., 2008, Hsu and Weng, 2006, Longinidis and Gotzamani, 2009, McNurlin, 2001, Nehari-Talet and Agourram, 2008). However, the research focus of these issues seems to ignore one of the key concerns for any organization. This concern is based on a return on the investments which organizations undertaken during the adoption of any system by in particular ERP systems. The link between the financial performance and the adoption of the ERP systems seems to be unclear, as most of the research only focus on the so called 'other' need of the user and the organizations. However, the underlying fact remains that the adoption of ERP systems is linked to the ability of the organization to gain financial returns from the system, and any model, which does not take this fact into account is missing a significant link in the adoption process.

This research paper investigates the link between the issues which the user faces with the financial performance of the organization during the adoption of ERP systems. One of the key values of this research is to suggest future research agenda for the ERP adoption research, which should take into account the tangible and intangible rewards of adopting the ERP systems. Ignoring the indirect and strategic benefits of the ERP adoption can be a critical mistake from managers, as they would not realize that they have missed a crucial benefit of the system. This research uses the technology acceptance model to understand the main components of the acceptance of new technologies such as ERP systems in organizations. However, the implementation of these systems is then balanced against the financial needs of the organizations to operate in a profit making environment. This would mean that the needs of the user are paramount; however the financial needs of the organization cannot be ignored if the adoption of the ERP is to be a success.

This research article aims to develop a deeper understanding of the theoretical and empirical literature on ERP adoption, and its link with the financial performance of the organization. The aim of the research is to propose a research agenda, which would provide adequate explanations of the adoption of ERP systems in organization, while also explaining and dissecting the financial needs of the organizations within the system development context. This has been identified as a major gap in the research area and this article attempts to bridge this gap. The structure of the paper is as follows. In section two, the theoretical underpinning of the ERP adoption are presented, which explain the link between ERP and the technology acceptance model. Section three of the paper examines the literature on ERP adoption within the context of the user needs and the financial needs of the organization. Section four analyses the literature, and proposes five main propositions to understand the dynamics of the link between financial performance and the ERP adoption in organizations. Section six of the paper presents the finding and conclusions of the research, and proposes that a balance between the financial needs of the organization with the user satisfaction needs to be achieved for the successful ERP adoption. One of the significant conclusions of the research is that the benefits the users receive from the implementation of ERP systems can also lead to financial performance increase, and therefore both the factors are interlocked and dependent on each other. A number of other possible significant propositions of the research suggest that the user training and education are also critical to the understanding of ERP implementation. Other issues such as change management also seem to be significantly important for a future research agenda on ERP implementation. A significant limitation of the research agenda of academics seems to be a lack of understanding of the link between the financial performance of the organization with the adoption of ERP, and this research articles attempts to examine these issues in more detail.

## Theoretical perspectives

We propose the use of the technology acceptance model as a theoretical position, which can examine the acceptance of Enterprise Resource Planning (ERP) systems in organizations. A growing body of knowledge in the academic research seems to point out that the adoption of information technology and its utilization among users is based on the theory of technology acceptance model (TAM). TAM model is of the view that the perceived usefulness and ease of use of IT are the major determinants of the usage of new systems (Davis, 1989). Based on this original definition, it has been argued that the research on the acceptance of technology would need to address how the different variables affect the main variable of TAM, which are usefulness, ease of use attitude and user acceptance (Amoako-Gyampah and Salam, 2004). However, it appears that limited attention has been given by the literature on understanding the factors which have influenced the perceived usefulness and ease of use of these systems (Amoako-Gyampah and Salam, 2004). One of the most significant measures which has been used to measure the implementation success is the achieving of the intended use of information Technology (IT). The usage of the system not only respects the acceptance of the technology by user, but also links as a basis of the research on the behavioural issues and the use of IT (Amoako-Gyampah and Salam, 2004).

The technology acceptance model posits that the process of the diffusion of the system is closely associated with the way in which the innovations are viewed by the users (Davis, 1989). The diffusion of the system in an organizational environment, and will be based on the in which the adopters of the new can appreciate the changes in the system (Davis, 1989). The adoption process of a system could have a number of different stages, which people use to ensure that the system is fully part of the organizational environment (Bozarth, 2006, Chang et al., 2008, Chen et al., 2009). These adoption of new technologies, according to the technology acceptance model can be significantly important for organizations as they ensure that the user of the system is able to take up the use of the system in an efficient and effective manner,

leading to organizational benefits of the system (Chang et al., 2008, Chen et al., 2008, Venkatesh et al., 2003).

The perceived usefulness of a system, also has a direct relationship with the acceptance of the system, and can directly influence the way in which the organizations can implement new systems (Dasgupta et al., 2002). The link between the acceptance of the technologies in the organization, and the way systems are implemented can lead to resistance of change issues, which users can find increasingly difficult to deal with, as [political issues as well as institutional factors can influence this resistance of the systems (Demetriadis et al., 2003, Hu et al., 2003). The way users accept the new technology is often also based on the political settings within the organization, and therefore can influence the perceived benefits of any new system (Calnan et al., 2005, Chen et al., 2007, Ronteltap et al., 2007). There is evidence to suggest the way in which the benefits are perceived is also linked to the response which users give to training and support for the new system, and therefore there is a need for proper communication to initiate and lower the possible resistance to change (Venkatesh et al., 2003, Amoako-Gyampah and Salam, 2004).

Another key element of the Technology acceptance model is the way in which the financial performance is linked to the way in which new systems are adopted. The financial and economic benefits of adopting new systems have been established (Calnan et al., 2005, Bruhn, 2007). However, the costs of a lack of acceptance of new systems has also been mentioned as one of the most significant reason for a need for managers to be careful about the way in which they deal with the acceptance of new technologies, as the possible economic ramifications of the failure of technological systems can be significant (Crump et al., 1997, Tinker and Lansley, 2005). The negative impact of the failure of systems can be significant, especially in the modern era as organizations are increasingly using information systems to gain and sustain a competitive advantage, and as the systems are becoming the integral part of the information systems in the organization (Fisher and Howell, 2004, Wu et al., 2008). These issues are also important for managers, as they want to ensure that they are able to develop a deep understanding of the needs of their employees, and ensure that they put into practice those systems which motivate the employees, and can therefore improve the financial performance of the organization (Lapointe and Rivard, 2006).

## **Literature review and theoretical propositions**

The use of enterprise resource planning systems in different organizations has been widely researched. These studies, have in general examined ERP systems as encompassing a set of activities, which are based on the different kind of software's and having an effect on managing the different resources of the organization in an effective manner (Chen et al., 2009). One critical importance of the system has been linked with the way the changing processes in the organization at the advent of information system have also led to the implementation of the ERP system in the organization. The ways in which the ERP systems are adopted are increasing important for organization, as they tend to invest large amounts into these systems, and expect a return in form of increased efficiency and effectiveness of the organizational actors (Daneva and Wieringa, 2008, Kusters et al., 2007, Kusters et al., 2008). The implementation of these systems is also critical as the organizations seek to gain a sustainable competitive advantage from these systems, and they seek to ensure that the system implementation is carried out in a suitable manner (Kelle and Akbulut, 2005, Plaza and Rohlf, 2008).

The financial and economic benefits of the ERP complementation have generally been one of the significant reason for the adoption of ERP system by organizations (Kusters et al., 2008, Plaza and Rohlf, 2008). However, the ways in which the employees and users of the system adopt are not always based on the cost factors

alone, and are dependent on a number of other issues. These issues have a significant link between the financial performance of the company and the different factors, which lead to the adoption of ERP system by the user (Chang et al., 2010, Hwang, 2011, Law and Ngai, 2007). The link between these 'other' factors and the financial performance of the organization has not been clearly addressed in the literature and this seems to be a significant gap in the literature. The link between the technology acceptance model and the conceptual model is also critically important, as the main issues in the theoretical model are some of the most important aspects of the TAM. This review of literature is based on testing a number of propositions, and to examine how these have been addressed in the literature, which aims to explain our research model (see figure 1):

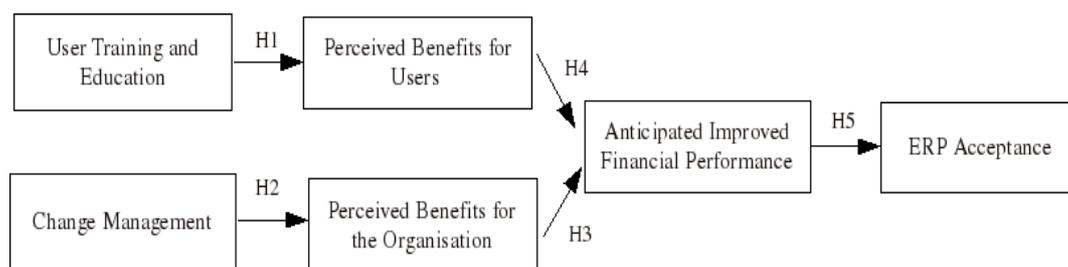


Figure 1: Model for Acceptance of ERP

### User Training and Education's influence on perceived benefits of user

One particular aspect of the adoption of technology in general, and the adoption of ERP in particular is the way in which the users have been able to adopt new technologies (Amoako-Gyampah, 2007, Chang et al., 2008, Chen et al., 2008, Hsu and Weng, 2006). The benefits that the user perceives from a particular system has, according to a number of studies been associated with the training that they receive and the level of education of the user (Noudoostbeni et al., 2009, Scott, 2005). The perceived benefits of the user who is adopting a new system are also linked with the needs of the senior managers in developing systems which are easier for users to use, and the cost effectiveness of the system is also increased with the less training required. The training and learning environment is no longer seen as a individual process, and the need for managers to establish collective learning and training session for ERP system have also been clearly established (Choi et al., 2007). For example, one reason was to examine the ways in which web based learning and training was substantially important for users, and the way they were able to improve their cognitive processes was also established (Choi et al., 2007).

The user training is also important as a part of the technology acceptance model, as it allows the different components of the systems to be properly accepted by the different users. This in particular allows the users to ensure that they can use the system, and bring in financial benefits to the system (Venkatesh et al., 2003). This particular element of the system is also necessary as it would allow the different actors in the organization to work in unison, leading to significant improvements in the effectiveness of the organization. This particular view of TAM is also necessary as it can lead to many different ways in which the employees can react, and therefore the different aspects need to be taken into account (Bhattacharjee and Sanford, 2006, Yi et al., 2006).

## **Change Management and ERP Benefits for users**

Another critical factor that has been identified in the literature is the ways in which change management is dealt with by the senior management. Change management has been linked extensively with the (Bozarth, 2006, Cao and McHugh, 2005, Foster et al., 2008, Ghilan and Asme, 2009). One of the major issues the literature identifies in terms of change management is the way in which the user resists the new systems. The resistance to change theme has been prevalent in the early literature of ERP implementation, and has continued to be one of the recurring themes which has been regarded as important by the literature (Foster et al., 2008, Ghilan and Asme, 2009) . The human aspect of change management is related to the loss of jobs and lack of information regarding new systems, and this is true for any system as well as ERP systems (Stumm, 2006). The change management aspects of the system implementation not only examine the aspects of the perceived benefits for the organization, but also the user of the system. In many cases, research suggests that organizations are unwilling to implement a new system because of high level resistance. This resistance at the board or senior management levels was mostly due to the senior managers feeling insecure about their jobs or status, and therefore resisted changes in the organizational setup (Visoiu, 2005, Yeh and Pacis, 2005).

Another significant aspect in the change management literature has compared the organizational as compared to the personal benefits that the users accrue due to the use of the new systems (Foster, 2006). In many cases today it is safe to assume that organizations have reconciled their issues with new systems, and there is wide spread acceptance of new systems as brining both structural as well efficiency benefits to the organizations (Ghilan and Asme, 2009, Yeh and Pacis, 2005). However, the main problems of user acceptance of new systems as a change initiative is at the cultural and behavioural level, where the user resists the change in a system because they feel insecure from the system, or unable to be properly training to use new and innovative systems (Foster et al., 2008, Luo et al., 2006). This human aspect of the change process is also critical as the user is the ultimate success factor for a ERP system, and can bring organization wide changes in the culture of the organization, which can lead to wider benefits for the organization (Stumm, 2006). However, it is difficult to examine the ways in which the change management process can be reconciled in the case of wider systems such as ERP, which creates a significant research gap for the academic literature. Another main issue which managers face when dealing with change management is that the reduction in the resistance to change can lead to significant organizational benefits, as the systems would be used in a more constructive manner (DeJoy, 2005). A positive behavioural approach of the working force in an organization will also mean that the efforts of the managers will be served on improving the system according to the organizational needs, and the human elements will not be a major issue of concern for the managers (DeJoy, 2005).

## **Benefits for Organisation and Financial Performance**

The organizational benefits of ERP implementation have been widely discussed in the literature (Cheng and Wang, 2006, Hawking, 2003, Kolz and Isa, 2002, Legare, 2002, Wu et al., 2006). These benefits have generally been categorized into two main aspects being the tangible benefits and the intangible benefit. Tangible benefits are the direct reduction in costs, which have been brought about by the implementation of ERP systems in organizations (Hawking, 2003, Holsapple and Sena, 2005, Legare, 2002, Wu et al., 2006). Particularly important for organization is to realize that the intangible benefits from a system are the most critical component of the ERP implementation (Murphy and Simon, 2002). Some of the intangible benefits of the system are based on issues such as reduced headcount of the organization, improved decision making of the organization, reduced number of complaints of the customers and the increased availability of the information to the managers using the ERP in organizations (Murphy and Simon, 2002).

The intrinsic value of the beneficiaries which organizations realize are highly difficult to quantify in cases where the fast changing markets make it impossible to measure the benefits (Murphy and Simon, 2002). This creates new issues for organizations, as most are unsure about the true benefits of ERP systems. The intangible benefits from an ERP system have been categorized and based on the ongoing benefits and future benefits of the systems. The ongoing beneficiaries of systems may be based on issues such as improvements to the processes, workflow and the information access that managers have in relation to a particular system (Murphy and Simon, 2002). Other ongoing benefits of ERP systems to the organization may be based on the level of customer services that they can deliver to the end user, which has a higher quality and support for the customer (Murphy and Simon, 2002). However, it is more difficult to measure for the organization is in relation to the future benefits of the system. These future benefits are not only hard to realize but also are hard to measure. For example one of the critical benefit of the ERP system has been to enable the organization to have the foresight to develop new markets, products and services, which enable the organization to change according to the changes in the market environment (Murphy and Simon, 2002). These benefits, can be divided into the strategic, tactical and operational benefits for the organization, based on the way they can structure their ERP systems (Murphy and Simon, 2002). Some have argued that ERP investments are strategic in nature, and fulfil the goal of the organization in the longer term (Murphy and Simon, 2002, Chen et al., 2009).

### **Benefits for User and Financial Performance**

The perceived benefits for the user have also been investigated by the literature (Chang et al., 2008, Chen et al., 2008, McNurlin, 2001). The user satisfaction has been used traditionally as one of the key benchmark for the increased benefits for the users of the ERP systems (Hsu and Weng, 2006, Longinidis and Gotzamani, 2009, McNurlin, 2001). The ERP adoption is linked to the training and perceived benefit needs of the user, who are mostly related to the need of the system to be easy to use, accessible and reliable (Chen et al., 2008). One of the key measures of the satisfaction of the ERP system is based on the needs of the end user to develop affection with the system and to be a supporter of the development process of the system. This is highly important as it enables the organization to deliver systems which are needed by the user and increases the benefits of the system for the user (Chen et al., 2008). The financial performance of the system is also linked to these factors as the increased use of the system can lead to better use of resources, leading to the increased benefits of the systems in the long run for the organization (Chen et al., 2008).

Other user benefits linked with the adoption of the ERP system does require the cultural needs of the user to be full-fill by the ERP system. The increased fulfilling of these intrinsic needs of the user will enable the user to use the system consistently. And will ensure that the system does not fail (Xue et al., 2005). This will also ensure that a running system is also critically successful for the organization and leading to the financial benefits of this system. The failure of these system can also be a major financial loss for the organization, as the costs of the use of the system may not fall, which would mean that the organizational changes would not success, leading to increased costs for the organization (Kusters et al., 2007, Kusters et al., 2008, Plaza and Rohlf, 2008). The benefits of the adoption of the ERP systems for the users are part of the TAM, and need to be taken into account by the managers when developing the needs of the different users. This is in particular needed, as a link between the TAM and the benefits of the users is direct (Im et al., 2008, Martinez-Torres et al., 2008), as many different users are able to accept a technology, and they benefit from it in the long run.

## The Impact of Financial Performance on ERP Acceptance

The impact of higher financial performance of an organization on the ERP adoption has also been studied (Zhu, 2006). One of the core applications of the ERP systems have traditionally been financial management, and within an enterprise this focus has been on the capital flow of good (Zhu, 2006). The ways in which the target of the financial management has been on the enterprise capital good, similarly, the ERP systems have also been designed to service these needs (Zhu, 2006). The financial performance of a firm, when higher than previously also leads to the development of newer ERP systems, as the business managers can justify the cost of expensive systems which are delivering results for the organization (Zhu, 2006). Within the debate on the financial performance, and its impact on the adoption of the ERP system, organizations also tend to take the aspects of tangible and intangible results on their investments very seriously too (Zhu, 2006). One of the key determinants in whether a firm adopts the ERP system or not depends on the way it perceives the value it gets from that particular system (Ranganathan and Brown, 2006, Abu-Samaha et al., 2007).

Another perspective on the investments in ERP that organization undertake is the link between the perceived performance of the firm, and the association of these returns with the ERP systems (Murphy and Simon, 2002). One of the difficulty that the managers face when dealing with the issues of financial performance as a factor of adoption of ERP systems is that these systems in most cases are chosen due to their ability to show clear profits, However, in many cases the benefits of the ERP systems are not accrued properly, which means that all the benefits of these systems are not taken into account (Murphy and Simon, 2002). This can in many cases lead to the lack of adoption of ERP systems, as managers are unable to justify the relatively high costs of systems based on only financial performance. Taking into account other factors as surrogate variables for the financial performance may be a significant way of improving these difficulties, however it has largely been ignored in the literature (Murphy and Simon, 2002).

The following table synthesized the key literature from this survey:

Study	Method	Sample	Study focus and findings/conclusions
(Amoako-Gyampah, 2007)	Mail Survey	571	The focus of study was on managerial effort on increased the perceptions of users. The results suggest that personal relevant to technology will contribute to implementation success
(Chang et al., 2008)	Questionnaire	600	Proposal of a conceptual model to understand the adoption of ERP systems by employees
(Markus et al., 2000)	1: reviews of published and in-process research studies and teaching cases	12 case Studies	Early identification of the problems of ERP implementation are

Study	Method	Sample	Study focus and findings/conclusions
	of ERP implementations 2 in-depth case studies 3: Interviews	11 Interviews	significantly important
(Chen et al., 2008)	Questionnaire	N/A	ERP users should focus on their actual needs, and select their suppliers carefully.
(Foster et al., 2008)	Survey	208	Large-scale implementation of ERP is highly complex, and have a long reaching impact on the organizational set ups.
(Murphy and Simon, 2002)	Case Study	1	Information systems highly difficult to quantify intangible terms
(Hong and Kim, 2002)	Interviews questionnaire	160	ERP implementation success primarily depends on the fit between the organization and the implementation contingencies.
(Choi et al., 2007)	Mail Questionnaire	236	The importance of training of end users significant for successful ERP implementation, however companies still have relatively low budgets and do not focus significantly on these issues.

Figure 2: Study Methods and Conclusions of Significant Studies

## Discussion of research proposition

After examining the main aspects of the review of literature, we argue that the adoption of the ERP systems is positively associated with increased financial performance. This is based on the assumption that organizations need to justify the cost outlays of new ERP system and need to undertake a number of other factors which lead to the adoption of ERP system. The review of literature has led to the development of five main propositions, which will be analysed in the light of the

literature and the theories presented in the earlier section. These propositions are as follows:

**Proposition 1: User training and education has a positive influence on the perceived benefits for users of ERP.**

User training seems to be one of the key issues which have led to the resistance to change from the users perspectives. A clear understanding of the real needs of the users to adopt the different systems is needed by the senior management, and needs to be taken into account to ensure that this is part of the adoption process. Research suggests that the benefits of a satisfied user is highly significant for the adoption of the system, as the user is able to take part in the implementation of the system and the resistance to change from the user is kept to a minimum. Another critical component of the user training during the implementation of a system is that the training environment which the management provides is also part of a collective learning process (Choi et al., 2007, Koh et al., 2009).

The review of the literature on the training aspects however fails to raise a number of issues, which have been observed in other parts of the information systems literature. For example, a critical component of the systems development literature indicates that the best way to improve the training aspects of the user is to ensure that the involvement of the user in the development process of the ERP is significant. However, the literature on ERP and associated training regimes tends to ignore it. We propose that any future research agenda should seek to associate the training and education needs of the user with the development of new ERP systems (Koh et al., 2009, Noudoostbeni et al., 2009), as this would ensure that the user is able to be a active part of the system development process, and then will be more likely to be benefit from system. In this regard, the TAM is particularly beneficial as it can lead to improving the benefits of training for the user, leading to earlier adoption of new technologies such as ERP. One of the established facts of the literature within the training and education issues which ERP adoption highlights is based on the notion of the perceived benefits of ERP users (Noudoostbeni et al., 2009, Scott, 2005). The research highlights that the user is able to take up ERP systems with more enthusiasm if they have been properly training, and this therefore needs to be one of the future research agendas of academic in this field.

The training element for the information systems usage is a critical component of the implementation of the ERP systems and needs to be implemented in a successful system (Choi et al., 2007). However, one of the critical aspect of the information systems implementation is that most of the companies have lower training budgets for their information systems (Choi et al., 2007), and the focus of the organization is to cut training costs. However, some of these constraints are being reduced by using innovative training methods such as web based training approaches, which can be used to improve the training environment in an innovative manner (Choi et al., 2007). Another critical training issue is the use of information technology within different domains such as education is also of significant importance. Information systems specialists needs to ensure that the gaining competitive advantage by implementing ERP's in interactive and educational contexts can also be a source of improving the adoption of the end user, and the role of the IT would be to ensure that these systems are implemented in a proper manner within these constraints (Choi et al., 2007). The level of learner satisfaction is also a relevant issues for satisfying the needs of the users of ERP systems (Choi et al., 2007). The satisfaction that users receive from the training that they receive is also of critical importance for the organization, as it can be a significant factor in the relative success or failure of the information system (Choi et al., 2007). Change management is also a critical component of the technology acceptance model, as it allows the management to align the different aspects of the change management processes and therefore to ensure that the organization can cope with the changes being brought about by the acceptance of the new technologies in the organization (Legris et al., 2003). In this regard, the acceptance of technology by the users can be based on the internal

issues such as the culture of the organization, and on other external issues such as the environment within which the organization operates (Adamson and Shine, 2003).

**Proposition 2: Change management has a positive influence on the perceived benefits for the organization.**

Change management, is highly rated as one of the key factors which inhibits the adoption of ERP at the organizational level. The traditional literature on the resistance to change has also been tested with the implementation of ERP, and it shows that change management remains one of the key issues which manager need to deal with. On the level of the users, one of the key issues they have face is the problems they perceive when a new system is being implemented (Foster et al., 2008, Ghilan and Asme, 2009, Luo et al., 2006). Universally, it seems that the user of the system or the employees in many cases, are reluctant to welcome a new system as they associate these system with job losses and changes in the power structure arrangements in an organization. The key underlying aspect of the change management seems to be uncertainty in the organizational environment (Bozarth, 2006, Taroata et al., 2007, Visoiu, 2005). The effort of the senior management must be focused on decreasing the uncertainty, which can also be undertaken by implementing a technology acceptance model that examines the ways new technology can be accepted by the users of a system.

We also propose that change management be one of the key dimensions of the perceived benefits of the ERP implementation and adopting by organization, as it can lead to either a smooth or bumpy adoption process. The acceptance by the academic community about the importance of change management as a future research issues which takes into account the technology acceptance model by the organization would also mean that further research can be carried out which examines the reasons for the resistance to change found in the organizational atmosphere (Cybulski et al., 2006, Ghilan and Asme, 2009). Another critical component of the change management process in an organization is the way in which the different organizations need to take into account the cultural and behavioural aspects of the change management process, which would present a more complete picture of the benefits of for the organization through the adoption of the ERP systems. Another major aspect of the change management process is a link between the TAM and its implications within the change management process during ERP implementation. A future research agenda could also be based on developing the link between the change management processes in an organization. This research needs to focus on developing organizational factors that can seek to explain.

The benefits ERP users can derive are based on their acceptance of the technologies. This is in particular important as it allows the managers to plan the implementation of systems, and therefore also allows the improvements in the financial system, which can bring [process efficiency to the organization (Walczuch et al., 2007). This can also benefit the different organizations, as the change management acceptance and the acceptance of the new technologies can improve the effectiveness of the organization, as well as making it easier for mangers to implement their plans (Walczuch et al., 2007). One of the particular benefit of the new technologies is that the managers can develop a system, where the change management process becomes part of the technology acceptance procedure in the organization, which can facilitate the entire process, and ensure that the different aspects of the organizational procedures (Holden and Karsh, 2010). In many cases, the aim of the origination is to ensure that the entire process is smooth, which can lead to fewer issues during the management of the different aspects of change.

**Proposition 3: The perceived benefits for the organization have a positive impact on improved financial performance.**

We propose that there is a clear link between the benefits for the organization when adopting ERP and improve financial performance. Our research suggests that the intangible benefits an organization receives as part of the adoption of ERP are not

recorded properly, and are difficult to measure. The financial performance of ERP, is thus in most cases undervalued, as the benefits from ERP are far and wider in their scope than simple benefits of cost cutting. Although empirical evidence is needed to support these claims, research does suggest that the measurement of the long term and intangible benefits have proven to be highly successful (Zhu, 2006) measures of the ERP adoption by different organization, and should be taken into account. On a different level, the adoption of ERP is also highly challenging as in many cases even the tangible benefits are not measured by the organization. There is a need by organization to measure these benefits to get an accurate estimate of the different kinds of benefits which organizations receive as part of their investment in ERP systems (Law and Ngai, 2007, Legare, 2002).

The reduction in the lead time and the improvements in customer service have been identified as some of the key benefits of the ERP for the organization, leading to the increased adoption of the systems in the wider context of long term benefits. The tangibility and quantification of the variables are then seen as the most important aspect for the organization, as this enables them to undertake informed decision making regarding the ERP adoption in their own settings.

The benefits to the organization also were to be balanced within the technology acceptance model. The technology acceptance model in this regard is of the view that there is a need for the different components of the system to be properly accepted by all the stakeholders, if the organization wants to get the rewards of the system (Lederer et al., 2000). The aim of the managers should therefore be that the ERP system, which is normally organizational in nature, and can involve the different components of the supply chain, is implemented in way that all the stakeholders are able to take part in the implementation. This will enable the true benefits of the customer service to be realized, as the technology is increasingly accepted by the many different.

**Proposition 4: The perceived benefits of users have a positive influence on improved financial performance.**

The other side of the story seems to indicate that the organizations is the not the only stakeholder in having a positive financial impact during the adoption of ERP (Hsu and Weng, 2006, Longinidis and Gotzamani, 2009) adoption. Another critical component of the adoption story of the ERP seems to be the benefits that the users receive, and the positive financial impact of these benefits on the organization. User satisfaction is a significant issue for the adoption of the systems by the end user, which also seems to translate into positive financial contribution for the organization. Research suggest that the satisfaction of the user can also be increased if the user is part of the development process of a system, and is able to communicate with many of the different stakeholders in this process. The role of the user should be supported by senior management and should be within the technology acceptance model, which helps the managers to decide to take the best course of action for the organizational benefits as a strategic advantage mechanism.

Another considerable issue is that the financial performance due to increased user benefits needs to be measured accurately. In many cases, the ERP system has hidden benefits for the user (Murphy and Simon, 2002, Santos et al., 2010, Songsheng and Lingbing, 2008). For example, the user may not be aware that the ordering system is enabling them to use just in time methods, which not only reduces the costs for the organization, but also reduces the work-load for the user. In such situation, the quantification of the systems and their perceived benefit are very difficult to quantify, and therefore a more improved financial modelling system is needed to take the wider financial benefits of the system into account. Another critical component of the development of the users interests is to ensure that their cultural needs are also satisfied, which would impact the overall financial profitability of the adoption of the ERP effort by the organization. This is a critical proposition within this research agenda, as it would ensure that the failure of systems within ERP are averted, and that the long term financial needs of the organization to reduce costs awhile also

improving the level of customer services is undertaken successfully (Daneva and Wieringa, 2008, Kusters et al., 2007). One of the key components of the ERP implementation is that it not only enables the implementation of the integrated systems, but also enables the organization to improve their service levels and standards due to the automation of the processes. However, the benefits that the user receive from the adoption of ERP systems, in general should be taken into account while also including the hidden benefits, which enables a more broader and level judgment regarding the success or failure of the system.

**Proposition 5: Improved financial performance of ERP systems has a positive impact on ERP acceptance.**

The justification for the investments which managers undertake in a organizational environment is generally based on feasibility studies. The decision to go ahead with a particular investment is generally based on whether the system or process, in the long run would be able to deliver a profitable return. The focus of the managers seem to be on the value that ERP's add to their organizational environment, with a commitment to take up ERP systems where they are financially viable. However, observations suggest that the adoption of ERP systems should take into consideration two main components. Firstly, the adoption of ERP systems should be based on the hard accounting evidence that the system will be financially viable (Chang et al., 2010, Hwang, 2011), and enable the organization to lower its costs or improve its profitability. However, we also suggest that a second and main component of this model should be based on the need to undertake and evaluate the intrinsic value that ERP adds to an organizational environment. In many cases, ERP is the base line system in the organization, and many decision support and executive level systems are based on the data that ERP system generates and gathers. There is a need for organization to take a strategic view when evaluating the financial benefits of the system, and ensure that they do not misjudge the total benefits of ownership of ERP systems, as it would enable the development and implementation of many new processes in the organizational environment, which would enable the organization to develop a robust system, which also enables it to achieve a long term competitive advantage. Another component is within the financial viability of the new systems during times of other organizational needs (Meissonier et al., 2007, Song et al., 2007, Suebsin and Gerdri, 2010). In such cases, we suggest that the research agenda within ERP adoption should seek to examine the conflicting needs of the organizational actors, and to develop a more balanced approach for the decision-making processes of the organization.

The acceptance of the new technology, it appears is directly associated with the financial performance of the organization. Users are more likely to adopt a new technology, when they feel that a particular technology can benefit the organization more, and therefore can lead to financial rewards for the organization and the employees (Bruhn, 2007, Holden and Karsh, 2010). These in particular would be accepted by the different employees of the organization, and therefore establishes a clear link between TAM and the financial performance of a company on the ERP acceptance.

## Conclusion

This paper attempts to provide a theoretical foundation on the adoption of ERP systems and their association with the financial performance of the organization, especially focusing in relation to the TAM. The rationale for the implementation of the ERP systems in different organizations has been a confusing set of factors, which have been highlighted by the literature. This paper, has attempted to suggest a set of propositions, which we believe are the key underlying factors that can be taken into account by organizations when they are trying to implement new ERP systems. One of the key conclusion of this research is that although financial performance is one of

the key initiative for the organizations to adopt new ERP systems,, other factors such as user satisfaction and the need to account for the many indirect benefits from the system also need to be taken into account to understand the dynamics of ERP adoption in organizations.

One of the key factors that need to be taken into account is the user satisfaction, which has also been highlighted in TAM. This seems to be the key initiative, which the organizations need to take into account for a successful implementation of ERP systems in organization today, as the success or failure of these systems is highly dependent on the ways in which users adopt the systems. This user satisfaction process is based on a comprehensive training schedule of the user. The organizations need to ensure that the training regimes of the user are in line with the cultural and psychological needs of the user, which would ensure a harmony in the implementation process. The literature on the user training also suggest that the perceived benefits which users receive from a system can be improved if they are better educated and informed about the system. The notion of resistance to change can also be reduced as the implementation of the system includes the explicit and the implicit needs of the user. One of the key conclusions of this research is that the future research agenda needs to give more emphasis on the training needs of the user to ensure that the ERP adoption process is smoother and more beneficial to all the parties in the process.

