From the desk of the Editor-in-Chief.


All articles that appear in this volume of the Mustang Journal of Business and Ethics have been recommended for publication by the Reviewers/Advisory Editors, using a double, blind peer review process. I express a personal thanks to the Reviewers/Advisory Editors for all their hard work and dedication to the Journal. Without their work, the publication of this Journal would be impossible.

I wish to express my sincere thanks and appreciation for all the support, encouragement, assistance and advice throughout this year. I would like to further express appreciation to Will Mawer of Southeastern Oklahoma State University, for his efforts in coordinating the entire process. The publishing of this journal is an intense educational experience which I continue to enjoy.

Congratulations to all our authors. I extend a hearty invitation to submit your manuscripts for future issues of Mustang Journals.

To further the objectives of Mustang Journals, Inc., all comments, critiques, or criticisms would be greatly appreciated.

Again, thanks to all the authors for allowing me the opportunity to serve you as editor-in-chief of the Journal.

M.P. (Marty) Ludlum
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ETHICAL AND LEGAL CONSIDERATIONS FOR PROJECT MANAGERS

Lila L. Carden, University of Houston
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Abstract

Organizations have noted that behaviors which are both ethical and legal are the underlying basis for enhancing competitiveness, controlling the bottom line, and marketing an organization’s image. This paper presents a case study as a guide to discuss the ethical and legal ramifications of a construction project. The case study is summarized and the ethical and legal outcomes are discussed within the context of the case. The authors conclude with recommendations for project managers and organizational leaders to support not only; the identification of ethical and legal considerations; but also, the application of those considerations.

Keywords: Ethics, legal considerations, construction project, project managers

Introduction

National and international organizations have recognized the significance of practicing behaviors which are both ethical and legal, within and outside of their organizational dealings, as a strategic business decision to enhance competitiveness and usefulness (Cross & Miller, 2001; McManus, 2009; Robretson & Fadil, 1999). “In a business environment, the rules or standards of ethical behavior govern the conduct of company officers, directors and all employees—including HR professionals. Investors, employees and communities look to businesses to act both legally and ethically” (The Ethics Landscape in American Business, n.d, p. 4). Thus, organizations are charged with providing environments that enhance ethical and legal behaviors in order to: reduce financial exposure, provide greater consistency in administering and executing standards and values, and increase reputations among internal and external stakeholders (The Ethics Landscape in American Business, n.d.).

As reported by Cross and Miller (2001), ethics includes reviewing what constitutes correct or incorrect behavior. More specifically, ethics “is the branch of philosophy that focuses on morality and the way in which moral principles are derived or the way in which a given set of moral principles applies to one’s conduct in daily life” (Cross & Miller, 2001, p. 97). Ethical
behaviors are a central focus for most emerging professions, including project managers (Vee & Skitmore, 2008), and as such mandate practices and principles that are established and monitored by organizations (The Ethics Landscape in American Business, n.d.) and professional associations. More specifically, ethical principles and practices in professions support (a) respect for others, (b) not doing harm to others, and (c) treating others fairly (Hoop, DiPasquale, Hernandez, & Roberts, 2008).

It has also been determined that the useful understanding of law is commonly utilized in a variety of venues and often deemed necessary for a business or a person operating in a business. It is helpful in varying disciplines and therefore a necessary component to affect a person’s behavior (Cross & Miller, 2001). Legally responsible behavior has an important role which is to “enable individuals to go about their business with confidence and a certain degree of predictability” (Cross & Miller, 2001, p. 2). This “stability and predictability created by the law provide an essential framework for all civilized activities, including business activities” (Cross & Miller, 2001, p. 2).

Project managers have been singled out as one of the major factors contributing to projects being delivered on time, within budget and meeting requirements (Kendra & Taplin, 2004). Therefore, “project managers have a responsibility to be leaders in creating an ethical environment in which the project team can operate, and to see the expectation for team behavior by their own conduct. That is one reason why both PMI members and credential holders are required to abide by the Code of Ethics” (PMI Today, 2008, p. 2).

To show the application of unethical and illegal behaviors that are misaligned with Project Management Institute’s Code of Conduct (PMI Code of Ethics and Professional Conduct, n.d.), this paper focuses on the following objectives:

- To provide a framework to discuss the importance of ethical and legal managerial behaviors;
- To discuss ethical and legal considerations as noted by an actual legal case; and
- To offer recommendations for organizations and professionals to utilize when establishing codes of conduct.

**Project Managers and the Construction Industry**

Project managers are responsible for coordinating and integrating cross-functional activities that span the project team and project organization (Thamhain, 1998). A project’s execution is dependent on the commitments, experiences and skills of project managers and project team members (Lundin & Soderholm, 1995). Thus, project managers need to possess competencies that foster business acumen as well as promote effective communication and business protocol (Kerzner, 2001).
Project managers are identified as one of the most important factors that determine the success of a project (Kerzner, 2009). Researchers have noted that project managers have an impact on not only the quality; but also, the budget and underlying bottom line of a project (Toor & Ofori, 2007). Thus, it is important to note the education, skill sets and training of project managers in order to more closely align the qualifications of the project manager with the outcomes of the project. More specifically, construction project managers are involved with passive and active forces. “The passive forces comprise traditional education and training, passive organizational and industry culture, and traditional performance expectations. These forces compel the project manager to remain conventional, conform to situational demands, and accept the existing circumstances” (Toor & Ofori, 2008, 622). The circumstances include legal and regulatory challenges including litigation and arbitration and ethical challenges including corruption and fraud (Toor & Ofori, 2008).

Construction projects and the project management profession tend to be popularized based on the less noteworthy images of unsafe and macho work environments (Fellows, Liu, & Story, 2004). The less noteworthy images are accentuated due to the design and services being intangible until operationalized (Fellows, Liu, & Story, 2004). For example, construction projects usually begin with a request for a change. The change can take the form of a new building, renovation, and refurbishment. Additionally, the change includes “developing design proposals, examining their (financial) feasibility etc. before detail development and commitment to construction projects. The boundaries between the stages are fuzzy and communication between the disparate participants is notoriously problematic. However, these are fundamentally important decision times in which the viability and forms of any ensuing project are decided” (Fellow, Liu & Storey, 2004, p. 293).

Construction contractors are noted for unethical behaviors including disputes with proprietors and builders (Vee & Skitmore, 2003). More specifically, the unethical behavior can be attributed to “the influx of new construction companies with new people who lack building construction ethics, with greed being one of the main factors leading the unethical conduct” (Vee & Skitmore, 2003, p. 121). Some of the strategies that have been deployed to alleviate some of the unethical behaviors include professional codes of conduct, greater self-regulation, and quality practices enacted by consumers (Fellows, Liu & Storey, 2004; Vee & Skitmore, 2003).

**The Importance of Ethical and Legal Behaviors**

Ethical practices for project managers “have become increasingly important in the last few years because of the unfavorable publicity on the dealings of corporate America” (Kerzner, 2009, p. 342). The importance of project managers considering and abiding by a code of ethics is represented
as per the statistics reported in PMI Today. “In a 2007 survey conducted by
the Ethics Resource Center, it was reported that over half (56 percent) of
employees surveyed reported personally observing “violation of company
ethics standards, policy, or the law” (PMI Today, 2008, p. 2). Additionally, “a
2007 Membership Survey conducted by PMI, respondents reported that
they had seen self-serving behavior at the expense of employer, client,
peers or the public (46 percent), disrespectful behavior (57 percent), unfair
behavior (46 percent) and irresponsible behavior (32 percent)” (PMI Today,
2008, p. 2).

Ethical practices have also become increasingly important due to
increased membership in Project Management Institute and due to
globalization (Bouley, 2007). One of the impacts of globalization is that
project managers are now working in countries and sectors in which project
management is not considered a profession and there are no entities
controlling behaviors such as the Project Management Institute. Thus,
Project Management Institute has not only established a code of ethics; but
also, outlined types of behaviors not considered ethical (Bouley, 2007).

Ethical and legal behaviors may be more difficult to practice in the
construction industry “due to the design and management services being
intangible activities so that objective, tangible benefits are difficult to
demonstrate convincingly – especially to clients who are unfamiliar with
construction and who, themselves, operate under considerable financial
performance pressures” (Fellows, Liu, & Storey, 2004, pp. 290-291). One of
the primary legal behaviors that project managers need to guard against is
negligence. Negligence, as reported by Vee and Skitmore (2003), in their
survey of 31 project managers, architects and building contractors practicing
in a major Australian conurbation, indicated that 20 out of the 31 project
managers “had witnessed or experienced negligence in the industry, in the
form of poor quality documents (13 respondents), poor workmanship (12
respondents), poor material quality (eight respondents) and inadequate
safety standards on the site (seven respondents)” (p. 123). The
aforementioned negligent behaviors usually result in projects not being
completed on time, within budget, and to customer expectations (Bouley,
2007). Thus, the projects in which negligent behaviors are exhibited usually
result in unsuccessful implementations and may result in parties pursuing
legal actions to remedy various inactions.

The Construction Project Case

The construction project case discussed in this paper is entitled
Presnell Construction Managers, Inc. v. EH Construction, LLC. The case was
first adjudicated in a trial court, then was appealed to an appellate court,
and then finally reviewed in the Kentucky Supreme Court. The case focused
on conflicting duties of the construction manager and the general contractor.
Thus, there was an issue related to the scheduling of project and the
resulting liability of the responsible party (Presnell Construction Managers, Inc. v. EH Construction, LLC, 2004). A summary of the case is presented herein.

The owner of a commercial building, DeLor Design Group, Inc. contracted with Presnell Construction Managers, Inc. to renovate a building in the role of the construction manager. Then, DeLor separately contracted with EH Construction to provide “general trades” work for the renovation. Even though they had to work together, Presnell and EH did not have a contract between each other (Presnell Construction Managers, Inc. v. EH Construction, LLC, 2004).

EH Construction, LLC alleged that it suffered economic losses due to Presnell’s negligence from misrepresentation and supervision. More specifically, “Presnell failed to fulfill its project management duties by failing to provide accurate schedule and coordination information of the general contractors. This caused confusion amongst the contractors related to the proper sequence of the work, and resulted in cost overruns and economic losses to EH” (Rhee, 2005, p. 1).

As previously stated, the Kentucky Supreme Court affirmed the appellate court. Then granted EH the right to file the claim of negligent misrepresentation against Presnell (Presnell Construction Managers, Inc. v. EH Construction, LLC, 2004).

**Ethical Considerations for Project Managers**

**Background**

Project Managers are charged with implementing projects on time, within budget and meeting or exceeding customer expectations (Bouley, 2007). In addition to the aforementioned success attributes, project managers are also charged with executing the projects with “a high level of moral character in an increasingly global environment” (Bouley, 2007, p. 3). Thus, the *Project Management Institute Code of Ethics and Professional Conduct* provides guidance and a practicing framework for project managers including expectations for not only project managers but others (Kerzner, 2009). More specifically, The PMI Code of Ethics and Professional Conduct was adopted in 2007 to note the “expectations and behaviors that apply to all PMI members, non-members who hold or who are seeking a PMI credential, and nonmembers who service PMI in a volunteer capacity” (PMI Today, 2008, p. 2). Most project managers consider the PMI Member Code of Ethics as instrumental in delineating the ethical code for project managers (Gray, 2005).

The *Project Management Institute of Ethics and Professional Conduct* is specific about the basic obligation of responsibility, respect, fairness, and honesty. It requires that practitioners demonstrate a commitment to ethical professional conduct. It carries the obligation to comply with laws,
regulations, and organizational and professional policies. “Since practitioners come from diverse backgrounds and cultures, the Code of Ethics and Professional Conduct applies globally” (Project Management Global Standard, 2008, p. 4).

**Duty Based Approach**

Duty-based ethics is rooted in the idea that ethical dilemmas should be driven by the idea of “to whom do I owe a duty and what duty do I owe them” (“Deciding What’s Right: Ethics for Daniels Scholars,” n.d.). The main proponent of this framework was Immanuel Kant. “Kant believed that human beings are qualitatively different from other physical objects and are endowed with moral integrity and the capacity to reason and conduct their affairs rationally. Therefore, a person’s thoughts and actions should be respected” (Cross & Miller, 2001, p.108).

The duty-based approach considers ethical dilemmas within the context of “fairness” and “respect” for others (“Deciding What’s Right: Ethics for Daniels Scholars,” n.d.). The duty-based theory, as defined by Immanuel Kant, supports the idea that individuals have basic rights as well as accountabilities (Ethics, n.d.). The duty-based theory is focused on the idea that humans, are different from non-humans, and are born with skills and qualities that support rationalizing behaviors and decisions. Thus, the responsibilities of individuals, as it relates to project managers may include a place (1) that avoids making decisions that are not in the best interest of project team members, customers, and other stakeholders; (2) that establishes guidelines including policies and procedures that are applicable to all project managers such that project managers will do what they say they will do; and (3) that promotes the good of others by only engaging in assignments that are consistent with their project management background and skill sets (Project Management Institute Code of Ethics and Professional Conduct, n.d.).

Another consideration for duty-based ethics is that individuals should make behavioral decisions in light of the impact to society if other individuals acted accordingly (Cross & Miller, 2001). For example, if a project manager is deciding whether to practice a behavior of not properly updating project plans for changes in time schedules and resource constraints, the project manager will decide not to engage in the behavior because the workplace would be filled with the outcomes of numerous project plans not being updated and could potentially impact project time frames, quality of the deliverables, and project safety issues (Kerzner, 2009; Vee & Skitmore, 2003).

**Code of Ethics and Professional Conduct**

The Project Management Institute Code of Ethics and Professional Conduct include five chapters that discuss the following sections: vision and applicability, responsibility, respect, fairness, and honesty. More specifically,
the codes state that “responsibility is our duty to take ownership for the
decisions we make or fail to make, the actions we take or fail to take, and
the consequences that result (Project Management Institute Code of Ethics
and Professional Conduct. (n.d.). Additionally, 2.2 Responsibility: Aspiration
Standards discuss the guidelines for practitioners, as defined in the Project
Management Institute Code of Ethics and Professional Conduct (n.d.) in the
supplement to the PM Network, including:

1. “We make decisions and take actions based on the best interests of
society, public safety, and the environment” (Project Management
Code of Ethics and Professional Conduct, n.d.).
2. “We accept only those assignments that are consistent with our
background, experience, skills, and qualifications” (Project Management Code of
Ethics and Professional Conduct, n.d.).
3. “We fulfill the commitments that we undertake – we do what we
say we will do” (Project Management Code of Ethics and Professional Conduct, n.d.).
4. “When we make error or omissions, we take ownership and make
corrections promptly. When we discover errors or omissions caused
by others, we communicate them to the appropriate body as soon as
they are discovered. We accept accountability for any issues resulting
from our errors or omissions and any resulting consequences”
(Project Management Code of Ethics and Professional Conduct, n.d.)
5. “We protect proprietary or confidential information than has been
entrusted to us” (Project Management Code of Ethics and Professional
Conduct, n.d.).
6. “We uphold this Code and hold each other accountable to it”
(Project Management Code of Ethics and Professional Conduct, n.d.).

The above codes were established to ensure customers receive accurate and
timely information such that the customers are able to make informed
project decisions (Project Management Institute Code of Ethics and
Professional Conduct, n.d.). The aforementioned codes are related to
commitments and qualifications needed to complete assignments and
behaviors related to errors and omissions as noted by the project managers.

Legal Considerations for Project Managers

Background

The various actions or inactions of project managers in the
performance of their required duties are quite important (Fellows, Liu &
Storey, 2004; Vee & Skitmore, 2003). These actions may have a profound
effect on the company or project directly under the project managers’
supervisions. This is especially applicable when pertaining to legal concerns.
These legal concerns may affect the company, the array of parties involved
in the contract, or possible third persons that may have certain legal rights
as a result of the contract. As a result, it is particularly important that project managers, as well as other parties involved in any business agreement, obtain a working knowledge of certain applicable laws and have consistent legal representation when operating in a business environment (Cross & Miller, 2001). These actions will assist in ensuring that the company is functioning in a manner which will provide the best environment for all involved.