Another significant conclusion of this research is that one of the significant issues that have been under-researched in the ERP adoption process is the issue of change management and its influence on the organizational actors. Although significant literature is present on the issues of change management from the perspective of the end user, the organizational perspective is mostly missing. Our research suggests that the need to include change management as a key research item in the different aspects of ERP adoption is also critical because of the involvement of the senior management in the change process, which needs to be fully behind the ERP implementation process for it to be successful. The change management process is an integral part of the ERP adoption, as the adoption of new systems leads to a period of uncertainty about the jobs, processes and the political structure of the organization, which traditionally leads to resistance to change form the different actors of the organizational structure. A better understanding especially with the framework of the technology acceptance model would enable the future researchers to evaluate the wider needs of the different stakeholders in the organizational environment.

Another major conclusion of this research is that the benefits for the organization should be clear for any ERP implementation initiative to be successful. In this regards, we find that there needs to be a clear distinction in the tangible and intangible returns on the investment that organizations undertake for the adoption of ERP systems. ERP systems must be able to deliver clear results, as a confusion of the rate of return can only lead to an increased resistance to change form the top managers, which are unable to justify the rewards of implementing the ERP systems. Another significant observation of this research is that the managers must also clearly show the intangible returns and benefits of ERP adoption for the organization. This is highly important for organizations,, As the clear demarcation of the different types of financial returns from the ERP adoption would ensure that the system can deliver of these benefits, and they can be part of the benefits which are associated with the ERP systems. There is a need to further examine the different effects that the strategic level of benefits have on the adoption process, and the benefits it brings to the organization in the long run. This would not only enable the managers to be able to make more informed decisions regarding the applicability of ERP adoption processes in a strategic and competitive analysis of the organizations.

Another considerable conclusion of this research is the benefits which users receive can also lead to significant financial improvements due to the adoption of ERP systems. One of the key benefits of satisfying the end user would be that the user would be able to adopt the systems in a more robust and tempered manner, which

would lead to the increase in the productivity of the user. Such changes in the benefits which the user derives from the system would in effect also lead to improvements in the financial performance of the organization, and to ensure that the system is not just about cost cutting, but also improving the quality of service and standards. One of the most important aspects in this regard is the way in which the increased needs of the user benefits need to be measured accurately too. The different types of needs of users, if measured correctly when adopting a new ERP system would also enable the organization to deliver a system that is consistently better performing and accepted by all the different stakeholders. This also is true if we examine this proposition in view of the technology acceptance model. The acceptance of the technology by the user is critical, which then can lead to significant financial benefits for the organizations.

This research has proposed a particular research agenda and proposition that supports the adoption of ERP through the means of examining it within the cannon of financial performance. This conclusion has been reached for a particular reason; which is that the ultimate aim of the organizational actors is to ensure that the organization is able to profit. Any evaluation of a technology without examining the ultimate financial benefits that the organization can receive from it, we think is fruitless exercise. Therefore, we propose that the future research on ERP should focus on the financial performance of the company. However, a significant research result of this research is that organizations always need to take into account the tangible and intangible financial benefits of ERP adoption, and develop more clear measures to quantify these variables. The future research direction needs to ensure that although user satisfaction, training and other issues are important, the ultimate decision factor in the success or failure of a system is the financial returns that a particular ERP system generates. There is a need for the researchers to ensure that all long term, strategic and indirect benefits of the ERP system implementation are taken into account, which would ensure that a more fair and just approach to the adoption decision-making is prevalent organizations. This approach, we propose should also take into account the technology acceptance model, however within a financial performance model. This would be a more balanced method for assessing the ways in which the adoption of ERP system is undertaken in organizations, especially once the managers understand the ways technologies can be accepted by the users.

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# Corporate governance, disclosure quality and financial performance: A comparative study of corporate firms in Saudi Arabia and Australia

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## Abstract

*This proposal is for a comparative study between companies of Saudi Arabia and Australia, examining the influence of corporate governance in both disclosure quality and financial performance. The study is designed to fill the gap in the literature by providing empirical support for recent arguments that corporate governance is related to financial performance and disclosure quality. This proposal thus develops two main hypotheses which will be measured and tested over the course of the study. The proposed method for testing the hypotheses is through simple and multiple linear regression analyses of data extracted from the financial statements of 200 companies, 100 from each country. This data will be supported by additional information from market reports and industry analysis where available and relevant.*

## Introduction

The last decade has seen significant global instability in capital markets. This has particularly been the case in countries which have low or limited governance instruments in place to protect shareholder and manage risk. This study proposes that there are higher standards of governance in economically strong, well developed and regulated markets which is absent in developing countries. This is reflected in the quality of disclosure in financial performance of the companies, will developing countries performing higher in financial performance and disclosure quality.

Keong (2002) argued that corporate governance within a particular country is a reflection of the history, culture, regulatory structures and market characteristics. In this research project two distinct cultural and legal setting for governance will be compared. Australia is a developed financial democracy based upon common Law and the Westminster system of government. The Australian Stock Exchange (ASX, 2010) has issues a set of recommendation and regulations for corporate governance behaviour. These recommendations on corporate governance seek to influences how the objectives of corporate governance within the company are set and achieved, how risk is monitored and assessed, and how performance is optimised.

In contrast, Saudi Arabia is a developing Monarchy in which operates under Sharia systems (*Islamic Law*) of legal and administrative law, has no corporate governance regulations or national recommendations (Al-Turki, 2006). There are no formal regulations for corporate governance in Saudi Arabia before 2006. The objective of this study is to investigate the effects of corporate governance on financial performance and disclosure quality in Saudi Arabia and Australia.

## Statement of the Problem

This research seeks to explore the effects of corporate governance mechanism between Australia and Saudi Arabia. In Saudi Arabia which has a developing regulatory market, there is a lack of empirical evidence for the effect on corporate governance of disclosure quality and final performance in companies. In contrast,

Australia is a well-developed country with strong regulation and corporate codes of conduct. Choi (2011) and Carver (2010) have argued that modern corporate governance research is excessively focused on the impact of single variables on governance outcomes, rather than the consideration of broader impacts and relationships. Whilst these arguments are persuasive, they are largely rooted in theoretical concepts and subjective arguments, and do not incorporate empirical justification. As such, there is a gap in the literature to carry out empirical research in the area, and contribute to overall understanding of the corporate governance system.

## Significance and Motivation of the Study

Saudi Arabia is a country undergoing significant change in the approach the government is taking towards corporate governance and compliance. This is reflected in the recent intergeneration of the International Accounting Standards. These standards provide a framework for comparing financial records based on the homogenisation of accounting standards between jurisdictions. This study has significance as it informs on the impact of non-governance regulated listed companies in Saudi Arabia, and compares these with Australia which has a well-developed set of corporate governance principles.

## Objectives of the Study

The main objective of this study is to investigate the influence of corporate governance mechanisms on financial performance and disclosure quality in listed companies at Australian Security Exchange (ASX) and Capital Market Authority of Saudi Arabia (CMA)/ Saudi Stock Market. Investigation of this key objective will be achieved through different lines of enquiry which will involve:

- I. Exploring the corporate governance practices in listed companies of Saudi Arabia and Australia.
- II. Testing the effect corporate governance on financial performance in both countries.
- III. Exploring the influence of corporate governance on disclosure quality in Australia and Saudi Arabia companies.

## Research Questions and Hypothesis

Australia and Saudi Arabia have variations in the level and period of implementation of corporate regulations, (Ball *et al.*, 2002, Bradshaw and Miller, 2002). This difference may have impact on financial performance as a consequence of differences in corporate governance and the quality of disclosure in financial reports level of governance. The main questions that form the basis of this thesis are therefore:

**Research Question 1:** What is the effect of corporate governance on disclosure quality in companies in Saudi Arabia and Australia?

**Research Question 2:** What is the influence of corporate governance on the financial performance of companies in Saudi Arabia and Australia?

## Main Hypotheses

### **H1. The corporate governance has a positive influence on disclosure quality**

$$\text{Disclosure Quality} = \beta_0 + \beta_1 \text{Corporate governance variables relating to (ownership, board of directors, audit committee, external audit)} + \beta_4 \text{ other firm specific control variables} + \beta_5 \text{ industry dummies} + \beta_6 \text{ year dummies} + \mu$$

In equation one, disclosure quality is the dependant variable measuring by Earning Response Coefficient (ERC) as a proxy for disclosure quality and Earning Quality as well. Corporate governance is the independent variable. In order to measure corporate governance the following measures will be used (ownership, board of directors, audit committee and external audit) and asymmetry is the reporting of results. And  $\mu$  is the random error.

### **H2. The corporate governance has a positive impact on financial performance**

$$\text{Financial Performance} = \beta_0 + \beta_1 \text{Corporate governance variables relating to (ownership, board of directors, CEO duality and audit committee)} + \beta_4 \text{ other firm specific control variables} + \beta_5 \text{ industry dummies} + \beta_6 \text{ year dummies} + \mu$$

In equation two, financial performance is the dependant variable measuring by Return on investment (ROI), Return on Asset (ROA), Return on Equality (ROE) and Tobin's Q. Corporate governance is the independent variable. In order to measure corporate governance the following measures will be used (ownership, board of directors, CEO duality and audit committee) and asymmetry is the reporting of results.  $\mu$  is the random error.

## Literature Review

### Corporate Governance

Corporate governance is the system by which companies are directed and controlled (Brown, 2011). Corporate governance levels are reflected gearing with shareholder equity should be greater than the long term liabilities (Leal and Carvalhal-da Silva, 2005). Corporate governance is linked to the total return on assets and reflects the efficiency of converting assets into value for shareholders (Beiner and Schmid, 2005). This is a reflection of the role governance as it corrects the value of the firm and a positive relationship between the value of firm and the price to book value increases investor confidence (Leal and Carvalhal-da Silva, 2005).

The Corporate governance practice was not prevalent before the 21st century, However this practice is now thought to play an important part of the success of any commercial organisation (Nowroozi, 2002). This can be noted from the several corporate failures that took place in the recent past. Considering the example of Enron, the US based market leader in energy based industry, it can be seen that the organization had suddenly fell in the end of the year 2001 and the company was declared bankrupt by December 2001 (Nowroozi, 2002; Vinten, 2005). The major cause of failure seems to be due to the highly risky accounting policies incorporated by the organization. The organization offered lavish compensation to the staff, and had not covered all the business activities on their books. The board seemed to be misguided by the auditors or management of the organization, resulting in huge failure.

Similarly, WorldCom the 2nd biggest telecommunications organization had suffered huge bankruptcy in the year 2002, when a huge set of irregularities were found in its

accounting statements (Thornburgh, 2004). The top management formulated business policies of their interest, which disrupted the actual accounting policies resulting in a huge failure of the entire organization (Lopes and Walker, 2012). Besides these, Health-South, Global Crossing, Tyco too were some of the organizations that had suffered complete failure due to the mismanagement of their corporate governance policies (Anon, 2005). However, following Sarbanes-Oxley Act can be of great help for the organizations to ensure that their corporate governance policies are in line with their desired outcomes for successful performance of the organization.

The below stated are the important principles of Corporate Governance (Mallin, 2007; Anon, 2012):-

- **Transparency:** There should be transparency in the business policies of the organization amongst management level as well as board members.
- **Accountability:** The actions carried out by an organization should be accountable with a clear description of their actions and the appropriate focus on accounting policies.
- **Probity:** The individuals associated with an organization should work honestly without hiding any detail with each other.
- **Equity:** The top management should not be biased towards any particular individual and in turn the department should be fair towards all employees.

## Corporate Governance in Australia

In Australia the Corporations Act 2007 contained regulations against misconduct by directors and managers this provides a frame work for the regulation of companies. While not legally binding the ASX (2010, p. 3) has published a set of eight amended principles of corporate governance 'intended to provide a reference point for companies about their corporate governance structures and practices':

Principle 1 - Lay solid foundations for management and oversight: Companies should establish and disclose the respective roles and responsibilities of board and management (ASX 2010, p. 13).

Principle 2 - Structure the board to add value: Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties (ASX 2010, p. 16).

Principle 3 - Promote ethical and responsible decision-making: Companies should actively promote ethical and responsible decision-making (ASX, 2010, p. 22).

Principle 4 - Safeguard integrity in financial reporting: Companies should have a structure to independently verify and safeguard the integrity of their financial reporting (ASX, 2010, p. 26).

Principle 5 - Make timely and balanced disclosure: Companies should promote timely and balanced disclosure of all material matters concerning the company (ASX, 2010, p. 29).

Principle 6 - Respect the rights of shareholders: Companies should respect the rights of shareholders and facilitate the effective exercise of those rights (ASX 2010, p. 31).

Principle 7- Recognise and manage risk: Companies should establish a sound system of risk oversight and management and internal control (ASX 2010, p. 33).

Principle 8- Remunerate fairly and responsibly: Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear (ASX 2010, p. 36).

These principles need to be applied by the companies as part of the listing requirements for the stock exchange. Companies are scrutinised by governments, media and the exchange to ensure compliance.

## Corporate Governance in Saudi Arabia

In 2006 Saudi Arabia adopted corporate governance but became compulsory in 2010 to all listed companies. Corporate governance practices in Saudi Arabia are governed by three government bodies: The Ministry of Commerce, the Saudi Arabian Monetary Agency, and The Saudi Stock Exchange. There are a set of regulatory structures that seem to protect shareholder interest and govern ownership of companies. While the government has in place regulations to reporting, there is no requirement for external auditors. Also, many companies are dominated by family groups and this translates into board and senior executive position, and has effectively reduced the call for, and acceptance of, corporate governance standards in Saudi Arabia (Al-Turki, 2006).

Corporate Governance in Saudi Arabia is primarily only regulated in terms of accounting practices. The Saudi Arabian *Accountancy Law*, enacted by Royal Decree No. 43(1974), established the regulatory framework for the legal standards for auditors and accountants and the legal ramifications for misconduct (Naser and Nuseibeh, 2003). There is some disclosure in Saudi Arabia with companies disclosing more information than is legally required. However this it seems is still relatively low as compared to more developed in terms of more developed counties such as Australia (Naser and Nuseibeh, 2003). In addition, The Capital Market Authority (CMA) which in Saudi Arabia is the party responsible for the imposition of control and corporate governance, have set many regulation list of applying the corporate governance.

## Corporate Governance and Disclosure Quality

One of the main issues considered in the corporate governance literature is the extent to which disclosures are influenced by governance, and the role of corporate governance reporting in ensuring high quality disclosures (Eng and Mak, 2003). In this area, Quick and Weimann (2011) examines the case of Germany, where the German Corporate Governance Code, GCGC, recommends that companies publish a separate corporate governance report as part of the annual report. The results of this study, based on the GCGC, show that the decision whether or not to publish a separate corporate governance report is a key driver of overall governance quality in the German case.

Another critical variable which is considered in the literature is the extent to which disclosure quality is linked to managerial incentives. This is of importance in corporate governance, due to the role of managerial incentives in combating agency issues and resolving agency conflicts (Peterson and Plenborg, 2006). According to Rogers (2008) there is evidence that managers strategically alter the quality of their disclosures when they have an incentive to do so. Market liquidity changes may act as a proxy for disclosure quality as managers provide higher quality disclosures before they sell any shares, to avoid investigations, and lower quality disclosures before buying shares to maintain their information advantage.

Other studies in this area have made more general examinations of the factors which influence disclosure quality. For example, Karamanou and Vafeas (2005) demonstrated that the quality of statutory executive stock option disclosures by listed companies in Australia over a three year period indicated that levels of board and committee independence and effectiveness helps improve overall levels of disclosure quality. This includes the audit committee, which is in line with the arguments of Nelson *et al.* (2010) the quality of the audit committee, and hence the audit function, is also associated with improved disclosure. Another study in this area, which covers the case of chief executive officer remuneration disclosure in Australia, again supported the argument that audit committee quality is positively linked to disclosure quality (Clarkson *et al.*, 2006).

Corporate governance is also associated with safeguarding and controlling the interests of organisational stakeholders (Morin and Jarrell, 2001). It also leads to increases in financial performance through the regulation of managers, CEO and other operational stakeholders (Monks and Minow, 2001). Higher rates of disclosure lead to strong levels of corporate governance and this disclosure is often a function of legal responsibility (Rashid, 2008). There is a higher level of governance in developed countries in comparison to developing countries as a consequence of the increased strengthening of corporate laws and regulation in the developed countries (Nam and Nam, 2004). Investment is higher in firms in developed countries with a higher level of corporate governance because there is greater transparency and value creation within firms (Morin and Jarrell, 2001). Furthermore, the duality of combining the CEO and Chairman position has implications for removal by the board of directors in cases of under-performance and governance failure (White and Ingrassia, 1992). Thus increased governance is linked to higher value of the organisation and to lower gearing and risk (Rashid, 2008).

High quality disclosure in financial reports results in a high investor confidence in the financial reporting (Levitt, 1998). Disclosure can be measured as a function of accruals (Bradshaw *et al.*, 1999), or earning management and its impact on share price (Lang *et al.*, 2003). Disclosure is also associated with the measure of timeliness, or the current period accounting as a reflection of reporting economic and accounting income (Lang *et al.*, 2003). There are three attributes to determine the quality of financial reports in relation to disclosure: transparency, full disclosure and comparability (Pownall and Schipper, 1999). Transparency deals with the explanation of events, transactions, judgements and estimates that underpin the final statements. Full disclosure is a measure of the information provided that allows for informed decision making. Comparability is a measure of the uniformity of accounting processes that deal with similar transactions through time.

Information disclosure of accounting principles is contained in the supplementary notes of final statements and this information allows for the determination if an element of the financial reports meets a particular definition, and this information allows for information asymmetry (Hope, 2003). There are standards for definitions and accounting standards which are guided by national standards and these govern the accounting principles that are applicable in each jurisdiction. In order that the financial standards set down by regulators are met, and thus have meaning, there needs to be enforcement, and this enforcement can lead to high quality reporting and therefore disclosure (Hope, 2003). Studies have indicated that the level of compliance with national accounting standards in countries with limited enforcement is low (Bradshaw and Miller, 2002).

There is a relationship between the accounting standards which form the basis on which financial statements are prepared and the organisational incentives, such as results based bonuses or renewal of contracts, offered to auditors and managers for optimistic reporting (Ball *et al.*, 2002). Even though there is a high degree of transparency standards, the actual reports may be of a lower standard due to the political influences that are behind the organisation (Ball *et al.*, 2002). Therefore, the investor demands for returns and the higher economic performance benefits for managers may lead managers to withhold value-relevant unfavourable information,

and this may be sanctioned by the politicians which dictate policy (Sengupta, 1998). Market orientated countries have a higher rate of transparency than countries with planning orientated and political institution of governance dominated by familial connections (Ball *et al.*, 2002). This is reflected in the fact that insider trading is reduced in companies with high disclosure (Heflin *et al.* 2001).

The higher the quality of disclosure the greater the investor welfare which encourages higher capital inflow (Sengupta,1998). In cases of low disclosure investors demand higher rates of return in exchange for tolerating lower rates of disclosure (Miller, 2001). However, increased disclosure enables investors to the make more informed value judgements of a company's value (Preiffer, 1998). The use of annual reports and quarterly reports enables the evaluation of disclosure quality (Bushee and Noe, 2000). Also, stock volatility and institutional ownership composition are affected by disclosure rates with higher institutional ownership and lower volatility with greater disclosure (Bushee and Noe, 2000). Another benefit to higher disclose and capital raising is that the cost of debt is lower in companies with higher disclosure rates as underwriters seek clarity in detail in financial reports to assess risk (Sengupta, 1998).

## Corporate Governance and Financial Performance

Financial performance is related to the size, with smaller companies able to utilise assets with greater effectiveness (Rashid, 2008). Joshi found in his study of corporate governance within an institution that the ability to utilise assets to generate income is dependent on the level of corporate governance and that the institution's performance was significantly variable between differing sectors (Joshi, 2011)

. Financial performance was significantly variable between differing sectors (Joshi, 2011). Tobin's Q is the ratio of the stock market valuation of firms to their "replacement" costs (Darity, 2008). Financial performance is linked to the concept of turnover value reflects the use of assets (Eng and Mak, 2003). Financial performance has been studied in terms of the ability to translate sales into profits (Eng and Mak, 2003). The valuations with financial statements of the firm are a reflection of the level of corporate governance within that firm (Rashid, 2008; Beiner and Schmid, 2005). The size of a firm is constantly been determined to relate to the level of disclosure (Knoff *et al.*, 2002) and the use of net sales as an indicator of size of an organisation (Wallace *et al.*, 1994). Market value of common equity is a measure that has been used to determine the size of firms (Knoff *et al.*, 2002). The use of total assets has also been used as it is not affected by significant market fluctuations (Malone *et al.*, 1993). This study will use the log of the assets to measure size after Malone *et al.* (1993). The performance of a firm is also linked to the level of disclosure (Ali *et al.*, 2003). The performance can be measured using the profitability of organisation represented by the earning before tax by the total assets (Wallace *et al.*, 1994). The Price earnings ratio is also another measure of profitability and is determined by dividing the earnings before extraordinary items per share. This study will use the price earnings ratio and profitability to determine performance.

## Corporate Governance Mechanism and Disclosure

### Ownership Structure

One of the significant controls on the overall disclosure quality within an organisation is ownership structure (Brown *et al.*, 2011). In particular, Hutton (2007) showed that firms with higher levels of ownership concentration tended to provide a lower level of quality of disclosures. Brown *et al.* (2011) argued that the link between ownership concentration and disclosure quality is also shown in emerging markets, with Laidroo (2009, p. 13) studying the issue "in the context of three European

emerging capital markets in the Baltics – the Tallinn, Riga, and Vilnius Stock Exchanges”. The results of this study showed that ownership concentration was negatively correlated with public announcement disclosure quality, with higher levels of concentration causing managers to deal directly with large owners rather than through the disclosure channel. This issue will thus need to be investigated in greater levels of detail.

Ownership concentration is another area found to have a strong correlation with corporate governance outcomes. For example, Cheung *et al.* (2010, p. 403) used data from a three year period covering Hong Kong firms to demonstrate that “family firms and firms with concentrated ownership structures are associated with bad corporate governance”, thus obtaining significantly lower stock returns and higher levels of risk compared to their peers. Similarly, Sami *et al.* (2011) carried out a similar study in the Chinese context, demonstrating that ownership concentration in this context was also negatively correlated to corporate governance standards, and to firm performance. This has implications for countries like Saudi Arabia with high concentrations of ownership and limited governance. Cross ownership is also a governance issue for corporations as this allows the election of directors that are not necessary going to act in the best interest of the other shareholders (Brown 2011).

Further studies in this area have focused on the role of shareholder rights in the operating performance of a company. However, according to Gompers *et al.* (2003, p. 107) “shareholder rights can have both negative and positive effects on a firm’s operating performance” under different circumstances. In particular, excessively weak shareholder rights tend to reduce monitoring effectiveness. Empirical investigation of shareholder rights by Core *et al.* (2006) showed that whilst firms with weak rights have on average lower operating performance, higher levels of shareholder rights can also harm performance. This implies there is a non-linear relationship between shareholder rights and performance, potentially a second order relationship.

### **Board of Directors**

There are two types of directors which can affect the disclosure and governance practices dictated by the board: independent- unbiased director from outside the firm and act as referee between insider directors and stakeholders; and insider directors who have an interest in the company and typically represent the interests of majority shareholders (Bhagat and Black, 2002). According to Bauer *et al.* (2004) board structure, and particularly compliance with best practice with regards to board structure, is a strong driver of corporate financial performance.

The number of independent directors can influence the performance and safe guard minority shareholders (Joshi, 2011). The Board of Directors has fiduciary duties to the company shareholders and regulators (Gompers *et al.*, 2003). Thus the board is accountable to the shareholders, but in developing countries, such as Saudi Arabia, many board executive directors are the majority shareholders (Tomasic and Bottomley, 1993). The independence of non-executive directors is necessary to obtain efficient monitoring of the company (Brown 2011).

### **The Size of the Board**

The size of the board can affect decision making processes and affects the value creation within the organisation (Kyeremboah-Coleman and Biekpe, 2005). The size of the board influences the ability for the CEO or a single member to manipulate the decision making process (Rashid, 2008). A code of conduct is critical to maintaining board of director confidence (Joshi, 2011). The statement of a company’s code of governance and philosophy increases share holder confidence and value adds to the firm. Eisenburg (1998) claims that governance improves when there are over seven members. The size of the board impacts on performance with oversight increasing as major shareholder positions are diluted with larger boards giving higher weight to the number of independent and non-executive directors (Eisenberg, 1998). Similarly,

Brown et al. (2011) comments the size of the board has been linked to disclosure quality.

### **Duality of the Chairman and CEO**

A crucial controlling factor contained in the literature driving firm performance is the link between directors' pay and firm performance levels. This issue has been investigated in the literature, but mainly within the banking sector where salaries have risen well above the corporate average, and where the relationship between pay and performance is more controversial. According to Doucouliagos *et al.* (2007, p. 1363), when there is "a strong positive and direct association between CEO remuneration and prior year bank performance", the overall performance level is likely to be higher. The CEO is responsible for the implementation of measures of corporate governance within the organisation. The CEO is appointed by the board of directors and a high rate of CEO turnover is seen as a measure of instability and investment insecurity. This instability is often perceived by the market as implying a conflict in direction and a continuing shift in governance and reporting transparency (Homstrom and Milgrom, 1994). The CEO often has a salary that is often linked to the financial performance of the business and this can affect the discretionary directions in reporting and accounting principles that are employed by the firm (Monks and Minow, 2001).

### **Auditors**

One of the roles of both internal and external auditors of organisations is to ensure that there is an appropriate level of disclosure and governance. Therefore, the role of the auditor is to ensure that corporate governance measures are in place and are held accountable for the availability of transparent financial information which is asymmetrical and value adds to the firm through promoting investor confidence in the records (Bhagat and Black, 2002). There is a failing of internal auditors in developing countries with under-regulated markets as financial reports are manipulated to the benefit of political and particular major stakeholder interests (Rashid, 2008). The use internal auditors with differing accounting standards and weak corporate law without sound audit practice can lead to financial instability in these developing countries (Rashid, 2008). As the auditor is accountable to the Board of Directors who appoints them, there is little enthusiasm to contradict the desires in terms of final performance and disclosure in developing countries with limited governance regulations (Hanrahan *et al.*, 2001). External auditors improve governance through the perceived impartiality to approaching the records.

### **Audit Firm Size**

The size of the audit firm has been used to determine disclosure quality in Saudi Arabia (Alsaeed, 2006). The use of a top five auditor can lead to improved confidence in the financial reporting of the organisation (Rashid, 2008). Good governance requires asymmetry in reporting and can indicate poor managerial performance and inefficiency (Dallas, 2004). There is often a manipulation in developing market of information which hampers investor confidence (Berghe, 2002). Transparency has been associated as a key to achieving effective disclosure in a number of studies and is herein used as the dependant variable in the assessment of disclosure quality (Riaha-Belkaoui, 2001; Shaw, 2002, Lang *et al.*, 2003).

### **Management Forecasts**

Management forecasts provide forward-looking information which organisations can voluntarily provide in annual reports (Hassan and Marston, 2010). Hassan and Marston (2010) noted that the use of management forecasts in ascertaining the disclosure quality of an organisation was well established. The historical use of forecasts enables a gauging of disclosure quality to be taken because if items were not being disclosed in a timely way there would be an error in the realised results. The accuracy of forecasts therefore is a reflection of the disclosure of an organisation (Ng *et al.*, 2008).

## Theoretical Perspective

The current theoretical literature on corporate governance is characterised by what Donaldson (2012, p. 256) refers to as “an epistemic fault line”. This implies that there is a need for a more effective positive model of corporate governance that can better reflect the true dynamics of the modern global economy. In particular, the majority of research and theory development in the field to date has tended to focus more on the various individual components and aspects of corporate governance, rather than on the notion of corporate governance as an overall system. According to Choi (2011), a positivist approach to the analysis of corporate governance shows that many of the defining assumptions and systems of corporate governance are characterised by actions and roles of directors, managers and shareholders rather than on the organisational behaviour as a collective whole. Carver (2010) analyses the concept of global governance theory, which refers to the process of developing a global governance approach which has universal applicability. His study relies on the argument that the traditional model of the board governing the managers on behalf of the shareholders does not have a sound theoretical base and thus needs to be expanded and refined. This implies that the personal interests of members of the board may not be reflected in the actions that may not be in the best interest of all shareholders. However, both the work of Choi (2011) and Carver (2010) are fundamentally present concepts and claims without empirical justification. As such, there is a need for more work which can help address the lack of empirical research in the area, and look to create a model through analysis of the role of the overall corporate governance system in different national contexts.

In order to achieve this there is another theoretical barrier to be overcome, namely the lack of a unified and coherent framework for measuring and quantifying corporate governance in order to assess its impact on performance and disclosure outcomes. The lack of coherent framework is the consequence of inconsistent selection of variables across the studies into corporate governance. As a result of this, several authors have attempted to construct indices to examine the various aspects of corporate governance. For example, (Gompers *et al.*, 2003) constructed an index to measure the level of shareholder rights, using corporate governance measurements proposed by the Investor Responsibility Research Centre, the IRRIC, including charter provisions, by-laws and other rules. This study was able to use this measure to demonstrate a link between shareholder rights and firm value and profitability. Bebchuk *et al.* (2009) constructed another measure, based on Gompers *et al.* (2003), focusing on the role of boards and super-majority requirements using the same requirements, again showing that shareholder protection helped to increase firm value, and using a more general approach to the analysis.

In a broader study, Brown and Caylor (2006) created their own corporate governance index through a combination of over 50 corporate governance provisions proposed by Institutional Shareholder Services, ISS. This study showed that firms with higher levels of governance experience higher levels of performance, in terms of returns on equity and return on assets. Finally, Pahuja (2011) provided empirical support for this approach in the developing economy context through the creation of his own proprietary, Corporate Governance Quality Index. This paper showed a positive relationship between governance practices, in the form of board effectiveness, and market valuation measured in terms of Tobin’s Q (Pahuja, 2011).

### Agency Theory

The dominant approach to corporate governance continues to be agency theory (Jensen and Meckling 1976). This theory was brought to prominence by the work of Fama (1980) and Fama and Jensen (1983) around thirty years ago, and has remained at the forefront of modern corporate governance literature for the majority of this time. The central premise of the agency theory framework is that the owners of the company, usually the shareholders are the principals and they appoint managers as their agents to ensure the smooth running of the company to allow them to make returns. However, the shareholders and managers tend to have different levels of

access to information within an organisation, as well as broadly divergent approaches and interests and risk preferences. Consequently, managers may in a manner that is not consistent with the interests of the shareholders, and may not provide optimum returns (Bathala and Rao, 1995). As a result of this, agency theory focuses on the necessary steps that need to be taken, and the systems that need to be implemented, in order to restrain managers and ensure they act in the interests of the shareholders (Agrawal and Knoeber, 1996).

Using agency theory based conceptual framework, Renders and Gaeremynck (2012) showed that the severity of the agency conflict in an organisation has a direct impact on the quality and effectiveness of corporate governance. Similarly, Jiraporn *et al.* (2012, p. 208) showed that the existence of weak corporate governance quality caused organisations to take on additional levels of leverage, as the leverage “substitutes for corporate governance in alleviating agency conflicts”. The primary method of controlling for agency conflicts in the literature is largely to attempt to align the interests of the principals and their agents through remuneration and equity ownership. Recent empirical research by Nyberg *et al.* (2010) demonstrated that financial alignment between CEO and shareholder returns can help boost firm performance by mitigating agency conflicts, although the research does not make it clear by which mechanism this occurs. Indeed, according to Lan and Heracleous (2010) whilst agency theory is a strong predictor of corporate governance outcomes, it is not as effective at predicting the specific governance mechanisms, and should be reconsidered with the corporation as the principal rather than the shareholders. Whilst this argument is not fully supported in the literature, it does show that agency theory remains the significant means of explaining corporate governance analysis. However, this theoretical approach is not without issues that need to be resolved.

### **Stewardship Theory**

Davis *et al.* (1997) described Stewardship theory by introducing the stewards, who are the managers and executives of an organization, are responsible for protecting and maximizing the wealth of shareholders by making use of appropriate performance within the organization to gain better results for the shareholders. This theory is quite different from agency theory, which stresses on individualism perspective. Instead, the senior management is required to perform as an organization's important part to help it achieve better results (Mallin, 2007). The main goal of stewards as per the theory is to make the organization achieve its goals.