In the current case, EH Construction wanted to obtain compensation for the economic losses it claimed to have suffered (Presnell Construction Managers, Inc. v. EH Construction, LLC, 2004). EH alleged in its complaint that Presnell did not “properly stage and time the work involved” (Presnell Construction Managers, Inc. v. EH Construction, LLC, 2004, p. 5). Therefore, it was necessary for EH “to redo much of the work that it had already completed, due to the other contractors and subcontractors coming in and subsequently destroying work that had already been completed by [EH]” (Presnell Construction Managers, Inc. v. EH Construction, LLC, 2004, p. 5). Further, EH also alleged that “Presnell was careless and negligent in coordinating the project, and supplied faulty information and guidance and supervision to the contractors working on the Project” (Presnell Construction Managers, Inc. v. EH Construction, LLC, 2004, p. 5).

In reference to the above allegations, there are certain legal areas of concern that Presnell and project managers in these types of positions may have to ensure proper preparation. These areas include negligent misrepresentation, fraud, and a few other areas that including criminal laws that will be discussed below.

**Negligent Misrepresentation and Supervision**

Unlike fraudulent misrepresentation, which generally is applicable to “misrepresentation that is consciously false and is intended to mislead another” (Cross & Miller, 2001, p. 204), negligent misrepresentation typically refers to an innocent misrepresentation (Cross & Miller, 2001). This would be the first area of legal concern.

The Restatement (Second) of Torts § 552 (1977), as adopted by most jurisdictions, states that negligent misrepresentation is:

1. “One who, in the course of his business, profession or employment, or in any other transaction in which he has a pecuniary interest, supplies false information for the guidance of others in their business transactions, is subject to liability for pecuniary loss caused to them by their justifiable reliance upon the information, if he fails to exercise reasonable care or competence in obtaining or communicating the information” (Presnell Construction Managers, Inc. v. EH Construction, LLC, 2004, p. 3).
(2) “Except as stated in Subsection § 552(3), the liability stated in Subsection § 552(1) is limited to loss suffered (a) by the person or one of a limited group of persons for whose benefit and guidance he intends to supply the information or knows that the recipient intends to supply it; and (b) through reliance upon it in a transaction that he intends the information to influence or knows that the recipient so intends or in a substantially similar transaction” (Presnell Construction Managers, Inc. v. EH Construction, LLC, 2004, p. 3).

(3) “The liability of one who is under a public duty to give the information extends to loss suffered by any of the class of persons for whose benefit the duty is created, in any of the transactions in which it is intended to protect them” (Presnell Construction Managers, Inc. v. EH Construction, LLC, 2004, p. 3).

EH’s negligence claim was grounded in the following: (1) Presnell did not properly state and time the project activities neglected; (2) Presnell did not use its project management skills to properly coordinate the project activities; and (3) Presnell did not provide truthful information and proper supervision to the contractors during project execution (Rhee, 2005). Presnell in return defended its position by stating that the relationship between Presnell and EH was not in contractual privity and thus Presnell did not owe a duty based on performance to EH (Presnell Construction Managers, Inc. v. EH Construction, LLC, 2004). Privity of contract is “the relationship between parties to a contract, allowing them to sue each other but preventing a third party from doing so” (Garner, 2010, p. 1036). In essence, Presnell stated that since both EH and Presnell contracted directly with DeLor Design Group, Inc. and not each other, EH could not generally sue Presnell (Presnell Construction Managers, Inc. v. EH Construction, LLC, 2004). However, the Kentucky State Supreme Court stated that privity of contract did not prelude liability and that Presnell could be held liable if the court ruled in that manner (Presnell Construction Managers, Inc. v. EH Construction, LLC, 2004). The Kentucky Supreme Court relied on the Restatement (Second) of Torts § 552 (1977) which is adopted in a majority of jurisdictions. Therefore, a party may have a legal issue in situations such as this. Thus, project managers have to ensure this type of legal concern is addressed or face possible monetary damages.

**Other Areas of Possible Concerns**

As discussed earlier, a misrepresentation that is fraudulent “refers to a misrepresentation that is consciously false and is intended to mislead another.” Generally, a misrepresentation that is fraudulent is normally comprised of the following elements which include a “1. misrepresentation of a material fact must occur. 2. There must be an intent to deceive. 3. The
innocent party must justifiably rely on the misrepresentation” (Cross & Miller, 2001, p. 204). A project manager may intentionally seek to misled based a variety of reasons. If fraudulent misrepresentation is proven, the project manager may expose the organization to monetary damages.

A project manager may also unintentionally violate various criminal laws during the performance of his duties. For example, an individual may be injured due to the project manager’s actions or inactions. If this is determined to be true, the project manager may expose the organization to various criminal fines and possible imprisonment. It is important for a project manager to ensure that business is conducted in the proper manner.

**Discussion and Results**

There are ethical considerations per the actions of Presnell’s construction project manager. In addition to the project manager required to possess business acumen, the project manager is also charged with promoting effective communication and business protocol. As noted in the case presented herein, effective communication and business protocol were skill areas in which ethical considerations were highlighted. The *Project Management Institute of Ethics and Professional Conduct* requires practitioners to demonstrate a commitment to ethical behavior and it also charges the practitioner to comply with laws, regulations and organizational and professional policies. Thus, the main question per the case is “can a construction manager who fails to fulfill its management and coordination responsibilities be liable to a general contractor for resulting delays?” (Rhee, 2005, p. 1). The answer per the Kentucky Supreme Court decision is “yes” (Presnell Construction Managers, Inc. v. EH Construction, LLC, 2004).

The ethical considerations are related to the construction project manager if he or she is a PMI member, non-PMI member who is PMI certified, non-member who applies to begin the PMI certification process and non-members who work as PMI volunteers (PMI Code of Ethics and Professional Conduct, n.d.). In addition to the ruling by the court, the project workers if included in one of the above categories related to PMI, may also need to consider the PMI Code of Ethics and Professional Conduct related to responsibility and honesty. For example, there are five codes that apply to the case study information presented herein. The first code and second code are related to responsibility and are cited in Chapter 2 of the PMI Code of Ethics and Professional Conduct. More specifically, section 2.2.1 states that “we make decisions and take actions based on the best interests of the society, public safety, and the environment” (PMI Code of Ethics and Professional Conduct, n.d., p. 2). The first and second PMI codes are aligned with the duty-based approach to ethics in that individuals should make behavioral decisions in light of the impact to society if other individuals acted accordingly (Cross & Miller, 2001). For example, project managers
need to update project plans for changes in time and resources in order to prevent project delays that could impact third party relations and customer expectations. The second responsibility code states in section 2.2.4 “when we make errors or omissions, we take ownership and make corrections promptly” (PMI Code of Ethics and Professional Conduct, n.d., p. 2). The responsibility codes are further supported by the assertion in the case that there were disputes between EH Construction and Presnell related to the timing and quality of the work performed.

The third, fourth and fifth codes, as noted herein the paper, are related to the honesty aspirational standards. More specifically, 5.2.1 states that “we earnestly seek to understand the truth”; and 5.2.2 and 5.2.3 respectfully state that “we are truthful in our communications and in our conduct” and “we provide accurate information in a timely manager” (PMI Code of Ethics and Professional Conduct, n.d., p. 3). In the case study presented herein, EH claimed that Presnell was negligent in communicating the scheduling and coordinating of work activities. Additionally, EH Construction claimed that Presnell reported faulty information and as a result of the aforementioned unethical behaviors, EH Construction was required to redo work (Presnell Construction Managers, Inc. v. EH Construction, LLC, 2004). EH Construction was expecting fairness and respect in consideration to the timeliness and accuracy of the schedule and work activities. Note that from the survey by Vee and Skitmore (2003) that poor quality documents and poor material quality were cited by project managers, architects and building contractors practicing in a major Australian conurbation as noted reasons for negligent claims. Thus, it appears that negligent assertions are somewhat common behaviors as noted during the construction of facilities.

Conclusion and Recommendations

In addition to a practicing code of ethics for a profession and organization, which includes considering actions that do not lead to lawsuits, “one of the most important factors in creating and maintaining an ethical workplace is the attitude of top management. Managers who are not totally committed to maintain an ethical workplace will rarely succeed in creating one. Surveys of business executives indicate that management’s behavior, more than anything else, sets the ethical tone of a firm. In other words, employees take their cues from management” (Cross & Miller, 2001, p. 99.) Thus, management is charged with developing and executing strategies to ensure professional and organizational codes of ethics are practiced and rewarded. To reinforce practices and behaviors of codes of ethics, management needs to provide training and ongoing awareness of ethical and legal behaviors. Thereafter, management needs to conduct audits and evaluations of the strategies and implement revisions and reforms to the strategies as identified (Driscoll & Hoffman, 2009).
An organizational code of ethics needs to include a sanctioned practice from top management about the importance of the execution of the code. At a minimum, the written ethics code should contain a list of steps outlining the actions and behaviors of employees and others who may be involved in the execution and outcomes of the codes (Driscoll & Hoffman, 2009). Additionally, the code of ethics should include; but not, limited to: clear objectives and goals; the most recent federal and state laws, and industry regulations (Driscoll & Hoffman, 2009).

Abiding by a code of ethics for a profession may prevent further liability in the form of legal ramifications. The professional code needs to be policed by a body of professionals (PMI Today, 2008) and there needs to be a process to anonymously report a code violation claim. “PMI’s Code of Ethics and Professional Conduct stand as an example of how ethics issues can be identified, analyzed, discussed and resolved in a global context. Many times there may be no one right answer. Project management involves collaboration, and often the value of the ethical dialogue is reaching a common understanding among the team as to its appropriate course of conduct. The Code of Ethics provides a tool to facilitate an ethical dialogue whether within or across cultures” (PMI Today, 2008, p. 2).

Note: The discussion and conclusion presented herein are based on the authors’ perceived personal interpretation as it relates to PMI’s Code of Ethics and Professional Conduct. The information in this paper is only for academic purposes and should not be considered as expressing ethical opinions about the parties related to or involved in the case. Persons who utilize this information should separately and autonomously examine the information provided within this paper prior to its use.

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A METHODOLOGY FOR ASSESSING THE INFLUENCE OF EDUCATIONAL PORTALS

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ABSTRACT

The growth of the Internet and website portals present conflicting requirements for organizations and individuals assessing the efficacy of portal-enabled education and training (PEET). Current perspectives are surveyed and presented relative to portals evident in contemporary Internet-mediated communities. Portal classifications are given in taxonomy relative to the desired results of a generic exemplar.

Analytic hierarchical process (AHP) is introduced as an analysis technique for measuring the strength of the relationships between qualitative and quantitative measures of the portal paradigm. AHP is a decision-modeling tool that can structure the decision environment of hard and soft data into hierarchies amenable to statistical analyses. As organizations and individuals coordinate and collaborate on PEET activities, it is important for each stakeholder class to recognize the significance of qualitative and quantitatively analyzed decisions to be reflected back into the design and use of portals.

Education and training accreditation systems have not been incorporated into models of portal effectiveness. Organizations and individuals will continue to design and execute portals to better their individual professional goals in complex decision environments. A merge of EIP technologies and AHP analyses could be an approach meeting the individualized need of consumer and provider.

INTRODUCTION

Contemporary organizations build Web presence to create value for their stakeholders. In this context, the term “Web” refers to those sites intentionally authored and specifically designed to develop and influence Worldwide Web access. In other examples, the term “web” denotes a generic term to characterize any collaborative network. “Stakeholder” is defined as any person, who maintains an interest in the organization.
because of its current and/or potential impact on their economic, political, and/or social status. It is uncommon to find organizational entities, persons, places, or ideas that do not possess or are shaped by Web presence. An increasingly important “first step” in establishing Web presence is having an organizational portal, through which stakeholders can expect to improve their self-selected search for resources supporting “lifelong learning”.

Historically, organizations and individuals promoted education and training as a positive influence on professional careers. The trends are increasing that both the firm and the individual will remain committed to education and training. Given the need for business process controls, and for the assessment of the effectiveness of a firm’s educational portals further analysis is motivated by the firm and its stakeholder’s to promote collaboration on the potential impact of individual education and training. This research project is further motivated by a very specific perspective on Web portals - “An assessment paradigm on the effectiveness of Web portals.”

**OVERVIEW OF THE APPROACH**

The research methodology is given in the *Purpose, Scope, Assumptions, Source Data, Limitations,* and *Criteria.*

**Purpose**

The purpose of this research is to suggest a generalized taxonomy of factors, which could lead to further research in measuring the effectiveness of organizational Web portals to influence individual lifelong learning.

**Scope**

This paper discusses the background to the phenomenon of the “Web portal”, the operational problems facing organizations in developing effective Web portals, and recommends a set of characteristics defining effective Web portals for influencing lifelong learning.

**Assumptions**

Three assumptions form the contextual basis to the research:

- The paper is exploratory and does not represent a complete research methodological approach;
- Contemporary Internet “jargon” can be used without definition, unless its particular usage is intended to be unique, which will be further defined when appropriate; and
Organizations and employees seek to improve the potential for lifelong learning. The term “lifelong learning” is intended to denote a general qualitative and quantitative ‘feel” for improving one’s current state of knowledge.

**Source Data**

Information for this research is based in traditional print literature and contemporary online sources. Included are anecdotal observations from a career in developing higher education “web presence.”

**Limitations**

The paper only includes print, online, and anecdotal sources. While it is desirable to have a structured survey of a framed population representing portal-enabled education and training (PEET) consumers, the exploratory nature of the research did not permit development and testing of an instrument. This further limitation results in the absence of PEET comparisons between the organization’s and individuals a priori goals and the measurement and analysis of post hoc results. Finally, the research is limited to the macro-level qualitative factors influencing PEET populations and not quantitative metrics derived from website performance measurements.

**Criteria**

The purpose of this paper is to suggest first-level taxonomy of PEET assessment attributes.

**BACKGROUND AND RELATED RESEARCH**

Portals form a single point of access to a firm’s aggregated information and which, for some consumers frame the primary presence of the firm. Mitchell (2001) states that portals generally apply to Web-consumers exploring - Internet portals; Intranet portals (private sites); and Vortals (specialized vertical markets, “vertical portals”). In general, portals have these characteristics:

- Single point of access: a “doorway”, a webpage, in most cases, with open access or password-enabled access to content/services, such as e-mail, information resources, shopping (including the broadly defined term “e-commerce”),
discussion forums, and “tools”, such as search engines, for example; (Laudon & Laudon, 2001) and

- Navigation architecture: “pushed” recommendations for further information in a user-interface enabled open access environment or an environment accessed through password protected firewall systems enabled by the (1) hyperlinked doorway in a webpage enabled structure or (2) a file-based structure that “points” to available files (FTP-type system). In this context, Push” and “pull” are used in the research context to refer to the direction (within the Web) in which content is provided to the stakeholder versus content explicitly “clicked-onto” by them.

In particular, Web site portals offer access to the following content:

- LAN access;
- Application hosting; and
- Video conferencing access.

Goals Relative to Portal Presence

Portals are designed with factors differentiated by implicit and explicit qualitative macro measures of the quality of the information (Stvilia, et.al., 2007 & 2008) and the technical parameters (Alter, 1999). These factors are collaboration, content, context, and community. They are characterized by user-defined access points and reflect decisions regarding scalability and bandwidth. As Pangaro asserts (1999), measurement is possible though various audits of meta data attached to content recorded and stored for subsequent analyses. At a macro-level, portals are homogenization of organizational policy, people, and infrastructure blended to provide the following:

**Collaboration:** Capability for gaining access, in real-time or not, to files upon which consensus is desired from a variety stakeholders.

**Content:** The taxonomy of links/files the organization explicitly defines as relevant to it economic well being.

**Context:** The environment for effective decision-making by stakeholders in various vertical components and organizational functions.

**Community:** The strength of a desire to motivate a belief by stakeholders in corporate citizenship. In this context, citizenship is a
term defined in contemporary organizational development theory texts referring to the implicit goals of an organization to promote and elicit personnel behaviors not in ‘job descriptions,” but behaviors which are necessary for the public image of the firm. Other terms used are, for example, community volunteer-ship, philanthropic activities, and so on.

Early Developments: Background to the Phenomenon of the “Web Portal”

The term “Web portal” connotes a general framework for modeling a virtual community connected by a computer-enabled network structure. Early in the Internet’s life, information aggregators/content providers like America Online, Prodigy, and CompuServe served the public by classifying and providing information regarding their own services. With the growth of the WWW, in recent years, these early pioneers evolved into the entity known as the Internet Service Provider (ISP), which primarily funnels content “pushed” to their subscribers. Subscribers are also able to “pull” content from the site/site links. In 2001, Email Discussion Lists & Digests @ ISP-Lists.Com listed six major carriers and over 9,600 ISPs in a variety of application provider forms providing content to approximately 3.5 million and 300,000 subscribers, respectively. In 2009, ISP Planet illustrates the nine major and “other” minor carriers having 67 million and 30 million subscribers nationally. However, commercial business enterprises fueled the growth in Internet “e-commercial” activities along with the ubiquitous spread of the Web and general commercial/retail consumer acceptance of virtual business transaction management.

As the World Wide Web grew, its influence upon commercial activity and the consuming public also expanded across economic lines and socioeconomic barriers. With the expanding influence, so too did the expectations for organizations and individuals to have access to near real-time information packaged in easily consumable “bytes.” According to Fitzloff (1999) portals may, in reality, be the primary mechanism to shape the business decision as services move from appliances to various network and web-based sites.

Current Issues: Systems and Technology

As technology and consumer expectations merged in modalities and timescales previously unexpected and achievable, ISP objectives also changed. Since, stakeholders now seek information from a wider variety of sources, carried over wired and wireless forms, in near real-time, and in self-selected slices (data-warehouse and data-mart), Web portals became an open access point for content (dis) advantageous to the organization. ASPs
can now serve to provide portal presence, like SageMaker and PeopleSoft. More importantly, Web-based portals have evolved into newer forms of web-access know by the terms Enterprise Information Portals, intranet portals, “Vortals”, and meta-portals.

Enterprise Information Portals

Pangara (1999) states that enterprise information portals are so named, because these portals develop a contextual environment by “recognizing” an individual’s search patterns and then reshaping the portal’s content to fit the consumer. By developing a unified point of access, individualized interactions, measurement, and policy/security controls, individuals can have customized content. The EIP portal paradigm is amenable to use in a lifelong learning context. It has captured the interest of IT companies like IBM, Sybase, Oracle, Lucent, and HP as shown in Searchdatabase.com (2001).

Intranet Portals

Internet, open web portals evolved. Therefore, with the need for privacy and security, a firm’s firewalls protect and filter information available to the consumer. Many examples exist. However Alter (1999) and Mitchell (2001) discuss company IS communities managing proprietary “intranet portals” as screened-doorways to the WWW and that intranet portals are an important extension of the Web portal model. Intranet portals exemplify such conclusions as the following:

- They provide integration, an organization of department/divisional web sites;
- They can unify content;
- They can provide a more open, yet restricted, access to legacy data, applications, and databases; and
- They can scale content by specialization.

Specialized ISPs have emerged to assist the organization in managing intranet content. Companies such as eMountain Communications (2001) represent a group of providers known as “filtered net” ISPs. They promise to host services with user-defined filters that are transparent to the stakeholder. The consumer is thus unaware that the company has an off-site vendor.
Vortals

Within the market-orientation of eCommerce activities, communities of vertically integrated companies access goods and services in a concept Mitchell (2001) calls “Vortals” – “…a hybrid portal, a cross between traditional Web portals and intranet portals.” Vortals focus on specialized topics and share features such as open access, but to a limited consumer community. Also referred to as vertical trade communities or net marketplaces, Vortals are gathering places where employees can get industry-specific news updates, events calendars, the latest research and statistics, join discussion groups, auctions and engage in various e-business services related specifically to their specific profession. In Porter’s 1985 context, Vortals may be contemporary electronic manifestations of his “value chain analysis” model. Berst (1999) and the College of William and Mary MBA Class Newsletter (2001) reported that “The Gartner Group estimated 300 Internet-based marketplaces had been launched, serving such industries as chemicals, electronics, food services, office supplies and steel. At that time the number was predicted to increase to 10,000 within a year or two.” The actual number is highly variable owing to the complexity of contextually defining the term “marketplace” and given the number of educational/e-learning sites unknown at the beginning of the current decade.

Meta-Portal

A more recent development in portals is the meta-portal – a portal of portals was discussed in PortalHub.com (2001). Resembling a “super-Yahoo”, this site presents access to the following:

- Domains,
- Web hosts,
- DNS,
- Webstats – tracking web site traffic, “best” key words, general Web data graphics,
- Autosholpper – a meta-site of “shopping sites,” and
- Java tutorials.

Implications of Portal Evolution

Recently, “Web portal” denotes analyzing an organization’s effectiveness in attracting consumers and shaping their subsequent behavior relative to the organization. The parameters of this goal applied to the stakeholder seeking PEET are the basis of the present research project.

Problems Facing Organizations in Developing Effective Web Portals
Organizations are motivated to establish a “web presence” for a variety of economic, social, and political reasons. While the “context” of its presence may be a function of the entity’s established technological sophistication, organizations have an interest in developing the learning skills of its stakeholders: internal and external.

As discussed, a portal can be viewed from several perspectives. Since portal architects and stakeholders perceive the goals differently, what additional qualifiers are needed to model the portal-enabled PEET environment? In an anonymous April, 1999 T.H.E. Journal article, it was stated that several groups introduced measuring sticks of the impact of technology on education. The Milken Exchange developed the “Seven Dimensions for judging progress in implementing technology”. [Site given in article as: http://www.mff.org/edtech] However, neither the Milken site nor the other eight sites promising a measurement of the technological sophistication in education includes measurement nor discussion regarding the extent of higher education nor training relative to portal development. Their perspective is a static portal file cabinet.

Further complicating higher education and other organizational consideration of PEET effectiveness is the methodological dearth of measurement relative to commercial education online portals. Other T.H.E. Journal article reviews (February, 2000, April, 2000; and March, 2001) discuss twenty-two portal providers of online, Internet-connected classrooms (K through twelve, and higher-education level courses and curricula) revealed consistency in promising stakeholders (state educators, parent, students) “…the right direction on the Web.” However, equally consistent is the lack of measurement relative to the explicit goals of all stakeholders. Their view appears to be “one size fits all.”

**Key Problem**

Important to higher education for a variety of stakeholders’ interests is effectively establishing and consistently measuring *academic integrity, institutional effectiveness, quality, cross-discipline coordination*, and a multitude of interrelated factors assessed and accreditation established by such national and regional bodies as the National Council for the Accreditation of Teacher Education (2001), the Accreditation Board for Engineering and Technology (2001), and the North Central Association Commission on Accreditation and School (2001). Yet an examination of their criteria reveals a majority of broadly defined goals statements relatively difficult to measure within an absolute scalar model and a comparative model across organizational boundaries for individual stakeholders. The assessment challenge is amplified when educational providers take their “products” to the World Wide Web. Local, state-level, regional, and federal
guidelines may conflict between the groups and in contrast to legislatively mandated requirements.

Equally important for the “for profit” providers and their audience of commercial and non-commercial entities are any number of measures of effectiveness extending to follow-on research. Such metrics as financial health and quality standards, for example the ISO-series of standards and the Malcolm Baldrige National Quality Award criteria for the education sector, present additional areas for investigation.

In both higher education models and commercial organizations reside complementary and conflicting goals which may be difficult to measure in a comparative methodology given the extreme number of stakeholders populating their particular stakeholder classes. In one example, Eastman Kodak’s 50,000 plus employee base and Oklahoma State University’s nearly 22,000 resident and graduate student populations are gross samples, comprised of various classes of stakeholders. A complete enumeration, while possible, could not reflect the external stakeholder base without explicit limits and segmentation of the population of interest. The numbers of consumers of portals may be aggregated into distinct classes. However, does this aggregation also tend to diminish the significance of statistically controlling the systems within in more time dependent scales? This question extends the current research.

Quality and Business Process Control in Portal Research

Alter (1999) discusses the significance of monitoring business processes relative to selected control measures. Explicitly defined in a statistical control process methodology, data are extracted from a business process and are then charted relative to preset limits (“controls”). Presumed in this methodology is the setting of limits to minimize defects, reduce waste, eliminate over-processing, and their goals relative to institutional resource control.

His thesis, if extended would evoke consideration of a control schema for portals (Web, intranet, and Vortal) that “promise” access to education and training sources for a variety on the entities stakeholders. However, measurement of stakeholders’ qualitative responses to personal and organizational concerns could be difficult, unless a method is available to include multiple levels of comparison.

PEET-Based Decisions

To make a decision, a stakeholder would require data, information, and perhaps knowledge. As such, Saaty (2000) says these goals require:

- “Details about the problem to be solved;”
• “The stakeholders involved in the decision;”
• “Stakeholder objectives, goals, and/or policies;”
• “Factors bearing upon the decision;” and
• “Time scales, scenarios, and constraints.”

The data, information, and knowledge must then be processed in an algorithm which structures the outcomes and data in a rational order so as to be able to trace the effects of the foregoing “factors.” One analysis methodology is the analytical hierarchical process [AHP] developed by Thomas Saaty (2000).

Analytical Hierarchical Process

Briefly, AHP is a “…framework of logic and problem-solving by organizing perceptions, feelings, judgments, and memories in a hierarchy of forces, which may influence decision results.” As such, AHP employs the human ability to use current information and past experience to “estimate relative magnitudes” by paired-comparisons of criteria used to decide between alternatives. Saaty (2001) presents AHP as a general theory of measurement used to derive ratio scales from discrete and continuous paired comparisons in multi-leveled hierarchic structures. Problems/goals are successively decomposed into ever-smaller constituent components for paired, subjective comparison. AHP has been used to combine the hard data of physical measurement (For example, what is the height of a building) with the soft data of the outcomes of personal choice relative to conflicts between resource allocation and individual priorities (For example, which painting project should I begin given time, paint, payment, capabilities, and so on). These hard and soft data relate to individual choice and not to the real world, because reality is not absolute to all perceivers.

AHP will “operationalize” [the provision of a contextual metric standardized for a certain set of scenarios] the abstraction of hard and soft data in ratio scales (temperature scale) through paired comparisons. Typically, the differences between the ratios, then, are a measure of the relative strength of one set of comparisons with another. The set of comparisons may grow with the complexity of the problem/goal. Saaty (2000) recommends a clustering of elements to reduce the complexity in a more manageable comparison matrix. Such a clustering is, perhaps, suggested for PEET.

PEET and AHP

Portal research lends itself to AHP analyses for the following reasons:

• Data may be collected on a number of quantitative measures;
• Judgment (qualitative data) enters individual decisions; and
• Alternative courses of action are available.

As a consequence, then, portal-enabled education and training (PEET) could include operational, in use data retrieved through a web site management system relative to the following Portal attributes and sub-attributes - generalized data fields:

- **Content**: Integrated, unified material; categorization/classification schema;
- **Context**: Decision making in the organization or one’s predisposition to a decision-making paradigm – spanning the gulf between the collaborative to the dictatorial;
- **Community**: Organizational belief in citizenship; and
- **Collaboration**: Strength of collaborative thinking, security, access restriction.

The research model would then be refined into a generalized hierarchy of *n-levels* accounting for the four attributes in consideration in the present research: *content, context, community, and collaboration*. From these four attributes a “consensus of expert opinion” would be sought to complete the sub-attributes of the four primary attributes. To understand the process of obtaining a consensus of opinion from a consuming stakeholder and to select a “best” method requires: surveying commonly used tools for consensus decision-making; and surveying the population for tools that provoke ideas towards reaching group consensus decisions (Brassard & Ritter, 1994). The following lists tools used in group decision-making:

- Activity Network Diagram
- Affinity
- Brainstorming
- Cause & Effect/Fishbone
- Flowchart
- Forcefield
- Gantt
- Interrelationship Digraph
- Matrix
- Nominal Group Technique (NGT)
- Prioritization
- Process Decision Program Chart
- Radar
- Tree
While the final decision on the “best” tool is somewhat arbitrary, tools that take advantage of the dynamics of a natural group can use the positive aspects of that group as a starting point (Kleiner & Shewchuk, 2001). This research anticipated that the manufacturing group(s) would already have a corporate relationship. As a result, the NGT tool is recommended, because among the tools listed above, NGT improves the group consensus process (Kleiner & Shewchuk, 2001). In addition, face validity of the characteristics of the PEET criteria can be established, because it is anticipated the researcher will facilitate a meeting in which the participants in the expert panel will reach consensus on the characteristics and definitions of the characteristics.

The final model of sub-attributes and definitions is not yet determined. However, Figure 1. is an example representing a general pairwise hierarchy for two primary and three sub-attributes in a Saaty AHP model.

Figure 1.
A “Generalized” AHP Model of Three Comparison Levels

The implications resulting from analysis of the strength of the relationships between the attributes of content, context, community, and collaboration may be compelling. The relative importance of those PEET attributes would assist decision-makers in customizing portal presentations given the specific priorities of the specified population.

CONCLUSIONS AND RECOMMENDATIONS

Portals are designed such that qualitative and quantitative measures are amenable to convenience survey and website performance measurement: collaboration, content, context, and community. As organizations and individuals coordinate and collaborate on PEET activities, it
is important for each stakeholder class to recognize the significance of qualitative and quantitatively analyzed decisions to be reflected back into the design and use of portals. Education and training accreditation systems have not been incorporated into models of portal effectiveness. Organizations and individuals will continue to design and execute portals to better their individual professional goals in complex decision environments. A merge of EIP technologies and AHP analyses could be an approach meeting the individualized need of consumer and provider.

Conclusions

AHP is a decision-modeling tool that can structure the decision environment of hard and soft data into hierarchies amenable to statistical analyses. PEET is an area amenable to further research.

Recommendations

The Graphics, Visualization and Utilization Center (2001) conducted the first publicly accessible web-based survey. Since then, the annual results have been annually presented. This may be an excellent source of data for continued research: general demographics of web-surveys, web usage patterns, privacy, consumer behavior, and specialized datasets relevant to technical analyses.

Research is needed to explore the changing nature of portals from “dumb pathways” into “intelligent agents”. AHP analyses are a tool for this research.

Finally, as Figure 2 suggests, there may be any number of pathways to access, assess, and influence the portal. Three possible constituencies emerge from a cursory classification of possible populations: first, a student population who is, simultaneously the final product of a PEET modality, while a decision-maker as to the particular PEET to be entered; second, an educational facility, representing a community to set criteria for the educational process and content; and, third, an external stakeholder community into which the student will perform as a product of the educational dynamic. Each constituency presumes a set of expectations relative to the top level attributes and sub-attributes and each selects one attribute over another when confronting choices at the top level and sub-levels.
LIMITATIONS OF THIS STUDY AND EXTENSIONS TO FUTURE RESEARCH

The paper did not address the commercial impact of portals nor suggest future technological trends, for example social context sites accessed via mobile and wireless appliances. These and other factors to be determined through the Nominal group technique previously discussed could add to the complexity and richness of the PEET AHP analysis.

- The paper was exploratory and did not represent a complete research methodological approach;
- Contemporary Internet “jargon” can be used without definition, unless its particular usage is intended to be unique, which will be further defined when appropriate;
- The paper only includes print, online, and anecdotal sources;
- While it is desirable to have a structured survey of a framed population representing *portal-enabled education and training*...
(PEET) consumers, the exploratory nature of the research did not permit development and testing of an instrument. This further limitation results in the absence of PEET comparisons between the organization’s and individuals a priori goals and the measurement and analysis of post hoc results; and

- Finally, the research is limited to the macro-level qualitative factors influencing PEET populations and not quantitative metrics derived from website performance measurements.

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HRM-PERFORMANCE RELATIONSHIP: AN EMPIRICAL STUDY OF LAW ENFORCEMENT OFFICERS IN PAKISTAN

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Abstract

This study is an attempt to test impact of three important human resource management practices including compensation management, performance evaluation and promotion practices on employees' performance. The study analyzed data of 155 lower ranked police officers employed with Islamabad Capital Territory (ICT) Police, selected through convenience sampling design. Different statistical tools such as Reliability Analysis, Pearson Correlation Analysis and Multiple Regression Analysis have been used to compute the results. Correlation analysis revealed that compensation and promotion practices have positive and significant effect whereas performance evaluation practices has positive but statistically insignificant effect on police officers' performance. Regression analysis indicated that 36% variance in the officers’ performance accounts for due to selected HR practices. The findings have implications for policy makers seeking to design HRM policies that will improve employee performance. The study limitations and directions for future research have also been discussed.