The structure of an organization is given due importance by the Stewardship theory. The management is expected to perform in an autonomous manner to maximize the returns for its shareholders. The theory suggests that the management and CEO works towards achievement of the organization's goals without interfering each other and this helps in avoiding any losses for the shareholders (Davis et al., 1997). Instead, the shareholders are likely to gain positive returns through the efforts put forward by the stewards. This theory is quite prevalent to the organizational systems of Japan where employees are given complete job ownership and the flexible environment helps in attaining better performance of the stewards as per organizations' objectives.

Thus, the theory here assumes that the stewards (i.e. the management) works as per the desired objectives of their organization and their personal goals are in line with organizations' objectives (Clarke, 2004). This reduces the chances of any conflict taking place within the organization as all the management, CEO and shareholders have a common objective of improving the performance of their organization for maximum results through limited set of resources available to them.

## Methodology

### Quantitative Method

The study will focus on listed companies on both countries. The sample itself will be comprised of 100 Saudi Arabian and 100 Australian listed companies covering all sectors except the financial sectors as the literature indicates that governance relationships in these sectors can be variable, based the market capitalisation with the largest firms selected (Doucouliagos *et al.*, 2007). We will choose 100 non-financial companies from Saudi listed companies out of 150 and the data will be collected for Saudi financial Market (*Tadawul*). Regarding Australia we will collect our data from Australia Security Exchange (ASX) for top 100 companies.

This study will examine records for a period of five years, from 2008 until 2012. Australia as a developed countries and Saudi Arabia as developing countries, both of them did not affected by last financial crisis. So it is important to study this time of period. First task; we will collect data of Australian companies then Saudi companies after finishing from Australian.

The SPSS statistic software will be used to analyse our data.

The use of multiple regression to test relationships between corporate governance and financial performance (Cheung *et al.*, 2010; Sami *et al.*, 2011; Gompers *et al.*, 2003; Core *et al.*, 2006; Bauer *et al.*, 2004; Vander Bauwhede, 2009; Doucouliagos *et al.*, 2007; Talha *et al.*, 2009), as well as the relationship between disclosure quality and corporate governance (Eng and Mak, 2003; Quick and Weimann, 2011; Peterson and Plenborg, 2006; Rogers, 2008; Karamanou and Vafeas, 2005; Nelson *et al.*, 2010; Hutton, 2007; Laidroo, 2009).

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# Assisting adults to develop spelling proficiency with dynamic assessment practices

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## Abstract

*The focus of this study is to identify persistent spelling errors of participants and develop dynamic assessment (DA) techniques to address these spelling errors and increase proficiency overall. During the course of this study of adult university students (370 students), it has become apparent that some participants (approximately one third) have not developed spelling skills in particular areas. A number of the interviewed research participants are aware that they spell particular words incorrectly and acknowledge that they have been unable to self-correct.*

*The relationship of how the language symbols are interpreted by individuals and communities is central to the constructivist paradigm. Therefore, this model was chosen in view of the related works of the pioneers in the field. Additionally, the relationship between the language and the symbols of representation of that language requires a semiotic mode of interpretation and analysis of data. As dynamic assessment and semiotics both represent a single methodology, and language is dynamic, this paper proposes a dynamic yet recursive model of mediation for adult students. Data were collected over four years (2006, 2007, 2011 and 2012) and analyses indicated a statistically significant number of the participating students misspelled the same common words. The twelve students who participated in the dynamic assessment exercises were able to identify and self correct what had been problem words. In comparison, although their spelling mistakes had been identified in print, the students who did not attend the dynamic assessment intervention exercises displayed no improvement in their spelling proficiency over a nine month period.*

## Introduction

What is spelling and spelling proficiency? Spelling is a system that is productive of meaning and subject to very close regulation. Spelling depends on a clear sense of what the units of meaning are; it depends on grammar and on meaning as much as it depends on sounds and sight (Kress, 2000: 79, 81). Spelling proficiency is the individual's ability to meet the spelling standards set by and within a language community. This research attempts to develop a program that may assist people to enhance their spelling proficiencies.

At the completion of senior high school and entering university a student is expected to have an accepted level of competence in literacy including spelling. The ability to spell most common words should be achieved at primary school: "Students who have achieved Stage 3 have a sound knowledge of how to use English spelling ...they spell most common words accurately" (Teaching spelling K-6; 17). The *narrative marking guide* for the *National Assessment Program* (2009; 17) proposes a spelling skill score of between 0 and 6. A score of 3 out of 6 would be given to a student who spells 'most simple words and most common words correctly' and a score of 4 out of 6 for 'correct spelling of simple words, most common words and some difficult words'. Unfortunately, if the same standard of scoring were applied to the university students tested in this study as many as half would fail to attain a score of 4; they have misspelled simple words. The question 'have students entering university failed to meet the levels of spelling proficiency expected of them?' requires investigation. There may well be a problem with adult spelling proficiency

Since a constructivist paradigm is to be followed, a brief history of this philosophy is warranted, along with spelling teaching theories, dynamic assessment, and semiotics.

## Constructivism

Although constructivism has roots in classical antiquity going back to Socrates' dialogues with his followers, only brief overview of the theorists who pioneered constructionist philosophy will be highlighted. Throughout the world, in America Western Europe and the Soviet Union Scholars were developing and researching new theories of education. For example, the now well-known stimulus/response S-R concept of learning is proposed to American E.L. Thorndike at the beginning of the 20<sup>th</sup> century (Knowles, 1979, p. 18). The idea that children learned from an external stimulus and responded progressively as they aged became the foundation of the behaviourist movement in psychology. At the same time John Dewey in America and Jean Piaget, in Europe, although acknowledged as 'cognitivists', developed theories that led to the evolution of constructivism. Dewey, an educational philosopher, was publishing texts on education that expressed learning to be a cognitive process involving the mind of the learner and how the learner interpreted and perceived the external stimuli based on experience. Piaget believed that humans learn through the construction of one logical structure after another.

The bridge between the 'behaviorists' and the 'cognitivists' was Edward Tolman. Tolman believed that behaviour should be Stimulus - Organism - Response (S-O-R) recognising that behaviour involves a purpose, a goal, or plan. (Sternberg 1996, p.12). Also Early in the 20<sup>th</sup> century, in the Soviet Union, educational psychologist Lev Vygotsky started to publish extensively, but only in Russian. In collaboration with his colleagues Vygotsky experimented and produced theories of childhood education that are relevant today, including the zone of proximal development (ZPD) and dynamic assessment (DA). Vygotsky and his colleague Luria (1994, p. 149) proposed a similar concept to Tolman that rejected S-R when they detailed the auxiliary sign, 'a stimulus of the second order', acting independently of the direct stimulus and acting as an impulse to further development of the whole syncretic structure of which it is part. Vygotsky and Luria (1994, p. 145) state that the sign function of auxiliary stimuli (X) is the basis of a principally new correlation of psychological processes where S-X-R. Tolman focused on the organism itself 'O' that develops the variable goal of the stimulus whereas Vygotsky and Luria see the auxiliary external stimulus 'X' as a reversible sign of developed meaning and distinct from the actual stimulus. The external stimuli are cultural abstracts and introduced socially to the individual. In later years, one of Vygotsky's students, P. Y. Gal'perin, developed the concepts of external stimuli into practice (Gal'perin, 1969) and his proposals are encompassed in this research as well.

With regard to current methods of teaching spelling, Jerome Bruner has played an important role in constructivist philosophy. Bruner initiated curriculum change based on the notion that learning is an active, social process in which students construct new ideas or concepts based on their current knowledge. Bruner coined the term 'scaffolding' (Wood et al., 1976); a changing quality of support over a teaching session, in which a more skilled partner adjusts the assistance provided to adapt to the current level of a child's performance. Scaffolding is often compared to Vygotsky's ZPD. Although Bruner based Scaffolding on the concepts of the ZPD there are subtle differences. Scaffolding is teacher based method of instruction whereas the ZPD measures the level of performance of a child acting independently and with then with assistance (Berk and Winsler, 1995).

## Dynamic assessment

How is the dynamic assessment process in this study different to the teaching approaches that already exist? There are in essence many similarities. This research has its origins in two tenets of Russian psychologist, Lev Vygotsky: dynamic assessment (DA) and the zone of proximal development (ZPD). DA, in brief, is a process of assisting student development that follows a test, mediate, re-test format. ZPD refers to the levels of development of someone with or without assistance from another person. Vygotsky's original concepts focused on early childhood education, however, interpretations of both DA and ZPD have been subsequently applied to broad and expanding fields of study. Scaffolding, for example, based on Vygotsky's concepts, has been applied as a method of pedagogical instruction for some time. Poehner, (2008, p.6) states that DA procedures are crucial to teachers and learners because they provide not only scores or grades, but also insights into the depth of an individual's abilities, the causes of poor performance, and specific ways of supporting development. Dynamic assessment (DA), an interactive, test-intervene-retest model of psychological and psychoeducational assessment, is a rapidly developing approach of increasing interest to practicing psychologists. In one form or another, DA has been applied in psychological, neuropsychological, speech/language, and educational contexts (Haywood and Lidz, 2007:7).

## Spelling teaching theories

Effective spelling programs use a balance of modelled, guided and independent teaching strategies in the context of integrated talking, listening, reading and writing episodes to support and extend students as they learn to spell.

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In the NSW state literacy strategy 'Teaching Spelling K-6' several sections propose strategies to assist spelling that parallel the processes of dynamic assessment. For example, 'Assessing spelling development' (1998, pp.19-41) details procedures for teachers to observe students and assess how they spell, analyses of students' spelling, and implementing 'guided spelling conferences'. Teaching strategies with a spelling focus are outlined (pp. 103-108) and it is seen that students should "actively participate to practise, self correct and engage in spelling knowledge and strategies to learn correct spelling (1998, p.105)". Each of the directives above, are to be applied to the DA approach in this research. However, the participants in this research are adults not primary school aged students.

## Semiotics

Semiotics as a discipline is diverse and plural but is primarily concerned with the meaning of signs and symbols in language (Rauch, 1999, p 6). Semiotics also can be treated as both an underlying philosophy and a specific mode of analysis. Semiotics is primarily concerned with the meaning of signs and symbols in 'language' (where language, in the more liberal sense involves communication through a range of 'texts', including verbal, written, visual, musical, bodily-kinesthetic). Texts can be assigned to primary conceptual categories, and these categories represent important aspects of the theory to be tested.

One form of semiotics is content analysis. Krippendorff (2004) defines content analysis as "a research technique for making replicable and valid references from data to their contexts." The researcher searches for structures and patterned regularities in the text and makes inferences on the basis of these regularities. Content analysis is unobtrusive; the researcher does not influence the participants. Content analysis is not appropriate for the mediation exercises where the researcher

intentionally influences the participants and will form the analysis aspect of the proofreading and editing exercises. In DA the researcher aims to influence the participants and modes of analysis still under the plural method of semiotics will apply.

## Methodology

The methodology for this investigation includes: Constructivism as a paradigm posits that learning is an active, constructive process. The learner is an information constructor. People actively construct or create their own subjective representations of objective reality. New information is linked to prior knowledge, thus mental representations are subjective.

This quasi-experimental research adopts an interpretive inquiry supported by semiotics in a constructivist paradigm. The relationship between spelling proficiency and language change requires an education research philosophy geared to language and its symbols of representation.

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## Procedures

As a result of these demands the epistemology of this qualitative study will adopt a constructivist paradigm with a semiotic data analysis. Krippendorff (2004, p. 16) states: "Ultimately, all reading of texts is qualitative, even when certain characteristics of a text are later converted into numbers".

## Data collection

Data collection in this research will be by means of controlled experiments and focus groups. In controlled experiments (Sternberg, p. 18) the experimenter controls as many aspects of the experimental situation as possible. The experimenter manipulates the independent variables, controlling for the effects of irrelevant variables, and observes the effects of the dependent variables (outcomes). The proofreading and editing exercises provided to the volunteer students will follow the method of controlled experiments.

As one way of collecting data in qualitative research, focus groups are group interviews (typically involving 5–12 people) that rely on the interaction within the group and the questions asked of the moderator to provide insight into specific topics. Focus group interviews can serve as the principal source of data, as a supplementary source of data, or as one component of a multimethod approach to data collection. The primary advantage for the researcher in conducting focus groups is the ability to observe a large amount of interaction among multiple participants on one or more topics in a limited amount of time. The dynamic assessment intervention process will follow this method of data collection.

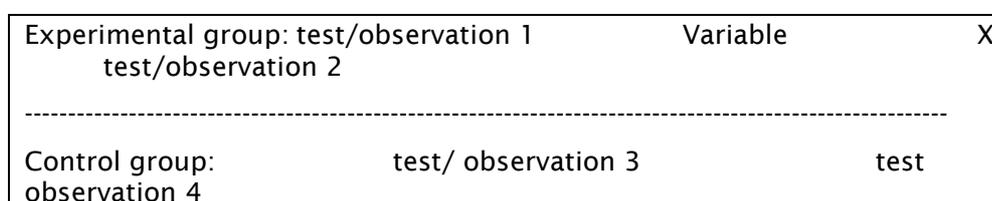
Data analysis from the initial proofreading and editing exercises is cross-sectional as each group of students from year to year answer the same subset of words and there choices are to choose each word as correct or incorrect. If a student participant chooses a word as incorrect multiple variables occur in their choice of correct spelling although only one answer is correct. Although the choice of correct or incorrect spelling is qualitative for each individual student, the analysis of the proofreading and editing exercise relies on a quantitative approach where the

number of correct responses is calculated from each student and averaged against the entire group as a percentage of correct responses.

Cohort analyses (Cohen and Manion, 1995;71) of the DA subgroup are required since the number of variables increases with an undefined causality of the students' spelling mistakes; not all participants fail to identify misspelled words or spell the words incorrectly for the same reason.

## Experimental design

This research adopts a quasi-experimental design (Cohen and Manion, 1995;168) where the control group and the experimental group are not equivalent. There is similarity in that the participants are primary education students in 1<sup>st</sup> and 2<sup>nd</sup> years of their university degrees at the same university. The following diagram is a representation of: "One of the most commonly used quasi-experimental designs in educational research" (1995;169).



In this research 'variable X' is the DA intervention made available to the 12 volunteers of the experimental group; group 2.

As dynamic assessment (DA) follows a tests-intervene-retest format, the initial 'test' given to the control group and the experimental group is identical; the same proof reading and editing exercise. Each group of students is presented the exercise at different months and years but in the same lecture theatre at the commencement of a lecture. Students are asked to complete the exercise independently to avoid collusion and potential interference. To contrast the effect of DA processes on developing spelling proficiency, two separate groups were chosen: one group would have no intervention and the second group would be asked to volunteer for the DA program.

Two separate groups of students (group 1 and group 2) were asked to participate in a proofreading and editing exercise (PE 1 below) over different years (2011 and 2012). The first group, group 1 (the same 30 students), was given the same proofreading and editing exercise over two consecutive years, 23/8/2011 and 16/5/2012, without intervention by the researcher and the results tabulated. The second group, group 2 (n= 52) in Feb. 2011, completed the same exercise (PE1) and results tabulated. The researcher asked the students from group 2 if they were interested in volunteering in a DA program aimed at improving spelling proficiency. Twelve students volunteered for the DA exercises.

## The Baseline Instrument: A proofreading and editing exercise

### Proofreading and editing exercise 1

*Circle the spelling mistakes in the following sentences and write the correct spelling above each one:*

*Learning spelling is a matter of principal. Its definately a requirement of teaching. Gramma rules are much harder to learn then spelling rules. Your sure to notice bad spelling when children are not given enough time to check there work.*

## Results

The results of the first and second groups are presented below. The scores are group percentages of correct answers. There was no intervention by the researcher in the nine months between the same proofreading exercises for Group 1.

Group	Group One n=30 Mean Age of Group 1		Group Two n=52 Mean Age of Group 2	
Profile	1 <sup>st</sup> Year primary education pre- service teachers 2011 Mean age =19 Male = 6 Female = 24	2 <sup>nd</sup> Year primary education pre- service teachers 2012 Mean age = 20 Male = 6 Female = 24	Profile of Group 2 2nd Year Primary Education pre- service teachers 2011 (n=52) Mean age = 20 Male = 14 Female = 38	Profile of DA volunteers 2 <sup>nd</sup> Year primary education pre- service teachers (n=12) Mean age = 22 Male = 2 Female = 10

Baseline Mean	% correct 2011	% correct 2012	% correct Group	% correct after DA intervention
Principle	89	83	92	100
It's	83	56	71	100
Definitely	43	40	48	100
Grammar	79	66	81	100
Than	66	69	63	100
You're	92	89	87	100
Their	89	89	98	100

The aim was to follow a constructivist model and the influence of its pioneers. The 'zero error' concept of Gal'perin (1969) where no mistakes exist during the exercise, no static tests for marking and continually giving participants the end result became the initial theme of the exercise. The words that had been demonstrated to have

recognition problems were the distinctions between 'then' and 'than' and these two words became the initial target words for the exercise. The following page was presented on screen for the participants to view throughout the exercise:

**Than** = comparison = a

**Then** = time sequence = e

The results of the DA group are not exaggerated as they are protocol with the Gal'perin scheme of 'no errors'; each participant develops at their own pace until they can achieve mastery of the problem. Three of the 30 students (10%) from group 1 identified and correctly spelled the seven words in the 2011 exercise. Again in 2012, three students gave the correct seven answers, however, they were not the same three. Cohen and Manion (1995; 170) identify 'statistical regression' as an internal threat when "subjects scoring highest on the pre-test are likely to score lowest on a post-test; conversely, those scoring lowest on the pre-test are likely to score relatively higher on the post-test". Additionally, five of the thirty students (17%) did not identify the 'then/than' spelling error in both years.

Sixteen of the 30 students (53%) recognised the correct spelling of then/than in both years and wrote the correct spelling in the added mathematical expression. In 2011, three students recognised the spelling error of 'then/than' but not in 2012 when given the same exercise. In 2011, four students did not identify the spelling error of 'then/than' but did recognise and correct the error the following year, 2012. Did these students self-develop their spelling proficiency or are they also subjects of statistical regression? Threats to experimental validity may be an issue with post-tests and will require close observation in future research.

In the first session 12 students participated. Each of the students when asked in turn could not distinguish the two words 'then' and 'than' from speech. The two words were to this group homophonic. Not only were the words homophonic, the word 'than' with a spelling of T-H-A-N was not known to four of the participants. The researcher explained the meanings of the two words, their distinctive parts of speech, and examples of their use. When the researcher described the word 'than' as a conjunction associated with a comparative adjective, none of the twelve were familiar with the term 'comparative adjective'. None were familiar with the term of a conjunction between clauses when one clause was compared to another. None were familiar with the word 'clause' or its application. For this group, the same word 'then' was in use for both spatial and temporal reference. When the researcher informed the students of the semantic distinction of the words 'then' and 'than', a group response was: "Why hasn't anyone told us this before?" The researcher was not able to answer that question.

In a later session, after three DA intervention exercises, the four participants who had originally not known the word 'than' were still not able to distinguish the words 'then' and 'than' in speech; they remained homophonic. However, each of the four were able to verbally construct a sentence and indicate the sentence meaning by spelling the correct use of either 'then' or 'than'.

The students had also indicated that two words, 'affect' and 'effect' caused many problems as they too were homophonic and they did not know which one to use. The researcher applied a similar DA approach for the students to identify and correctly use the two words.

The same four students had after the first DA session mastered the initial 'proofreading and editing exercise', but this could be put down to memorising the words not be seen as development in recognition of the words in a different context. Another proofreading and editing exercise was given to the students similar to the first but with changes. For example, in addition to many of the same problem words of the first exercise the second included the misspelling of the words 'affect' and 'effect' in context. The second proofreading and editing exercise was provided as a post-test after DA intervention.

## **Proofreading and editing exercise 2**

*Their are definate advantages in learning to spell correctly. From the outset, the principles of spelling rules may appear harder to understand then they really are. Correct spelling has the affect of enhancing communication. Reading and writing are not seperate sciences but overlapping spheres of literacy. Remember, use of incorrect spelling may effect your gramma. If you are able to identify the words you have trouble spelling correctly than you are on the write path to enhancing your spelling proficiency.*

Post-intervention results displayed that all of the participants had enhanced their spelling proficiencies especially in the target words of the exercises.

## **Discussion and Summary**

The analysed data collected during the DA exercise indicated that although some students took longer to grasp particular concepts, they were able to identify and talk through the spelling problems that confronted them. Even in small groups of the DA exercises, the students who had initially struggled with particular concepts, once mastered, were able to support those students who were still developing. The observations of the interactions between participants [the researcher was also a participant] by the researcher provided encouragement to continue with this procedure of dynamic assessment.

## **Discussion**

What can be the reason for such a discrepancy? Post-intervention results indicate that all of the 12 participants in the dynamic assessment exercises had enhanced their spelling proficiencies especially in the target words of the exercises. Treiman (1993) determined that spelling errors found in the work of developing learners included 'correct spellings'. Correct spellings would seem an odd definition of spelling error but Treiman includes this characteristic of people who 'guess' spelling, and that their spelling patterns are random. Cohen and Lawrence (1995) discuss the effect of 'statistical regression' on post-test results but the results of the DA exercises, in this particular research, appear to develop the spelling proficiency of the participants beyond the level where they had been. The participants in the DA exercises had displayed characteristics that resembled models of Vygotsky's concept of the ZPD where they had developed beyond their previous level of spelling knowledge with assistance from peers.

If it were possible, the next step in this process would be to provide the same thirty students of group 1 with the opportunity to participate in a dynamic assessment program and compare their performance with no intervention and what they could achieve post DA intervention.

This research has provided initial evidence for this particular focus group that dynamic assessment procedures assist in enhancing the spelling proficiency of some adult university students who misspell particular words. At the initial level there is encouragement that further research may confirm and enhance these findings.

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## **An investigation of customers' perceptions of green products and their willingness to recommend green products in the context of fast moving consumer goods**

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### **Abstract**

*The study is aimed at investigating customers' perceptions of green products and their willingness to recommend green products in the context of fast moving consumer goods. Qualitative in-depth interviews were conducted to collect relevant data. Findings of the study suggest that most customers perceive green products as being recyclable, but have varying views along other dimensions. Many perceive such products to be expensive, some are sceptical while some people still do not have a clear understanding of green products. It was found that most people agree that such products are good for the environment, but deem them to be more expensive and not readily available. It has also been found that people will only recommend green products if they have used it and are satisfied with the overall quality and performance of the product.*

### **Introduction**

Over the years, marketing, just like any field of study has evolved and progressed through many stages. Kotler and Keller (2009, p. 18) state that modern marketing management philosophies include the product, production, selling, marketing, and societal marketing concepts. The societal marketing concept is an extension of the marketing concept, and does not limit its focus merely to the satisfaction of consumer needs and wants, and making a profit in the process. It takes into account the overall betterment of society. Chamorro et al. (2009) stated that the field of Marketing has not been immune from social concern about the deteriorating environment. With this in mind, Marketing researchers found a new area of research, which today has come to be known as Green Marketing.

As an area of study, Green Marketing is receiving considerable interest amongst modern day scholars. In their work, Peattie and Crane (2005) cite the works of Prothero (1990), and Vandermerwe and Oliff (1990) stating that although there was some focus on this subject in the 1970s, it was only in the 1980s that the concept of Green Marketing emerged, and academics discussed the shift towards green consumerism.

This study is a part of a wider spectrum of research being conducted by the researcher. The paper represents a portion of the study on factors affecting customers' purchase intentions of eco-friendly products in the case of fast moving consumer goods (FMCGs). The issue of customers' understanding and perception of eco-friendly products has been investigated in this paper. In addition, the paper also examines what customers view as the positives and negatives associated with such products. Finally, the paper tries to ascertain whether customers are willing to engage in word of mouth referrals of eco-friendly FMCGs.

The paper is initially presents a literature review of the topic, followed by a discussion on the methodology undertaken for the purpose of the study, the findings of the study, and a conclusion.

## Literature Review

If we go back to the basics of marketing, textbooks and theory state that the core premise of marketing has always been to understand the needs and wants of consumers and to satisfy these needs and wants better than one's competitor. However, in trying to satisfy these inherent consumer needs, companies have also realized that it is of paramount importance to minimize if not completely eliminate, the detrimental effects that businesses have on the environment. This is highlighted by Kotler (2003), where he argues,

*“Environmental marketing is one which connects the company to the environmentally and socially conscious and demanding markets. It also integrates the functions of the company to serve those markets in an environmentally and socially responsible way”.*

In research conducted on the “Characteristics of Research on Green Marketing”, Chamorro et al. (2009) found that past academic articles on green marketing could be classified into five distinct categories:

1. Green consumer: This included articles that investigated environmentally friendly consumer behaviors, concerns, intentions, or attitudes. Some of the articles in this category identify the demographic, psychological, and behavioral profiles of consumers.
2. Recycling behaviors: Included work that focused on waste and recycling behaviors and activities of consumers.
3. Green communication: These articles focused on analyzing and studying the environmental aspect of communication policies of different firms.
4. Macromarketing: Articles focusing on papers that address green marketing from a macro perspective, and analyzing the implications and relationships between marketing and environmental impacts were included in this category.
5. Concepts and strategies: Included articles that define green marketing and focus on the consequences of incorporating environmental aspects to the firm's marketing strategy.

They found that research on the topic reached its peak in the 1990s with an average of 13 articles being published per year. However, after 2000 there has been a significant decline in the number of articles published. The researchers attribute this decline to an increase in the importance of general research on corporate social responsibility that incorporates an ecological dimension. Chamorro et al. (2009) have also found that most articles published (72.96%) were empirical and involved quantitative analysis. Articles on the topic of the “green consumer” and “green communication” were found to be the topics about which most articles were published.

Studies undertaken by Chan & Lau, 2000; Thøgersen, 1999; Kim & Choi, 2005; Thøgersen, 2000; Barr & Gilg, 2007 have focused on pre-purchase consumer behaviour where various factors were taken into consideration to test whether these have an effect on consumer intention and purchase behaviour. This research can be classified into three major categories. Firstly, a focus on psychological and situational variables and how they affect purchase decisions. Secondly, a focus on the impact of green marketing tools and activities, and finally research that takes into account demographic variables.

Most of the research conducted focuses on the various variables that affect customers buying behaviour. Thus, this research aims to set the tone for more investigative research by answering the following questions:

1. What are customers' perceptions of green products?
2. What do customers perceive are the pros and cons of green products?
3. Are customers willing to recommend green products to others?

## Methodology

The investigation consisted of a Qualitative Research in the form of In-depth interviews. The respondents for the study were chosen using the “mall intercept” method. The respondents were approached at shopping centres in Sydney and those who agreed were interviewed for the purpose of the study. The reason this method was employed is because this allowed the researcher to talk to the ideal segment which consists of people who do their shopping themselves. The number of respondents included in the in-depth interviews was 27 Australian customers of fast moving consumer goods (FMCGs). Thematic content analysis was undertaken to explore the themes and issues emerging from the data. The approach was inductive in nature allowing the data to reveal themes and associations among constructs as “it enables the researcher to identify units in the text forming the basis for data-developed categories” (Crabtree & Miller, 1999). This technique involves reading and re-reading transcripts again and again along with the emerging new data in order to find and refine the themes and categories. The data was analysed using a qualitative data analysing software (MAXQDA Plus) since sample size is relatively large.

## Findings

To address the objectives of this research, the respondents were asked what they could relate to when they heard the terms ‘green product’ or ‘eco-friendly product’. The responses from the customers revealed that by the term “green product” most of them (55.55%) related this term with eco friendly and recyclable products.

**Table 1:** Theme Counts and Percentages – Consumer Perception of Green Products

Number	Theme	No. of References
1	Better technology	1
2	Energy saving	1
3	Renewable/Sustainable	2
4	Natural	2
5	Cost saving/Cheap	1
6	Expensive	2
7	Eco friendly/Recyclable	15
8	Not decided/Don’t know	5
9	Sceptical	3

To some of the respondents, ‘green products’ meant something that has less impact on the environment that we live in, in terms of its manufacture and ultimately its disposal. Thus, buying eco friendly products would be buying something that is produced with least harm to the environment. And after consuming that product, the by-products that come from that would be disposed with minimal impact on the environment. The key finding is that most of the respondents who related ‘green products’ with recyclable products focused more on the disposal of the products. Following are some of the quotes from the respondents which clearly indicate this perception.

- *'Recyclable, stuff that isn't made out of fossil fuels, crude oils, and things like that. Things that generally are free of insecticides. Renewable type stuff, recyclable plastics and things like that' (Respondent # 13)*
- *'Biodegradable, recycled, made from recycled materials, easily recyclable, not using anything that is high in carbon emissions, not made from fossil fuels and things like that' (Respondent # 5)*
- *'The color green and how biodegradable it is and how organic it is. It doesn't necessarily mean fresh to me, it doesn't necessarily mean something which is more healthy. It's just something at disposal whether it is easily disposed of and whether it impacts the environment' (Respondent # 19)*
- *'Biodegradable, recycled, made from recycled materials, easily recyclable, not using anything that is high in carbon emissions, not made from fossil fuels and things like that' (Respondent # 5)*
- *'Something which is produced in a way which is better for the environment, or will be recyclable, or which will be better for the environment overall' (Respondent # 8)*

The interesting observation made by the researcher here is that respondents viewed products as being 'green products' based on how easily these products can be disposed of and whether their manufacture involved the use of any ingredients which are harmful to the environment.

Although a vast majority of the respondents viewed 'green products' as being eco friendly and recyclable, a significant portion of the respondents did not have a clear idea as to what 'green products' were. It was quite interesting to find that the next most popular response to this question was by five customers who were undecided and had no clear understanding of the term 'green product'. It was found that either they had no clear understanding of the term or they simply had not given much thought to it. The responses from the other customers also reflected very limited understanding of this term and no association with anything.

Another interesting finding that came to light from the answers of the customers to this question is that three of them related 'green products' to recyclable and eco friendly products, but were skeptical about the usage of the term 'green products' by the manufacturers. They believed that just because companies classified their products as 'green products' and claimed that they were better for the environment, this was not always the case. The claims being made by manufacturers were something of an issue with these customers who sought further accreditation of these claims from respective government bodies. The issue of trust has appeared in the literature several times, and this has again come to surface in these in-depth interviews. The following responses reflect this sceptical mindset held by some of the respondents.

- *'I don't really trust what is on the labels. I make my own decision on what's on the label. I don't trust the claims from manufacturers, let's put it that way' (Respondent # 12)*
- *'Sometimes packaging can be very deceptive. I always read what it says, but I get very confused when it says made in Australia but purchased from overseas. I find that very confusing. Personally I try to go for environmentally friendly but I think you got to know a lot of the background. The average shopper doesn't know the background of the company. So yes I will tend to go for an environmentally friendly label but that doesn't necessarily mean I believe whatever they say. There is an issue of trust, yes. Having it on the label doesn't mean it is environmentally friendly. However, I shop for the labels that say that. To be able to label something, I'd like to believe that by law they have to meet a certain standard. That's why I would buy it for that. I don't know if*

*it always truthful' (Respondent # 9)*

- *'Just because a product says it's green, doesn't mean it's green. I will look for accreditations' (Respondent # 20)*

The key finding from the consumers who exhibited scepticism was that they sought some form of formal accreditation of the eco friendly claims being made by the companies. Since the average consumer has little or no knowledge about such complex terms, they feel that consumers were being misled into making purchases of products which were claiming to be green, but may or may not be so.

Sustainability and natural was something that some of the respondents associated 'green products' with. In addition, some customers also viewed 'green products' to be representative of energy saving products, and products manufactured using newer and superior technology. An interesting comment was made by one of the customers who stated that 'green products' reflected an advancement of a new generation, and the employment of new technology (respondent # 4).

A final key finding from this question came from two customers who perceived 'green products' to be good for the environment, but perceived them to be more expensive than regular products.