Keywords: Human resource management practices; Employee performance; Police officers; Developing country; Pakistan

1. Introduction

It has been acknowledged that human resource is an important source of creating competitive advantage for firms (Barney, 1991; Pfeffer, 1994). Though, every organization operates through its employees but public sector
organizations particularly rely upon performance of their human resource (Tessema and Ng'oma, 2009). Therefore, HR managers are required to ensure effective implementation of HR practices to enhance the performance of their work force.

In the last two decades, significant research has been carried out by academicians and practitioners alike to examine the HRM link with performance. Several researchers have found positive relationship between HR practices and organizational performance (e.g. Huselid, 1995; MacDuffie, 1995; Delaney and Huselid, 1996; Pfeffer, 1998; Harel and Tzafrir, 1999; Schuler and Jackson, 2005; Paauwe and Boselie, 2005; Katou and Budhwar, 2006; Lee et. al, 2010; Uysal, 2008; Katou, 2012). However, little research has been done to examine the link the HR practices with employees’ performance (e.g. Tessema and Soeters; 2006; Park et al., 2003), specifically in the developing countries like Pakistan (Safdar et al., 2010). Drawing on the extensive body of research conducted on this relationship in west, it is rational to investigate impact of HRM practices on employee performance in Pakistan, a South Asian country.

The primary function of a police force is to maintain law and order. This seems very easy in western developed nations, but in developing countries like Pakistan which has scarce resources it is very hard to maintain law & order, protect lives and property of citizens. This situation has aggravated after 9/11. The 9/11 terrorists attacks on United States of America (US) brought a major change in the strategic policy of Pakistan and it emerged as front line ally of US in its declared global war on terror (GWOT) (Iqbal, 2010).

This coalition with US proved to be deteriorating for Pakistan’s security, as many terrorists took illegal refuge in the Pakistan-Afghanistan bordering areas after US attacks on Afghanistan in October, 2001 (Javaid, 2011) and have been carrying out terrorist attacks across the country since then. Pakistan has endured lives of more than 35,000 civilians and has lost 35 Billion $ in result of fighting against terrorism (Mazhar et. al, 2011).

Pakistani law enforcement agencies (LEAs) and armed forces have sacrificed lives of thousands of their officers. As per data statistics of Pakistan Institute for Peace Studies (PIPS), as many as 641 officers of armed forces and LEAs including 183 policemen were killed in different attacks during 2010. The data further revealed that 105 terrorist attacks in 2009 and 144 during 2010 targeted personnel of LEAs. Aftermaths of 9/11 also created lots of security challenges for Islamabad Capital Territory (ICT) Police, responsible to maintain law & order of capital city (i.e. Islamabad) in Pakistan. During the year 2009 and 2010, total 16 terrorist attacks carried
out in Islamabad killing 45 people while 107 received injuries. In this situation performance of officers serving ICT Police highly depends on the effectiveness of HRM practices implemented by their organization.

In view of the above, objective of the present study is to examine the impact of selected HR practices on perceived performance of low ranked police officers employed with ICT Police in Pakistan. Literature provides no evidence of any prior empirical research carried out to test this relationship in context of any LEA in Pakistan. This is an attempt to fill this apparent research gap. Moreover, this study is also in line with Tessema and Soeters (2006) and Qaisar et. al (2012) call for further empirical research from different contexts. In the light of above discussion, the research question for this study can be specified as under:

Research Question: To what extent HRM practices have impact on performance of police officers employed with ICT Police in Pakistan?

This study findings will help out academicians, researchers, policy makers and top management of LEAs of developing countries in general and Pakistan in particular to find out how employee performance can be improved.

2. Literature Review

2.1 Job Performance

For decades, both academicians and practitioners alike have carried out considerable research towards finding ways to improve employee job performance. However, now it has attained more attention for organizations not only to compete but to survive in the highly competitive business environment (Doleh and David, 2007).

Job performance presents degree to which an employee performs his or her job (Skinner et al., 1984). Campbell (1990) defined the job performance as a behavior that is related to the objectives of the organization. Researchers have identified these job performance related behaviors as task behavior, contextual or citizenship behaviors and counterproductive work behaviors.

Task behaviors are role prescribed and differentiate one job from other, and they directly contribute to the technical core of the organization, whereas, contextual behaviors are related to larger organizational, psychological and social context inside which the technical core functions (Borman & Motowidlo, 1993). Contextual performance consists of more
discretionary behaviors that are not job specific but they assist to perform the core technical activities (Borman & Motowidlo, 1997).

Counterproductive work behavior (CWB) refers to all those behaviors in which employees intentionally get involved to harm the wellbeing of the organization, coworkers or both (Robinson & Bennett, 1995). Absenteeism, theft, workplace aggression and tardiness are few examples of CWB. In the current study the performance has been measured as perceived by the employees i.e. officers of ICT Police.

2.2 Human Resource Practices

The importance of human resource management (HRM) in order to achieve organizational objectives has been widely acknowledged in literature (Schuler and Jackson, 1987, 1999; Pfeffer, 1994, 1998; Barney and Wright, 1998; Holbeche 2001; Boxall and Purcell, 2003). HRM involves policies and practices executed to deal with the people working for an organization. This includes human resource planning, performance appraisal, job analysis, recruitment, selection, training and development, compensation management, labour relations and orientation (Dessler, 2007, p. 4). An affective human resource management can result as a source of yielding optimal performance level from employees, which ultimately becomes source of achieving organizational success. Although every organization achieve success through its human capital but LEAs across globe highly depends upon its employees. Adoption of effective HR systems by the LEAs to enhance employees' performance has become inevitable today. Particularly LEAs of developing countries like Pakistan, which is facing terrorism and serious law and order problems, needs to adopt useful HR practices.

It is difficult to conclude which HR practices can be more useful and must be used by LEAs in Pakistan. Since, Pakistan is a developing country with a very low per capita income. As per World Bank data statistics, in 2011, GDP per capita (US$) of Pakistan remained 1194$ against the developed countries like United States at 48442$, UK at 38818$, France at 42377$, Japan at 45903$ and Germany at 43689$. These poor economic conditions provides ample of support that compensation management, promotion practices and performance evaluation practices can be important for any organization operating in Pakistan or any other developing country. The above selected HR practices are highly linked with the economic position, financial well being and social status of an individual. Therefore, these can be the best measures of employee performance in the Pakistani context, especially for a police officer who is doing an unsafe job.

2.2.1 Compensation Management
Compensation is a reward that employee receives in terms of monetary returns and allied services (Milkovich & Newman, 1999). Organizations give financial (e.g. salaries, commissions, pension plans, bonuses, incentives, etc) and non-financial compensations (e.g. status, recognition, flexible work timings, challenging job opportunities, etc) to its employees against their efforts to achieve the desired organizational goals. Compensation is used as an important tool by HR managers to attract and retain employees and to improve their motivation and performance. Previously researchers have examined positive impact of compensation on employee performance (e.g Marwat et al., 2009; Iamratanakul et al., 2010).

2.2.2 Promotion Practices

Promotion is a reward which organizations give employees in terms of monetary and psychological award against their good performance (Tanriverdi, 2008). In the public sector and police service of Pakistan, promotion refers to improvement in grade or hieratical position for an employee. Perception of employees that fair promotion practices are being followed by their organization is essential to keep them motivated and perform well. Researchers have studied and found that effective promotion practices contribute positively in enhancing employees' performance (e.g. Baloch et al., 2010; Tessema and Soeters, 2006).

2.2.3 Performance Evaluation Practices

Organizations use performance evaluation practices to find out employee work output. The tool used for performance evaluation is known as performance appraisal (PA). Giangreco et al (2010) defined the PA as “a tool or methodology meant to establish a systematic evaluation of people performances in order to guarantee fairness, comparability and clearness of the process both for those in charge of the assessment and those assessed by others”. An effective PA system can be one which measures performance accurately, provides feedback to employees and provides them an opportunity to cope up with their weaknesses (Dresang, 1999). Employee performance evaluation results can be used to take decisions regarding employee compensation, promotion, training requirements, termination and retention (Piercy et al., 1998). These results are useful to reward high performers and help poor performers to bring improvements (Smith and Rupp, 2003).

positively (Tessema and Soeters, 2006; Baloch et al., 2010; Soomro et. al., 2011).

2.3 HR-Performance Relationship

Several researchers have studied relationship of HRM practices with employee performance. Tayeh (2010) identified strongly positive correlation of HR practices including career planning, selection, training and performance appraisal on personnel’s performance working in Jordanian public academic libraries. Recently, Soomro et. al. (2011) carried out a study among employees of various commercial banks located in Sindh province of Pakistan and found positive relationship between seven HR practices (i.e. training, selection, career planning, employee participation, job definition, compensation, performance appraisal) and employee’s performance. Similarly, Teseema and Soeters (2006) found significantly positive correlation between eight HR practices including recruitment and selection, placement practices, training, compensation management, employee performance evaluation, promotion, grievance procedure, pension programme or social security and perceived performance of civil servants in Eritrea. In another study, Marwat et, al. (2009) investigated the impact of four HR practices including selection, training, performance appraisal and compensation on employees’ performance. They found positive correlation between all four HR practices and employees’ performance but the correlation of compensation was highest. In Thailand, Iamratanakul et al. (2010) conducted a study in health care industry and examined that motivation and compensation are positively related with employees’ performance.

3. Research Hypothesis

Based on the above literature, It is rational to assume that implementation of efficient compensation management, performance evaluation and promotion practices can be useful to enhance performance of police officers. Therefore, it is hypothesized that:

H1: There is positive and statistically significant relationship between compensation practices and perceived performance of police officers.

H2: Promotion practices contribute significantly and positively in enhancing perceived performance of police officers.

H3: Performance evaluation practices are significantly and positively related to perceived performance of police officers.
4. Research Model

In accordance with above hypothesized statements, following research model has been developed to be tested in this study.

Figure. 01 Hypothesized Research Model

5. Research Methodology

5.1 Population and Sample

In order to test the HRM-performance linkages, all low ranked officers of ICT police were considered as population for this study. The designations of respondents were Constables, Head Constables (HCs) and Assistant Sub-Inspectors (ASIs). Following a convenience sampling technique, a representative sample of 200 low ranked officers was taken to conduct this study.

5.2 Research Instrument

A questionnaire consisting of two sections was designed to collect the data from study respondents. The first section consisted of personal information questions (gender, marital status, qualification, designation, nature of job and tenure). The second section included questions asked to measure selected HRM practices and perceived employee performance adopted from Tessema and Soeters (2006). Compensation management scale consisted of six items was used with alpha reliability score of 0.86. Sample items included "presence of attractive compensation system" and "presence of salary that reflects the standard of living". Promotion practices was measured by using three items scale with alpha reliability score of 0.89. Sample items for this scale included "presence of written and operational promotion policy" and "provision of priority to merit in promotion decision". Employee performance evaluation (EPE) practice was measured by using six items and the alpha reliability score for this scale was 0.85.
items for this scale were "EPE results has a lot to do with personnel decisions" and "EPE is considered as important task by superiors". Finally, the dependant variable, perceived employee performance scale consisted of three items with alpha reliability value of 0.81. The sample items included were "my performance is better than that of my colleagues with similar qualifications" and "my performance is better than that of employees with similar qualifications in other ministries/departments". In section two, the respondents were asked to reply upon a Likert rating scale. The Likert rating scale method enables researchers to obtain information from respondents on how strongly they agree or disagree with a statement or series of statements on a five or seven point scale. In this study, five point Likert style rating scale was used ranging from 5 as highest degree of agreement (strongly agree) and 1 as least degree of agreement (strongly disagree).

5.3 Research Procedure

This study was based on primary as well as secondary data. The secondary data was taken from research journals, internet, relevant books, newspapers and magazines for the purpose of writing literature review.

The primary data was obtained through a survey questionnaire. All the participants who volunteered to fill the questionnaire were thoroughly explained regarding all the questions and purpose of the survey. A letter of cooperation with the researchers was obtained from a high ranked officer of ICT Police. The letter was addressed to all low ranked officers of ICT Police, in which they were advised/ordered to respond survey questions fairly without any social or departmental obligations.

Total 200 questionnaires were personally administered to collect the data. Each participant was given only one questionnaire. 160 out of 200 questionnaires were received back making 80% response rate. However, 5 out of 160 received questionnaires were excluded due to improper completion. As a result, 155 useable questionnaires were considered for data analysis in this study, making valid response rate of 77.5%. The data collection process was completed within three months from October to December, 2011.

5.4 Respondent Demographics

The demographic information of the respondents obtained through first section of the questionnaire is reflected in Table 1. Out of 155 respondents included in this study, Majority of the respondents were male (76 %). The majority of male participants in this study is due to the reason that in Pakistan males are mostly responsible to cater financial needs of a family, while majority of females stay at homes and do not go out for jobs or
businesses. The marital status statistics provides figures of 50 singles (32.3%), 91 married (58.7%), 9 divorced/separated (5.8%) and 5 widow/widowers (3.8%) respondents. As per education, 33 respondents were matriculate making 21.3%, 38 were intermediate making 24.5%, 58 were graduates making 37.4% and other 26 were Masters degree holders making 16.8%. As per rank, Constables were 83 (53.5%), Head Constables were 23 (14.8%) and 49 were ASIs (31.6%). As per nature of job, traffic sergeants were 25 (16.1%), participants responsible for security duty were 49 (31.6%), investigators were 53 (34.2%) and police administration was in hands of other 28 respondents (18.1%). As per job tenure, respondents with more than 20 years experience were 26 (16.8%), between 16 and 20 years experienced participants were 16 (16.8%), between 8 and 15 years experienced were 60 (38.7%) and other 53 respondents had less than 07 years job tenure in ICT Police (34.2). The demographics of respondents indicate that sample of this study was quite representative.

Table 1. Sample characteristics

<table>
<thead>
<tr>
<th>Description</th>
<th>Range</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>118</td>
<td>76.1</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>37</td>
<td>23.9</td>
</tr>
<tr>
<td>Marital status</td>
<td>Single</td>
<td>50</td>
<td>32.3</td>
</tr>
<tr>
<td></td>
<td>Married</td>
<td>91</td>
<td>58.7</td>
</tr>
<tr>
<td></td>
<td>Divorced/Separated</td>
<td>9</td>
<td>5.8</td>
</tr>
<tr>
<td></td>
<td>Widow/Widower</td>
<td>5</td>
<td>3.2</td>
</tr>
<tr>
<td>Qualification</td>
<td>Matriculation</td>
<td>33</td>
<td>21.3</td>
</tr>
<tr>
<td></td>
<td>Intermediate</td>
<td>38</td>
<td>24.5</td>
</tr>
<tr>
<td></td>
<td>Graduation</td>
<td>58</td>
<td>37.4</td>
</tr>
<tr>
<td></td>
<td>Masters</td>
<td>26</td>
<td>16.8</td>
</tr>
<tr>
<td>Designation</td>
<td>Constable</td>
<td>83</td>
<td>53.5</td>
</tr>
<tr>
<td></td>
<td>Head Constable</td>
<td>23</td>
<td>14.8</td>
</tr>
<tr>
<td></td>
<td>ASI</td>
<td>49</td>
<td>31.6</td>
</tr>
<tr>
<td>Nature of job</td>
<td>Traffic</td>
<td>25</td>
<td>16.1</td>
</tr>
<tr>
<td></td>
<td>Security</td>
<td>49</td>
<td>31.6</td>
</tr>
<tr>
<td></td>
<td>Investigation</td>
<td>53</td>
<td>34.2</td>
</tr>
<tr>
<td></td>
<td>Police Admin</td>
<td>28</td>
<td>18.1</td>
</tr>
<tr>
<td>Job tenure</td>
<td>Below 7</td>
<td>53</td>
<td>34.2</td>
</tr>
</tbody>
</table>
5.5 Statistical Tests

A tool of IBM, SPSS version 19.0 was used to statistically analyze the data. Pearson Correlation and Multiple Regression analysis were carried out to test the study hypothesis.

6. Results

In order to answer the research question that "to what extent HRM practices have impact on performance of police officers employed with ICT Police in Pakistan?", first *Pearson Correlation Analysis* will be carried out to test the form of relationship between independent and dependent variables, secondly *Multiple Regression Analysis* will be performed to identify the contribution of selected HRM practices towards influencing performance of police officers.

6.1 Pearson Correlation Analysis

The correlation between independent variables (compensation management practices, promotion practices and performance evaluation practices) and dependent variable (employee performance) has been reflected in table 2. The correlation analysis indicate positive and significant correlation of compensation practices \( r = 0.551, p<0.01 \) and promotion practices \( r = 0.468, p<0.01 \) with employee performance, whereas the association of performance evaluation practices with employee performance is positive but statistically insignificant \( r=0.122, p>0.05 \).

<table>
<thead>
<tr>
<th></th>
<th>EP</th>
<th>CP</th>
<th>PP</th>
<th>PEP</th>
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<tbody>
<tr>
<td>Employee Performance (EP)</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Compensation Practices (CP)</td>
<td>.551**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion Practices (PP)</td>
<td>.468**</td>
<td>.397**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Performance Evaluation Practices (PEP)</td>
<td>.122</td>
<td>.195*</td>
<td>.056</td>
<td>1</td>
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</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

6.2 Multiple Regression Analysis
The Multiple Regression Analysis was carried out to test the contribution of independent variables (compensation management practices, promotion practices and performance evaluation practices) to bring variation in dependent variable (employee performance). The results of multiple regression analysis are reflected in Table 3. The results shows that overall model is significant (F=30.599; p<0.001). The value of adjusted R square is 0.366, which shows that about 36.6% change in employee performance is predicted due to all three selected HR practices. Whereas, remaining 63.4% variation in employee performance is unexplained in this model. The results also verify the correlation analysis as the compensation practices and promotion practices showing strongly positive and significant relationship with employee performance but strength of relationship between performance evaluation practices with employee performance is weak with low Beta coefficient (0.021), t-value (0.325) and p value greater than 0.05 (i.e. p = 0.746). The beta coefficient value of compensation practices is 0.43, which shows that its 1 unit raise will increase employee performance by 0.43. On the other hand beta coefficient value of promotion practices (0.296) indicates that its 1 unit increase will improve employee performance by 0.296.

<table>
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<th>Table 3. Multiple Regression Analysis</th>
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<td></td>
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<tr>
<td>Unstandardized Coefficients</td>
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<td>Standardized Coefficients</td>
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<td>t</td>
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<tr>
<td>Sig.</td>
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<tr>
<td>B</td>
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<tr>
<td>Std. Error</td>
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<tr>
<td>Beta</td>
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<tr>
<td>(Constant)</td>
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<tr>
<td>Compensation Practices</td>
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<tr>
<td>Promotion Practices</td>
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<tr>
<td>Performance Evaluation Practices</td>
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</table>

a. Dependent Variable: Employee Performance

Overall model: F=30.599; p<0.001; R square=0.378, Adjusted R square= 0.366
The results of correlation and regression analysis confirms first hypothesis of this study that positive and statistically significant relationship exists between compensation practices and perceived performance of police officers. These results are in line with the findings of some previous research studies carried out in different work settings (e.g. Marwat et al., 2009; Iamratanakul et al., 2010). The second hypothesis of this study is also accepted on the basis above statistical analysis, which also support the findings of some past researches (Baloch et al., 2010; Tessema and Soeters, 2006). However, the third hypothesis that performance evaluation practices have positive and significant effect on employee performance is rejected as the relationship is insignificant. This result is contradiction of previous research findings carried out in different working situations (Tessema and Soeters, 2006; Baloch et al., 2010; Soomro et. al., 2011). This result also provides an exclusive evidence that cultural differences does not allow certain work settings or organizations in developing countries to adopt HR policies and practices successfully followed by developed countries.

7. Discussions

This study was conducted as an attempt to investigate the effect of HR practices in a law enforcement agency (ICT Police) in Pakistan. The literature provided extensive evidence of research in this area, but most of the studies were conducted in west with a very few studies in Asian countries. No prior research was found to be carried out in the context of any LEA in Pakistan, which is an indicative of the fact that policy makers and top management of LEAs in Pakistan strives to enhance employees' performance without any appropriate research or specific knowledge. Upon discussion with some of the decision makers in ICT Police, it came to knowledge that past HR policies and practices are being used by ICT Police, without considering any necessary amendment or HR reforms as need of time. The present study owns significance in this regard as this is ever first attempt to study underlying effects of HRM practices in ICT Police in Pakistan. Another important contribution of this study is its distinctive findings that without conducting any research, simply following HR practices and policies being practiced in western countries is not logical.
The data analysis has revealed that compensation management practices and promotion practices are significant predictors of perceived performance of low ranked police officers employed with ICT Police. These results indicate that low ranked officers are considerably concerned about the compensation system and promotion practices being followed by their organization as it has direct link with their financial well being and social status. Since, Pakistan is a poor country, with lesser employment opportunities; therefore, better compensation system can be extremely vital to improve employee performance in Pakistan. Although promotion opportunities for low ranked officers in ICT Police appears to be less but still their satisfaction with the promotion policy was due to provision of merit and equal opportunities for everyone.

As far as performance evaluation practices are concerned, this research provides somewhat matchless findings as the statistical results show that it has no significant effect on perceived performance level of low ranked police officers. These findings are unexpectedly opposite to our proposition and previously conducted researches. After discussion with some of the performance evaluators and study respondents it revealed that there is no proper system of performance appraisal in ICT Police or any other public sector organization in Pakistan. The performance of public sector employees is evaluated annually through a document called Annual Confidential Report (ACR) or Performance Evaluation Report (PER). This document consist of a few pages with performance related questions to be rated by immediate supervisors of public sector employees on a six point scale ranging from poor to outstanding. Although most of the promotion decisions are based on seniority, however, this so called performance evaluation points are also considered to some extent. Without any operational performance appraisal system, it is impossible to evaluate performance of an employee after a year long time. As indicated by Piercy et al. (1998), performance evaluation results are useful to take decisions regarding employee compensation, training requirements, promotion, termination and retention, but in this case no such decisions are based on performance appraisal of employees. In the light of above findings, it seems impossible to achieve optimal performance level from employees of ICT Police through currently in placed performance evaluation policies.

8. Implication for Management

The present study findings provide various important implications for top management, decision and policy makers of ICT Police specifically as well as for LEAs of Pakistan and other developing countries towards improving performance of low ranked officers. It has been deduced through this research that HR systems successfully designed and implemented in
other organizational settings and cultures cannot necessarily work for developing countries. Therefore, following HR practices and policies from other systems without conducting research with reference to population in question is not a rational approach. Hence, a comprehensive review of HR practices after conducting an extensive research study is highly recommended.

In order to improve employee performance, compensation management system should be given importance as its effectiveness can be a useful addition in HR system of LEAs in Pakistan. Currently, there is no such criteria of rewarding good performers in LEAs of Pakistan. Performance based compensation can push employees to perform well. The promotion practices presently adopted by LEAs in Pakistan does not provide any opportunity of promotion for top performers. Time based seniority (length of service) is the only factor which receives due consideration for making promotion decisions. This creates no motivation or desirability for low ranked employees to put more efforts and work hard. Therefore, promotion practices are also need to be reviewed as many amendments are necessary to be made without delay to achieve better performance from low ranked officers in LEAs. The unique finding of this study related to insignificant impact of performance evaluation practices towards enhancing performance level of low ranked officers provides numerous implications. This implies that there is no proper PA system in practice to measure employees performance appropriately; on the basis of which promotion, compensation, training, retention or termination decisions can be taken. Dresang (1999) contended that a PA should have characteristics of measuring accurate performance. Hence, an effective performance appraisal system should be designed and implemented after seeking guidance from HR experts..

9. Limitations and Future Research Directions

This study has discussed in detail the effect of selected HRM practices including compensation management, promotion practices and performance evaluation practices on employees' performance; but still it does have some limitations, which should be addressed in future researches. To open the new venues of research, following directions can be useful for conducting future researches:

i. This study was conducted only on sample of low ranked officers of ICT Police in Pakistan. Future studies can use sample of police officers at all levels. To increase external validity, taking more representative sample from provincial police departments as well as other LEAs in Pakistan is also suggested. Considering other private sectors and public sector departments can also be worthy for enhancing external
validity of this study.

ii. In this study only three HRM practices were used as predictors of employee performance, however others were not tried. In future researchers, other HRM practices such as recruitment and selection, training and development, employee relations, employee participation, etc can be used to test their impact on employee performance.

iii. In the current study all variables were measured as perceived by employees, this might have not exactly presented the subject of interest. Therefore, future researchers can collect data through supervisors or coworkers of respondents to avoid any problems related to perceptual measurement of variables. Moreover, use of both perceptual and objective measures of performance can also be useful to compare the real findings against the employees' perceptions.

iv. In order to establish causal relationship between the study variables, future studies can conduct longitudinal studies.

References


THE EXCLUSIVITY AND CONSEQUENCES
OF DIVERSITY TRAINING

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University of Central Oklahoma

Lee Tyner
University of Central Oklahoma

Introduction

Workplace bigotry has been the byproduct of mass immigration to the United States as individuals of diverse cultural, ethnic, and racial identities have historically competed for opportunities in the American workforce. In an attempt to remove barriers for certain groups of employees, many companies implemented diversity programs (Lynch, 1997). Since the execution of these initiatives, companies have been forced to contend with greater levels of complaints of harassment and discrimination that have come at a cost to both their bottom line and their reputation. Many times, these grievances stem from the inadequate training methods of trainers and other times from the reluctance of some employees to cooperate in perceived biased sessions.

Consultants who lack vital credentials in training techniques often surrender to questionable behavior inappropriately targeting organizational members. For example, Whites are provoked and victimized for errors of the past and political correctness becomes a priority rather than a principle (Ely, Meyerson, & Davidson, 2006). Many human resource managers erroneously assume training sessions should be limited to individuals within a minority group whether ethnic, gender, or preferably both (Hemphill & Haines, 1997). A residual result has been an inadvertent isolation of Whites from becoming a productive part of the solution. Instead, they are marginalized and made to feel non-ethnic, the cause of contemporary racial and gender problems, and incapable of addressing diversity issues. Consequently, resentment builds because they feel cheated of similar opportunities extended to their minority and women coworkers.

Since the introduction of training programs, a lengthy debate has ensued between advocates and opponents over their effectiveness. Numerous supporters contend diversity training is necessary to promote awareness of cultural, ethnic, and gender differences (Haines & Hemphill, 1997). Some
believe the programs are vital to increasing productivity and competing in an expanding global market (Page, 2006). New research reveals a lack of substantial benefit from these training programs, demonstrating instead that minorities and women experience a slight improvement in their quality of work upon completion of the programs (Kalev, Kelly, & Dobbin, 2006). The researchers are not suggesting a complete elimination of diversity initiatives from the workplace. Rather, they recommend a variation of a more inclusive strategy serving the needs of all organizational members, and tolerance should not be limited to any identified subgroups. Research shows this method can be accomplished by encouraging open dialogue and having managers model appropriate behavior (Ely, Meyerson, & Davidson, 2006). By setting the tone on top, leaders can help nurture similarities rather than underline differences.

A Call for Equality

The history of the United States has revealed that while the need for collective justice is typically desirable, it has not been easily attainable. During the period when the founding fathers were drafting laws intended to provide all citizens with independence and equality, Blacks and women were denied basic rights for over a century after the implementation of these doctrines (O’Connor & Sabato, 2006). Several legislative attempts were later made to address this social disparity, but ingrained discriminatory customs continued to further oppress and isolate non-whites and women. Not until the mass protests of the 20th century did Blacks and women eventually integrate into mainstream society, only to find more challenges. Society resisted the new standards extended to the underprivileged groups and discrimination continued to be the norm. When constitutional rights were passed to include minorities and women, prejudice had been institutionalized throughout much of the country (Embrick, 2008).

By the late 1960s, as minorities and women began infiltrating corporate America discrimination spread into the workforce. Tensions increased as employment opportunity laws were passed to govern the rights of minorities and women and require organizations to hire this newly established protected class. Rather than support the transition of the new employees into the workplace, the laws fueled the bitterness of the white male workforce and discrimination became widespread. A hostile environment was created that eventually triggered high employee turnover as employees unable to withstand the harassment left their positions (Hemphill & Hayes, 1997).
It was within this framework that diversity training was established. Blacks and women not accustomed to their new professional environment needed the opportunity to adjust. Before the passage of Title IV laws, white males had dominated the workplace. Diversity training was established to help the recently integrated workforce address differences and recognize the existence and consequences of discrimination to eventually eliminate harassment (Hemphill & Hayes, 1997).

Skeptics initially dismissed diversity initiatives as an administrative fad; yet as additional employment laws were added protecting the rights of the disabled and elderly, the demand for diversity awareness increased. By 2003, 72 percent of organizations were offering their employees some type of training program (Galvin, 2003). By 2008 organizations had allocated between $200 and $300 million (Vendantam, 2008) for diversity training measures.

**Demographic Tidal Wave**

Perhaps the failure of diversity management stems from the mistaken belief that workplace discrimination is a contemporary employment issue that has always targeted minorities. Between the late 1870s and early 1900s, efforts by European and Russian immigrants to join the American workforce were thwarted by native whites who resisted working alongside European immigrants. Violent riots ensued in the steel, coal, and financial industries as the newly integrated white employees demanded workplace equality (Foster, Jackson, Cross, Jackson, & Hardiman, 1988). Conflict ensued between the former European immigrants and the native whites and continued through the 1960s, when social and legislative pressures finally integrated both groups to become “the white-oriented male population that forms the establishment in American commerce today” (Hemphill & Haines, 1994, p. 32).

White males dominated the workforce until World War II, when women were suddenly made to vacate their domestic duties and forced to earn a living. When soldiers returned from war and re-entered the workforce, women who chose to remain at their positions faced harassment by their male colleagues. They were underpaid, harassed, and discriminated against although they had demonstrated the same competence as men (Milkman, 1987). The mistreatment continued until the passage of the Civil Rights Act of 1964, which guaranteed minorities and women equal access to the workplace. As the new laws began to gradually improve the lives of the new ethnic workforce, white males began to feel threatened as employment policies continued to exclude them from similar considerations as their coworkers (Hemphill and Haines, 1997). As bureaucratic studies began to
increasingly reveal minorities and women were gaining greater economic clout, many men began to worry about their future job prospects (Grossman, 2000).

A recent population trend provided by the Bureau of Labor Statistics (2008) provides evidence that the fears held by many white males may become reality. For example, the report shows there was a 34.8 percent increase of white male workers in the U.S. labor force between 1972 and 2000. During the same time period, the percentage increase of Blacks and women were 46.9 percent and 48.8 percent, respectively. Likewise, a report issued by the Hudson Institute (2008) substantiates this demographic and cultural shift. The portion of new entrants in the U.S. workforce between 1994 and 2005 for minorities and women were 51 percent and 62 percent, respectively, while only 49 percent of Whites were hired for new positions.

However, many of the “diversity” advocates have somewhat delegitimized the shift in demographics by relying on reports containing conflicting future forecasts. For example, a study conducted by Grossman (2000) claims white males will be the new minority, while a 2007 finding by the Bureau of Labor Statistics (BLS) shows that white men will continue to dominate the workforce. This discrepancy may stem from the manner in which the BLS collects its data (www.bls.org). Before 2005, the BLS collected employment figures from two individual surveys, the Current Population Survey (CPS), which compiled information from individual households, and the Current Employment Statistics (CES), which collected data from payroll records. The Bureau found that there were “differences in employment concepts [which] raises the issue of whether or not our employment concepts are accurately capturing areas of the labor market that may be increasingly important for the economy” (www.bls.gov).

In light of these discrepancies, many continue to believe the American workforce is shifting into a more multicultural environment, leaving them to question the need for diversity initiatives (Kidder, Lankau, Chrobot-Mason, Mollica, and Friedman, 2004).

**Ineffectiveness of Diversity Training**

The need for diversity training has been at the forefront of debates by advocates who stress the importance of education in the workforce, and critics who argue the initiative is counterproductive. In a study evaluating the efficacy of seven alternative diversity programs in organizations during a 31-year period, Kalev, Kelly, and Dobbin (2004) found that, “efforts to moderate managerial bias through diversity training and diversity evaluations are least effective at increasing the share of white women, black women, and black men into management”
These researchers conducted the first systematic study of its kind by analyzing and comparing federal data collected on the employee practices of 708 private firms (Vendantam, 2008). Their discoveries revealed organizations that had utilized training programs experienced a 7 and 8 percent decline in the promotion of black men and women, respectively, while the percentage of managerial positions for white women had increased by only 6 percent.