- *'It will be a bit more expensive than the regular product' (Respondent # 8)*
- *'Something which is good for the people, which is good for the society, and when you talk about a product which is green we definitely pay more for it' (Respondent # 17)*

In order to further investigate their perception of green or eco-friendly products, the respondents were asked to state what they thought were the pros and cons of such products. The respondents were unanimous in their view that the eco-friendly attribute is the major positive as long as the claims are true. However, there were sixteen references made to the fact that a major negative was that the price of such products was much higher than regular products. Five references were made to the fact that green products were not readily available and customers could not buy them even if they wanted to, and as can be seen from a previous discussion, people are not willing to travel the extra distance for the sake of an eco-friendly product. The other negatives that were mentioned were that there was lack of accreditation, they were not as attractive as regular products, they were of inferior quality and some people were just unsure of their characteristics.

In light of these findings, the respondents were asked if they would recommend green products to their family, friends, and people they knew since word of mouth plays an integral part in convincing people to use eco-friendly FMCGs. The results indicate that a vast majority would, and a couple would only do so if he or she had adequate experience of using the product himself or herself. A couple of respondents would not actively engage in word of mouth communication about such products and would only mention them if they came up during conversation.

**Table 2: Willingness to recommend green products**

Number	Theme	No. of references
1	Yes	23
2	Not actively, but just as a side note	2
3	Not until used it himself/herself	2

Thus, it was evident that given the fact that the customers had firsthand positive experiences with eco-friendly FMCGs, they would actively engage in positive word of mouth referrals to people they knew.

## Conclusion

The study examined the varying perceptions that customers have of eco-friendly products. The results indicate a mix of different themes that describe their understanding of eco-friendly products. Most customers relate green products with recyclable items. This is followed by a portion of customers who reported to not having a clear idea what green products actually were. Some of the respondents also reported as being sceptical of such products since they did not believe the claims being made by the companies, and viewed this as merely being a modern day marketing ploy. The respondents also viewed green products as being energy saving, natural, and better technology.

In order to further investigate their perceptions of green products, customers were asked what they believed the pros and cons of such products were. There was unanimous agreement that the major positive of these products was that they were good for the environment. The major negative that came out of the interviews was that customers perceived green products to be more expensive than regular products, and they were not readily available.

In view of their perceptions of green products, the respondents were asked if they would engage on positive word of mouth referrals for such products. A vast majority of the respondents replied in the affirmative given that they personally experienced the product and were satisfied with the overall performance and quality of the product.

These findings have major implications for companies producing and offering green products. The findings suggest that companies and marketers need to be very clear in their communication of the benefits of green products, since there is prevalence of varying views on green products. The key issue they need to take into consideration is the issue of trust. Customers need to believe in the claims being made by the companies, and this will happen when these claims are substantiated. In addition, companies need to look at the price of green products and ensure they are at par with regular products. The issue of availability needs to be addressed as well since it was found that although some people are willing to pay a higher price for an eco-friendly FMCG in most cases they are not willing to travel the extra distance to buy it if it is not available in close proximity. Companies also need to ensure that the overall quality of the product is at par if not better than regular products, since customers will only refer their friends and family to products that they are generally satisfied with.

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# Transitions in early childhood settings: The relationship between theory and practice

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## **Abstract**

*Research has shown that children's cortisol levels, as markers of stress, dropped when they received sensitive, responsive caregiving experiences embedded in securely attached relationships with their caregivers (Sims, 2008). This area of research gives support to the integration of attachment theory in practices that promote positive transitions for children entering early childhood settings. The transition made when a child begins attending a new early childhood learning environment is important to consider because this holds the potential to be a traumatic event if not managed effectively by those in the early childhood setting. If this experience is unhappy and difficult then, as shown by the cortisol research studies, there can be detrimental impacts on children's mental health and wellbeing in the immediate and long term. For educators this means that an understanding of attachment based theories combined with processes of critical reflection are vital in informing how to best facilitate positive transitions. Useful to critical reflection is the opportunity to look outside the boundaries of individual practice to investigate what other services see as being an effective transition. This paper will consider the notion of effective transition from the viewpoint of Rudolf Steiner preschool education and will draw on background theories to emphasise the importance of the attachment relationship in building security for the child in early childhood practices.*

## **Introduction**

In early childhood education transitions are a feature of daily practice. A transition refers to the way that children move from one experience to another such as coming inside after a period of outside play or washing hands before eating lunch. Some transitions are connected to the basic routines of the day while others carry a greater emotional weight and describe major milestones in a child's development. The transition made when a child begins attending a new early childhood service is important to consider because this holds the potential to be a traumatic event if not managed effectively by those working in the early childhood setting. If children feel unhappy and the transition is difficult then there can be a negative impact on children's wellbeing in the immediate and long term. In contrast when young children feel secure and happy about being part of something they reap the benefits of wellbeing gained through play, connections with peers and engagement in learning. For this reason it is essential that educators find the best strategies to support children to settle into a new early childhood service because early feelings of wellbeing are carried into consequent transitions such as the child's transition to school and later experiences of adulthood (Barblett & Maloney, 2010; Educational Transitions and Change (ETC) Research Group, 2011; Essame, 2010; Greenman & Stonehouse, 1997; Immordino-Yang, 2011; Linke, 2010; Marshall, Kenney, & 2009; Marvin, Cooper, Hoffman, & Powell, 2002; Rosier & McDonald, 2011; 2011; Turunen, 2012).

There are two key sections to this discussion. Theories and models of Attachment (Ainsworth, Blehar, Walters, & Wall, 1978; Bowlby, 1980; Colmer, Murphy, & Rutherford, 2011; Department of Education, 2009; Marvin et al., 2002) as well as recent research into the impact of the childcare experience on children's cortisol levels as markers of stress (Ahnert, Gunnar, Lamb, & Barthel, 2004; Sims, 2005;

Sims, Guilfoyle, & Parry, 2005, 2006.) both acknowledge that when educators hold a close and respectful bond with young children the benefits for the child's on-going emotional security and wellbeing are far-reaching. For this reason how attachment theory and the educator-child relationship is positioned within early childhood transition practices will be explored. The second thread of this discussion explores how transitions are carried out in a Rudolf Steiner preschool service.

The practices of settling a child into a new preschool environment holds both similarities and differences depending on the service's philosophy and background culture. Looking at differences allows knowledge to be gained about diverse "cultural practices and world views" (Council of Australian Governments 2009, p.16). This helps educators to critically reflect on the practices they use when working with children and their families so that the effectiveness of these practices in meeting the child's needs can be reviewed and improved. For early childhood educators an aid to this process can be found by looking outside the boundaries of individual practice to investigate how other services approach the issue of transition. The beliefs that educators hold influence their interpretations and understandings about what is considered best practice. For example, if an educator chooses to work solely from one philosophical viewpoint critical reflection could be enhanced by looking at services that work in a similar way to establish a broader picture about what a quality transition means for the child and family. Through this picture the early childhood educator can gain new awareness of strategies that support effective transitions for the children in their care. The second section of this discussion will focus on the approach taken in a Rudolf Steiner setting and will outline both the background theory and practices of this philosophy. Links will be made to the attachment relationship showing how this relationship is important across paradigms.

The following research questions will guide this discussion:

- What do Rudolf Steiner early childhood educators do to support children to feel secure when beginning preschool?
- How are the strategies used by these educators influenced by the philosophical beliefs of the wider preschool culture?

## **The Meaning of Quality Relationships**

Feeling secure and feeling that they belong is an outcome educators strive for when settling a child into a new preschool setting. It has been shown in research that an underlying factor in promoting positive transitions for children is the establishment of warm, responsive and secure relationships between educators, children, parents and families (Davis et al., 2010; Hazel, Kemp, Newman, & Twohill, 2011; Linke, 2010; New Zealand Ministry of Education, 1996; Sims, 2011). Additionally, research by Sims (2008) showed that children's cortisol levels, as measures of stress, dropped when the child was engaged in a securely attached relationship with their caregiver. The educator's role and relationship to the child, is therefore paramount to facilitating positive transitions and a sense of emotional wellbeing (Kennedy, 2011; Marvin et al., 2002; Moretti, 2010; Sims, 2008). Reflecting on who the child is, where they come from and what they are interested in can help educators to form a connection to different aspects of the child's world and so build a deep and responsive relationship with the child. When an adult is sensitive to the way children form relationships to people, objects and new experiences they can find strategies that are centered on each child's personality and individual situation (New Zealand Ministry of Education, 1996). Johansson (2004 p.24) reflects the importance of this kind of relationship saying that the "substance of a preschool is constituted in the learning encounters that teachers create". These encounters, external factors and educator knowledge are interwoven to form a foundation for quality in preschool services (Elliott, 2006). Seeing quality as the encounter created between educator and child highlights the importance of the relationship in practices of promoting

social-emotional wellbeing (Carr, 2001) and underpinning the practice of relationships in early childhood settings are theories of attachment.

## **Building a Secure Base – Theories of Attachment**

Aspects of current early childhood work can be traced to the work of both John Bowlby (1907-1990) and Mary Ainsworth (1913-1999) (Colmer et al., 2011). The key premise of their work was the importance of secure attachment in infancy and early childhood. Attachment is identified as the close and affectionate emotional bond that occurs between the child's primary caregiver (usually the mother) and child. Two elements are seen within in the development of secure attachment in the child. The first being that the child seeks out the caregiver for support and reassurance in times of need and distress and the second being that from having one's needs recognized the child develops the confidence and ability to engage in activities away from the caregiver –in a state of separation (Dunst & Kassow, 2008). Developing a secure attachment relationship has been recognized as a fundamental element to supporting children through transitions in early education experiences (Lamb, Ketterlinus & Fracasso 1992 as cited in Dunst & Kassow 2008).

## **The Attachment Relationship as a Theme in Processes of Transition**

Having secure attachments in the early childhood environment between educators and children has been shown as a factor that helps children build relationships and actively participate in learning. In this way positive attachments support children's emotional wellbeing and so allow a sense of empowerment in learning processes like transition (Fabian & Dunlop, 2007). Joining a new learning environment can contain feelings like worry, sadness and distress for the child and because of these potential stress factors it is important to look at how practices acknowledge and support the child's emotions in the transition processes. For example the way that educators nourish their relationships with children can support feelings of emotional wellbeing when a child is settling into a new learning environment. Here a study by Davis et.al (2010) is useful to look at because this investigated educator beliefs and practices about how children's social and emotional wellbeing is supported in early childhood practice. An important theme that the participants acknowledged was the importance of creating a caring learning environment in which they held strong relationships with the children. Physical affection was identified as being a main strategy used in the interactions but the study did not refer to theories such as attachment theory which describe the importance of relationships in early childhood. For example what is it that makes the educator's relationship with the child a strong one? The researchers noted that a key strategy used by the participants was to make the child feel happy when responding to feelings of distress. However there was no reference in the participant's responses to the critical part that emotions play in children's socio-emotional development (Davis et al. 2011, p.4). For children to feel secure in a new learning environment adults must become aware of how the child experiences the physical, social and emotional climate of the setting (New Zealand Ministry of Education 1996, p.41). Forming a relationship with the child that responds to their immediate felt experiences is an underlying principle of attachment theory that is essential to bring to understandings of children's emotional wellbeing however it is only seen in a small way in the Davis et al. (2011) study. This study suggests that there is a space to extend current knowledge about the use of the attachment relationship in the area of early childhood transitions.

A program implemented in an American context offers a comparison to the study by Davis et al. and shows how the attachment relationship can be brought into an early childhood setting to support the mental health and wellbeing of the children and surrounding community (Keller, 2011). The need for this project grew from the surrounding community which was described as being high-risk with significant

levels of poverty and violence. Patterns of 'anti-attachment' were shown to be entrenched in the culture of the community to the point of negatively influencing the overall preschool experience for children, families and educators. Therefore the program's aim was to take the theories of attachment (as they pertain to child development and mental health) out of the context of a therapy or counseling setting and into an early education context such as a child care centre or preschool thus meaning that the relationship becomes a therapeutic tool for supporting children through stressful and traumatic events. The key aim of this study is important because it shows that when a relationship of care and healing is in place this positively supports children through transitions meaning that numerous benefits for the child's mental and emotional wellbeing can be gained. Furthermore this study shows that the attachment relationship and associated theories of attachment are an essential component in establishing caring transition processes that respond to the child's emotional world.

Taking attachment theory further and illustrating how it can be applied practically in work with children and families is seen in The Circle of Security Project (Marvin et al., 2002). This study produced evidence-based research that supports a model of working therapeutically with 'at-risk' parents and children. The model, 'The Circle of Security,' applies attachment theory, object relation theory, and the need for reflection, interactions and practices of supporting children (Marvin et al 2002, p.107). The Circle of Security takes Ainsworth's theory (Ainsworth et al., 1978) of a secure base and haven of safety as a key underlying theme and combines this with ideas of current child development and research such as: emotional regulation, interactive synchrony, states of mind regarding attachments and intimate relationships, shared states of consciousness, affect and perspectives, and reflective functioning. These ideas are then offered as a pictorial representation that combined with group facilitation offers the theory in a "user-friendly, common-sense fashion" meaning that it can be cognitively and emotionally accessible to those working with it (Marvin et.al. 2002,p.109).

It is important to question what models such as the Circle of Security project and those implemented by Davis et.al. (2011) and Keller (2011) mean for practice in preschool settings. The studies focused on 'high-need' situations where there was a need to heal the broken bond of a relationship. However it is just as important to address the need for ongoing care of our relationships with children in the broader community. Holding awareness of situations and practices that can cause barriers to this bond of care in a relationship is a key to meeting each child's emotional needs. This aspect is important because it illustrates how an understanding of attachment theory is crucial in formulating pedagogical approaches that support children's emotional wellbeing. Therefore when children are settling into a new preschool, educators can look to implement strategies that build on theories of attachment. However attachment theory must be placed as the foundation to other key elements like the formation of close bonds and relationships with parents that are also seen as a contributing factor in effective transition practices.

## **The Impact of Philosophy on Early Childhood Practice**

In any preschool setting the background philosophy and culture can impact on practice in very subtle ways. The groups we identify with shape our sense of self and the beliefs that we hold in these groups influence how we act and interact in the world (Sims,1999). When there is a strong group identity, based on philosophy or culture, we often label those who exist outside our frame as being different. Recognising and positively talking about our differences can allow a culturally responsive approach to surface and the diverse range of groups present in the community can then be included in a respectful way (Riehl,1993 as cited in Beckett, Konakov, & Robertson, 2012 p.36).

This way of proactively working with difference can also be applied to the differences that occur on a philosophical level of practice. Services working from a specific philosophy can often hold values which represent an alternative interpretation of current practices in early childhood (Gidley, 2008). An example of this can be seen in a setting such as the Rudolf Steiner preschool because the 'Steiner' philosophy holds a very specific view of child development that influences how educators approach practice and so interpret curriculum frameworks. Identifying different approaches in early childhood practice and creating a dialogue about what is seen as effective can help to create an understanding of what works best in practice (Elliott, 2006). Therefore when we are able to listen, engage and share with others our practice is ultimately strengthened and we are assisted to deliver positive experiences for children and families in our care (Hadley, 2010).

## **Guiding Principles of Steiner Early Childhood Settings**

In a Steiner early childhood environment there is an underlying set of principles that guide educators in their work with children. These principles include seeing children as having physical, emotional, cognitive, and spiritual needs. Particular indications for practice include: providing learning experiences that support children's wellbeing through rhythm and repetition; holding an awareness of children's sensory development in their experience of the learning environment; the need to give time, space and appropriate equipment for creative play experiences; and being responsive to the dynamics of the social environment that the child experiences (Oldfield, 2001). Throughout the principles of Rudolf Steiner education is the aim of nurturing each child so that they are able to develop their inner capacities to the full. This means that an individual who has inward direction and security is seen as having a foundation for life in which the outer capacities of initiative, compassion and insight can flourish. According to Steiner, these capacities are seen as the skills and knowledge necessary to work and contribute to society (Baldwin-Dancy, 2000). Providing nourishment for the child's inner world is therefore a fundamental component of the practices used in a Rudolf Steiner preschool.

## **The Inner World of the Child**

The child's inner world describes a space of dream-like consciousness where creative play is the vehicle for the child's "intuitive resources" of thought, dialogue and feeling (Paley 2004, p. 33). Paley (2004) refers to the quality of time within the children's play through describing an educator's reflection of childhood: "playing in the backyard when we were kids. There's a flow I remember, and a feeling that the world has slowed down enough for us to watch it turn"(p.55). This 'slowed down space' is a primary focus of the learning environment that the Steiner educator strives to create. It is a space of calmness - a secure haven where the child can freely imagine, create, muse, wonder, feel and live (Drummond, 1999).

Almon and Mitchell (no date) say that the Steiner early childhood environment is:  
 an extension of the family experience, an intermediate step for the child between home and formal schooling. The goal is to provide a warm, calm, secure, aesthetic environment in which the imagination and creativity of the child will flourish.... where one can breathe easily, relax and play according to the impulses of one's heart (para. 1-3).

Rudolf Steiner settings therefore emphasise slowness and calmness as being fundamental qualities to supporting children's initial experiences of attending preschool because these qualities reflect the inner- world mood of the child.

## **Beginning Transitions in a Rudolf Steiner Setting**

The importance of taking a 'slowed down' approach where children and adults can find calmness is an important starting point in looking at the management of transitions in a Rudolf Steiner setting. At Awhina, a Rudolf Steiner childcare centre in New Zealand, families are invited for a series of transition visits where the aim is for

the parents and child to form a connection to the environment, the caregivers and to other children who attend the service. The visits are seen as a time for the parent and child to simply 'be' in the environment: to walk through the garden, to see the indoor spaces without distractions and to "simply assimilate the atmosphere" (Raichle 2008,p.46). The transition visits occur over an expansive time period ranging from two or three weeks to two or three months – the focus being on each family's specific circumstances. Before beginning at the centre, the child is given a hand-made "sleeping dolly" which is taken home and then brought back to the centre when the child commences care. The doll becomes a symbol of the way that the service gradually becomes part of the child's home and family life and for the home and family life to become part of the service. This sense of reciprocal connection is an important aspect of how transitions are managed in a Steiner environment.

## **Viewing Relationships as a Holistic Construct**

Raichle (2008) asks educators to consider how the learning space feels and how the human quality impacts on this feeling:

It is not true that our thoughts and feelings dissipate, leaving no impression on the environment-it is our thoughts and feelings that in a sense develop the nuance of the environment. Each environment, each space has its own 'feel' or atmosphere, and each affects our soul life accordingly (p.66).

Raichle presents a picture of the relationship between educator and child that extends beyond the social and sees that our actions and thoughts influence the environment and the child's sense of emotional connection to this environment. This view is supported by Immordino-Yang (2011) who suggests that new findings in the field of cognitive and social neuroscience ask educators to explore how children are influenced by the actions of those around them in the environment, including the mental actions and beliefs held by the adults they entrust. Immordino-Yang brings attention to the traditional, views about brain development and its connection to bodily experiences that are held by western culture and suggests that new findings move away from this view that sees emotions and thinking as completely separate processes (2011). Instead the new findings bring a holistic vision to the previous understandings of development, stating that emotions are so closely involved with thinking and brain development that there is an undeniable impact on the learning and teaching relationship (Nielsen, 2003).

## **The Influence of the Emotional Climate on Beginning Transitions**

By considering how the learning space feels, the impact of how the emotional climate influences a positive transition can be seen. A second example of transition in a Rudolf Steiner setting that draws on the importance of the emotional climate is given in the study by Long-Breipohl (2009) who looks at how specific characteristics of the environment foster children's positive engagement with the program. The quality of "inner-warmth" is described as being important for the child to feel when they come to preschool (Long-Breipohl 2009,p.53). This inner warmth occurs through the preparation of the physical space, for example ensuring that the room has been heated and is warm or through offering the children a morning snack such as porridge or muffins when they arrive. Another example is through the activities that the children see when they arrive – the educator will be engaged with home-like tasks such as preparing bread and the children will help to mix, stir and knead the dough. Or the adults maybe engaged in a craft activity where a child is able to sit quietly on a "warm lap" and watch the activity from a safe vantage point (Long-Breipohl, 2009, p. 53). This example illustrates how the creation of a home-like atmosphere is seen to aid a mood of calmness and security for children when they come to a Rudolf Steiner preschool. This picture can offer a starting point for reflecting and comparing how different Rudolf Steiner preschool settings approach

children's first transitions. Each preschool will hold a different concept of what this means and will depend on a number of influences including the educator's own beliefs of this. In the frame of working from a culturally responsive stance it would be important for Rudolf Steiner educators to look at both their own and other Steiner preschools to create a constructive dialogue about what strategies support children's belonging in the transition of beginning preschool. Once these strategies are made visible a deeper understanding of how the underlying theories of attachment relate to philosophy and practice can be gained. This is where a research project that aims to investigate the transition practices in Rudolf Steiner preschool settings can offer valuable dialogue and knowledge to the wider Steiner as well as non-Steiner early childhood community.

## Conclusion

This discussion has emphasized the importance of the relationship in children's beginning transitions to preschool. Warm, responsive and reciprocal relationships are the foundation of theories of attachment and are seen as a crucial element to practices that support effective transitions in early childhood (Kennedy 2011; Moretti 2010; Marvin et.al 2002, Sims 2008). Therefore the first part of this discussion has focused on showing how these theories relate to current early childhood practice through reviewing research studies that hold children's emotional wellbeing and mental health as a primary focus. Looking at these links to attachment theory further highlights the importance of educators forming strong relationships with children and families when facilitating children's positive beginnings to preschool education.

The second part of this discussion has shown how important it is for educators to understand the beliefs they hold and how these influence their practices of working with the children and families in their care. Engaging in a process of critical reflection by looking outside the boundary of one's own practice can support this. Therefore, in the second part of this discussion, a holistic view of transition has been explored through examples illustrating practices from Rudolf Steiner education. These practices focus on a whole approach to children's development and see that the emotional climate of the learning environment is a major factor in fostering children's positive transitions when beginning preschool. Seeing how beliefs are interpreted in practice can bring discussion and new understanding about ways to best support children and families through transition.

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## Tools to look on, look in and look around an Appreciative Inquiry of medication administration practices

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### Abstract

*Appreciative Inquiry is a methodological approach originating in the discipline of organisation development and management. The principles underpinning this approach can be used to take a new look at the phenomena of nursing practice during medication administration in the in-patient setting of a regional hospital located in south east Queensland. In ensuring that others can judge this innovative perspective as credible in the discipline; it was deemed necessary to gather information from various vantage points. Observation, coupled with interviews were analysed along with researcher reflections and the relevant literature to gain a comprehensive view of the positive aspects of real world practice. The observation data collection tool was designed using internationally recognisable performance indicators, which added to the trustworthiness of the findings. The computer assisted qualitative data software package NVivo 10 provided the platform through which to systematically handle the data.*

### Introduction

This qualitative study investigated the experiences of nurses in applying medication administration theory to practice. Twenty registered nurses from four in-patient medical/surgical units were observed in practice and then interviewed about their practice. For many years now, nursing inquiry of medication administration practices has been the focus of many qualitative (Dickinson, McCall et al. 2010) (Winterstein, Hartzema et al. 2006), quantitative (McKeon, Fogarty et al. 2006; Armitage, Newell et al. 2010) and mixed methods (Bennett, Harper-Femson et al. 2006) research studies. The area of interest in these enquiries is often a search for the causes of errors or adverse events (Fry and Dacey 2007; McGillis Hall, Ferguson-Pare et al. 2010). Many earlier studies focused on designing systems and equipment to manage, by elimination, the causes of errors and poor outcomes (Wetterneck, Skibinski et al. 2006; Camire', Moyon et al. 2009) with the intention of reducing the problem of medication errors. Some of the literature around medication administration reports on the learning needs of those who administer medications (King 2004; Drach-Zahavy and Pud 2010) while others target human practice factors (Kazaoka, Ohtsuka et al. 2007; Brady, Redmond et al. 2009) with an emphasis on human deficiencies. There is a significant void in the literature affirming any nursing practices of medication administration other than adherence to the standard operating procedure known as the five rights of medication administration. This procedure is promoted by most nursing curricula and healthcare facilities as being the process to identify the right patient, the right drug, the right dose, the right route and the right time of medication administration (Medication Services Queensland 2009; Institute for Safe Medication Practices 2010).

This study describes nursing practice of medication administration that goes beyond the five rights framework and it captures the positive practices and principles that would otherwise have gone unnoticed. An Appreciative Inquiry focuses on the positive aspects of any situation, in this case nursing practice that has the capacity to strengthen and augment quality outcomes (Whitney and Trosten-Bloom 2003, p. 67) that contribute to patient care and safety. Through employing a variety of tools to collect observational data, literature review, researcher reflections, field notes and participant interviews this study observes nursing practice from a new perspective.

The research design with its various methods of data collection intends to provide a comprehensive appreciative view of these nurses' practices within the context of medication administration to uncover positive aspects that may have been cloaked by the traditional deficit-based approach of the past.

Mainstream development of nursing knowledge, including medication administration practices have been traditionally studied from within the positivist paradigm (Pratt 2012) and with a problem orientated approach (Leung, Chong et al. 2007) and the International Council of Nursing (2009, p. 5) recommend a change because the 'traditional models of work and learning are increasingly dysfunctional for successful performance in today's health systems'. A systematic review performed by Meyer-Masseti et al. (2011) is representative of the types of methods typically utilized in medication administration studies. The Meyer-Masseti et al. (2011) review of the literature focused on drug related problems reported in incident reports, identified from chart reviews and trigger tools and issues of practice through direct structured observations. Studies generating qualitative data were excluded from the systematic review because the review sought to review studies that reported medication safety assessment methods as numerical data only (Meyer-Masseti, Cheng et al. 2011, p. 228). Quantitative methods do provide valuable information while qualitative studies can provide insight. Insight through Appreciative Inquiry provides a new dimension to nursing research that focuses on what works well and has the potential to 'highlight expertise and everyday accomplishments (Clarke, Werestiuk et al. 2012, p. 593).

The study was promoted to potential participants as a way to observe positive nursing actions rather than the usual inquiry that would focus on deficits and errors. With the knowledge that human systems can project an expected horizon and '...bring the future powerfully into the present as a mobilizing agent' (Cooperrider, Whitney et al. 2008, p. 48) it was necessary to expose the goal of the study so that the participants could enact upon their potential skills and knowledge. The positive principle of affirmation that is central to Appreciative Inquiry (Cooperrider, Whitney et al. 2008, p. 49) was embedded in this study to encourage positive change through affirmative inquiry about nursing's role in medication administration and sharing of this new knowledge with the broader population.

Appreciative Inquiry and qualitative research methods provides a broad outlook from which to research practice factors not previously profiled and can help healthcare to gain an understanding of the positive contributions of the nurses who administer medications in a complex environment by collecting data in the form of words, text, experiences and actions (Hansen 2006, p. 68). This research offers a new approach to an otherwise well-worn deficit-based research path towards medication administration practices. An assortment of qualitative data collection tools were utilised and NVivo 10 software employed to handle the different types of data that emerged from the practice and participant sources.

## **NVivo 10 data management software**

The NVivo 10 computer data analysis software program assisted in bringing all the data together, ensuring that the information could be handled in a way that privileged the knowledge that this study uncovered. Richards (2009, p.115) recommends logical and pragmatic organisation of data as necessary for creativity and reflection of the 'big picture'. NVivo 10 provided a place for centralization of the data and assisted with sorting, categorizing and coding the data as the analysis of recurring concepts lead to the identification of themes and sub-themes. PDF files from the literature review, the observations and the researcher journals could be validated and compared to the textual interview data providing a link to the experiences and reflections of the participants. Ideas prompted throughout the coding phase of the analysis were logged as researcher memos in NVivo 10 and attached to the respective data source within the project file. These memos became

invaluable during subsequent analysis and writing up of findings as reminders and stimuli for deeper examination of the data.

Holistic visualization of the data was facilitated by NVivo 10 through the 'model' and 'relationship' functions providing an alternative analysis mode for further consideration of the perceived connections within and between records. The images can assist by forming a basis for challenging the analysis and questioning the results because as Richards (2009) suggests it is perilously easy to code the data and search for patterns with the assistance of computers these days. The ease of data manipulation through software programs increases ones risk of becoming superficial and therefore, coding and subsequent processes for handling the data must be purposive (Richards 2009, p. 162). Reflection on the models created in this study assisted with consolidation of the coding categories and strengthening the findings. A visual display of the interrelationships in data is a helpful NVivo 10 tool during analysis and also as a means for describing and sharing the results (QSR International Pty Ltd 2010, p. 57).

## Coding the Literature

An initial review of the literature to locate the study in relation to other research is the minimum for commencing any project (Hansen 2006, p. 18) that desires to be considered worthwhile. Bryman (2004, p. 526) recommends starting with the on-line data bases relevant to the discipline. CINAHL, MEDLINE, PubMed and Joanna Briggs institute were the first ports of call in this review of the literature and then web-based Appreciative Inquiry sites were reviewed as the project developed. Critical reading and note taking skills are necessary for authentic work and NVivo 10 was useful in coding the literature (figure 1) so that it could become part of the data set through gathering and categorizing the critical points. NVivo 10 memos were attached to articles which prompted further questions and any notable titles from the reference lists of each article were coded to a node called 'Readings' for later review of their relevance.

The screenshot displays the NVivo 10 software interface. The top menu bar includes File, Home, Create, External Data, Analyze, Query, Explore, Layout, and View. The main workspace is divided into several panes:

- Sources:** A tree view on the left showing folders like Internals, Audio Recording of Int, Field Observations, Interviews, Literature, Researcher Journal, External, Memos, and Framework Matrices.
- Literature Table:** A table with columns: Name, Nodes, References, Created On, Created By, Modified On, and Modified By.
 

Name	Nodes	References	Created On	Created By	Modified On	Modified By
Brooks 2011 Engaging staff in change	5	21	18/10/2012 4:50 PM	JH	18/10/2012 5:06 PM	JH
errors by students during administration	8	39	23/02/2012 3:45 PM	JH	23/02/2012 5:59 PM	JH
observational study of errors in malaysia	5	5	7/12/2011 3:28 PM	JH	7/12/2011 3:28 PM	JH
- Text Document:** The main pane shows a document with highlighted text. The highlighted text includes:
 

errors were the second most frequent type of medication errors, after prescribing errors but the latter were often intercepted hence, administration errors were more probably to reach the patients. Therefore, this study was conducted to determine the frequency and types of drug administration errors in a Malaysian hospital ward.

**Methods:** This is a prospective study that involved direct, undisguised observations of drug administrations in a hospital ward. A researcher was stationed in the ward under study for 15 days to observe all drug administrations which were recorded in a data collection form and then compared with the drugs prescribed for the patient.

**Results:** A total of 1118 opportunities for errors were observed and 127 administrations had errors. This gave an error rate of 11.4% [95% confidence interval (CI) 9.5–13.3]. If incorrect time errors were excluded, the error rate reduced to 8.7% (95% CI 7.1–10.4). The most common types
- Right Pane:** A vertical pane showing a coding structure with nodes like 'original error structures and info', 'non-punitive', 'error rate statistics', and 'add number of error'.

The bottom status bar shows 'JH 4 Items Nodes: 5 References: 5 Read Only Page: 1' and the system tray includes icons for UNE Postgra..., EndNote X4..., and the date/time '6:19 PM 18/10/2012'.

Figure1: Coding the literature in NVivo 10

## Observations

Unobtrusive observation, as a data collection method had the advantage of allowing the researcher to be able to see what is happening rather than just being told by others what happens (Hansen 2006, p. 68). In this study, this allowed for unsullied discovery of knowledge embedded in nursing practice. Observation in this study was mobile as the participants were followed while they went about their daily activities (Lopez and Whitehead 2013, p. 133) and the researcher was non-reactive to usual patient care situations. Unstructured and informal observation techniques can permit observer engagement when desired or necessary (Robson 2002, p. 310) as can be the case in patient care settings. Benner (2001) found that exposure of embedded knowledge that informs practice is possible through exploration of nurse narratives while engaging with them in practice. Advocates of Appreciative Inquiry believe that any inquiry, including observation and questioning prompts action (Whitney and Trosten-Bloom 2003; Cooperrider, Whitney et al. 2008) that will alter future practice. Participants of this study were advised that medication errors were not the focus of the study and when asked at interview they reported that after a short time they ignored my presence and became mindful of practicing in the way that they would normally as reported by N1 in figure 4.