The authors speculate this discrepancy between the desired and actual results stems from lack of corporate oversight during the 1980s, when the diversity fad temporarily dwindled. Furthermore, most organizations failed to train their entire staff, opting instead to focus on either their managers or lower level employees. When analyzing data collected on the effectiveness of management training, they found that at times diversity training had actually triggered a hostile work environment. A series of individual studies conducted by Dobbin (2009) supports these findings. Relying on empirical evidence gathered by interviews of corporate leaders and human resource managers, Dobbin concluded diversity management had actually led to a decline in the number of minorities hired in management positions. Many business policies governing discrimination management were written by personnel who were either focused on pushing their own professional agendas or preventing costly lawsuits, as opposed to addressing the root cause of internal conflict. The result was a significant rise in employment discrimination grievances that led to a cycle of unending policy drafting futile to mitigating workplace issues.

**How Diversity Training Fails**

A 1999 study performed by the Center for the New American Workplace showed that many diversity initiatives fail simply because the intentions were insincere (Gilbert & Icancevich, 2000). Hite and McDonald (2006) blame “poor planning and execution” (p. 366). At times, implicit discriminatory outbreaks are dismissed as performance issues (Swanson, 2002). While some training initiatives are provided under the best intentions, many organizations have been known to arrange brief or belated training sessions to avoid costly settlements, maintain a competitive advantage, and to offer a quick remedy for conflict resolution (Von Bergen, Soper, & Foster, 2002).

Mistakes made by trainers further hinder the potential benefits of diversity awareness. Consultants have been known to target certain groups over others, adopt a one-size-fits-all template that neglects individual and departmental needs, force participants to expose inappropriate feelings, and enforce a politically correct environment (Von Bergen, et al., 2002). Internal
strife within the diversity training community itself as to which approach best addresses workplace discrimination further hinders the success of the sessions (Lynch, 1997). Experts within the field are divided between the moralists who want to focus on remediating social inequities, and the pragmatists who believe business managers should be more proactive in the process. While no one-size-fits-all solution to fix discrimination exists, the ideological split has hindered the development of a comprehensive training method to tackle workplace discord.

**Unintended Consequences of Diversity Training**

Many proponents intent on preserving diversity initiatives point to the benefits of increased productivity, reduced levels of groupthink, and greater access to market share that have been linked to a heterogeneous workforce. Yet the purpose of diversity management is to create an inclusive environment fostering tolerance of individuals regardless of race, color, gender, or ethnicity. Instead, diversity management has succeeded in creating an environment of exclusion by focusing on individual differences (Ipsaro, 1997). While all organizational members are diverse in their unique way, a focus on what divides them shatters trust because what unites them is ignored. Employees become defensive as the common characteristics and goals that unite them are sidestepped. The blame game pits one employee against another as the need to make sense of the apparent fear and hostility takes over.

John Bryan (1999), former chairman and CEO of the Sarah Lee Corporation, defines diversity as “inclusion of all groups at all levels in the company...in which every employee can pursue his or her career aspirations without being inhibited by gender, race, nationality, religion, or other factors that are irrelevant to performance” (§6). Although the original purpose of training was to eliminate workplace harassment company-wide, white males continue to be targeted and ridiculed by minority and women trainers with personal vendettas (Flynn, 1999). In their study of the effectiveness of diversity training initiatives at the University of Cincinnati, Damask and Damask (1994) discovered white employees were subjected to systematic abuse and humiliation as a result of the university’s diversity programs.

In one incident, a white graduate student required to attend mandatory diversity training was accused of being a racist by the trainer after he and another white male had collaborated in an exercise (Damask & Damask, 1994). The trainer, who had asked participants to build a tall structure with a set of Tinkertoys, was enraged when she realized the white males had built the tallest structure. The student was subsequently attacked by his trainer for showing pride in the finished work and accused him of being a product of
his “racist influence” (p. 3). A separate incident included white males being accused of “a host of ignorance” (p. 3) during a session by the vice-provost for not actively participating in the training.

These types of incidents are common, and increase the frequencies of backlash against diversity sessions by white men. While management demands an inclusive and equitable workplace, men are denied these same privileges. Minimally unwelcome comments are magnified for accusations of harassment or discrimination. Rather than fostering a safe and welcoming environment, organizations create a negative interaction where employees “burrow into their own camps, attend only to information that confirms their positions, and demonize the other side” (Ely, Meyerson, & Davidson, p. 2006, p. 80). As a result, men become defensive and feel resentful (Lynch, 1997). Their isolation is magnified from the lack of social support. Many males feel rejected by confidants and families who either criticize their viewpoints or are unavailable to offer sympathy. Low self-esteem, depression and distrust of institutions overwhelm these victims as they continue to search for an outlet to vent against their perceived injustice.

Exclusion of Male Trainers

Compounding the problem is the assumption that only minorities or women are best qualified to administer training sessions. Many diversity agencies admit to having human resource managers “request a Black man or Hispanic woman to give [a] diversity lecture” (Flynn, 1999, p. 53). In their book, Discrimination, Harassment, and the Failure of Diversity Training: What to Do Now, Hemphill and Haines (1997) wrote, “One diversity myth is that minorities and women are the most-qualified to deliver diversity training to white males, but white males are not qualified to speak for women and minorities” (p. 49). Diversity stalwarts discredit this view as baseless, arguing that their experience and research has demonstrated the contrary. “Many programs that do not include white males in their development and training roles increase fear and resistance among white males and eventually harm organization’s efforts to reduce discrimination and harassment” (p. 49).

In his three-month study of diversity training directors, Swanson (2002) found that many trainers did not have a qualifying degree, but were appointed to their positions based on prior work experience and minority affiliation. When implicitly asked whether race and gender played a priority in effectively administering training, all of the trainers answered in the affirmative.
Richard Hadden, an employee-relations consultant remarked, “Most of the time, diversity training is done by very articulate, competent professionals who happen to be minorities or females” (Flynn, 1999, p. 53). He stresses that reliance on minorities and women to conduct training sessions discourages those participants who were initially skeptical of the workshops from being productive organizational members.

Legal Ramifications

Many organizations mandating diversity initiatives find themselves in the middle of costly lawsuits (Hansen, 2011). Bank of America’s extensive investment to its anti-diversity crusade was renowned in its industry. The financial icon’s program included various levels of networks and executive involvement dedicated to combating employee harassment and inequality. In 2010 the bank suffered a major blow when a $60 million complaint was filed accusing the company of sabotaging the career advancement of black employees.

Similar proceedings have been launched on against consultants who inappropriately confront participants or allegedly invade their privacy. Legal experts warn any minimal reference made against an individual’s race, ethnicity, or gender may give rise to a lawsuit. In one example, California-based grocery franchise Lucky Stores was forced to pay $90 million in damages in a class action settlement after notes taken by managers during a training session was used as evidence of workplace harassment (Von Bergen, Soper, and Foster, 2000). Still other companies were sued after implementing court-ordered programs stemming from previous lawsuits.

Training initiatives have also increased the number of reverse discrimination filings. Between 1987 and 1994, the Equal Employment Opportunity Commission reported there were 10,000 lawsuits filed by men for workplace discrimination (Von Bergen, Soper, and Foster, 2000). Unlike traditional discriminatory-based cases, claimants in reverse-discrimination lawsuits must meet a heightened burden of proof in establishing unfair treatment (Fair Employment Practices Guidelines, 2004). Many of these cases are unorganized (Burstein, 1991) and sent through an appeal process that comes at a cost to companies and affects their bottom lines (www.msnbc.com, 2009). As each lawsuit is determined on a case-by-case basis, many institutions are unable to forecast their tangible impact on their reputation and future success.

Fostering Workplace Diversity

While recent findings concerning diversity initiatives have been discouraging, they do not advocate a complete end to sensitivity awareness. The new
American workforce is experiencing one of the most unprecedented demographic surges in its history. Some experts believe it has shifted from a melting pot to a multicultural phenomenon (O’Leary and Weathington, 2006). To sustain itself in today’s dynamic climate, organizations must take a proactive role in establishing a cohesive and harmonious work environment. Instead of eliminating training programs, one research recommends a shift from an attitude-based focus to a behavior-based one.

Stephen Paskoff, director of Employment Learning Innovations Critics, believes the best diversity practices are ones that “focus on rules of civil behavior rather than trying to change people’s beliefs” (Von Bergen, Soper, and Foster, 2000, p. 246). Ely, Meyerson, & Davidson (2006) have found that equipping employees and managers with vital skills to monitor their own reactions, practice self-control, and effectively reach out to colleagues allows individuals to redirect their anger and avoid workplace discrimination. Of main importance is fostering an open and candid dialogue.

The researchers found hostility was more prevalent in organizations where employees were expected to be too politically correct. Instead, they recommend management to encourage employees to openly discuss conflicts as they occur. Any prejudicial issues that arise should be turned into a learning process. On the other hand, management plays a critical role in modeling expected behavior that in turn is emulated by employees. As Swanson (2002) writes, “The skill of appropriate interpersonal and intercultural sensitivity and adaptation is what all managers should be expected to do” (p. 265).

An alternative method derived from Max Weber’s bureaucratic theory relies on delegating responsibility to a particular staff member to enforce and monitor affirmative action compliance, coupled with diligent cooperation with top management (Kalev, Kelly, & Dobbin, 2004). However, Von Bergen, Soper, & Foster (2002) reject this finding and contend that strict enforcement of affirmative action policies increases workplace hostility, misperceptions, and isolation. Gilbert and Icancevic (2000) recommend, “Greater acceptance of diversity [can be] achieved by using multiple efforts, constant reinforcement, and broad scale change initiatives” (p. 93). Programs demonstrating positive outcomes were ones integrated into an organization’s overall strategy, allowing organizational members to adopt a new inclusive corporate culture (Bendick, Egan, and Lofhjelm, 2001).

**CONCLUSION**

Organizations often rely on diversity initiatives to alleviate workplace discrimination. While the intention has been sincere, the implementation is
lacking. The problem lies in the failure of managers to apply a cohesive, comprehensible program that meets the needs of all employees. In their quest to avoid costly settlements and a damaged reputation, organizations implement short-term solutions that neglect to equip their workforce with the adequate skills to deal with the real issues. Instead of encouraging communication and dialogue, resentment is allowed to fester.

Yet managers are not solely to blame for the problem. Training firms add to the dilemma by hiring unqualified trainers to meet implicit quotas. Assuming that only minorities and women trainers are best adept at relaying the unwanted consequences of discrimination is unfounded. Hiring select trainers that do not realistically reflect the actual workforce leads to disastrous results. Individuals are isolated, intentions are misinterpreted, and lawsuits are initiated, resulting in a hostile work environment.

If diversity training is not the solution, then what is? Some experts cited in the paper advocate eliminating training initiatives altogether. They contend the workforce has become diverse enough to disqualify the need for training. Yet diversity has always been a component of the American cultural fabric and differences will continue to permeate the workplace. Companies seeking to unite workforce members need to convey an implicit and explicit message of tolerance for every employee’s differences, regardless of the varying characteristics that set each member apart. As evidenced by numerous studies presented in this article, diversity initiatives catered to one group at the expense of another tends to build resentment. Internal divisions and conflicts ensue, forcing employee morale to plummet and corporate culture to disintegrate. Furthermore, poorly executed training initiatives only exacerbate the issue. The solution lies in the hands of organizational leaders to foster dialogue and model appropriate behavior. Perhaps, instead of focusing on differences, leaders can benefit from initiatives that spotlight commonalities, creating an atmosphere of inclusiveness that will eventually promote camaraderie and the mutual pursuit of company goals.
REFERENCES


This study is a try to substantiate of the following idea: Social responsibility of the Libyan business organizations must include the contribution to finding the logical solutions for the phenomenon of disguised unemployment in accordance with economic and social conditions, such as that difficult conditions prevailing in the Libyan society. Also, treating and fighting costs of the disguised unemployment phenomenon in special circumstances as Libyan conditions must be regarded as one of the concerns and areas of social accounting, which must be subject to measure, reporting and disclosure in the financial statements of Libya business organizations, where these organizations incur those costs to achieve the social goals rather than economic goals.

INTRODUCTION

"Disguised unemployment is one of the kinds of unemployment presented by the economic thought, it is an economic phenomenon faces many of the countries and business organizations or a disturbing phenomenon faces many of the governments and business organizations, especially in developing countries. The disguised unemployment does not mean that, there is an unemployed labor force (working force), but it is the case which can dispense with a specific volume of employment without affecting the process of production or the volume of production, where there is a kind of accumulation of the labor force in a particular sector, and the business organizations often pay for these employment wages higher than the size of their contribution to the production process (Hayali, without date of publication). The" disguised unemployment " notion is used in the sense that people with zero marginal productivity are being employed. So, in the presence of "disguised unemployment," it is possible to decrease the total employment and have the total output remain constant (Silva1972). Disguised unemployment occurs when a number of the workers who work in the specific business or profession or industry is more economically than a justified number, such as a work done by ten workers, what can be done by five of them without fatigue or increase in the number of hours of work, no doubt, that half of these workers are considered unemployed force, although they work in their jobs within the firms or business organizations or they are classified within the working class in the society. Generally, the disguised unemployment means that the surplus labor force if it leaves that work or industry; it will not affect the production at all. Therefore, that community interest and national economy interest of the state may require to leave the surplus employed their current jobs in the industry or firms or business organizations in order to work in other places which will contribute to the increase the volume of production than it was before, thus the national income increase. This type of unemployment clearly usually appears in developing countries, where it is accompanied by a high level of employment and decline in productive efficiency. This kind of unemployment creates as a result of bad policy of the distribution of work burden among the employment(workers) in a department or a particular administration as it is observed in many of the bureaucratic systems (Alawi 1979).

Emergence Reasons of the Disguised Unemployment in Business Organizations
There are several factors help to emerge a phenomenon of the disguised unemployment in the business organizations, such as: (1) A bad policy regarding distribution of the work burden among the employment or workers in a department or a particular administration within business organization .(2) Over-the employment and appointment in the organizations, especially, that obtain their salaries and expenditures of the State Treasury in the state in the absence of effective control systems to control the employment and appointment process. (3) Inability some of the business organizations to dispense with or the expulsion of the staff and workers who are incompetent in the field of work due to internal pressure or external, and in order to continue the work within the organizations; that organizations employ a new staff, that failed treatment will result in accumulation of the workers numbers and staff within those the organizations.(4) Due to the aggravation of unemployment phenomenon and its bad social effects in the society, some of the business organizations employ workers and staff for humanitarian reasons to protect the social environment of the damage of the unemployment .(5)The introduction of mechanization and modern technology in the production of goods and services in order to reduce the humanitarian effort, costs, and increase the size of the profit which results in the presence of excess numbers of workers are not economically justified, etc.

**Relationship Between Disguised Unemployment and Social Responsibility of Business Organizations**

Upon discovery of the phenomenon of disguised unemployment in the business organizations, that treatment of this phenomenon must be within the priorities of social responsibility of those business organizations and one of the areas and interests of social accounting, in case of availability of the possibilities to treat ," concept the Social responsibility of the business organization is special term includes organization's obligation towards interests of society by taking into account the impact of its activities on consumers, employees, shareholders, communities and the environment, in all aspects of its operations "( Al-Najjar 2007 ). In fact, there are three treatments can be built on the basis them a philosophy of such relationship: The first treatment , return of surplus employment to the community in order to re-employ it in other areas of work to contribute to the operations of economic development in the state . Human element is one of the economic resources that should be properly used to achieve the economic benefits, such organizations should contribute to the process of the right routing( directing ) of human resources to work effectively in business organizations and the community, instead of wasting the human resources as one of the production elements in the society which must be properly invested .The second treatment, survival of the surplus employment for social reasons and humanitarian , although business organization does not take advantage of that employment in the work system within the organization, especially, in the case of aggravation of the phenomenon of unemployment within the community, as well as in the absence of any government subsidies for the unemployed people in the developing countries .The third treatment, rehabilitation and training of surplus workers and staff by business organization to work within the organization in other areas and specialization for protection of surplus workers and staff from damage that caused by the unemployment for them ,if they were excluded from the work or they were finally dispensed with their services ( dismissal from work or separation from work ) , as well as the protection of society from other damages of the unemployment , through such treatments which appear how practice of business organizations of their the social responsibility towards the community regarding remedy and fighting methods of the disguised unemployment to protect of society and surplus employment from damages of unemployment in the case of exclusion or separation from the work or expulsion and deportation for work.