This was fortuitous in meeting the aims of the study, which sought to identify what 'really' happens when nurses administer medications and to observe how they go about applying their knowledge in ways that contribute positively to the process. Observation is '...pre-eminently the appropriate technique for getting at 'real life' in the real world' (Robson 2002, p. 310) with its value lying in the level of detail and in-depth holistic understanding that is able to be achieved (Hansen 2006, p. 80).

To gain this holistic understanding required that the data be available but only subsequent to protecting participant privacy and respecting confidentiality (Australian Government 2007). The principles of respect through confidentiality were applied here when participants agreed to the release of the data using pseudonyms. This detail was included on the participant information and consent form as part of the consent process which all participants voluntarily completed.

The primary observation tool was named the 'episode tool' because it was designed to capture the observed details of each episode of medication administration. The first page of the episode tool was structured to reflect the six rights of medication administration protocol established for Queensland Health Service (Medication Services Queensland 2009). The Medication Services Queensland (2009) protocol used in this health service for example is based on the internationally recognised five rights of medication administration (Institute for Safe Medication Practices 2010) and includes the right to refuse the medication as the sixth right (Medication Services Queensland 2009). Findings related to this framework will be recognisable to a wider nursing audience.

Demographic data such as workload allocation, patient allocation and shift hours was also collected as part of this structured section of the tool because these factors are often cited in the literature as impacting on medication administration (Hayajneh, AbuAlRub et al. 2010; Wimpenny and Kirkpatrick 2010; Breckenridge-Sproat, Johantgen et al. 2012) and are therefore relevant to the validity of this study.

The second page of the episode tool was a free text page with the following instruction at the top of the page "Researcher Notes and reflections: Impacting factors, Actions, Interventions, thoughts, feelings. Comments/context issues". Descriptive field notes were recorded in this free text area when administration of medication was underway. The field notes documented here consisted of broad descriptions of contexts and conversations. The tool was formatted as a single sided, stapled, two-page document on white paper (see figure 2).

<p><b>Time/duration:</b> <b>Set up behaviours:</b></p> <p><b>Bed Site:</b></p> <p><b>Route of administration:</b>  <input type="checkbox"/> oral   <input type="checkbox"/> NG   <input type="checkbox"/> S/L   <input type="checkbox"/> nebs   <input type="checkbox"/> topical  <input type="checkbox"/> drops   <input type="checkbox"/> SC   <input type="checkbox"/> IM   <input type="checkbox"/> IV   <input type="checkbox"/> PICC  <input type="checkbox"/> Spacer</p> <p><b>Verifies patient ID by:</b>  <input type="checkbox"/> asking name &amp; DOB,   <input type="checkbox"/> allergies,  <input type="checkbox"/> Confirming against ID band and <input type="checkbox"/> med chart.</p> <p><b>Verifies drug name:</b>  <input type="checkbox"/> against chart, <input type="checkbox"/> expiry date  <input type="checkbox"/> indication, <input type="checkbox"/> storage, <input type="checkbox"/> formulation.</p> <p><b>Ensures correct dose:</b>  <input type="checkbox"/> checks calculation, <input type="checkbox"/> frequency and  <input type="checkbox"/> abbreviations.</p> <p><b>Administers using</b> <input type="checkbox"/> correct route</p> <p><b>Confirms correct time by:</b>  <input type="checkbox"/> checking clock, <input type="checkbox"/> other drugs,  <input type="checkbox"/> previous dose.</p> <p><b>Consent gained through:</b>  <input type="checkbox"/> questioning</p>	<p><b>Interrupted during procedure by:</b>  <input type="checkbox"/> The Patient  <input type="checkbox"/> Another patient  <input type="checkbox"/> visitor  <input type="checkbox"/> Nurse  <input type="checkbox"/> Doctor  <input type="checkbox"/> Allied Health Professional (Physio, OT, Diet)  <input type="checkbox"/> Support staff (cleaner, kitchen, wards person)  <input type="checkbox"/> Other (phone, pager, emergency bell, monitor)</p> <p><b>Actions of the administering nurse when interrupted:</b>  <input type="checkbox"/> stopped administration  <input type="checkbox"/> continued administration  <input type="checkbox"/> other</p> <p><b>Concluding behaviours:</b></p>
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Figure 2: Episode data collection tool (front page only)

All other field notes were recorded on separate sheets of yellow paper that were carried behind the episode collection forms on a clip board and used for freelance writing. The different colored paper made for ease of access to this tool that was intended for recording data other than the episode activities. Medication administration can occur in a rapidly changing environment and sometimes amongst and simultaneous to other patient care activities (Manias, Aitken et al. 2004). Borbasi (2005) recommends a review of the practicalities of fieldwork before entering the field and in this study there were issues identified during the pilot observation period when the original double-sided episode tool became cumbersome to maneuver while watching and walking with the participant. Changing to a single-sided format for subsequent observation shifts meant that the structured section of the episode tool just required lifting to be able to document episode related field notes. Field notes documented on the yellow sheets included theoretical notes when initial interpretations arose in the field, methodological notes to inform and guide subsequent observations and reflective notes about my personal experiences in the field (Polit and Beck 2010, p. 354).

Polit and Beck (2010, p, 354) say that descriptive field notes collected during observation enable simultaneous synthesis of data in the field. This initial synthesis in the field provided topics for discussion and clarification during the interview phase that made possible a discerning investigation of the positive practice moments encountered. In-field synthesis also saved time during the subsequent analysis phase because of familiarity with the emerging themes.

The episode data was transferred into NVivo 10 as PDF documents and then coded to existing nodes and initiated new nodes during thematic analysis. In keeping with the Appreciative Inquiry principle of affirmation the data was mined for those specific actions that added value to the medication administration process. Figure 3 is an example of coded nursing actions to confirm the 'right drug' by reviewing the patient specific needs rather than merely confirming what is prescribed is what will be administered.

The nurse is demonstrating a depth of knowledge that exceeds the expectation of the minimum standard. During the interview with her, she shared her stories to explain her acquisition of her knowledge about the specific differences between these drugs and the significance of that to patient care.

The screenshot shows the NVivo 10 software interface. The main window displays a document with handwritten notes. The notes are organized into sections:

- Set up behaviours:**
  - wait brought to drug room.
  - Looking for Mave.col.
- Time/duration:** 1847. <sup>1945</sup> - 3:53 mins.
- Bed Site:** 6 1919 - Mave.col. 1945 - St 11 @ Lakeville rd.
- Route of administration:** Taken to  oral  nebs  topical  drops & k...
- Comments/context issues:**
  - Confirms Coumadin vs Mavevan with other kn.
  - Have to go to rx room because cant locate Mave.col.
- Interrupted during procedure by:**
  - The Patient
  - Another patient
  - visitor
  - Nurse self. Needs to get spoon
  - Doctor
  - Allied Health Professional (Physio, OT,

The NVivo interface includes a menu bar (File, Home, Create, External Data, Analyze, Query, Explore, Layout, View), a toolbar, a 'Sources' pane on the left, and a 'Nodes' pane at the bottom. The status bar at the bottom shows '12 Items', 'Nodes: 1', 'References: 1', 'Page: 1', 'Region Selection: 1', '267.72 - 573.119', and the system clock '2:30 PM 5/12/2012'.

Figure 3: Coding the Episodes in NVivo 10

## Interviews

Interviews are widely used in qualitative research and have the advantage of capturing the participants own words to facilitate an in-depth understanding (Hansen 2006, p. 69). Conducting the interviews after the observation phase in this study gave an opportunity for clarification of observed practices and other practice-based issues.

Interviews were audio-recorded at times and places convenient to the participant, which at times was unsatisfactory because venues such as cafes were found to be noisy environments. Coffee machines and heavy vehicle sounds impacted negatively on the quality of the voice recordings making transcribing difficult and time consuming. The recording devices used included a digital recorder and a Livescribe Echo Smartpen™. Dual recording was valuable because there were times when either one or other of the recording devices failed and had there not been a duplicate recording then the interview details would have been lost except for the hand written notes and researcher recollections. The Smartpen™ was particularly helpful in this regard because it records the audio as well as any handwritten journal text and links

the writing to the audio file. The journals are converted to PDF files enabling inclusion as data for coding.

The interview transcripts of the recordings (figure 4) and actual recordings (figure 5) were loaded to NVivo 10 for analysis along with the Smartpen™ journals after they were converted to PDF files (figure 6). Through repeated reviewing of the interviews during transcription as well as coding the audio file: theoretical, methodological and reflective details surfaced that informed the study. The highlighted area of (figure 5) is an example of a methodological issue that emerged.

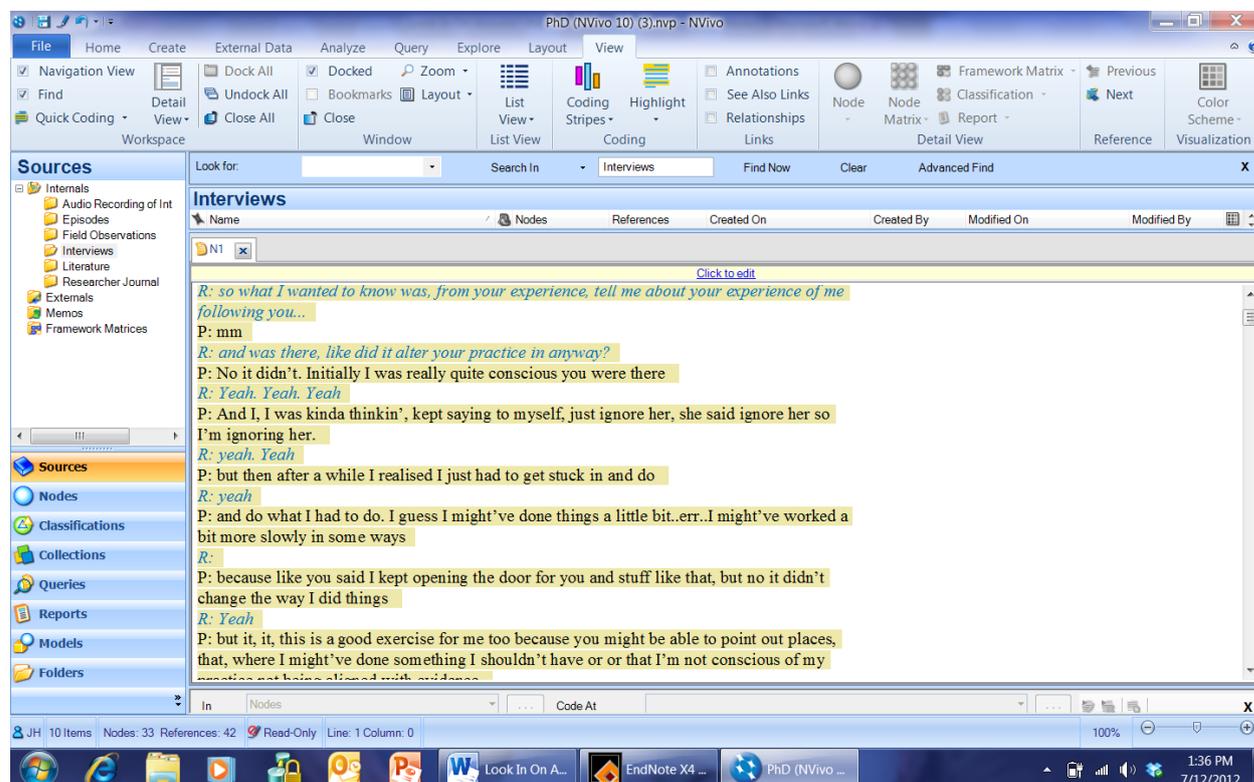


Figure 4: Interview transcript in NVivo 10

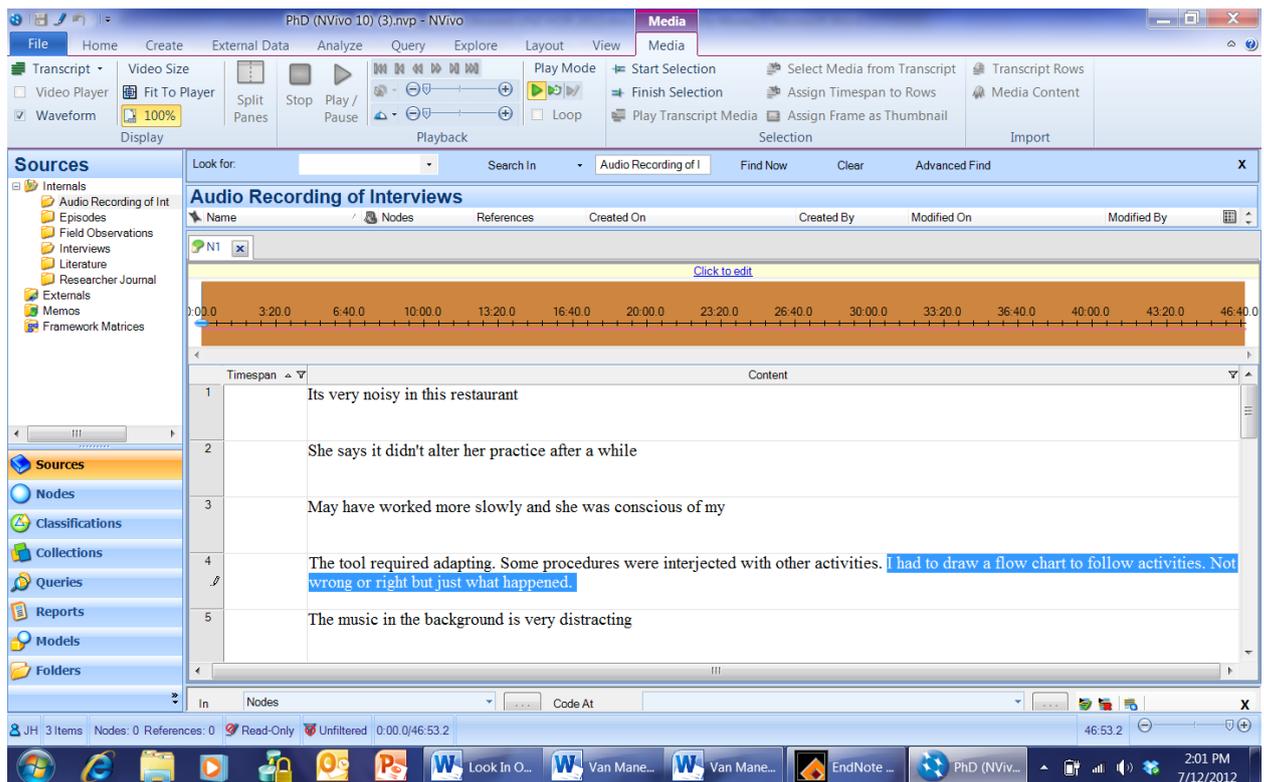


Figure 5: Audio file in NVivo 10

Other information that is sometimes hidden or veiled, according to Van Manen (1990, 27) is the meaning of a participants lived experience. The rights of medication administration that are taught as a ritualized standard operating procedure are believed to reduce errors and ensure patient safety (World Health Organisation 2010). They are portrayed as the framework to follow (Giangrasso and Shrimpton 2013) despite context and situation, even though Gonzales (2012) reports that no standardized method for assessing safe medication administration is evident in nursing education. It was presumed by the researcher that the steadfast perception of nurses would adhere to the rights framework and thus would be reported by the participants. However, when asked about the standout things that they recall from their education, they nominated other specifics and could not recall how they applied the ritual to their practice. In this regard the ability to cross check the observations with the participant during interview recollections by prompting disclosure of what Van Manen (2002,p. 9 ) describes as taken-for-granted habituated behaviors that are not usually reflected on nor recalled from everyday practice, through reminding them of what happened was beneficial to this Appreciative Inquiry.

## Reflection

Regular reflections were conducted throughout the research process and thoughts collected about nursing practice and the topic of medication administration in an attempt to approach the research in the most comprehensive way possible. My first reflections were recorded in an electronic document that has now grown to more than 100 pages since January 2010. I soon realised that recording reflections in this manner was not complete because there were times when computer access was not available. Various paper methods were employed in these circumstances in the beginning stages of the study until the Livescribe Smartpen™ was discovered. The original paper-based notes were transferred to the electronic reflections document

and all subsequent reflections are collected as entries into the Livescribe™ journal (figure 6) or the electronic file. Both files are loaded to NVivo 10 for coding along with the other data.

The collections of researcher's ideas are essential during design of the study, implementing the methods and analyzing the data as well as anything else that might possibly matter to the study (Richards 2009, p.75). Richards (2009) recommends early collection of reflections and purposive reading and reflecting about the data and each data record and says that there is no substitute or alternative for this type of engagement with the study data. NVivo 10 permits easy access to the data sets for simultaneous viewing and reviewing. Van Manen (2002, p. 6-8) explains that gazing on the data in this way sensitises the reader to wonder and reflect about the meanings in the data producing fodder for more in-depth analysis. This study endeavored to achieve this with a view to recognising the worthwhile contributions of the participants to nursing practice.

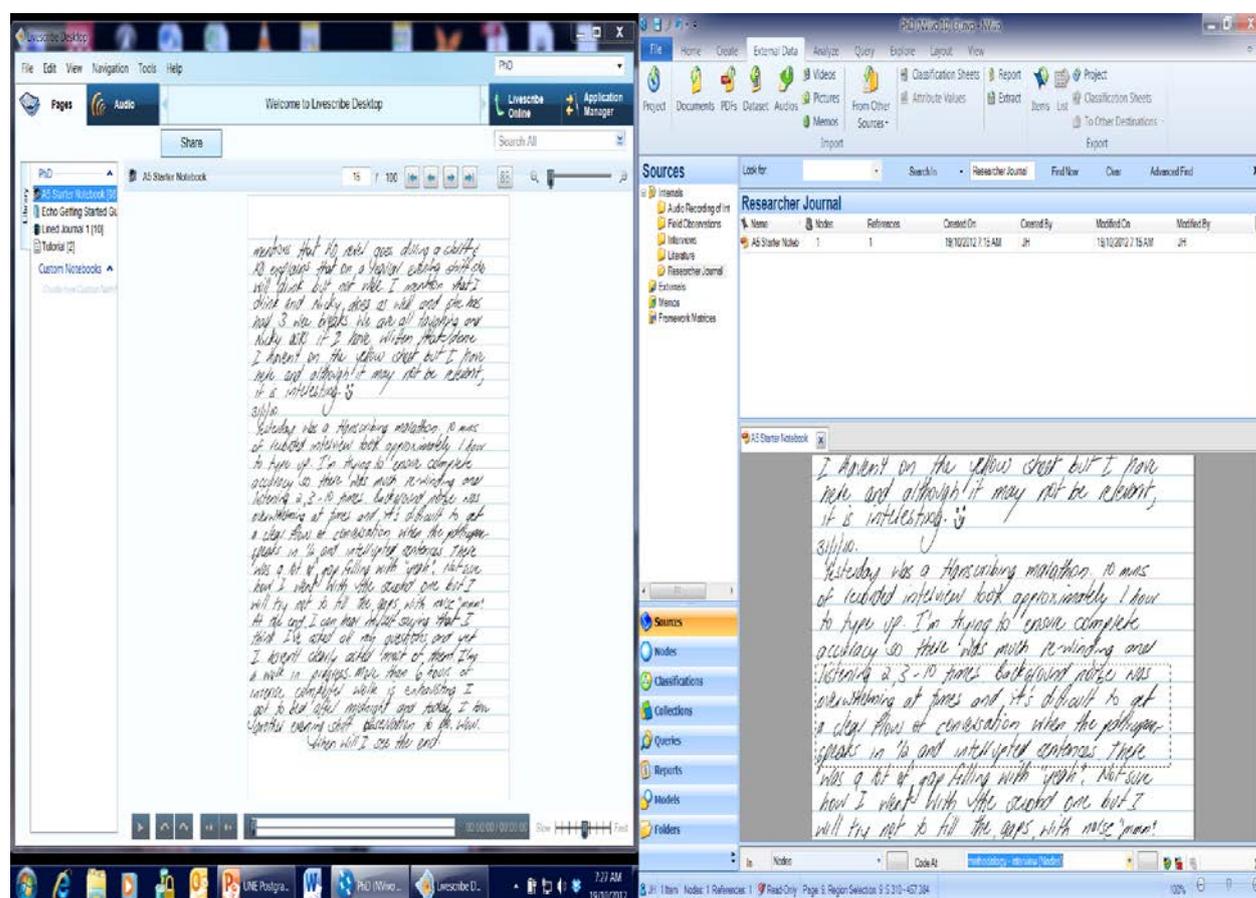


Figure 6: Researcher Livescribe™ journal entry (left) and journal entry in NVivo 10 (right)

## Conclusion

Triangulating the investigation by using more than one data collection method (Whitehead and Schneider 2013) can enhance the confidence in the findings derived from the study by enabling cross-checking of concepts arising from various sources (Bryman 2004). The innovative approach to studying nursing practice taken by this project sought establishment of credibility and trustworthiness by thoroughness and transparency (Harding and Whitehead 2013, p. 154). Observations coupled with interviews and supported by reflections and literature were able to be

comprehensively handled using NVivo 10 to provide centralisation of the data facilitating auditability because of the capacity to quickly demonstrate the processes and pathway from the raw data to the interpretation of findings and all the adequacy of the sources used to reach them (Harding and Whitehead 2013, p. 154).

Appreciative Inquiry is an alternative perspective, from which to look on, in and around medication practices rather than from the usual standpoint of a deficit approach that is common in the literature. The data in this study were deliberately collected and analysed from the perspective of a positive appreciation of medication administration practices that contribute to safe and effective patient care.

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## Factors affecting the productivity of global charities

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### Abstract

*The purpose of this paper is to report the study of factors affecting two components of efficiency including technical efficiency and scale efficiency. These components of efficiency are then compared to the total factor productivity of charities operating globally. This is achieved by examining the case of a single private Christian charity (GC). The charity has the characteristics of a typical not-for-profit organization, providing a free service and procuring donations.*

*Despite the long history of efficiency and productivity analysis, literature in this topic area is limited in the application to charities. Data Envelopment Analysis (DEA), Decomposing Productivity Index Numbers (DPIN) and Tobit regression are used to examine the factors affecting the productivity of eight self-supporting countries/national associations of GC. Panel datasets from 2006 to 2012 are the subject of the analyses undertaken.*

*The results suggest that years since establishment in a country, number of branches operating in a country and gross domestic product of a country have positive effects on the efficacy of procuring donations, but negative effects on the productivity of the service provided. Location of a country in the northern hemisphere and Christian influence in a country have negative effects on both the efficacy of procuring donations and the productivity of the service provided. The ratio of female to male volunteers in the charity has a negative effect on the productivity of the service provided while the population density of a country has a negative effect on the efficacy of procuring donations. Finally, the number of church presentation visits to promote the charity appears to have no impact on the efficacy of procuring donations.*

*The study gives new insights into performance measurement for charities operating globally and should lead to greater effectiveness and efficiency in the sector.*

*Keywords: Not-for-profit, charities, efficiency, total factor productivity, data envelopment analysis, decomposing productivity index numbers, Tobit regression, small sample size, single entity, global.*

### Introduction

The purpose of this paper is to report on the study of the factors affecting two components of efficiency – technical efficiency and scale efficiency – and total factor productivity (TFP) of charities operating globally. This is achieved by examining the case of a single private Christian charity operating globally (GC). The charity has the typical characteristics of a not-for-profit (NFP) organization, providing a free service and procuring donations.

There is a long history of efficiency and productivity analysis but few publications on applying this analysis to charities. Furthermore, any previous studies on charities appear to address only industry or higher-level comparisons. There appears to be no previous studies of a single charity along lines similar to those undertaken and reported in this paper. Techniques commonly used in assessing efficiency and productivity are applied in this study of a single charity for the period 2006 to 2012.

## Charities and Related Previous Studies

### Charities

The contribution of charities, generally Not For Profit (NFP), is recognized as important in the context of the Australian economy. This situation prompted the Australian Government in 1994 to request a study by the Australian Industries Commission (AIC, 1995) of Australian charities. The AIC was then the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role was to help governments make better policies in the long-term interest of the Australian community. The AIC report was published in June 1995.

In commissioning a more recent study, the Australian Government confirmed that the contributions of charities (as a subset of the broader NFP sector) are still generally recognised as important in the context of the Australian economy. These perceived contributions by the NFP sector prompted the Australian Government in 2009 to request a study by the Australian Productivity Commission (APC), the successor to the AIC, on the Australian NFP sector. The APC report, published in January 2010, states that the APC "was also asked to examine ways to improve the efficiency and effectiveness of the sector" (Overview, page xxv) (pp?). The need for ongoing consideration of efficiency in the NFP sector, including charities, is mentioned a number of times. The APC report has led to proposed sweeping changes in Australian government supervision of charities and NFPs.

Similar reviews have been undertaken in other countries. For example, the United Kingdom (UK) Government launched a review of the NFP sector in 2002 (Dun and Riley, 2004). This review also recognised the growing importance of the NFP sector, and specifically identified charities as the driver for more general reforms to the NFP sector in the UK. There is also evidence from the United States of America (USA) that despite the rapid expansion of the NFP sector and its contribution to US society, the number of detailed economic analyses of the efficiency of NFP organizations remain relatively limited (Song and Yi, 2010). Clearly the contribution of the NFP sector, including the significant subset of charities, is well recognized by the Australian and other governments.

The global charity (GC) studied for this paper, is an NFP with a USA origin of over a century ago. It now operates in almost 200 countries and started in Australia in the 1950s. Volunteers provide a service of bible distribution (PDIST) and fundraising of donations (DON). All donations to the organization are from private sources and there is no government funding. A subset of eight self-supporting country branches with similar characteristics is the target of this study.

A charity will seek to do two things: to provide a service (service activities) and to raise funds (fundraising activities) to provide that service. Specific outputs may vary from charity to charity, but this twofold categorization of output appears to apply generally for the activities of all charities. For GC, the two outputs are product distribution (from service activities) and donations/voluntary income (from fundraising activities). Inputs also vary from charity to charity but a simple categorization for inputs appears more challenging from charity to charity. Voluntary labour is one common input for all charities as indeed it is for GC.

### Review of Previous Studies Related to this Study

The small volume of published work on technical efficiency and productivity for charities is notable. Callen (1994) used DEA to measure the technical efficiency of charities, and Basso and Funari (2004) also used DEA to evaluate the technical efficiency of (NFP) museum institutions. However, these authors did not extend their work to analyse factors affecting fundraising.

The published work on factors affecting fundraising by charities has more recent foundations. Cullis et al. (1984) examined the topic, but recent authors (reference) refer mainly to the analysis by Weisbrod and Dominguez (1986). These two papers and the paper by Callen (1994) are a good place to start in relation to fundraising of private donations by charities. A more recent paper by Gordon, Knock and Neely (2008) draws on and extends this work.

There is no evidence in the literature of previous studies on efficiency, productivity or fundraising for branches of the same charity, such as that considered for GC herein. Although banks are generally commercial and “for profit” in nature, some insight at least may be gained from a sample of studies of the efficiency and productivity of bank branches of single banks that employed DEA as they have emerged chronologically (Vassiloglou and Giokas, 1990; Athanassopoulos, 1998; Camanho and Dyson, 1999 and 2005; Portela, Thanassoulis and Simpson, 2004; Yang, 2008).

Literature appears to be limited on the specific application of efficiency and productivity analysis to charities. This statement is supported by the observation by Song and Yi (2010) that despite the rapid expansion of the private NFP sector (including charities) in the USA, research on the efficiency of that sector is limited. Indeed, any paper on technical efficiency and productivity of charities is a landmark because of the limited literature on the topic. In this paper, the measurement of technical efficiency and productivity of both product distribution and fundraising by GC is a key focus. Generally the pursuit of research on technical efficiency and productivity, and other concepts of efficiency for charities, has taken place in conjunction with only fundraising models for charities.

Tofallis and Sargeant (2000) used an elementary non-mathematical approach to DEA to show how DEA could be applied to charities in assessing the efficiency with which fundraising and administrative expenses are used to generate voluntary income (donations). They did this in response to a perceived gap in the application of DEA to the voluntary sector, using cross-sectional data for 1997 for a sample of UK charities. They used a DEA model with variable returns to scale (VRS) because VRS gave a more accurate measurement of technical efficiency.

An input orientation methodology was chosen by Tofallis and Sargeant (2000) because each charity is able to control their expenditure but has less control over the output of voluntary income (donations). They were disturbed by the distribution of efficiency scores because only 15% of the sample had efficiency scores above 50%, and 43% had scores below 20%. Only 4% were 100% efficient (page number?).

The findings of Tofallis and Sargeant (2000) should have sounded alarm bells for inefficient charities in the UK to examine their operations. They were a significant contribution to the sparse literature on the application of efficiency and productivity analysis to charities. Tofallis and Sargeant (2000) concluded that, notwithstanding some caveats, their results suggest that donor concerns about fundraising and administrative expenditures are justified.

In a study of (NFP) Italian municipal museums, Basso and Funari (2004) used DEA to evaluate their technical efficiency. They created a relative efficiency measure for each museum, taking into account resources used by museums and the results of museum activities. They concluded that their empirical analysis shows that DEA can be usefully applied and gives information on the relative efficiency of (NFP) cultural organizations that can assist museum management, public financial bankers and sponsors.

A sample of 72 ‘health focus’ Canadian charities for 1986-1987 was examined by Callen (1994). He explained the cross-sectional variation in money donations to charities at an organizational level using this sample. After measuring technical efficiency using DEA, he built on and tested regression models for voluntarily giving to charities, developed by Weisbrod and Dominguez (1986) and extended by Posnett and Sandler (1989). His model differed only slightly from the Posnett and Sandler

(1989) model in that a cross-product variable was dropped because it had been found to be insignificant by Posnett and Sandler (1989). The results indicated that the model was adequate. Callen (1994) alone considered the technical efficiency of charities in the context of voluntary income. He also stated that previous empirical studies had failed to include voluntary labour as a potential variable in the regression models.

Following consideration of this initial model, Callen (1994) turned to measuring the relative technical efficiency of the 72 charities using DEA under different assumptions of CRS and VRS. He used and substitutable and non-substitutable output technologies, so he could use efficiency scores as an independent variable in an expanded regression model. In these subsequent regression models he also included an independent variable for voluntary labour, an approach not taken in the GC study because of a perceived endogeneity problem. From the empirical results using various models, with different assumptions regarding output technologies and CRS versus VRS, Callen (1994) concluded that:

- At least for one model and for at least one NFP industry, volunteer labour would appear to be complementary to money donations at the organizational level.
- Money donations are affected by organizational efficiency.
- The more technically inefficient the charity, the less able it is to raise money donations.

The paper by Callen (1994) is cited in many subsequent papers (e.g. Frumkin and Kim, 2001; Gordon et al., 2008). These subsequent papers did not use technical efficiency as an independent variable in regression models which is not surprising given that such an approach suggests endogeneity.

Song and Yi (2010) examined how efficient NFP art organizations (museums, performing art organizations, and cultural and humanities organizations) are in raising funds from private giving. They used constructed data from US federal tax returns filed by art organizations for the 2004 fiscal year. These organizations have NFP status in the USA.

The authors measured fundraising efficiency using a Bayesian estimation approach to estimate a stochastic frontier production (Cobb-Douglas) model. They found that fundraising efficiencies are generally quite low for art organizations in the USA when private giving is considered only as a fundraising output; however, when the effect of fundraising on ticket sales is considered, fundraising efficiencies improve substantially. Song and Yi (2010) also provided evidence that government grants or subsidies have a negative impact on the fundraising efficiency of art organizations and therefore partially crowd out private giving. This is not relevant for the current study because there is no government funding, but it may have relevance for other charities. After detailed commentary on their results and analysis, Song and Yi (2010) concluded that private giving is an important part of the NFP art organizations' sources of revenue.

Although the use of DEA has prominence in this current paper, it was considered important to review the paper by Song and Yi (2010) because it provides insight and an indication of the current type of research work being conducted. This is in relation to NFP organizations having a fundraising motive like charities. Suggestions for future research work on the efficiency and productivity of charities later in this paper include the possible application of methodology such as that employed by Song and Yi (2010).