**PROBLEM OF THE STUDY**
By communication media such as journals, radio and TV, we often hear or read that some of business organizations dispensed with surplus employment for economic reasons, and the society or the state government usually incurs costs of the treatment related to the problem of that employment. This treatment or fighting of the disguised unemployment phenomenon may be effective in the case of attainment that detached employment (excluded or estranged employment) the financial aid from the state government, as in developed countries, but if society suffers from the growing phenomenon of unemployment and its bad damages within the society, as well as the excluded or estranged employment do not get any financial aid, as in developing nations such as Libya, so any treatment to ensure the protection of redundant workers (estranged employment) and the society of the bad effects that may occur as a result of the separation of the work or dismissal from work, and within the economic possibilities and capabilities of business organizations will be considered one of the concerns and areas of social accounting or areas of social responsibility of business organizations. 

The report issued by the People's Committee for Manpower (labor force), Training and Employment in the last years of the last decade in Libya, based on the latest census in Libya refers to that the rate of unemployment in Libya amounted to 20.74% in the last years of the last decade, as the number of Libyan workers actually a total of 1.3 million people makes up a ratio of 79.26% of the total Libyan population who can work in the Libyan economic, and thus the rate of unemployment among members of the Libyan work force in Libya is estimated at 20.74%. and thus the unemployment rate in Libya is the highest among the five countries of the Arabic west region, as the population of that region was estimated at 80 million people, as well as rate of the unemployment in the other four countries was ranging from about 9 to 15% according to official figures (report GCMTE 2007).

In fact, the unemployment result in diffusion the bad effects and damages in the society, in the economic area, political and social, which can be summarized as follows: With regard to economic effects, the unemployment leads to waste in the economic value of human capital as one of the elements of the productive forces in the society and realizing the losses in gross national product of the state. The unemployment leads to increase of value of budget deficit due to financial aids paid by government for the unemployed (unemployment support fund). The unemployment results in a reduction in the levels of real wages within country. The unemployment results in a decline in total capital formation as well as domestic product and this leads over time to reduce of share per capita from gross domestic product. The unemployment results in paralysis in the economic life in some of productivity sectors due to the strikes and demonstrations of workers, which results in achievement economic losses for country. The unemployment leads to encourage many of the scientific talents, a wide range of learners and qualified people to migrate in search of new sources of income to improve their living conditions and to meet the their personal ambitions that can't be achieved in their communities, which have large numbers of the unemployed people, as a result, the unemployment contribute to making the immigration and travel abroad a dream for many of young people, statistics say that, over the past 15 years numbers of who cross the borders for pursuit of a better life in developed countries was continuously increasing, and we are in the beginning of century twenty one there is one person out of every thirty five people lives around the world as immigrant, and if we collect all the migrants in the one place; they will be established a country which will be the fifth country in the world in terms of the population. Also, experts estimate that, acquired gains by United States as a result of labor migration and brains drain of other countries to half of what offer of loans and aid to developing countries, while Britain amounted 56%, Canada achieved great revenue as a result of migration of labor and brain drain of other countries, equivalent of three times the offered aid for the Third World. (Almotawa 2006). While the political effects are: Spread of the financial and administrative corruption, cronyism spread, fawning and
flattery to officials and decision makers in the country, the outbreak of revolutions in order to change the political system that will lead to economic reform, etc. The social impacts, "the unemployment represents source of the social ills and the community in any country will be in confrontation of these ills, where will result from that phenomenon the effects and bad social ills (the diseases and social evils) and family problems which may lead to the disintegration of society as well as distortion of the moral principles and social values" (Nafie 2007). "that unemployment is a real danger to the health of the community, especially, when is widely spread among people who are capable of giving and production, as unemployment hinders development programs in any developing society, as well as inability for access to the ranks of technically and scientifically, economically developed societies. Also, the unemployment has devastating diseases and psychological effects which influence the community health in all its varied sectors and according to the scientific statistics, that the unemployment has negative effects which affect mental and physical health, and that a high percentage of the unemployed people have a number of psychological characteristics that must stop at some of them: The unemployed person loses the self-esteem and acquires the failure feeling, the unemployed persons acquire feeling of reduction their human values, human dignity and social importance in the society according to the views of unemployed persons, they are less than their peers who work in jobs and productive activity within the society, in accordance with their personal senses and their internal feelings, that a high proportion of the unemployed controlled by boredom and their vigilance of mental and physical is low, that unemployment hinders the process of psychological development for young people who are still at the stage of growth and maturity, that unemployment generates for unemployed persons the feeling of inferiority in addition to that unemployment’s inheritance in the society is social diseases, such as adultery, theft and fraud, also the unemployed individual acquires feeling with emptiness and lack of appreciation of the community to him/her, that unemployed individual will have the aggressive spirit and frustration, that unemployment deprives the society to benefit from the energy of its sons, as well as the families that have husbands without jobs, their sufferance will be big, where the negative impacts of this problem will extend to the rest of the family members, which will be reflected negatively on the family relationship and care and attention to children within the most important components in the general community, which is a family" (Al-Bakr 2007).

**Treatment and Fighting of the Disguised Unemployment Phenomenon According to the Libyan Experience**

The unemployment in Libya are classified into the following two types: The disguised unemployment in business organizations as an economic phenomenon, which is a hallmark in the Libyan economy, as is well known, rates of the unemployment in Libya exceeded all perception and image, and the other classification is known as the mandatory or involuntary unemployment, "where this type of unemployment appears when the supply of manpower or people who are able to work at a prevailing level of the real wage in the market is greater than the need of the public sector and the private to employ these powers" (Dernburg &Dongall 1968). "with the need to take into account that the salaries determined by the Libyan authorities which can not be exceeded or penetrated, especially, in the public sector, either in the private sector are very low,"In other words, the presence or existence of huge numbers of unemployed people, despite their constant quest for jobs, in both the private sector or public. In fact, the Libyan authorities have started to treat of the disguised unemployment phenomenon in the Libyan society, as an attempt to make of economic reforms and the restructuring of the Libyan economy, and that the first phase of treatment of the problem of unemployment in Libya in an attempt to reduce the bad effects caused by the unemployment within Libyan society, where it was treated as follows: (1) That some of the business organizations in the public sector implemented an early
retirement to employees who approached the their age of retirement age or pensionable age with the need to pay their financial rights or early retirement wages or pension by the social security , and the social security incurs their financial burdens, either who are not covered by this treatment a part of them was turning to the National Center for training , re-placement and employment to employ in other business organizations . (2) Also, some of the public companies did not move the resident in regard to the phenomenon of disguised unemployment for humanitarian reasons and social as well as to avoid aggravating of the crisis of the unemployed and unemployment in Libya, despite the disguised unemployment overstepped the reasonable rates in some companies, as is the case in the General Company For Electricity , while some of other public companies excluded and dispensed with staff and workers, who approached the their age of retirement age with the obligation to pay their salaries until the access to legal age of retirement, what is known as functional rest, as well as large numbers still in their jobs , who do not correspond or agree with them the conditions , although they are classified as a disguised unemployment in those companies . (3) some of the private companies did not remedy the issue of the disguised unemployment for humanitarian reasons and social, where officials in these companies see that the expulsion of the surplus employment will increase the unemployment crisis in Libya and the exacerbation of their bad effects in the Libyan society. The problem of disguised unemployment is very complex and it is difficult to treat when a storm of the unemployment sweeps the community , in other words, there are huge numbers of unemployed people within the community and they always search of jobs , in spite of their learning , knowledge, and scientific abilities and practical, as well as an existence of the disguised unemployment phenomenon in business organizations within the community. The researcher believes that any remedy treatment provided by business organizations on the issue of disguised unemployment other than dismissal and expulsion from work, especially in the absence of social welfare and care for the unemployed in the state in order to mitigate the hateful social effects, economic and political of the unemployment within the community, those treatments or remedial measures will enter within their social responsibilities of the business organizations. "Where the concept of social responsibility of the business organizations is variable and constantly developed, it is closely linked to sustainable development and environmental changes. That business organizations as well as their search for the wealth and profitability, they must concern about the economic environment and social, which are characterized by change and volatility , that social environment and economic which operate within its borders the business organizations, and business organizations must work in the framework of respect for the dominant laws and customs within the society, observance of business ethics, the rights of employees and workers, the fight against corruption and bad economic phenomena, and this commitment stems mainly from the concept of the responsibilities of the social contract between the business organization and the community"( Shocker&Sethi 1974: Mohamed 1979 / 1980). Therefore, this study will try to answer the following question: Can we consider methods of remedy and treatment of the disguised unemployment phenomenon in the business organizations within the areas and concerns of social accounting under special circumstances and conditions, and possibility of the accounting measurement of treatment costs of that phenomenon ?

**GOAL OF THE STUDY AND ITS HYPOTHESES**

This study aims to develop the areas and concerns of social accounting to include the measurement of the cost of treating and fighting of the disguised unemployment in the business organizations as an economic phenomenon. To achieve the goal of the study the researcher formulates the following hypotheses: (1) The social responsibility of the Libyan business organizations includes the contribution to finding logical solutions to
the phenomenon of disguised unemployment in the light of the economic circumstances and social situation in the Libyan society. (2) That the treating cost or fighting of the disguised unemployment phenomenon is one of the concerns and areas of social accounting, which must be subject to measure and disclosure in the financial statements.

**IMPORTANCE OF THE STUDY**

That problem of disguised unemployment has become one of the most important problems which faces the economies of the developing countries, at the present time, due to dangerous results that can result from the problem of disguised unemployment at the social areas and economic, and in the light of this serious comprehension the of this problem, the business organizations have begun to interest in study and remedy of the disguised unemployment phenomenon to avoid its damages, as a result of that business organizations contribute directly to find of the solutions to many of the negative phenomena by using the logical methods, and this contribution comes from the content of the idea of the responsibility of the social contract, which states the need that, the business organization must not export its bad phenomena to community and the surrounding environment, and for that business organizations incur the expensive costs to treat and remedy of the phenomenon of disguised unemployment in order to avoid its damages, and in this sense, the responsibility of the business organizations on the treatment and remedy of the phenomenon of disguised unemployment is a social responsibility. So, this study came to enrich of the accounting thought of social responsibility. Therefore, this study will be concerned as the foundation stone for many future studies in this area, especially in the absence of previous studies on the subject of social responsibility of the business organization towards disguised unemployment.

**METHODOLOGY OF THE STUDY**

In regard to collect of information and data for this study the researcher will depend on the following sources: (1) By Arabic references and foreign which interest in the subject of disguised unemployment and social accounting. (2) Accounting data and statistical of the Libya business organizations which suffer from the phenomenon of disguised unemployment and the methods used to treat and remedy that the phenomenon. (3) Reports, statistics and social researches on the issue of unemployment in Libya, issued by the People's Committee for Work Force, Training and Employment in Libya. (4) Questionnaire for collection of data in order to test of hypotheses of the study, as well as personal interviews with officials of business organizations in the city of Benghazi. (5) Use of the modern means of communication as internet to collect data and relevant information.

**POPULATION OF THE STUDY**

That all business organizations in Libya subject to the same conditions and laws, so that the population of the study will consist of all business organizations in the city of Benghazi in the private and public sectors, which use a system of monthly fixed salary. Also, the researcher relied on the method of descriptive statistic to analyze of the data and extraction of the conclusions and test hypotheses.

**PLAN OF THE STUDY**
In order to achieve the objective of the study and test the validity of the mentioned hypotheses in terms of the acceptance or rejection, the study will include the following: The first part includes the theoretical framework and previous studies. The second part includes a statement of how to measure the cost of treating and fighting of the disguised unemployment and the possibility of achieving this. Conclusions, recommendations and references.

THEORETICAL FRAMEWORK AND PREVIOUS STUDIES

The disguised unemployment appears in organizations when a number of the workers and staff is greater than the required level to produce a certain amount of goods or to provide a certain amount of services, and in this case business organization incurs expenses that are not economically justified, that expenditures are the value of salaries and incentives paid to the workers and staff, and that expenses do not offset by any economic benefits, for this reason business organizations are trying to get rid of those expenditures. In fact, the cost of disguised unemployment does not represent an economic burden on the business organization only, but its effects extend to affect the country's economy as a whole. That treatment or remedy of the phenomenon of disguised unemployment is more difficult in the case that the society or the state suffers from the problem of unemployment in the labor market, where the available number of the unemployed persons is greater than the required number many times. Damages of the disguised unemployment often affects the organization and the state, while those damages do not directly affect the employee or the worker, where the workers and employees will receive their salaries without any problems, the economically damaged parties are business organizations and the society.

Treatment Methods of the Disguised Unemployment Phenomenon

There are several ways to address the phenomenon of disguised unemployment in business organizations, and results of each method depend on economic and social conditions and political in the state, as well as the special circumstances of the business organization:

Expulsion and Separation of the Surplus Employment from their Jobs

Business organizations sometimes resort to dispense with the services of the surplus employment to get rid of the disguised unemployment phenomenon and its bad economic effects, and the return of such employment and workers to the community which will be bound to provide new job opportunities for them, and in many cases, in the developed countries, those workers or employment obtain the social assistance until they are employed at new jobs again, but their sufferance will be significant in the absence of such assistance, in addition to, that society is basically suffering from the phenomenon of unemployment the mandatory or involuntary unemployment as in the developing countries. A result of this treatment will be increasing the number of unemployed people within the community. The sole beneficiary of this treatment or remedy is the business organization, this the treatment helps to reduce the economic expenses of the business organization, either the affected parties are the estranged workers or excluded or estranged employment from their jobs, as well society which suffers mainly from the existence of the phenomenon of unemployment and its bad social, economic and political effects.

Rehabilitation of Surplus Employment
Some of the business organizations may prefer rehabilitating the surplus employment instead of the expulsion, if there are vacant functional sites for it, by conducting some of the training programs for the rehabilitation of those workers to work in other vacant locations within those business organizations, in the case existence or providing of the ready laborers through the labor market within society for those vacant functional sites or no for social and human reasons, and this is known to change the functional path for a worker or employee. The researcher finds the need to consider the training cost in this case as social cost, according to the following philosophy, that the costs of training and rehabilitation can be avoided by business organizations, those business organizations are not obliged to incur them, Especially, that the labor market is packed with ready qualified cadres to work efficiently, and with this disposition, business organizations have contributed to the protection of those workers and their families from the pain and bad effects of the unemployment, especially if they have been excluded from work, if it was very difficult getting others jobs within the community, and through Libyan reality or realism practical experiences in Libya, the General Company For Electricity in Libya changed the functional path of massive numbers of staff with low scientific qualifications who were working on the administrative side within its administrative departments in order to develop of management by the employment of people who have bachelor's degree in business administration and accounting, so the company incurred huge expenses for training and rehabilitate the massive numbers of staff with low scientific qualifications in order to qualify them for the work as technicians electricians through the intensive training courses, where the company can employ ready professionals graduates from of intermediate institutes and expulsion and separation those workers from their jobs (staff with low scientific qualifications), the company is still benefiting from their services until this moment, and the philosophy of the company about this procedure, it was to protect those non-qualified workers of economic damages and social which may cause to them if they lost their jobs in the company. Some of the business organizations may prefer rehabilitating of surplus employment, especially, those with education and experience are low in order to ease of the burden and load on the society and the state regarding the social effects that may result from unemployment within the community in the case of expulsion and exclusion those workers from their jobs, especially, in the case ability of labor market on presenting of the employment are more qualification and efficiency of them, where it will be difficult for them to find jobs within the community which they live in it.