It is evident from the literature review to this point that many studies involve cross-charity comparisons. There appears to be an absence of cross-branch studies of single charities using the methods to be applied in this study. Possible parallels with studies of bank branches of single banks may exist, notwithstanding charities are

generally NFP while banks are generally for-profit. This is explored below using a sample of studies of branches of single banks.

Results of a systematic application of DEA carried out at a single bank, the Commercial Bank of Greece, were presented by Vassiloglou and Giokas (1990) in assessing the relative efficiency of bank branches. The study was performed for a set of 20 branches from the Athens area based on the bank's 1987 budget. The main contribution from this study appears to lie in the way in which the findings from DEA for the branches were subsequently used by bank management to follow up on the study.

An application of DEA to the performance assessment of a single Portuguese bank's branches was described by Camanho and Dyson (1999). The analysis showed how DEA could complement the profitability measure used at the bank. Consistent with the bank's development objectives, the analysis focused on the relation between branch size and performance.

The study was part of an on-going investigation of the efficiency of branches from a single Portuguese bank. The use of the DEA efficiency measure to complement the profitability measure used at the bank provided important insights on how branches' performance could be improved. Although a profitability measure is not relevant to the study of GC because it is NFP, the improvement of GC branch performance is relevant and important, so the insights from Camanho and Dyson (1999) can be considered. The work in their 1999 paper was then extended by Camanho and Dyson (2005) when they developed a framework for performance appraisal in the context of a bank branch network. A DEA model was advocated that used a cost-minimization perspective. An important implication of the analysis reported by Camanho and Dyson (2005) is that there are a number of ways in which banks can use branch efficiency measures, as a complement to their own performance measurement system, to make their branch networks more efficient. The parallel here is that it is anticipated that the results and evaluation of the study of GC countries/national associations in this paper will provide an additional indicator to what is already established by GC.

The performance of 758 branches of one big Canadian bank nationwide using DEA from several perspectives was examined by Yang (2008). He considered the systematic difference among different geographical areas. Five alternative output measures were presented in order to provide complementary information to the bank management when assessing causes of inefficiency of bank branches. A correlation analysis of different models was provided and potential management uses of DEA results were presented.

Among other things, Yang (2008) concluded that although all the DEA models in the study identified great potential to improve the branch performance, the saving in practice would almost certainly be substantially less. Especially when the output-oriented DEA models were utilised, the bank management must consider the external environment and the customer base of the inefficient branches when they set up the targets for them. Throughout the study, special emphasis was placed on how different output measures affect the efficiency rating in order to provide more guidance to top management on what to manage, and how to accomplish the changes. A statistical test (of?) was conducted to test the correlation between different DEA models. Finally, recommendations to management's use of DEA results were given.

From the above review it is concluded that:

- There is an impetus for more empirical research related to the NFP sector (including charities) in Australia, and globally, from government, industry bodies and academic researchers.
- Few studies have been conducted of technical efficiency and total factor productivity (TFP) relating specifically to charities and the NFP sector generally.

- Many studies have entailed cross-charity comparisons using accounting measures of efficiency, often using proxy variables, but few studies have been on the technical efficiency and productivity of charities. There appear to be no microeconomic studies of this nature across branches or countries of the same charity or NFP organization as embodied in this study.
- Previous relevant studies for charities and the NFP sector focus mainly on cross sections at a point in time in the context of fundraising only. Therefore it is timely for this study to use panel data for both service activities and fundraising activities in a case study of GC.

## Conceptual Review and Method

### Conceptual Review

The concepts of technical efficiency and productivity used in this paper are drawn from Coelli, Rao, O'Donnell and Battese (2005, p3). A production frontier is established defining a relationship between inputs and outputs. This frontier represents the maximum output attainable from each input level. Decision-Making Units (DMUs) operating on the production frontier are technically efficient, while those beneath it are not. TE scores range from 0 to 1. Productivity (Coelli et al., 2005, p3) means total factor productivity (TFP), which is a measure involving all factors of production. These concepts sit within the frontier analysis framework developed by Farrell (1957), a general starting point for most papers in the topic area.

DEA is a non-parametric linear programming technique using a piecewise linear convex hull to estimate the efficiency frontier (Yang, 2010). It can handle multiple inputs and outputs and needs no assumptions on functional form. Charnes, Cooper and Rhodes (1978) pioneered the constant returns to scale (CRS) DEA model and Banker, Charnes and Cooper (1984) developed the variable returns to scale (VRS) DEA model. Between 1978 and 2008 there were approximately 4,000 published applications of DEA across many sectors and industries according to the bibliography compiled by Emrouznejad, Parker and Tavares (2008) and applications continue to be made. More recently, risk and uncertainty have been addressed in the DEA setting (e.g. Dyson and Shale, 2010; O'Donnell, Chambers and Quiggin, 2009).

### Method

The research reported in this paper is a case study of a single global charity (GC). The case study methodology is prominent in research (Yin, 1994). It can be classified as intrinsic, instrumental or collective (Stake, 1998). GC is big and diverse enough to use as one collective entity of DMUs for the research purpose. There have been many case studies of single entities, justifying the case study methodology in this context (e.g. Tanlu, 2008) and in the case of branches of the same bank, examples of which are cited above. Case study is an acceptable and justifiable research methodology that is most appropriate for this investigation.

Eight national associations (NAs) (countries of in which GC operates) are examined to study factors affecting output-oriented technical efficiency (OTE), output-oriented scale efficiency (OSE) and total factor productivity (TFP). Each NA is self-supporting. That is, it pays for the product distributed (PDIST) and administration in the particular country from donations (DON) procured in that country and does not rely on any government funding nor top ups from the US parent organization. Indeed, each NA sends surplus funds to its US parent to assist in other countries that are not self-supporting. PDIST and DON are examined in the study, using constructed panel data for the eight NAs over the seven-year period 2006 to 2012. A small sample size for DEA is justified (e.g. Moffat and Valadkhani, 2009) and using a single entity is justified (e.g. Tanlu, 2008).

## Framework for Applying the Concepts and Methods in the Empirical Analysis

Panel datasets were constructed for the eight countries for the seven years to 2012, using *Microsoft Excel* (.xls and .csv formats). Output-oriented technical efficiency (OTE), output-oriented scale efficiency (OSE) and total factor productivity (TFP) by year were then calculated using *DPIN 3* and its underlying DEA and index programs. Tobit regression was used to identify significant factors affecting PDIST and DON with, respectively, OTE, OSE and TFP as dependent variables. DEA with output orientation was chosen because the charity appears to have more control over its output than its input.

Product distributed (PDIST) and donations received (DON) were specified as single outputs with number of male members, termed labour male (LM) as the single input in each case. The computer program called “Decomposing Productivity Index Numbers, Version 3.05, (*DPIN 3*) was used to obtain scores between 0 and 1 for output technical efficiency (OTE), output scale efficiency (OSE) and TFP for the PDIST and DON dependent variables for later use in the Tobit regression analysis. PDIST, DON and LM data were sourced from tables available from GC.

The independent variables used in the Tobit regression analysis, and the expected signs of their coefficients, are:

- **RATFM**: ratio of female to male members (all volunteers; and applies to both PDIST and DON); positive because of an internal observation at GC that this ratio has a positive effect on PDIST and DON. The basis of this internal observation is a belief by some female support staff at GC that GC branches with a higher level of active female members appear to be more successful. An undertaking was given to GC that this observation would be tested statistically as part of this study.
- **BAGE**: years since establishment in country (applies to both PDIST and DON); positive because of GC’s reputation internationally and local reputation as GC becomes more established in a particular country. Justification for including BAGE comes from previous studies that have included age since founding or establishment as an independent variable. Weisbrod and Dominguez (1986) used AGE as a proxy for an institution’s reputation and hence the quality of its services, and found it to be significant and positive. Posnett and Sandler (1989) obtained similar results, while Callen (1994) found AGE to be positive and insignificant.
- **BRANCH**: number of branches (applies to both PDIST and DON); positive because of an observation by GC that more branches can lead to greater and easier accessibility and penetration into a particular market area. It is included as an independent variable to test the statistical significance of this observation.
- **CPVIS**: number of church visits (applies to DON only); positive because when they are visited, churches become more aware of the role of GC as an extension of outreach activities. GC is active in visiting churches to familiarize their parishioners with its activities and to promote its perceived role as an outreach arm of churches generally. Donations are usually forthcoming from this source, although a more prominent objective is the recruitment of volunteer members for GC. CPVIS is included as an independent variable to test the statistical significance in raising donations.
- **POPD**: population density (applies to both PDIST and DON); positive because of more people to target within a given area. Data on population density is collected and tabulated by GC to examine the impact it has on providing GC

distribution services and fundraising of donations. POPD is included as an independent variable to test the statistical significance of this impact.

- GDPPC: gross domestic product per capita (\$US); positive because of greater affluence of people (applies to both PDIST and DON, but more particularly to DON). Data on gross domestic product per capita are collected and tabulated by GC to examine the impact it has on providing GC distribution services and fundraising of donations. GDPPC is included as an independent variable to test the statistical significance of this impact.
- HEMI: hemisphere dummy (1 = northern; 0 = southern); uncertain
- REL: religion dummy (1 = mainly Christian; 0 = other); uncertain.

All data on the independent variables were sourced from GC and CIA (2012).

The following regression models were estimated for the PDIST variable:

$$OTE_{it\ PDIST} = \beta_0 + \beta_1 RATFM_{it} + \beta_2 BAGE_{it} + \beta_3 BRANCH_{it} + \beta_4 POPD_{it} + \beta_5 GDPPC_{it} + \beta_6 HEMI_{it} + \beta_7 REL_{it} + \epsilon$$

$$OSE_{it\ PDIST} = \beta_0 + \beta_1 RATFM_{it} + \beta_2 BAGE_{it} + \beta_3 BRANCH_{it} + \beta_4 POPD_{it} + \beta_5 GDPPC_{it} + \beta_6 HEMI_{it} + \beta_7 REL_{it} + \epsilon$$

$$TFP_{it\ PDIST} = \beta_0 + \beta_1 RATFM_{it} + \beta_2 BAGE_{it} + \beta_3 BRANCH_{it} + \beta_4 POPD_{it} + \beta_5 GDPPC_{it} + \beta_6 HEMI_{it} + \beta_7 REL_{it} + \epsilon$$

The following regression models were estimated for the DON variable:

$$OTE_{it\ DON} = \beta_0 + \beta_1 RATFM_{it} + \beta_2 BAGE_{it} + \beta_3 BRANCH_{it} + \beta_4 CPVIS_{it} + \beta_5 POPD_{it} + \beta_6 GDPPC_{it} + \beta_7 HEMI_{it} + \beta_8 REL_{it} + k$$

$$OSE_{it\ DON} = \beta_0 + \beta_1 RATFM_{it} + \beta_2 BAGE_{it} + \beta_3 BRANCH_{it} + \beta_4 CPVIS_{it} + \beta_5 POPD_{it} + \beta_6 GDPPC_{it} + \beta_7 HEMI_{it} + \beta_8 REL_{it} + k$$

$$TFP_{it\ DON} = \beta_0 + \beta_1 RATFM_{it} + \beta_2 BAGE_{it} + \beta_3 BRANCH_{it} + \beta_4 CPVIS_{it} + \beta_5 POPD_{it} + \beta_6 GDPPC_{it} + \beta_7 HEMI_{it} + \beta_8 REL_{it} + k$$

The data were analyzed using the Tobit regression module in the Limdep 9/Nlogit 4 computer program. Commentary on the results is presented in section 5 below. An example of the output from Limdep 9/Nlogit 4 is include in theappendices for information.

## Results and Evaluation

The results suggest that:

- Years since establishment in a country (BAGE), number of branches operating in a country (BRANCH) and gross domestic product of a country (GDPPC) have positive effects as expected on the efficacy of procuring donations (DON), but unexpected negative effects on the productivity of the service provided (PDIST). The reason for the PDIST negative result requires further research. A possibility is the legal restrictions emerging in various jurisdictions preventing the dissemination of Christian material in traditional outlets.
- The hemisphere of a country (HEMI) and Christian influence in a country (REL) have negative effects on both the efficacy of DON and the productivity of PDIST. The anticipated signs of the dummy variables HEMI and REL were uncertain for both DON and PDIST. Now that there is an indication of the signs from the analysis, further research may help determine reasons for these results.
- The ratio of female to male volunteers in the charity (RATFM) has a negative effect on the productivity of PDIST. A positive sign was expected, and the negative result suggests that observations and beliefs of female support staff at GC are not supported by statistical analysis. Population density of a country (POPD) has a negative effect on the efficacy of DON. Positive effects were anticipated, and no speculation on an underlying cause is put forward.

Future research in relation to RATFM and POPD in connection with this study is not anticipated at this stage.

- The number of church presentation visits to promote the charity (CPVIS) appears to have no impact on the efficacy of DON. Further research is suggested because a positive effect was anticipated. A possibility is that donations from churches form a small part of total donations.

In summary, the results are mixed in terms of them confirming or not confirming expectations. The need for future research is suggested to examine the negative effects on PDIST of some independent variables, and in other areas also.

## Conclusion and Future Research

### Conclusion

The application of efficiency and productivity analysis to charities in a global context using DEA and Tobit regression has been clearly demonstrated. The case study of GC adds to the sparse previous literature in the topic area and makes an original contribution to the literature.

The study gives new insights into performance measurement for charities operating globally and should lead to greater effectiveness and efficiency in the sector. The conceptual and practical models developed during the course of this study will be readily adaptable and extendable to models for other charities operating globally.

### Future Research on Charities

Possible future research extending the concepts and method in this paper include:

- Sensitivity analysis: use SFA (Cobb Douglas/translog functional forms) to get TE scores and compare with DEA (common) (see e.g. Bhandari and Maiti, 2011).
- Application to other charities in Australia (numerous!).
- Global application for the current charity being studied [190+ countries (meta-frontier) divided into seven regions (groups)].
- Global application for other charities (numerous!).
- Cross-charity comparisons in Australia and overseas.

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## Appendices

### Example of LIMDEP Output

(same format for other PDIST and DON regression models above)

DON OTE	Coefficient	Standard Error	z	Prob.  z >Z*	95% Confidence Interval
RATFM	-3.40446***	.69468	-4.90	.0000	-4.76601 to -.04290
BAGE	-.01291	.00927	-1.39	.1637	-.03106 to .00525
BRANCH	.00171**	.00078	2.19	.0282	.00018 to .00324
CPVIS	-.00043***	.9688D-04	-4.39	.0000	-.00062 to -.0024
POPD	-.00042	.00030	-1.40	.1624	-.00101 to .0017
GDPPC	-.84711D-05*	.4852D-05	-1.75	.0808	-.17981D-04 to .89D-05
HEMI	-.96663***	.09952	-9.71	.0000	-1.16169 to -.7158
REL	-1.29344***	.16947	-7.63	.0000	-1.62561 to -.6128

Note: nnnnn.D-xx or D+xx => multiply by 10 to -xx or +xx.

Note: \*\*\*, \*\*, \* ==> Significance at 1%, 5%, 10% level.

Fitted equation:

$$OTE_{it} = -3.404 RATFM_{it} - 0.013 BAGE_{it} + 0.002 BRANCH_{it} - 0.0004 CPVIS_{it} - 0.0004 POPD_{it} - 0.000008 GDPPC_{it} - 0.967 HEMI_{it} - 1.293 REL_{it}$$

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### Main Analysis Tools and Software

- Microsoft Excel (xls and csv formats)
- LIMDEP 9.0/NLOGIT 4.0 includes DEA and SFA (University of Sydney)
- DPIN 3.05 (CEPA, UQ)

*Note: This is not an exhaustive list of available analysis tools and software. In practice it is important to crosscheck results using different software (Hill, Griffiths and Lim 2008, page 445)*

## **Decisions and dilemmas in the research journey**

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### **Abstract**

*This paper looks at the dilemmas encountered by a Doctor of Philosophy researcher who has a personal history with her research topic: family-member suicide. It explores whether or not the researcher's own experience-derived view of the topic allows her full access to new or different experiences, explanations and understandings. How can a researcher ensure object purity and process validity in the light of potential effects of reflexivity? How and when should personal history be disclosed? The ultimate credibility of research depends on the answers these questions, and their exploration can serve as guideposts to other students on their own research journeys.*

### **Introduction**

The doctoral research project followed a previous research Master's degree which explored the grief of children bereaved by parental suicide when they were young (Ratnarajah, 2005). The methodology used for the previous study was Narrative Inquiry. As the aim in the doctoral study was to explore the grief narratives of those bereaved by the suicide of a first-degree relative, it was decided that Narrative Inquiry was an appropriate methodology. In the master's degree study the narratives of family dysfunction emerged as themes and one of the recommendation was 'to recognise there well may be a history of generational dysfunction in the family system which contributed to and/or culminated in the suicide'. A rider was added 'while every effort is made to not pathologise an already grieving family, it is important to understand the context in which a suicide occurs'.

It was realised that the story of the family culture and way of being with each other may have impact on the circumstances leading to the suicide. These factors also influence the family's ability to cope after the death, with responses that range on a continuum from family regroup to disintegration.

### **Choosing a topic of research**

Advice was given to be passionate about the topic. 'The passion you feel about your topic will be the most vital ingredient to ensure the energy is sustained throughout your project'.

### **Methodology**

The study explored how individuals seek to understand or find meaning in the suicide death of a family member. It is through the stories that are constructed following critical or traumatic loss that people assimilate disruptive experiences into their frames of reference and try to make sense of what has happened and of themselves. Narrative inquiry was selected as the most appropriate method for exploring the storied experiences of the participants. The way people commonly understand themselves and their world is through the medium of narrative.

## Conceptual framework under-pining methodology

Narrative inquiry, in contrast to an objectivistic ontological approach to investigations derives its foundations from an epistemological approach to the acquisition of knowledge. Epistemological research looks to understand what can be known and of relationship between the knower and the known. The epistemological paradigm relates to methodologies that define investigations that are interested in constructivism, the stories or narratives about interpretation and sense making. But also, the following theories were drawn on in the interpretation and analysis of the narratives. Also informing the analysis were Grief theory – Kubler-Ross (1973), Rando (1992-3) and Worden (1999); complicated grieving (Neimeyer, Prigerson & Davies 2002), disenfranchised grief (Linn-Gust 2007) and traumatic loss and feelings of self-blame and guilt (Walsh & McGoldrick 1991). Grief journey and adaptation to loss (Forster & Murray, 2007), and the bereaved person's sense of self (Neimeyer, 2001). Transitions of psychosocial adjustment (Parkes, 1971), and continuing bonds (Stroebe et al, 1992).

## Aims

1. To explore the recollections of adults who had experienced a family member suicide death
2. To understand the family history both prior to and after the suicide, the development of meaning systems and the development of resilience.
3. To identify the nature and timing of support, if any, accessed by the bereaved family members
4. To seek information on participant vulnerability and the factors that affect coping.
5. To identify protective external factors that encourages moderation between stress, risk, and coping and the development of resilience.

The primary aim was to explore the recollections of adults who had experienced a family member suicidal death at some time in their lives. Thus offering an opportunity for the participants to speak of their meaning-making endeavours to understand the context in which the suicide occurred. This exploration was a search for understanding about the family of which they were a part, the roles and behaviours that the various family members had and of their own sense of self. Attachment theory (Bowen 1988; Nichols & Schwartz 1998) and relationships theory (Bowlby, 1969) provide a useful perspective through which to analyse how the participants viewed their developmental years and the personal history of the deceased relative.

Another aim of this study was to understand the family history, both prior to and after the suicide. Family systems theory (Bowen 1988), offers a useful lens to explain the way various systems operate within a family and holds that if the behaviour of one family member within the family changes, then this will have a corresponding effect on the other family members.

Social constructivism refers to the process that occurs when people speak of their experiences to others, with the feedback that occurs, these stories are shaped and a mutual understanding can be reached (Crotty 1998). In this study, the family history prior to the suicide death was sought, so these family narratives would be the result of the process of constructivism as the family lore and myths are created and told and retold through each generation. These family stories were part of the historical, social and cultural context against which the suicide death occurred with a shattering force, changing forever the family narrative for the tellers of the tale (Gergen & Gergen 2003). The objective was to hear not only these suicide narratives, but also the meaning making that the participants and their family undertook to

accommodate this happening into their changed narrative. Of relevance was the construction of a new narrative by the participant and other family members together, or in the aftermath of a fracturing in the family system, within a smaller restructured family group. Hearing each participant's narrative allowed an understanding to be reached that was in accordance with the way the individual made meaning of these events and the resultant consequences within their socio-cultural context (Polkinghorne 1988). The need to create new stories out of disorder and to endeavour to find new meaning out of the meaninglessness of suicide was the reflexive journey that the participants had undertaken and were sharing in the interviews (Gilbert 2002). During the interview, each participant was undergoing the process of revising or constructing their narrative in conjunction with the listener, as probes or reflexive questioning allowed the opportunity for new insights or shades of meaning to be accessed by the speaker. Thus, the narrative that evolved during the interview was a co-construction between the speaker and the listener.

After an extensive search of the literature available on understanding suicide within the context of a family, this research study was designed to allow the bereaved family members' experiences to be explored. This resulted in a process that allowed the participants to relate their family history and climate prior to the suicide, the events surrounding the suicide, their reactions to the loss and subsequent on-going family outcomes and adjustments. As explained by Owens and her colleagues (2008:241), the participants have a need to tell their story and, in a similar manner, the researcher feels compelled 'to listen and hear the whole story, spontaneously told'.

A methodology was required that would allow in-depth exploration of the complex and influential aspects affecting the participants' experience such as their relatedness to the deceased, the participants' age at the time of the death, developmental influences, the family patterning and the environmental and social context in which the family lived. A narrative methodology is therefore appropriate for addressing the research question and the aims of the research project. The research question is: *How do suicide-bereaved families narrate their experience of loss in the context of familial relationships?*

The interview dialogue covered the period of time before the suicide, the events surrounding the suicide and how the participants' understanding may have changed or developed since that time. The 'time' element within the participants' narratives is important within the methodology used, as the participants searched back through the family history in their endeavours to answer their inevitable questions as to why the suicide happened. In telling their narratives, the participants described their understanding of how events happen over time, and how past family behaviours led to the present story being told. The effects of the suicidal loss on other members of the family and how these changes have impacted on the informant and their relationship with their family were also explored. The interview process follows a co-construction and exploration of the meaning of these events, allowing the perspective of the participants to stand forth (Owens et al. 2008). Gavin and Rogers (2006) conclude that new understanding and insight can be gained through a narrative inquiry into the complexity of the circumstances and reasons why some people decide to end their lives.

## Participants

Media coverage about the project was disseminated through suicide-bereavement support newsletters and also through notification to other professional colleagues. The sample in this project represented every class of first-degree relative of the suicide deceased: spouses and partners, children, parents and siblings. Eighteen participants who experienced the suicidal death of a family member volunteered to be interviewed for this project representing all types of first-degree family relatedness among the participants.

## Ethics and qualitative research in suicide grief narratives

It was recognised that qualitative research into grief experiences presented ethical issues for the researcher. In an in-depth interview on such a sensitive topic, distress may be caused for the informant. Yet all of those who were interviewed volunteered to tell their stories. So often those bereaved by suicide are 'shut down' when they try to speak of the deceased relative (Maple, Edwards, Plummer and Minichiello, 2010). It can be experienced as a relief to be able to share their story of loss and to describe in as much detail as they wished who their deceased family member was, what the relationship meant to them and how the death affected them. There can be benefits in taking part in such research has been acknowledged by other researchers (Gibson, Benson & Brand, 2012).

Ethical clearance for this study was obtained from the University of New England Human Research Ethics Committee: Approval No. HE06/159 Valid to 31/10/2009.

It was seen as very important that the ownership of the story belonged to the narrator, that is, the participant. To honour this, included in the thesis was a summarised story as it was relayed to the first author. It was recognized as important that each participant should be seen in their own light before analysis of all of the stories began. What is said and the way in which the story is put together creates a unique narrator's voice (Riessman 1993).

In identifying myself early in the thesis I spoke of my own history with this subject, and also my professional experience of being a counsellor with many years experience. Gilbert (2002) points out that the researcher also has their own narrative in relation to the topic under investigation and warned 'we must, then, be aware of how our own narrative limits us, and the implications of this for our work'. The researcher is a co-constructor of the research narrative, and when the focus of the research is grief narratives, it is important that the interpretive narratives remain true to the initial understanding and meaning made by the participant.

'How much of myself do I put in and leave out?' (Jones, 2005:764). Comment by one examiner, 'Early in the thesis, I wondered about her biases as she entered into the study. What were her beliefs about family members who experienced suicide? Did she believe they were 'fractured' as some of the literature suggests? I am most respectful of *the first author's* transparency in identifying herself as an individual who is bereaved by suicide of her son. Having had this experience and then completing a Master's thesis on the subject of children's responses to suicide loss, in my mind, positions her as somewhat of an expert in the area. A brief discussion of what she brought to the research in terms of knowledge and attitudes would serve to enhance the credibility of the thesis'.

## Dilemmas

One of the first dilemmas was the recognition of the need to define the word 'Dysfunction'. I identified that there are many negative implications that may follow the word 'dysfunction'. In exploring the meaning of this word, it was found to be 'broadly, generally and ubiquitously, any disruption in normal functioning' (Reber, 1995:231). But how is normal functioning in the family system defined or recognised? Satir (1988:4) defines family systems as the 'rules people use for how they should feel and act'. The traditional purpose of the family structure is the nurturing of children (Levi-Strauss, 1966). Parents as the primary caregivers and nurturers of children, have the responsibility to ensure that children are raised in an environment that fosters emotional and psychological wellbeing. So in this study, the word 'dysfunction' refers to the disruption in the family's relationships that may result in a challenge to the secure attachment fostered within the family system.

Following the master's research project, it is owned that there was an expectation to find family narratives that indicated dysfunction in the family-of-origin of the

deceased. But on reflection now, the question is, if a researcher anticipates a certain finding, does that influence in any way the purity or veracity of the research undertaken and the results that are identified? Did I only find what I was already looking for?

Narrative inquiry methodology allowed the meaning making those bereaved by the suicide death of a first-degree family member made in constructing their narratives of loss. Commonly those who are suicide bereaved wrestle with the question of the 'why' the suicide occurred. For many participants, in seeking the answers to this question, they explored their own family history, and in doing this looked for the answers in the family history. This allowed for narratives that included descriptions of family patterning, and stories of abuse and addictions. Also relayed were the histories for some mental or emotional difficulties in earlier generations. Even though in every family narrative there was some history of dysfunction, this was not a quantitative research study with a large number of informants, therefore no conclusions could be drawn about generalisability.

In planning this project an aim was that of recruiting two or more family members from each family. It was intended to explore if the meaning making about the suicide death resulted in differing narratives that came from the relationship the participant had with the deceased. Unfortunately this was achieved in 2 families. In one case there was agreement and cohesion in the meaning making the two informants relayed. In this family, there was open communication and after the suicide death, a police support person spent time with all the family members during which the reasons for the suicide were fully explored. In the other family where the husband and the eldest daughter of a suicide deceased woman were interviewed, the daughter had been the mother's confidant and she had a completely different narrative about the 'why' of the suicide than the husband relayed to me.

## The question of reflexivity

It is important that the researcher is aware of his/her own beliefs so they do not affect the interpretation of behavior, (Kincheloe & McLaren, 2005).

Reflexivity for a qualitative researcher means that the researcher is aware of his or her own beliefs, values and experiences, and how these may influence the choice of research topic and the research design and methods of the study to be undertaken. 'Reflexive ethnography maintains that the ethnographer is not separate from the object under investigation' (Kincheloe & McLaren, 2005:328), The relationships between researcher and research being multiple and unable to be discounted as influential in the choice and methods of any study. That such influences may be operating in me as the researcher is acknowledged. I have made apparent the personal meaning the topic of family member suicide has for me. I discussed my own subjectivity with my two supervisors, both of whom are experienced qualitative researchers.

Reflexivity in a researcher also includes the ability to be aware of self-consciousness by monitoring and inquiring into one's feelings and reactions to the narrative being heard through a self-reflexive process. Similarly, when reading through and listening to the replaying of the audio recordings of the interviews, it was necessary to pay particular attention to anything that had been missed at the time of the interview or in the reviewing, so that I became newly aware of an intonation or inference that offered the opportunity for more in-depth exploration of the data.

The researcher must reflect on his/her own beliefs and attempt to separate them if they are not to affect the data (Guba & Lincoln, (2005).

Researchers need to be reflexive in three general areas:

1. The topics they wish to investigate. This means they account for the personal and professional meanings the topics have for them.

2. The perspectives and experiences of the persons with whom they wish to do the research.
3. The audiences to whom the research findings will be directed. This means the researchers write for specific audiences, presenting ideas and evidence for the ideas in language that the audiences can understand.

The audience for a research thesis is initially your supervisors, then the examiners and finally, the readers of any publications that may follow from your thesis.

If the topic that is being explored is also the researcher's lived experience, how to ensure that the researcher's experience derived position on the topic does not blind the researcher to new or different experiences related by the participant/s? This might result because the participant's experiences do not match or are in conflict with the researcher's experiences.

In qualitative research, the trustworthiness of the research and ensuring rigor in the report coming from the project are critical components of the research. Trustworthiness attends to the issue of how the audience can be convinced that the research findings are worth paying attention to (Lincoln & Guba, 1985). The frameworks that address the question of rigor include aspects such as credibility, dependability, confirmability and transferability.

## Findings

Following the analysis of the data, two main themes along with sub-themes emerged in the form of questions inferred by the participants. These are:

1. What does this suicide say about my family?

Under this question the following sub-themes are discussed:

- (a) Fractured families—this sub-theme describes the experiences of the families of those participants, who as a consequence of the family member's suicide were unable to regroup as a family and be supportive to the bereaved family member.
- (b) The legacy of suicide—including descriptions of the different grief experiences and meanings dependent on the kinship relationship the bereaved had to the deceased.
- (c) Negotiating changed relationships—in the context of the disrupted family either remaining disrupted or regrouping.

2. What does this suicide say about me?

The following sub-themes are discussed:

- (a) Managing trauma—including suicide ideation, on-going grief and mental health.
- (b) Making meaning—making sense of the loss.
- (c) Longing to speak with someone who had been through a similar loss.

## Final comment

Two comments offered by a keynote speaker at a Suicide Prevention Conference resonated with me and guided my thinking when analyzing the narratives of the participants. 'Remember what you are told is really threefold; shaped by the teller, reshaped by the listener, concealed from them both by the dead man in the tale'

(McGoldrick, 2011). It is recognised that a family crisis event has its genesis not only in the past history of relationships in the current family, but back through time into the heritage of many generations. 'Suicide is a systemic experience which ripples out and down the generations affecting many who never even knew the deceased' (McGoldrick, (2011).

I also realise from my own experience of the search for meaning—a search for which all those who loved a suicide decedent experience—that it is easy to look for the motivations to remove oneself from life in recent events and relationships. From undertaking these two studies, I recognise that this is in effect a tunnel vision that seeks a recent cause and person or event as the target trigger incident for the suicidal impulse. While there may be some truth in this interpretation it is far from the whole picture.

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## ***iTaukei* notions of child development: Understanding children's ways of learning, knowing, and doing, and implications for policy and practice in the early years of school**

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### **Abstract**

*The iTaukei or the indigenous Fijian notions of child development have stood the test of time as the 'currents of change' sweep through the shores of the Fiji Islands. These 'currents of change' have infiltrated the intricate fabric of iTaukei society thus undermining culture and traditions of education of how iTaukei children are raised and developed. This paper presents snapshots literature review of the western and the 'others' notions of child development with a hope to privileging and empowering indigenous knowledge such as that of iTaukei within a larger body of knowledge.*

### **Introduction to the Background and Context of Study**

With its 330 islands, Fiji is located in the south west of the Pacific Ocean, between 15 degrees and 22 degrees south of the equator and between longitude 175 degrees east and 178 degrees west. It is considered to be at the hub or crossroads of a small group of island countries (Veramu, 1992) which is approximately 1,760 kilometers north of Auckland and 2,720 kilometers north east of Sydney with nearest neighbors Samoa and the Kingdom of Tonga to the east, and Vanuatu to the west (Tuwere, 1992). As a small nation with just over half million people, and having a history of a 'colonized' society, there is evidence of conflict between the western and the *iTaukei* ideologies. Western ideologies tend to rule the *iTaukei* traditional ideologies and I ask, should we continue to allow *iTaukei* ideologies to be de-merited? And should we continue to argue the merit of western education versus cultural values and beliefs? To answer these questions, the study is timely as the waves of changes sweep through the shores of the Fiji Islands. 'Globalization' has birthed new ideas that have gone against the cultural norms and ideals of the *iTaukeis*. It has further demeaned some of the traditional *iTaukei* ways of child development practices and has resulted in *iTaukei* children inclined to the western ways of doing things. This is evident in the way they converse, preferring English rather than mother tongue, preferring to dress fashionably, the preference for western food, and lose of respect for the elders and others in the communities.

### **What is child development?**

Child development can be generally viewed as how a child grows over time in terms of physical well being, social and emotional development, cognitive development and other aspects of human growth (Berk, 2009). It is as a developmental journey that all human beings go through and it offers much insight into how an individual is, was and will be in life (ibid). Milestones and skills are essence of such growth; these include physical skills, cognitive skills plus social and emotional skills (Blankson et al, 2013). Vygotsky's (1978) argues that child development occurs naturally and can be developed further when parents, families and communities spend time interacting with children. Here, the idea of both Rogoff (2003) and Vygotsky's (1978) sociocultural theory fits since societies have varying notions of child development and the importance of context (which include worldviews, cultural perspectives and

epistemologies) in which children get exposed affects how they view the world and impacts on how they live and learn.

Well-known foundational psychologists and child development theorists like Piaget, Vygotsky, Freud, Mandura, Erickson, and others have contributed much to the world of child psychology, ignoring the others' notions, thus making them silent and alien. However, contemporary theories like Rogoff (2003) and Jipson (2001) note the importance of 'sociocultural context' as a determinant to consider while looking at children's development.

## Literature Review

### Western theories of child development

Notable theorists and child psychologists have always come up with studies and assumptions of how children grow and develop over time. These theorists tend to concentrate mainly in one area of child development (Demuth, Keller and Yovsi, 2011). Charlesworth (1996) notes Piaget focused on the children's development of logical thought while Vygotsky on culture and the importance of adult interaction to the child's learning. Sears and Bandura on social learning, Freud and Erikson on the child's social and personal development while Maslow on the hierarchy of human needs. Roger on organization of self-concept, and Gesell on the development of norms and the practical application to teaching and child rearing (ibid).

Further, Atherton (2011) and Arthur et al, (2008) in sighting Piaget's (1896-1980) viewed children's development in a universal sequence of stages (sensorimotor, pre-operational, concrete and formal) through which all children pass during childhood regardless of contexts. Other works of Piaget can be found in Donaldson (1984), Atterly (1987) and Woods (1998). Piaget's theory has been challenged by others like Vygotsky (1979) who indicated that not all children go through the same sequence of development and to expect them to do so leads to incorrect assumptions of children's intellectual abilities. Miller (2011) argues that Piaget's theory was also claimed by Vygotsky to have overlooked the cultural background and social groups of individuals. Miller (ibid) further argues that this is a very important aspect to take into consideration when viewing child development.

As a social child development theorist, Vygotsky stressed that a child's learning and development is influenced by the social world and particularly by the child's culture. For example a society that stresses the importance of technologies such as computers and literacy, will expect the child to develop the ability to use these tools in developing their thinking (Arthur et al, 2008). Bretherton, (1992), cites Bandura (1977), Bowlby and Ainsworth (1992) believe that children develop new skills and information when they observe and learn behaviors from adults, parents and peers. These theories imply that the others' children (indigenous children) follow similar sequences and patterns of development. However, researchers such as Barnhardt and Kawagley (2005) suggest that this is not the case, and argue that different cultures create different contexts in which children grow and develop. This is supported by Rogoff (2003) and Sims (2011) suggesting that understanding the worldviews of these different contexts, and the impact these have on child development is essential in our increasingly globalized multi-cultural world.

Ceci (2006), reflecting on Bronfenbrenner's (1917-2005), ecological model provides an understanding of how human development is structurally layered where interaction is not limited to a single setting. It takes into account the total environment within and beyond where children live. This theoretical positioning is useful to note in this study as it closely links to the indigenous or first nations way of raising and developing a child to become useful members of society. In the *iTaukei* for example, the idea of the 'circle of caring' (Gerlach, 2008) and the proverb of 'it takes a village to raise a child' (Butler, 1998; Marybeth & Robert 2008) are

paramount and meaningful. Nabobo-Baba (2006) points out the centrality of *vanua* (world/environment) and the interconnectedness of what the *vanua* entails which includes, *lotu* (religion and or spirituality), *veiwekani* (clan relationships) and *itovo/vakarau vakavanua* (acceptable cultural behaviours and values) which together lay the foundation of *iTaukei* people. The *vanua* is important to the *iTaukei* people, it is here that everyone in the community is obligated to see to the development and the wellbeing of a *iTaukei* child.

There are similarities and differences in traditional western notions of child development and those of the 'others'. Psychoanalytic child development theories of Freud and Erikson stress the importance of childhood events in shaping life long outcomes in children, a position now supported by neurobiological research (Sims, 2008). In effect, this positions childhood as a preparation stage for adulthood. In the *iTaukei* notions of child development, children are seen as important and they have a place in society, which sees them as 'children' in their own *iTaukei* 'rights'. Children are little citizens who are part of the community and who have a responsibility towards the welfare of the group's survival (Nabobo-Baba 2005). This contrasts with the western view of child rights where children are positioned as independent individuals.

## **'Others' or First Nations Theory of Child Development**

Post colonial theory, as pointed out by Mohanty (2007) shows that western notions are given power and authority, to the detriment of the 'others' ways of understanding, and being in the world. One impact of this imperialism has been that indigenous or first nations theories of child development have never been at the forefront of research because of the dominance of the western context of child development and psychology (Tobin, 2011; Grace & Serna, 2013; Nabobo, 2000).

## **First Nations-British Columbia**

Ball's (2004) study, points out the importance of indigenous children knowing their culture and the need to conceptualize curriculum that shapes cultural identities and competence and where possible include 'a both world's approach in the curriculum; a curriculum with pedagogical models that signify equity between first nations and western ideas. Developing that further, Ball (2005) in her ECCD research on the Lil'wat Nation in British Columbia argues the importance of looking from the eyes of the first nations people and to keep what is culturally and educationally precious to support children's development. Her research findings indicate that the First Nations people need to do things their own way so that they can remember, preserve and pass on their culture to the next generation. This idea is also reiterated by Tobin (2011) in his study of implicit cultural beliefs in China, Japan and US preschools and also Karen Martin (2003) for the case of Aborigines of Australia

## **Aborigines of Australia and Canada**

Priest et al (2007) proposes four guiding principles of an Aboriginal tribe (Anangu and Yapa in the remote desert region of central Australia) that "defines and describes a child's relationship and responsibilities to their environment" (p.62). The researchers noted that active listening, respect and collaboration were paramount as well as imparting stories, rules and regulations, and knowledge embedded in the culture. Karen Martin's (2003, p.9) notes the importance of understanding Aboriginal ways of learning, knowing and doing and she clearly puts it as:

The time of learning in the Aboriginal world never stops. It goes on and on. As soon as the children are able to sit up, they are taught to observe the reptiles, animals and birds and to draw

them in the sand. In this way they learn to recognize every creature in the bush. And they learn, too, how to imitate their calls and cries.

On a similar note, Barnhardt and Kawagley's (2005) research (on *Indigenous Knowledge Systems and Alaska Native Ways of Knowing*) comment that indigenous people "traditionally acquire their knowledge through direct experiences in the natural world" (p.11) which is different from western science that tends to emphasize compartmental knowledge that is often decontextualized and taught in the detached settings of a classroom or the place we call school.

Similar sentiments are voiced by the Aborigines of Canada (who preferred to be called as First Nations) as their childhood cultural values stipulate dominance that of orthodox in nature. Preston and colleagues (2011) argues the need to employ culturally specific and relevant childcare practices in the schools so that culture is preserved as this is what distinguishes people from others.

## Maoris of New Zealand

Like any first nations, the Maoris of New Zealand were also subjects of colonization and their "struggles against colonial hegemony persisted" (Harrison, 2005 p.15) throughout New Zealand. The establishment of Kura Kaupapa Schools and the Kohanga-Reo came as a result of this. It is in these institutions that Maori children and those who have Maori blood ties were to be immersed in learning Maori. It is with the understanding that the Maori people will be able to revitalize their nearly lost culture, with learning starting at an early age right through to the senior years.

## Natives of Hawaii

Early Childhood Education and Care for native Hawaiian children have undergone major revisions to include essence of Hawaiian culture after decades of colonial dominance. Grace and Serna's (2013, p.318) study indicated narratives that supported the need to include cultural ideas into the early childhood curriculum. It was better to include families as teachers as one native Hawaiian said:

...So I thought it was more advantageous for my children to stay with grandparents... (They) gained a lot of heritage from tutu...and that is important, very important as far as the values are concerned...and it was learning through observation and listening.

## iTaukeis of Fiji

*iTaukei* children are taught important knowledge by members of their immediate family and clan members as part of everyday life. It is through this niche that indigenous Fijian children are instructed, advised and reprimanded. Nabobo-Baba (2006, p.116) says "children learn by being told things explicitly and by emulating adults". Teaching is done face to face and the silent listener watches and learns at the same time. She adds that telling is repetitive, consistent and contextual. It is the cultural obligation of the adults to do the mentoring process so traditional knowledge and custom is properly and well imparted.

An indigenous Fijian child among other things is also being told of who s/he is in relation to other things in life (Nabobo-Baba, 2006). In addition, the child will learn about his/her *vanua*, his/her people, the natural environment and the spiritual world (Nabobo-Baba, 2006). Further, the child is exposed to all the important traditional customs and culture by parents, immediate family members, close relatives (also see Martin's 2008 work on relational ontology) and members of the village community. For example, in traditional ceremonies, children are made to sit, listen and watch attentively until they are called on by the elders to actually carry out the task. Watching/seeing and listening are important avenues of learning. Not only that, a

*iTaukei* child watches even the acceptable and appropriate behavior of adults and follows accordingly. Therefore, Nabobo-Baba reiterates the importance of having enough adults in the village community or in the *vanua* so children can learn from them.

Indigenising western concepts as suggested by Harrison, (2011) would be a way forward for *iTaukei* children so learning is relevant and meaningful. Lewis-Jones (1957, p. 110) succinctly puts Fijian notions of educating the young as such:

The participation of the young in various tribal activities constituted what we call schooling in Fijian society. Most of these activities concerned the immediate needs of, duties of the social unit; hence the training was direct, realistic and purposeful as well as exacting. Each social function, each activity was an opportunity for the uninitiated to learn and acquire the skills and knowledge of the federation.

The above statement is also discussed by Vygotsky (1978) and is a reasonable summary of indigenous Fijian ways of learning and knowing that is contextual, relevant, definitive and continuous; learning that is preparing the young for life in society; teaching understanding and conformity to customs and traditions and that learning is not a separate institution but integrated with living (Bakalevu 2000).

The *iTaukei* child is taught and developed through instructions from elders in society. They observe and imitate what they see by the older people around, through collaboration with guided participation and observation of others (Nabobo-Baba 2006). Boys are expected to do the masculine job like gardening while the girls the feminine job like cooking and cleaning the house. The *iTaukei* child is expected to obey rules and orders silently, and is considered disrespectful if he/she questions back. Silence is expected; it is pivotal in Fijian culture. Nabobo-Baba (2006, p.95-96) puts it succinctly "silence emits dignity, and summons respect that transcends all in a *vanua*. It is also indicative of high birth and excellent upbringing".

Further, the *iTaukei* child is a relational person ('relational ontology' as described by Martin, 2008), living in a socialized and collective setting that has strong bonds and is under the watchful eyes of the elders. The child's upbringing is not only the responsibility of the parents, but the whole *tokatoka* (extended family), *mataqali* (sub-clan) and *koro* (village). The notion of "it takes a village to raise a child" is evident here. An aunty or uncle can correct a child if he/she's done wrong. The parents will remain silent because traditionally and culturally, the relatives have the right to do so. Children are encouraged and learn to be responsive to family needs and goals and to work on tasks together in groups (Ravuvu, 1983). In schools, *iTaukei* children learn not to ask questions, as it's a show of disrespect (Valdes, 1996). Furthermore, learning for *iTaukei* children is embedded in a social environment in the presence of elders and other related people. The goal is always group success rather than individual.

## **The impact of understanding child development on education program**

Understanding child development is an utmost vital criterion to take into account when designing educational programs for young children (Sims, 2011). As noted earlier, a few child development theories/psychologists in the western world (Maslow's hierarchy of needs, Freud's psychoanalytic theory, Erikson's psychosocial theory, Piaget's cognitive theory, Vygotsky's sociocultural theory and Bronfenbrenner's ecological model) have stood the test of time in providing proven frameworks for understanding children's development and learning (Onchwari & Onchwari, Keengwe, 2008) and are still used in modern curricula (for example the Australian Early Years Framework- Department of Education Employment and Workplace Relations, 2009).

The effectiveness of these frameworks in shaping learning experiences for indigenous/first nations children is beginning to be questioned. First nations

researchers (such as Ball, 2004; Taufe'ulungaki, 2002; Thaman 2003; Nabobo, 2000; Smith, 1989; Martin; 2003) show that there are vast differences in educational achievement of indigenous/first nations children compared to children of western origin. These may due largely to the epistemological differences that children face in schools from peers and teachers. Plevitz. (1997), argue the poor performances of indigenous children may also be due to differences in opportunities provided for learning coupled offered in different cultural context coupled with different life experiences-she suggests that the 'system' itself allows the disadvantaged of indigenous students in their own countries and this may include for example refugee children in war torn countries and children of political asylum seekers. In the United States, Hanson, (2009), Cook & Cordova (2006), Johnson, (1997) and National Centre for Education Statistics (NCES), (2005) point out that national data dating forty years back revealed that educational disparities across racial and ethnic groups such as Hispanic/Latino, African American, American Indian and Pacific Islander ethnic groups were a concern and these minority groups were under represented at all levels of education.

Likewise in New Zealand, a study of intercultural perceptions and academic achievement by Nakhid (2003) and Harrison (2005) showed disparity in academic achievement between Pacific Island students to the Pakeha white students. Teachers of Pacific students perceived the 'identity' of Pacific students differently and this adversely affected their learning. This is further reiterated by the study of indigenous epistemology (Macfarlane, Glyn, Grace, Penetiro & Bateman, 2008) and the importance of culture in education by Bishop and Glynn (1999), which further suggests that the educational gap and under achievement of Maori students was due to inappropriate educational program. These program, were judged culturally inappropriate to the students' identities and experiences. These epistemological differences are key as earlier indicated by Sims (2011, p.11) that "difference is not embarrassing, it is exciting". However, standardized curricula make it difficult to value difference, and those who are different are expected to conform to the norm. The results, for students from different backgrounds, are that the knowledge and understanding they bring into the learning environment are not valued or recognized and they are perceived to be 'lacking'.

Where different knowledge and experience are identified, valued and built upon, children will demonstrate successful learning. Ball (2004) in her research on Canadian First Nations describes the success of indigenous people with the use of a 'generative curriculum model' and the use of the "community of learners approach" in the education program. Similarly in a further research on *'Integration of Indigenous Knowledge into First Nation's Childcare Process and Practice'* (Ball & Simpkins 2004) note the importance of using the same model (GCM) in incorporating indigenous ideas into the early childhood care programs for the First Nations children in British Columbia, Canada. It was clear from the research that when the educational program includes the worldviews of the ethnic group, there is a positive effect and children learn and succeed in learning.

In this research, I argue that early years educational programs in Fiji need to be designed in culturally appropriate ways that underpin the understanding of *iTaukei* values and beliefs of child development. It cannot be refuted that changes have swept through the shores of Fiji from colonial and post-colonial times. These changes have caused increasing tensions between indigenous ideologies of learning, knowing, being and doing and the contemporary ideologies of self and individualism. Thaman (2001) argues that these tensions have had an impact in the education system of the smaller Pacific Island States, which have even led teachers to think that their own culture and epistemologies are inferior to those of the west or the colonial masters. Fiji's curriculum, for example is a subject of neocolonialism shaped by its national history resembling a prescriptive approach to learning. Further research in the Pacific region, (Thaman 2001 & Nabobo-Baba 2005) indicates that despite reforms in changing curricula, quality education for the indigenous Pacific people is yet to be achieved. Pene, Taufe'ulungaki and Benson (2001, p.1) note that

education inequality could be attributed to the “increasing incongruence between values promoted by formal western schooling and the indigenous value system”.

More recently (in 2005) the National Curriculum Framework (NCF) for Fiji funded by the Australian government followed the Western Australian model of Outcome Based learning and has been discontinued. This is due to the inability of the country to meet the resources needed for such a curriculum. This is a clear sign of a drawback of importing foreign curricula to a host country where there are economic differences in terms of growth and productivity. Despite the withdrawal of curricula for older students, the early childhood curriculum guidelines, *Na Noda Mataniciva*, continued through with its Outcome Based approach, and to date have now been used in some parts of Fiji, though more teachers need to be trained in the program.

While the early childhood curriculum guidelines *Na Noda Mataniciva* is silent on anything *iTaukei*, including values and beliefs of child development, the phrases ‘inclusive curriculum’, ‘caters for ALL children’ and ‘holistic curriculum’ are apparent. The curriculum document is more inclined to ‘multiculturalism’, which to my understanding is another Eurocentric term used to undermine the ideologies of the *iTaukei* people. A question that arises is whose culture is represented by multiculturalism? . Secondly, how can a curriculum be holistic when there are differences in epistemologies of people in terms of child development practices? And in this case, how can the first people of Fiji, the *iTaukei* values and beliefs of child development be exempted from the country’s national document in their own country? Such national document needs to rightly outline the importance of the *iTaukei* values and beliefs of child development. While arguments may arise out of the above, it is still imperative to state the importance of acknowledging indigenous people regardless of in whichever country or nation. Classic examples of educational programmes that incorporates culturally appropriate practices are the Te Whariki (New Zealand Early Childhood Curriculum) and the Early Years Learning Framework (EYLF) for Australia. These two documents acknowledged the history of the indigenous people and takes pride of their ancestral history as part of the learning journey of their children. First Nation’s people or the indigenous people of the world can learn from such documents in order to have better outcomes for children. Sims (2011) points out that when children have better outcomes, countries will economically prosper and increase productivity.

The study of the *iTaukei* or the indigenous Fijian notions of child development is a relatively new area of research in child development and psychology, the first ever in Fiji and would appear as the first in the Pacific. My interest in the *iTaukei* knowledge of child development has stemmed from my search to understand myself from when I was a child, understand my children and the children of my people in terms of learning, knowing, being and doing which has today seen as vanishing in the clouds of change to universalization.

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# The relationship between the social and the linguistic in Critical Discourse Analysis: A case study of Thai political science texts

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## Abstract

*Critical Discourse Analysis (CDA) views discourse and text as social practice. It examines how language is used to produce, maintain, resist or challenge power relations in society. This paper argues that CDA benefits from an account of the historical and socio-political context as well as a detailed linguistic analysis of the texts. Both perspectives are important because of the way in which the social context and language enable and constrain a rhetorical space within which texts are produced. Three Thai political science texts written shortly after the 2006 coup in Thailand were analysed. An understanding of the historical and socio-political context in Thailand at this time sheds light on the specific rhetorical context in which the writers were operating. At the same time, the tools of Systemic Functional Linguistics (SFL) allow us to interrogate the texts, for example through transitivity structures, to identify the particular ideological positions of the writers of the texts and the rhetorical strategies they use to legitimise or challenge the discourse of the coup and the coup makers.*

## Introduction

Times of conflict generate a great amount of political, media and academic debate that may support, reproduce or challenge the existing status quo. Critical Discourse Analysis (CDA) explores how language is used in such situations to support and perpetuate unequal relations of power in society or to otherwise resist or challenge these relations. Understanding the rhetoric through which language is used to do this demands an interdisciplinary approach, including an assessment of the socio-political context in which language and texts are produced and a theory of language that is socially oriented. This paper presents a brief overview of CDA and Systemic Functional Linguistics (SFL) as a theory of language ideally suited to research in CDA before illustrating a case in which the social context from above and language from below have shaped a rhetorical space within which three Thai political science texts on the 2006 *coup* in Thailand were produced.

## Critical Discourse Analysis

Critical Discourse Analysis (CDA) investigates social problems or inequality in society as they are manifested through language. To this end, CDA explores not just the use of language, but how language is used to maintain, support or challenge relations of power in society (Fairclough & Wodak, 1997, p. 271). CDA is not a single method or approach *per se*. Rather, it is described as a “research programme” (Wodak & Meyer, 2009, p. 4) in which researchers draw on a number of theories and methods to reveal hidden power relations in society. There is thus a dialectical relationship between language and social context, in which the interaction between the two is “mediated” (Fairclough, 1989, pp. 140-141; Wodak & Meyer, 2009, p. 21). Texts in CDA are viewed as sites of struggle, for example, for political legitimacy. Crucial to understanding CDA are a number of key concepts: “ideology”, “discourse” and the notion of a “critical approach”. These terms are complex and have been defined differently by different schools of thought. Working definitions are provided below.

Ideology refers to “representations of the world which can be shown to contribute to establishing, maintaining and changing social relations of power, domination and exploitation” (Fairclough, 2003, p. 9). Systems of representations are defined by Hall (1996, p. 23) as “the systems of meaning through which we represent the world to ourselves and one another”. A key feature of ideology is that practices become normalised and are not perceived by actors as ideological behaviour (Fairclough & Wodak, 1997, p. 261).

Discourse refers to the way ideology is represented in written or spoken language. Fairclough & Wodak (1997, p. 258) define discourse as “language use... as a form of social practice”. It also involves “ways of representing aspects of the world – the processes, relations and structures of the material world, the mental world... and the social world” (Fairclough, 2003, p. 124). Discourses both shape and are shaped by culture, institutions and the social contexts in which they occur. They are ideological in the sense that they “produce and reproduce unequal power relations between... social classes... through the ways in which they represent things and position people”( Fairclough & Wodak, 1997, p. 258).

A critical approach to the study of discourse requires three steps: the linguistic description of texts, the interpretation of texts as discursive practice, and an explanation of the relationship between discursive practice and social practices (Fairclough, 1989). A critical approach also considers the underpinning interests and historical context in which discursive acts take place (Fairclough & Wodak, 1997, p. 261). A critical approach, moreover, seeks to justify these interpretations and explanations (Reisigl & Wodak, 2009, p. 88).

CDA researchers have adopted a number of theoretical approaches. The approach proposed by Fairclough (e.g. 1989, 1992, 1995, 2003) combines textual analysis based on Systemic Functional Linguistics (SFL) (e.g. Halliday & Matthiessen, 2004) with an account of the social structures and discourses within which texts are produced. Fairclough (1992) sees discourse as the use of language in social or cultural contexts where this use of language is ideological. He adopts SFL to analyse how discourse is “shaped and constrained” (p.64) by social structure and how discourse can be appropriated by individuals, groups or institutions to reproduce and transform the social context (p.65). Discourse can also be used to resist traditional power structures in society. Fairclough & Kress (1993, as cited in Wodak, 2002, p. 12) argue that not only can the various methods in use in CDA expose implicit ideologies and structures of dominance in society, they can also be used to analyse resistance to conventional power structures.

The Discourse Historical Approach (DHA) (e.g. Wodak, 2002; Reisigl & Wodak, 2009) stresses the importance of an historical perspective in CDA. The approach works from the premise that all discourses occur in a particular time and place, a product of their social, political and historical context. The greater the understanding of contextual configurations that shape particular practices and discourses, the better these discourses can be controlled or resisted. Thus DHA calls for an interdisciplinary approach, combining sociological theory, an analysis of the historical context and an analysis of discursive strategies in the text (Reisigl & Wodak, 2009). This paper argues that an understanding of the historical and socio-political context in which the 2006 *coup* in Thailand occurred and the prevailing discourses of the time can shed light on the nature of the texts themselves, and conversely, the linguistic and textual features can provide clues to the writers’ positions *vis-à-vis* the *coup* and their responses to the dominant political discourses prevalent in Thai society.

## Systemic Functional Linguistics

The approach to CDA outlined above anticipates the need for a theory of language that is socially oriented. Systemic Functional Linguistics (SFL) is such a theory as it offers a model of language in context. Proponents of SFL regard language or text and social structure as inextricably linked. As Halliday (1978, p. 89) argues, “language is controlled by the social structure, and the social structure is maintained and transmitted through language”. It is easy to see why SFL has been adopted as a method in CDA. SFL theorists propose a stratified model of language in which the meanings present in social contexts are realised in the form of language or text, and in which language or the texts produced by speakers/writers construe the context. The notion of context in this model refers to the “context of culture” and the “context of situation” (Halliday, 1978). The context of culture represents all the possible meanings, or “meaning potential”, that exist in a particular culture. The context of situation refers to the particular environment within the context of culture in which a text occurs. Speakers/writers have a set of resources or meaning potential to draw on. The meaning potential of a given context of situation is shaped by three variables: the field or type of social action; the tenor or role relationships and the mode or organisational structure of the text. These three variables taken together determine the register of a text (Halliday, 1978). This stratified model of language can be represented as follows:

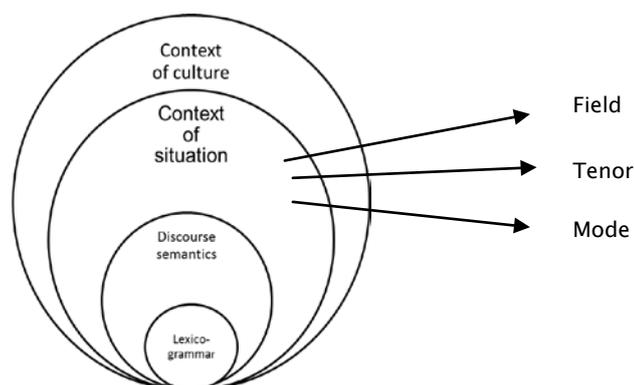


Figure 1. A stratified model of language

Adapted from Halliday & Matthiessen, 2004, p.25

It is argued that an analysis of the lexicogrammatical system, in this case features of the system of transitivity in Thai as used in these texts, can reveal how the writer of the text construes the context. At the same time, an understanding of the field is necessary to interpret the significance of transitivity choices in the texts about the *coup*. Using Halliday and Matthiessen’s diagram above as a model, this paper conceives of the interplay between context and language as follows, where the context or the field of discourse from above and the linguistic choices from below enabled and constrained a rhetorical space within which the texts were produced:

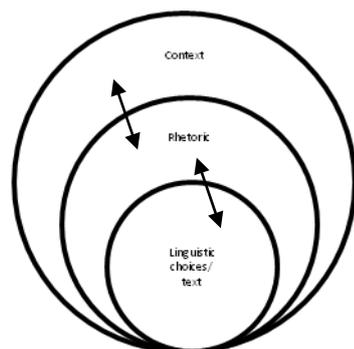


Figure 2. The interplay between context and language

The following sections outline some features of the socio-political context and the various discourses prevalent in Thailand at the time of the 2006 *coup* when the three political science texts were written. Looking from above we get a picture of events and social actors that shaped the context in which the three writers were working. Using the tools of SFL, namely a focus on transitivity choices within the experiential meanings found in the texts, we can explore how the language from below construes the role of these social actors embroiled in the events surrounding the *coup*. These writers attribute grammatical agency to social actors as a means to convey their position on the legitimacy or illegitimacy of the *coup*, and this attribution (and, likewise, non-attribution) of grammatical agency reveals the particular ideological positions of these writers. The texts and social context in this study are mutually constitutive. That is, the texts are a product of the particular historical and socio-political context in which the *coup* occurred, and at the same time they represent an attempt by the writers to preserve or challenge significant elements of the context through their use of language. The following section introduces the writers and their texts.

## The writers and their texts

The three texts used in this study were all written shortly after the *coup*. “The right to stage the *coup*” by Khien Theeravit was published online on 13 October 2006 by the Thai World Affairs Centre, Institute of Asian Studies, Chulalongkorn University. Khien is a retired, conservative, political scientist formerly of Chulalongkorn University who has been a loyal supporter of the royalist and conservative forces in Thailand for many years. His paper supports the actions of the *coup* leaders and condemns those of the Thaksin government. Chaiwat Satha-Anan’s “Aristotle and the 19 September *coup*” was originally presented as the keynote speech to the Annual Meeting of Political Science and Administration at Ramkhamhaeng University on 29 November, 2006. It was subsequently published in the journal, *Faa Diaw Kan* [Same Sky], (2007, special *coup* edition). Chaiwat is a US-trained political philosopher specialising in Peace Studies from Thammasat University. Chaiwat’s position is that, while he understood people’s felt need to overthrow the Thaksin government, *coups* are morally reprehensible. The third article, “The *coup* of 19 September turned citizens into *phrai*” by Pitch Pongsawat, was published in the same *coup* edition of the journal *Faa Diaw Kan*, (2007). Pitch is a younger, Marxist political scientist from Chulalongkorn University, trained in England and the United States. Pitch opposes the *coup* and the actions of the *coup* leaders. Due to the length of the texts and the intensive nature of the analysis, only selected sections from each of them have been analysed. The following sections illustrate how the texts construe aspects of the context, how the context bears upon the texts and the way in which they engage or not with various political and royalist discourses in Thai society.

## Rhetorical context

Various state ideologies have shaped what people say or are able to say about actors and events. The rhetorical context in which these events occurred is characterised by a dominant conservative, royalist/state ideology and a harsh defamation law that maintains and preserves the status quo in what Streckfuss (2011, p. 24) has called a “defamation regime”. A pervasive feature of the Thai socio-political landscape is the draconian *lèse majesté* law, Article 112 of the criminal code, which dictates that any defamation of or insult directed at the king, the queen or the crown prince is punishable by up to 15 years in prison. Since 2001, the law has been used as a tool to silence political dissent and as a result, since around 2005, prosecutions have risen exponentially by over 1500% (Streckfuss, 2011, p. 205). This law means that any claim or belief propagated by the monarchy is unlikely to be contested. Royalist commentators and intellectuals have free rein to champion the royalist agenda while any open discussion of the monarchy or royal affairs is constrained. Indeed, in the three texts of this study, there is little or no overt reference to the king.

Discourses in support of the monarchy are often presented in terms of a dichotomy. For example, the king or the elite in the royalist discourses are juxtaposed with corrupt politicians on the one hand and the rural masses and the poor on the other. The king is depicted as moral and ethical; he is “the moral authority “above” – on top of, higher than, superior to – the normal political institutions that are considered extremely corrupt” (Thongchai, 2008, p.24). This notion has fed into a discourse of “clean politics” which has influenced how people view politics in Thailand. Thongchai (2008) identifies four ideas that constitute this discourse of clean politics: “politicians are extremely corrupt”, “politicians come to power by vote-buying”; “an election does not equal democracy”; “democracy means a moral, ethical rule” (p. 25).

Another key group in the discourse of clean politics is the rural masses who, it is claimed, prop up corrupt politicians because they are too ignorant or naive to know better. Because of the supposed pervasiveness of vote-buying, politicians are not regarded as legitimate. In this way the legitimacy of the whole electoral process has been questioned (Thongchai, 2008, p.27).

These discourses have contributed to the debate on political legitimacy in Thailand. Askew (2010) argues that the current political crisis that began in 2005 represents the “manipulation of potent symbols of nation and monarchy to resist and limit change towards a fuller democracy” (p.7). Dressel (2010) makes an important connection in his discussion on the crisis of political legitimacy in Thailand with the role that agency plays in the construction of legitimacy and argues that “a focus on social actors clarifies the critical relationship between legitimacy and struggles over political power” (p.464).

These struggles between the opposing social forces are taken up in the rhetorical strategies used by various commentators or intellectuals to try to position their listeners or readers. Thus insights on this issue may be gained by an analysis of how the linguistic potential of Thai can be used to serve and promote the interests of these divergent positions. The following section will look at how the *coup* and key actors/institutions such as the Thaksin government, the military and “the people” are represented in the three political science texts. It is argued that the construal of social actors, for example as agents, as affected by events, or as carriers of certain attributes, reflects the writers’ positions on the legitimacy of the *coup*.

## The 2006 Thai *coup*

On 19th September, 2006, conservative interests loyal to the Thai monarchy and led by royalist factions within the military staged a *coup* that overthrew the popularly elected government of Thaksin Shinawatra. The *coup* makers annulled the 1997 “People’s Constitution”, restricted media and imposed martial law. The conflict

signalled a critical stage in a struggle between competing elite forces. It also triggered a conflict between conservative elites and a broader, society-based oppositional movement in Thailand. This struggle has polarised the country and the legitimacy or otherwise of the actions of those competing forces has been widely debated.

The *coup* is realised in the three texts in significantly different ways. For example, it is realised in the grammar by Khien as something that merely occurred or as a carrier of certain attributes, with agent unstated or invisible, for example:

rátthaprahään [[thîi kèət khûn nay prathêet thay mûa wan thîi 19 kanyaayon 2006]] ca prasòp khwaamsămrèt

The coup [[that occurred in Thailand on 19 September 2006]] was successful.

kaan tham rátthaprahään ?àat ca nâakliàt

The staging of the coup may be ugly.

Pitch on the other hand represents the *coup* as something to be considered. The second example here also suggests an external agent through a passive construction:

... thátsaná? nay sǎŋkhom || thîi wâa kaanrátthaprahään nán pen sîŋ campen

... the view in society || that the coup is a necessary thing

kaantham rátthaprahään mûa 19 kanyaa [[thîi phaan maa]] nán mây săamâat ?athîbaay

The staging of the coup on 19 September [[that has past]] can't be explained

Chaiwat, however, construes the *coup* itself as agent, as something to instruct us:

saphâap chên nîi tham hây khâaphacâw tòk yùu nay pomprisanăa thaaj sînlatham

This situation makes me fall into a moral enigma.

phró? Ø dâi tham hây sǎŋkhom thay læ? nákrátthasàat tŋ phachəən kàp pŋtsanăa thaaj sînlatham

because (the *coup*) made Thai society and political scientists confront a moral enigma

Even from these few examples we can see a divergence in the writers' representations of the *coup* that hints at how they construe the context. An analysis of the representation of various social actors also reveals further contrasts between the writers.

## The Thaksin government

Thaksin's rule in Thailand was complex. He rose to power in Thailand in the aftermath of the 1997 Asian economic crisis, uniting disparate social forces and interests behind his pursuit of a neoliberal economic agenda aimed at restoring Thai business and introducing various social welfare programmes targeting the poor (Hewison, 2008; Pye & Schaffar, 2008). After the Thai Rak Thai (TRT) election victory in 2001, Thaksin faced two challenges: how to restructure business and counter the dominant, conservative state ideology that perpetuated the idea of a moral,

righteous monarchy and hierarchical notions of rule and subservience. With an electoral mandate in his favour, Thaksin and TRT proceeded to reshape the state, giving more power to professional and business classes in the governing of the country and taking power away from traditional sources, namely the monarchy, the military and the bureaucrats (Connors & Hewison, 2008, p.66). As the Thaksin government proceeded to implement new social welfare policies, Thaksin's popularity increased with the working class and the farmers. The support enjoyed by Thaksin and the TRT party from formerly politically excluded sections of Thai society ensured their resounding victory in the 2005 election. However, as Thaksin's electoral mandate was increased at this election, his authoritarianism grew (Hewison, 2008, p.201). His rule became characterised by a number of contradictions in policy that contributed to the mass protests against him in 2005-6 and his eventual downfall in the *coup* of 19 September (Pye & Schaffar, 2008).

The Thaksin government features prominently as agent in the article by Khien. In addition, Khien couples this agentive role with negative appraisal choices, for example, by using words with strong negative connotations such as “murder” and “violate”, or even equating the Thaksin government with Adolf Hitler, effectively demonising it. In this way, Khien taps into the discourse of the corrupt politician:

Ø dâi tham kaankhâa tàttɔɔn prachaachon phûu bɔ́rísùt maa lææw læay khrán  
Ø (Thaksin government) murdered and censored innocent people many times.

rátthabaan Thák̄sìn dâi lám̄əət sǎnyaa prachaakhom sám lææw sám lâw  
Thaksin government repeatedly violated the social contract.

Chaiwat on the other hand explicitly acknowledges the legitimacy of the government in an identifying clause:

phr̄ɔ́? rátthabaan [[thîi thùuk lóm pay]] pen rátthabaan [[s̄əŋ mii thîi maa yàaŋ  
ch̄ɔ́ɔp̄tham phaaytâi rátthathammanuun...]]  
because the government [[that was toppled]] was a government [[that had legitimacy  
under the constitution...]].

Interestingly, Pitch does not explicitly mention Thaksin. The implication is that, unlike Khien, he does not see Thaksin as the main issue in claims for the legitimacy or illegitimacy of the *coup*.

## The people

Thaksin's rule saw an increasing participation in Thai politics by more sectors of Thai society as people from the working class and rural masses became more aware of the empowerment brought about by their active citizenship. This contrasts with a number of discourses of “the Thai people” who must bear the responsibility for the failure of Thai democracy, as perpetuated by the elite. “The people’ are an anonymous category which Thai urban classes think of as simple, close to the land, and preserving ‘culture’ from Western corruption. At the same time, ‘the people’ have caused democracy to fail through vote-selling” (Streckfuss, 2011, p. 207).

Pitch alludes to the empowerment of the rural and working classes in his article. He argues that the *coup* represented an attempt by conservative forces to arrest this groundswell of participatory politics, effectively turning these citizens into “modern *phrai*”, a term historically used to refer to a “bonded commoner”, dependent on a hierarchical master and colloquially used as an insult to depict a vile, base, uneducated person. His representation of “the people” as affected by events and

possessing no agency illustrates how this group was disenfranchised by the Thai elites:

Ø t̄ŋ thùuk khûapkhum dooy phûupòkkhr̄c̄ŋ  
(*Phrai*) must be controlled by governors

rát ʔeeŋ ... tham hây phonlam̄æŋ pen phr̄ây  
the state itself ... turned citizens into *phrai*

“The people” figure prominently in Khien’s article as an amorphous mass, like-minded, following the rule of law, and rising up as one against a corrupt, authoritarian government:

thúk khon ca t̄ŋ tham taam kòtm̄ây læʔ r̄átthammanuun  
Everyone must follow the law and constitution

During the crisis in 2005-6, the opposition countered Thaksin’s claims of an electoral mandate with their discourse of “clean politics”. Since the *coup*, there have been calls to reform Thai democracy to ensure that political decision-making remains in the hands of the monarchy and the elite who know what is best for the country. A Western-style democracy, it is claimed, would not suit Thailand and could lead to a “tyranny of the majority” (Phasuk & Baker, 2008, p.78, citing de Tocqueville). Khien promotes this view:

...r̄átth̄áathíp̄àt [[th̄i tham tua n̄ă kòtm̄ây dooy ʔaas̄ây khon camnuan m̄âak]] nán pen “th̄or̄ar̄âat kh̄c̄ŋ khon kh̄âaŋ m̄âak”

...the government [[that puts itself above the law by depending on a majority of people]] is a “tyranny of the majority”

Adolf Hitler... k̄ô d̄âyrap̄ khánææn siãŋ san̄apsan̄n càak kaanl̄âakt̄âŋ maa yàaŋ th̄uamth̄on m̄ây ph̄ææ kh̄c̄ŋ r̄átthabaan Thák̄s̄in

Adolf Hitler... also received overwhelming electoral support like the Thaksin government

It is clear here that the two writers’ positions are vastly different. Khien’s rhetorical stance aligns with the voices of the monarchy and the elite whereas Pitch, by representing the people as *phrai* and as affected participants with no grammatical agency, takes up the voice of the people.

## The military

Many scholars see the *coup* fundamentally as a move by the monarchy and its supporters to regain control over the hearts and minds of the Thai population (Hewison, 2008; Thongchai, 2008; Ukrist, 2008). The empowerment of the rural masses through Thaksin’s popular policies was a concern for the monarchy that found it had to compete for the loyalty of the people (Hewison, 2008, p.207).

Royalist factions within the military were intent on protecting a “monarchy in danger” (Askew, 2010, p.14) from the anti-monarchy and anti-democratic Thaksin government. The military group that toppled Thaksin and the TRT party legitimated their actions through this anti-Thaksin royalist sentiment.

Each of the articles refers to the military and their role in the 2006 *coup*. But the contrast between Pitch’s and Khien’s representations is stark. For Khien, the military in this latest coup is construed as an unwilling participant with no agency but ultimately being forced into a position where they had to act against an amoral and antagonistic enemy.

Ø ca tŋ thùuk tət sít khân phúnthään nay thaaj kaanmœaŋ pay dũay

Ø(military) must be cut off from their political rights

“phûuráay [[thî mii ʔitthíphon” læʔ mii ʔamnâat thaaj kaanmœaŋ]] tŋkaan dœŋ phûak khăw khâw pay sanàpsanũn Ø nay kaantòsũu kàp fàay troŋkhâam nán

Influential offenders with political power pull them (military) in to support (offenders) in a fight with the opposition

thahään yŋom ʔətʔətcaŋ mâak

The military are likely very frustrated.

nay thîi sùt klùm thahään....kô dâŋ tətšincay tham rátthaprahään

Finally, the military group... decided to stage the *coup*.

For Pitch, on the other hand, the military are depicted as agents working to keep “the people” in their place.

nææwkhít rœaŋ kaanpen thahään ʔaachîp nán yîŋ tham hây thahään yûŋ kiaw kàp kaanmœaŋ mâak khên

The idea of military professionalism causes the military even more to interfere in politics

thahään sâaŋ khwaamchôptham nay kaan khâw sææksææŋ thaaj kaanmœaŋ dooy troŋ

The military build legitimacy for direct political intervention

## Conclusion

The few examples presented here of how different social actors are construed in the three texts illustrate the link between the socio-political context the linguistic choices. Forces and ideologies within the social context have shaped the way writers have discussed the 2006 *coup*. For example, the way in which the writers construe agency in their texts reveals their particular ideological stance, and their attempt to legitimise or delegitimise the discourse of the *coup*. Khien champions the royalist agenda and legitimises the actions of the military in staging the *coup*. Pitch highlights how the struggle for political legitimacy has excluded a large part of the population. Chaiwat cites the legitimacy of the Thaksin government and suggests that academics must question the *coup*. Further analysis of these texts is warranted to gain a clearer picture of how the context and language has shaped this rhetorical space.

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# Literature-informed definitions employed to define the scope and nature of small not-for-profit organisations in Australia

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## **Abstract**

*A Productivity Commission report released in 2010 indicated that the not-for-profit (NFP) sector contributed \$43 billion to Australia's GDP in 2006-07. Of the 600 000 NFPs, only 58 779 have an active tax role while the majority are small unincorporated organizations.*

*Although there are many studies focussing on large and small companies and large NFP organisations, there is not much literature focussing on small NFPs. The four business structures above differ in their reporting requirements, make up and organisational structure. There is a distinct gap in literature for small NFP organisations.*

*The Term NFP is somewhat misleading as it implies that the organisation does not make a profit. In practice, NFPs do make profits but the profits are not distributed to its members but channelled back into the organisation as surplus. This paper presents literature-informed definitions for NFP organisations employed to define the scope and nature of the organisations under study.*

*This paper is the first part of a larger research with the final objective of proposing a model code of conduct for Directors and Officers of small NFP. Steps that will be taken to reach the above outcome is to review literature in the area, propose a model of best practice, carry out a survey of NFPs using a questionnaire and finally design a model code of conduct by analysing the data. The larger study will consider a sample size of 300 small NFP organisations in NSW based on the NSW Department of Fair Trading Tier 2 organisations.*

## **Introduction**

This article is the first of a series of papers emerging from a doctoral study of small not-for-profit (NFP) organisations in Australia. The purpose of this doctoral study is to propose best practice and a model code of conduct specifically for Directors and Officers working in small NFPs in Australia.

Much has already been written about financial controls and governance mechanisms for large and small companies and for large NFP organisations. To date, there has been little research focusing on small NFP organisations. This particular section of the sector operates differently and faces different challenges than large NFPs.

This paper presents literature-informed definitions for NFP organisations employed to define the scope and nature of the organisations under study. Further, the operation and contributions of NFPs in Australia will be explored. These meanings, operations and contributions describe the context for the research.

Subsequent papers will concentrate on financial controls, governance mechanisms and reforms in this section of the NFP sector in Australia.

## Not-for-profit

NFP organizations go by different names such as ‘non-profit’ organizations or ‘the third sector’ (Lyons & Passey, 2006). The first sector is the public sector or the government sector. The second sector is the private sector which is the commercial sector. The term ‘the third sector’ is designated to the NFP sector (Lyons & Passey, 2006; Australian and New Zealand Third Sector Research Incorporated, 2011).

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The term ‘not-for-profit’ is somewhat misleading as it implies that the organisation does not make a profit. A NFP organisation can make profits but the profits are not distributed to its members (Lyons & Passey, 2006; Hansmann, 1996; E.L. Glaeser, 2003; Twaits, 1998; Productivity Commission, 2010; Australian Taxation Office, 2011a). Instead, they are channelled back into the organisation as surplus and must be used to carry out the organisation’s purpose (Australian Taxation Office, 2007).

The NFP sector is made up of organizations aimed at creating social value for society as a whole and do not create profit for stockholders (Emanuele Lettieri, 2004).

A not-for-profit organisation can distribute its profits by improving the working environment of the staff and volunteers which can come in the form of free meals, attractive benefits and longer leave (E. L. S. Glaeser, A, 2001). In a research conducted by Glaeser & Shleifer in 2001, they concluded that they expect to find higher levels of benefits available in not-for-profit than for-profit firms in the form of better working conditions, higher wages and other benefits for the employees (E. L. S. Glaeser, A, 2001).

The definitions derived from Australian and international sources identify elements of the meaning of NFP organisations. The first is the Australian Government's main revenue collector which is the Australian Taxation Office. The second is the Productivity Commission which is the Australian Government's independent research and advisory body (Australia Government, 2012) and the other three definitions are academic sources.

According to the Australian Taxation Office (2011), the acceptable NFP definition is

*‘The assets and income of the organisation shall be applied solely in furtherance of its above-mentioned objects and no portion shall be distributed directly or indirectly to the members of the organisation except as bona fide compensation for services rendered or expenses incurred on behalf of the organisation’* (Australian Taxation Office, 2011).

According to the Productivity Commission (2010),

*‘An NFP organisation is an entity that imposes the non distribution of profits to the members of the organisation’* (Productivity Commission, 2010)

According to Twaits (1998),

*‘...those operating in the non-profit sector are typically prohibited by statute and/or their constituent documents from distributing any profits they do make to their members.’* (Twaits,1998).

According to Hanssman (1996),

*‘...the critical characteristic of a nonprofit firm is that it is barred from distributing any profits it earns to persons who exercise control over the firm.’* (Hansmann, 1996).

According to Glaeser (2003),

‘Nonprofit organizations have tax privileges...cannot disburse profits to owners...do not have owners.’ (E. L. Glaeser, 2003)

What is evident from all the definitions above is that a NFP organization is not allowed to distribute its profits to its members. This condition applies to the organization in the duration of its life and when it winds up (Australian Taxation Office, 2007).

The purpose of an NFP is to provide a service to society. NFPs have a range of different purposes, come in a variety of shapes, sizes and locations, and take different approaches to production and management (Productivity Commission, 2010). They operate in a number of different market sectors which are economically active such as sports and education, as well as in social or community ‘non-economic’ activities such as civil rights and religion (Productivity Commission, 2010).

The Productivity Commission was commissioned to assess the contribution of the NFP sector and the obstacles to its development due to the sector’s broad achievements and diversity (Productivity Commission, 2010). This commission researches and gives the government advice on a range of economic, social and environmental issues affecting the welfare of Australians (Australia Government, 2012).

According to the Productivity Commission (2010), there are approximately 600 000 NFPs in Australia excluding body corporate such as for strata titles. About 440 000 are believed to be small unincorporated organisations and 58 779 NFPs are classified by the Australian Bureau of Statistics as ‘having an active tax role’ for employing staff or accessing tax concessions (Productivity Commission, 2010). The 58,779 NFPs are considered to be ‘economically significant’ employing 889 900 staff, making up around 8 per cent of employment, and contributing under \$43 billion to Australia’s GDP in 2006-07 (Productivity Commission, 2010).

The Gross Domestic Product (GDP) increased from 3.3 to 4.1 per cent of GDP between 1999-2000 and 2006-07, reflecting strong average annual growth of 7.7 per cent in the NFP sector over the same period (Productivity Commission, 2010).

The executive management of an NFP can take the form of a single Chief Executive Officer (CEO) in a small organization or a multi-layered management team in a larger organization. In any case there is a person or a team that is accountable for the financial management of the organization.

In a small NFP, the CEO is expected to be skilled in the management of finances, human resources, facilities and assets while at the same time to be an expert in their field. This is not always possible and very often the financial management aspect of the organization undergoes difficulties.

Before the legal structures and financial requirements of NFP organizations are researched, it is important to first learn about when, why and how they were established in Australia.

## **A brief history of NFP organizations**

The NFP organisation is not a new establishment in Australia. It first began in Australia about two hundred years ago.

The Benevolent Society was established in 1813 and is believed to be the first NFP organisation in Australia (Great Southern Press, 2009). It has actively promoted change at the cause of social issues, established the Sydney Leadership Program as pioneers in developing social leadership for social change (Great Southern Press, 2009).

YWCA which began in Great Britain in 1855 was established in Sydney in 1880, making it the second oldest NFP in Australia. It was established by Lady Kinnaid and

Miss Emma Roberts to create a safe place for homeless women and girls. The Sydney branch was established by Mary Jane Barker, the wife of the then Sydney Bishop Frederick Barker. There are 132 YWCA in the world today which continue to value its commitment to the social, economic and political equality of women (YWCA NSW).

The Royal District Nursing Service was established in 1885 and has since been delivering home nursing care. The nursing care now includes a wide range of general and specialist nursing services (Royal District Nursing Service, 2011).

In 1889, five Sisters of Charity came to Melbourne with the hope of setting up a hospital and their vision was realised on 6 November 1893 when they established a small 'cottage hospital' with about 30 beds. They treated 2584 patients including 441 as inpatients in the organisation's first fourteen months. Some of the not-for-profit's key achievements are the building of the hospital's first all-purpose built wing and the establishment of the St Vincent's Clinical School (St. Vincent's, 2011).

Internationally, many well-known entrepreneurs have been historically involved in NFP organizations. In 1964, Jean-Henri Dunant started the Red Cross in Geneva after witnessing the battle of Solferino (E. L. S. Glaeser, A, 2001). Dunant co-founded another significant non-profit, the World's Young Men's Christian Association and won the first Nobel Peace Prize in 1901 (E. L. S. Glaeser, A, 2001).

In recent years, world renown entrepreneur Bill Gates along with his wife Melinda founded the Bill & Melinda Gates Foundation in Seattle to help all people lead healthy, productive lives (Bill and Melinda Gates Foundation, 1999). In the United States, the foundation aims to ensure that everyone has access to the opportunities they need to succeed in school and life and in developing countries, the focus is in improving people's health (Bill and Melinda Gates Foundation, 1999).

Having a charitable constitution, the NFP set up looked very attractive to the Australian and International people and carved a permanent role in their societies.

## Legal structures of not-for-profit organisations

Over the years, NFP organizations have grown and the government has allowed NFP organisations to take the form of one of the three legal structures below:

- public company limited by guarantee (governed by the Corporations Act).
- incorporated association (governed by state Associations Incorporation Acts).
- unincorporated association (Australian Institute of Company Directors, 2007), (Twaits, 1998).

Under a company structure, a NFP organization is registered as a public company that is limited by guarantee. In the Corporations Law, Section 9, the company limited by guarantee is defined as one that is formed on the basis of having the potential liability of members limited to the amount that a particular member has 'guaranteed' to pay under the company's memorandum of association (Twaits, 1998). The term 'limited by guarantee' indicates that the liability of the company's members is limited to the amount the members undertake to contribute to the property of the company should it wind down (Australian Securities and Investments Commission, 2010a; Australian Institute of Company Directors, 2007).

In the event of a winding down of an NFP organisation which is registered under the Corporations Law, Section 517 provides that members of a company limited by guarantee will not be required to contribute more than the amount they have guaranteed under the constitution (Twaits, 1998). If however, a company has insufficient funds to meet its liabilities, persons who were members within a year of the date on which the winding up action commenced may be required by the courts to honour their guarantees under Pt 5.6 Div 2 of the Corporations Law (Twaits,

1998). Past members are liable to debts incurred only up to the date on which they ceased to become members of the company.

By taking the step to register a company, the members create a legal entity separate from its members, enabling the company to hold property and sue and be sued (Australian Securities and Investments Commission, 2010a). The Corporations Act 2001 under which companies are registered is Commonwealth legislation administered by the Australian Securities and Investments Commission (Australian Securities and Investments Commission, 2010a). This registration is recognized Australia wide.

Any reference to shareholders in the Corporations Law does not apply to members of companies limited by guarantee because such companies do not have a share capital. A reference to a 'member' includes a reference to a member of a company that is a company limited by guarantee apart from specific exceptions (Twaits, 1998).

The second way in which an NFP organization can be registered is as an association. Associations are incorporated under State and Territory Associations Incorporation legislation regulated by the different state authorities and are not administered by the Australian Securities and Investments Commission (Australian Securities and Investments Commission, 2010a). Members are immune from personal liability at the suit of third parties in their capacity as members (Twaits, 1998).

Incorporating an association in a State or Territory restricts the organisation to operating only in the state or territory in which it is registered (Australian Securities and Investments Commission, 2010a).

In Australia, the term 'unincorporated association' is usually applied in relation to a group of people who meet for a common interest and serve in a voluntary capacity to further a common interest or purpose (Twaits, 1998). Although their members' subscriptions are their main form of funding, they also raise funds through intermittent fundraising activities such as raffles, etc). A committee elected by the members manage and run the organisation (Twaits, 1998). Some unincorporated associations have a constitution or a statement of objectives but others do not (Twaits, 1998).

In an unincorporated association, there is no relationship between members and the association, whether contractual or otherwise. The lack of a contractual relationship between the members and the association means that members had no standing to challenge the decisions of the association's committee (Twaits, 1998). Although the above legal structures are available for registering NFP organisations of all sizes, the focus of this paper is only small-to-medium sized NFP organisations in Australia.

## **Business structures**

This section of the sector occupies one quarter of the business pie. The four types of business set-up are large and small companies, and large and small NFP organisations. It is important to first investigate what makes up each of the structures.

There are many differences amongst the four structures such as their reporting requirements, their size and who runs each of them. The requirements for small organisations, whether they are companies or NFPs, are less stringent. The first table below spells out their definitions.

**Table 1: Four business structures**

<p><b>Large proprietary companies</b></p> <p>Satisfy at least two criterion:</p> <ul style="list-style-type: none"> <li>➤ combined income is <math>\geq</math> \$25 m</li> <li>➤ gross assets is <math>\geq</math> \$12.5 m</li> <li>➤ <math>\geq</math> 50 employees</li> </ul> <p>(Australian Securities and Investment Commission 2010c).</p> <p><b>Large NFP organizations in NSW (Tier 1)</b></p> <ul style="list-style-type: none"> <li>➤ gross receipts exceeding \$250,000 or</li> <li>➤ current assets exceeding \$500,000</li> </ul> <p>(Department of Fair Trading 2010).</p>	<p><b>Small proprietary companies</b></p> <p>Satisfy at least two criterion:</p> <ul style="list-style-type: none"> <li>➤ combined income is <math>&lt;</math> \$25 m</li> <li>➤ gross assets is <math>&lt;</math> \$12.5 m</li> <li>➤ <math>&lt;</math> 50 employees</li> </ul> <p>(Australian Securities and Investment Commission 2010c).</p> <p><b>Small NFP organizations in NSW (Tier 2)</b></p> <ul style="list-style-type: none"> <li>➤ gross receipts under \$250,000</li> </ul> <p>(Department of Fair Trading 2010).</p>
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Table two below illustrates what their reporting requirements are. In NSW, the Department of Fair Trading has specific financial reporting regulations based on the Associations Incorporation Act 2009 which divides associations into two categories for reporting purposes. From the 1<sup>st</sup> July 2010, associations with gross receipts exceeding \$250,000 or with current assets exceeding \$500,000 are referred to as Tier 1 associations and they are required to submit audited financial statements each year to their members at the AGM (Department of Fair Trading, 2010). For the purpose of this research, we will consider Tier 1 associations as being large NFP organisations.

Smaller organisations which are referred to as Tier 2 associations with gross receipts under \$250,000 are only required to submit a summary of their financial affairs at the AGM (Department of Fair Trading, 2010).

**Table 2: Financial requirements for the four business structures**

<p><b>Large proprietary companies</b></p> <p>Required to submit</p> <ul style="list-style-type: none"> <li>➤ a financial report</li> <li>➤ a directors' report</li> <li>➤ accounts be audited (unless relief granted)</li> </ul> <p>(Australian Securities and Investment Commission 2010c).</p>	<p><b>Small proprietary companies</b></p> <p>Required to submit</p> <ul style="list-style-type: none"> <li>➤ Some companies required to lodge financial reports</li> </ul> <p>(Australian Securities and Investment Commission 2010c).</p>
<p><b>Large NFP organizations in NSW (Tier 1)</b></p> <p>Required to submit:</p> <ul style="list-style-type: none"> <li>➤ audited financial statements at AGM</li> <li>➤ audited financial statements to the Department of Fair Trading</li> </ul> <p>(Department of Fair Trading 2010).</p>	<p><b>Small NFP organizations in NSW (Tier 2)</b></p> <p>Required to submit:</p> <ul style="list-style-type: none"> <li>➤ a summary of their financial affairs at the AGM</li> <li>➤ a summary of their financial affairs to the Department of Fair Trading</li> </ul> <p>(Department of Fair Trading 2010).</p>

Another important difference amongst the four structures is the issue of who runs the organizations. In a large company, there is a clear separation of ownership and control. The company is owned by its shareholders or partners. It is controlled by the Board of Directors and or the CEO. This is not the case in a small company because the owner runs the company and controls it. There is no separation of ownership and control.

In an NFP organization, whether it is large or small, control and ownership is similar to a large company because there is a clear separation of ownership and control. The members are the owners while the organization is controlled by a CEO and the Board of Directors.

**Table 3: Ownership and control of the four business structures**

<p><b>Large proprietary companies</b></p> <ul style="list-style-type: none"> <li>➤ Separation of ownership and control</li> </ul>	<p><b>Small proprietary companies</b></p> <ul style="list-style-type: none"> <li>➤ No separation of ownership and control</li> </ul>
<p><b>Large NFP organizations in NSW (Tier 1)</b></p> <ul style="list-style-type: none"> <li>➤ Separation of ownership and control</li> </ul>	<p><b>Small NFP organizations in NSW (Tier 2)</b></p> <ul style="list-style-type: none"> <li>➤ Separation of ownership and control</li> </ul>

There is a perceived expectation that the person or people who control the organisation will act in the best interest of the owners. In reality, this is not always the case, hence there is a need for financial controls, governance mechanisms, code of conduct and best practice models to ensure that the people who control an organisation act in the best interest of its owners and not in their own personal interests.

For the purpose of this research, a small to medium-sized NFP organisation is defined to be a Tier 2 NFP organisation with a gross receipt of under \$250,000. The researcher will not be considering body corporate such as for strata titles and small unincorporated organisations. This research will only cover NFPs that are considered by the Australian Bureau of Statistics to have an active tax role and that employ staff or access tax concessions.

## **Management styles in not-for-profit organisations**

All levels of manager have different management styles. A predictive financial manager uses his or her analytical skills to plan and develop strategic directions. This manager will regularly compare actual results with budgetary figures (Reh, 2010). Problems are anticipated and opportunities are taken advantage of.

This style of financial management brings to management's attention weaknesses before they reach crisis proportion and allows the manager to implement processes to reduce the effects of the problem or eliminate the problem altogether (Reh, 2010). Predictive managers make decisions that bring about the necessary adjustments before major problems develop so that fewer resources are spent on reacting to problems that arise (Reh, 2010).

Another type of financial manager goes from crisis to crisis with little time in between to notice opportunities that may become available (Reh, 2010). Instead of planning ahead and anticipating problems, the manager waits for problems to crop up and then reacts by crisis management to solve them. This is the reactive manager who is seldom prepared to take advantage of new opportunities quickly (Reh, 2010).

The best type of financial manager is one who anticipates problems and is prepared to solve them if they emerge. However, in the absence of large resources and several layers of support staff, it is necessary to have effective internal controls and governance mechanisms. This is especially critical for an underfunded small to medium sized not-for-profit organization that only has a CEO who performs many functions to ensure the organisation's financial interests are safeguarded.

Effective internal controls and governance mechanisms also help the management or the governing body of an NFP entity to meet its fiduciary responsibility. Fiduciary responsibility of an NFP will be explained further in a subsequent paper.

Strategic management sets the long-term direction of an organization (Martello, Watson, & Fischer, 2008). It is a set of measures that an organisation's executives and directors devise to ensure long-term progress. Effective internal controls and governance mechanisms are part of strategic management. It also includes industry analysis, setting strategic objectives and strategic options, implementation of strategies and evaluation and control (Wheelen & Hunger, 2008).

Managers may manage the changing world environment by progressing through four phases of strategic management (Gluck, Kaufman, & Walleck, 1982). According to Gluck, Kaufman and Walleck (1982), phase 1 entails fundamental financial planning. This planning takes place at the time of the preparation of the following year's budget (Gluck, et al., 1982).

Gluck, Kaufman and Walleck (1982) go on to state that phase II involves a longer term financial planning such as a five- year plan. It requires senior management and the directors to forecast future growth.

Phase III consists of externally oriented planning caused by the political environment and changes in trends (Gluck, et al., 1982). Lastly, phase IV involves top management to form planning groups at different levels and across departments for input and commitment from lower level managers to ensure the success of the strategic direction (Gluck, et al., 1982).

There are many challenges for all management including the management of small-to-medium size NFP organisation such as the impact of globalization, electronic commerce, diversification of the workforce, rapid technological advances, governmental regulations, and increasing competitive forces in the environment (Wheelan and Hunger 2008).

A small, under-resourced NFP organisation would find it very challenging to keep up with the progress of its for-profit counterpart and maintain a high level of accountability that is expected of a NFP organisation.

## **Accountability of not-for-profit organisations**

There have been growing calls for accountability and major donors increasingly want evidence of the effectiveness of the activities, and prefer NFPs that can provide robust business cases for the investments they seek (Steane & Christie, 2001; Productivity Commission, 2010). Although most NFPs concur that significant financial contributions warrant accountability such as audited accounts and business plans and demonstrable results, it is also felt that current requirements are not appropriate, impose compliance costs without commensurate benefits and are lacking any sense of proportion in regard to the size of the organisation or scale of the undertaking (Productivity Commission, 2010).

The reporting requirements have not been standardised. They differ from department to department, differ between state and federal bodies and are in some cases too complex and difficult to understand. The current regulatory framework for the sector is considered to be complex, lacks coherence, lacks sufficient transparency, and is costly to NFPs (Lyons & Passey, 2006; Productivity Commission, 2010).

The Commission (2010) recommended the setting up of a nationwide single department for Commonwealth regulation in the form of a Registrar for Community and Charitable Purpose Organisations to improve and consolidate regulatory oversight and enhance accountability to the public. A statutory organ within the Australian Securities and Investments Commission could initially be established to ensure timely implementation and administrative efficiency (Productivity Commission, 2010). This new statutory body would also replace the equivalent functions in existing regulators.

## **Conclusion**

The duties and liabilities for directors in different types of companies whether it is FP or NFP organisations are generally similar. There may however, be some differences between state legislation and the Corporations Act.

Whatever form of legal structure an NFP organisation may take, all actions must be carried out in good faith and in the best interests of the organisation (Australian Institute of Company Directors, 2007). For that reason, registered NFP organisations are required to be financially accountable.

By identifying strong financial controls and introducing good governance mechanism, best practice for small-to-medium sized NFP organisations can be determined and a model code of conduct can be developed. This may help the 90%

NFP organisations that are not economically significant to increase productivity and may even help reduce the number of NFPs that become insolvent.

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