**Survival of the Surplus Employment for Humanitarian and Social Reasons**

Some of the business organizations have a humanitarian and ethical duty stemming from their social responsibility towards the environment and society, thus, those business organization will try to contribute to reducing the political, social and economic effects that may be caused by some of the phenomena, within the community and the surrounding environment as unemployment phenomenon. Those business organizations will not exclude the surplus employment from their jobs, where prefer survival of the surplus employment for humanitarian and social reasons, although their recognizing with the existence of the phenomenon of the disguised unemployment within their organizations, because all the external conditions and situations which do not allow to dispense with services of the surplus employment and workers for humanitarian reasons. The business organizations have become part of the society, which provides a working environment for those organizations, in considering that the community is the main source for the promotion of products of the business organization, as well as the society is the main source for the necessary investments for it, and from that standpoint, some of the organizations may see the need to contribute to finding some temporary solutions to some of the phenomena that may be produced by those organizations within the community,
such as the contribution of the organizations to increase the number of unemployed people within the community through dispensing with the services of surplus employment. For example, despite the existence of the phenomenon of disguised unemployment in most Libyan business organizations, but those organizations still retain (surviving) the surplus employment, those organizations did not exclude the surplus employment from work for humanitarian reasons, especially, that the Libyan economy suffers from terrible increase in unemployment rate, in the light of these data, the cost of the disguised unemployment (salaries which are economically non-justified) is social cost.

**Use of Financial Incentives to reduce the Size of the Surplus Employment**

Some of the business organizations may prefer to use the system of the financial incentives to entice of the surplus employment and motivate it to quit the work. For example, Libya Cement Company in Benghazi-Libya uses this technique or method to reduce the size of the surplus employment, where the company is committed to pay the salary of a full year for each employee or worker leaves the work and the company did not receive any welcome regarding this approach by the staff of the company, but by two employees, as voluntary quitting means the destruction in Libya for employee and employee's family, which recorded only two cases of the total surplus employment, where two persons of surplus employment resigned in exchange for the salary of a full year since issuance that decision.

**Social Responsibility of the Business Organizations Towards the Disguised Unemployment**

In fact, there is a relationship between disguised unemployment and social responsibility of business organizations, this relationship is stemming from the fact that the first is one of the concerns and areas of the second under special circumstances. Also, that relationship stems from the treatment philosophy of the phenomenon of disguised unemployment, that treatment of the phenomenon in order to minimize the economic harms and social in light of the surrounding circumstances is among the concerns of the social responsibility of the business organizations, as the export of surplus employment to the community without contributing to finding logical solutions to treat and remedy of the disguised unemployment problem can be likened to environmental pollution issued by those organizations to the community resulting from the manufacturing operations, that treatment or remedy neglect of the phenomenon of disguised unemployment by business organization through the use of consistent and appropriate methods with all the circumstances, and exclusion of the surplus employment from its work will double the unemployment rate within the community. Those changes will impact on the economy of the state as a whole and social responsibility will impose on the business organizations the need to contribute to solving all the problems and the economic phenomena that can be produced by the business organizations within the community or that can be exported by the business organization to the community as much as possible. That the phenomenon of disguised unemployment arises within business organizations and ignoring of this phenomenon without processing or remedy means to cause bad damages to the economy of the state and treatment of the phenomenon by use of exclusion method will contribute to increasing unemployment rate or the number of unemployed people in the country and the situations will be very bad when the society can't provide new jobs for those workers or financial aid for them, and the final result is bad social and economic effects within the society. The social responsibility of business organizations means the contribution to finding the solutions to this phenomenon in order to reduce its bad damages within the
community to the lowest level, and any cost incurred by business organizations for the treatment of the phenomenon of disguised unemployment will be considered a social cost because it will contribute to achieve the benefits to many parties within the community.

**Evolution of Disguised Unemployment in Libyan Business Organizations**

The following factors have contributed either directly or indirectly to the emergence of the phenomenon of disguised unemployment in the Libyan business organizations. These factors contribute to the accumulation of huge numbers of unemployed people in the Libyan society, which prompted the Libyan government to the random employment in the public sector and the emergence of the phenomenon of disguised unemployment in the business organizations and this is known as an indirect contribution:

**Philosophy of the State on Employment Policies**

"The unemployment usually appears as a result of state policies, as well as its philosophy towards employment policies in the public sector, we find that the unemployment spreads in the organizations of the countries that follow the wrong policies in the employment, where spreads more and more in countries where governments are committed to policies of the employment, especially, when the State is unable to create new projects to absorb the unemployed people, so state's government will employ a new large number of workers and staff in the organizations and authorities of the public sector and public companies that exceed the capacity of these sectors to absorb such a large number of workers that will increase the costs and expenses of the public sector, this conducting represents a waste in the wealth of nation as a result of those wrong practices for such a policy. This conducting will contribute to the spread of disguised unemployment in the business organizations, that is characterized by employment of large numbers of the workforce with low productivity levels and those levels usually approach to zero because of the desire of the state to provide incomes and salaries for citizens according to the theory of the proceeds of citizenship, according to this theory, state's government employs new staff and workers in jobs that are not real without the need for them in those jobs, which leads to disruption of the work element as one of the important factors of production, this regarding of the economic level or side, either at the political level, these policies create a state of decomposition of the responsibility, whether political or social responsibility, and a case of the negative among staff and workers in business organizations, as that the employment will be legally and staff and workers will go to their jobs and return to their houses without any economic benefit to the organizations or country, in fact they are idle actually, they do not do positive anything and productive, as a result of the awarded wages under such a policy, that wages usually are too low, which leads to the spread of bribery and corruption" (Abdul Rasul & Khatib 2007).

**Education Policies and Educational Guidance**

"The education policies are as one of the factors that contribute to evolving the phenomenon of unemployment in the community, especially, if we take into account imbalance which produces as a result of lack of harmonization of the educational policy of the country with the requirements of the economic growth for that country. In developed countries there are a kind of integration and harmony between education output and the requirements of the development needs of the manpower through to follow the policies of systematic planning for the sectors of education. As the need for higher education is necessary, which is considered by theorists as a major pillar for the progress and prosperity - not the lessons and the number of graduates of them as far as quality and level of efficiency and competence in the performance, which will be earned by the developed educational programs and efficient that they received in school according to the needs of the work and its nature as well as the skills and
necessary competences for it "(Suban 2007). In other words, the educational process must focus on the needs of the labor market and not the accumulation of graduates in the community, as well as focus on raising the efficiency and skill of graduates to meet the conditions of field work. We can understand the impact of education as one of the elements of the emergence of unemployment through the following points: (1) The spread of classical education among the wide categories and sectors of young people and their reluctance or low turnout on the professional studies and technical which depend on them the production processes within the community and because of its direct impact on the production processes. Therefore, the rationalization of social understanding about vocational education is very necessary in order to re-guidance of youth energies pumping to the fields of production that contribute to building economic development and developed economies. (2) General orientation of the people and their views and evaluation regarding the education and its classifications, where the vast majority of people armed with the concepts and the old social legacy with a devastating effect on the nature and quality of manpower which is considered as a crucial component of economic development, where the vast majority look at vocational education as the ocean which include under its flag all losers of the students in achieving high education rates to get into theoretical and classical studies, which give graduates the high social value and a kind of the honor and respect, according to their belief, that honor and respect do not have any productive return but will lead many of them to army of unemployment, which grows such as cancer day after day. (3) Failure of planning policy and guidance for students who wish to continue their education at an advanced stages, where depend education policy in developing countries on the system of the rates without taking into account the desires and inclinations of the student, that result of this policy will lead to low levels of efficiency in performance among graduates as a result of the disappearance of the desire and the tendencies. That evident flaw in the educational system will not qualify graduates to enter the labor market, so, a lot of certificates which are supposed to constitute a passport for them to get to work will be far less than required by the employer in terms of both the nature of the required disciplines or the nature of applied materials and skills that entitle the certificates holders to engage in direct action. The lack of harmonization between the outputs of education and labor market requirements in developing countries contributes significantly to the spread of the unemployment among graduates, as well as weakness of planning of the interested institutions in the educational process will be responsible for the bulk of the phenomenon of widespread unemployment among the educated people. Therefore, we conclude to say in this area, that the poor planning and unplanned education and educational guidance are influential factors for the spread of the phenomenon of unemployment and one of the components of its growth in the community which will be as ideal environment for it " (Touati 2007). As a result of bad education policies in Libya and the accumulation of numbers of massively unemployed graduates in the labor market, the Libyan government employed huge numbers of them in the public sector, and this behavior over time spread phenomenon of the disguised unemployment in the Libyan business organizations. As the Libyan government changed form or kind of the unemployment from the mandatory or involuntary unemployment to disguised unemployment.

Selfishness of the Performance of the Private Sector

Contribution of the private sector in the growth of unemployment lies in the formative nature of the sector and its goals based on achievement of the economic savings profit by reducing spending and costs to the minimum, this sector uses
the expense of wages paid to labor to achieve that. Whereas the private sector which supports employment policies to choose the most efficient with low wage to enter the necessary labor force to achieve the desired output. The most important characteristics of the private sector in Libya, it depends on the employment of incoming Arab laborers more than the employment of Libyan laborers, as the private sector prefer to employ incoming Arab laborers for the Libyan laborers, this act resulted in the accumulation of numbers of unemployed people in the Libyan labor market, which forced the Libyan government to employ huge numbers of them in the government sector or public sector, as a fabricated solution to the crisis of unemployment in the Libyan state, and this act have resulted in of the emergence of the phenomenon of disguised unemployment in the Libyan business organizations.

Practices and Poor Social Behaviors

The intermediation and patronage are the most important behavioral practices in most developing societies, especially the Arab countries. They are a main ingredient that helps in creating the conditions for the formation of a suitable environment and appropriate fosterage for the spread of disguised unemployment in their communities. Which uses many of the politicians in Libya their influence and authority in the employment of their relatives and friends in many business organizations, which led to the accumulation of surplus employment in those organizations, "where showed a study conducted by the People's Committee For Work Force in Libya that most of the staff and workers who work in the government sector gained their jobs on the basis of mediation, favoritism and not on the basis of scientific criteria for employment " (Annual Report Of The General People's Committee For Manpower, Training And Employment In Libya 2007), and those actions contributed directly to the emergence of the disguised unemployment in the Libyan business organizations.

Use of Modern Technology

Disguised unemployment arises in the business organizations when technology replaces the human element in the implementation of business. That electronic systems became good means to reduce the time and effort in the performance of the business, where business organizations have become more dependent on these systems in achieving tasks of business rather than reliance on manual labor. That introduction or using of modern technology in business organizations contributed to the emergence of disguised unemployment in Libyan business organizations, which is evidenced by internal reports of performance of those organizations, where it became obvious fact in those organizations. For example, that the General Electricity Company of Libya suffers from an increase in the volume of employment as a result of relying on some of modern electronic systems such as IFS in the performance of the business, and the estimated proportion of disguised unemployment is %45 of the volume of total employment (Reports Committee's Report regarding appraisal of performance of the General Electricity Company of Libya, in 2009).

Experience of the Libyan Authorities in Trying to Treat the Phenomenon of Disguised Unemployment Between Failure and Success

The social and economic damages which caused by the unemployment within Libyan society is very heavy, which showed one of the social studies in Libya that unemployment contributed directly to achieving of the following damages: (1) Unemployment contributed frighteningly to the increase of the crime rate in Libya, frighteningly, where has doubled the rate of crimes during this decade, 25 times for the past decade, such as murder, robbery, rapes, addiction of the drugs, drinking of the alcohol, abuses and fights, trafficking of drugs and alcohol, fraud, and quarrels and counterfeiting of currency, about
%89 of criminals are from the category of the unemployed people. (2) During the past decade, unemployment contributed significantly to the brain drain and the Libyan unemployed people out of Libya in large numbers in search of jobs in many countries of the world and to request human refuge in some European countries. (3) The unemployment contributed to increasing of the number of psychiatric patients within Libyan society, as the number of visitors to the psychiatric hospital Gargaresh in Tripoli in 2003, thirty-four thousand patients, in 2004 thirty-six thousand patients, and in 2005 about forty thousand patient, and that the percentage of %92 of these patients are from the category of the unemployed. (4) The unemployment contributed to reducing of the rate of population growth in Libya as a result of late marriage among young people, out of every 10 young people in age marriage, there are7 unmarried young people, and this contributed to the spread of immorality within Libyan society. (5) The unemployment contributed to the spread of poverty and bad economic conditions between the Libyan families. (6) "The unemployment contributed to the spread of bad phenomena such as financial corruption, bribery and nepotism within Libyan society, that the unemployment contributed certainly to achieving the severe damages in the Libyan economy, but unfortunately, there are no any studies have shown that damages on the economic level. In general, the unemployment has become in Libya as a ticking time bomb which threatens the security and stability of the Libyan society" (Al-Barassi 2007). As a result of that rate of the unemployment in the Libyan society exceeded %20 in the last years of the last decade, as well as the terrible growth of the phenomenon of disguised unemployment in the Libyan business organizations, it was necessary to intervene to find a solution to this problem, which still threatens the entity of the Libyan society. No one denies that Libyan society was suffering of exacerbation of the phenomenon of disguised unemployment, which was ignored for many years. That phenomenon of the disguised unemployment has increased in the public sector as a result of accumulation of Libyan staffs, thereby the crisis of disguised unemployment was worst in Libyan economic history, which began to take a structural nature in the Libyan economy, The current problem is the economic recession in the face of young society, which includes the estimated working force or capable people of work, about %68 of the total population, that the increase in number of unemployed people was not offsetting by expansion in the size of the national economy or number of the economic projects, as the Libyan authorities has seen the need to treat the problem of disguised unemployment as a first stage to treat the unemployment problem in Libya, through the following measures: (1) "Where the Libyan authorities established The National Center For Training And Employment, which interests in assimilation and receiving classified individuals as disguised unemployment in business organizations Libyan, in order to train them and re-employment in an economy of Libyan state, even mid-November 2008 surplus employment (disguised unemployment) drew from the public sector in Libya, was estimated of about 300000 people, and Libyan authorities spends value of 87 million Libyan dinars per month as salaries and expenses in respect of that surplus employment, this number does not include a total of surplus employment in every other business organizations, where still many business organizations suffer from the existence of the phenomenon of disguised unemployment, but the National Center was disabled to find work places or new jobs for surplus employment, where no interest by the Libyan state in constructing new projects can be used to re-employ those workers, thus the number of unemployed people in the Libyan society has increasingly become, as a result of following true; currently, the Libyan unemployment consists of disguised unemployment which excluded from public sector and the mandatory or involuntary unemployment, so, rate of the unemployment in Libya was increasing" (Ammar 2008). (2) Libyan authorities used system of the early retirement for many of employees in the public sector for the alleviation or reduction of the volume of disguised unemployment in the business
organizations and its bad effects. This regarding business organizations that finance all the their expenses of the public treasury. (3) The public companies that rely on their revenues to finance all their expenditures, part of them has transferred surplus employment to the National Center for Training and Employment for the re-employment in other organizations of the society, and the other part still retains the surplus employment for humanitarian reasons, such as General Electricity Company, which is the reservoir of disguised unemployment, and some other companies such as Libyan Cement Company in Benghazi city which used the early retirement to some surplus employment, with depending on the criterion of age, through exclusion of workers (who approached their age of retirement age or pensionable age with the need to pay their salaries by the company) from their jobs with commitment to their monthly salaries until they access to the official retirement age, and then Social Security Fund takes care of them, and keeping the rest of the other surplus laborers for humanitarian reasons. So we can say that the problem of disguised unemployment did not resolve finally in Libya, where Libyan business organizations still suffer from the problem of disguised unemployment until the date of this day.

**Measurement of the Cost of Treatment of the Phenomenon of Disguised Unemployment**

By researching in accounting thought on social accounting shows that, there are no any previous studies had addressed the issue of treatment of the phenomenon of disguised unemployment from the perspective of social responsibility of the business organizations. So, the researcher will depend on the Libyan experience regarding the statement and showing of how to measure the cost of treatment of the phenomenon of disguised unemployment. Business organizations incur financial expenses in order to contribute to the solution of the problem of disguised unemployment, those expenditures can be considered as social costs in light of the circumstances and special cases as follows: That the society mainly suffers from the problem of unemployment and the its increasing damages within the community. The organization fears the number growth of unemployed people in the society by the demobilization or exclusion of surplus employment from its jobs. That intention of the organization is to help the surplus employment in order to avoid social and economic psychological suffering, which will result from the demobilization or exclusion of the surplus employment from their jobs and the damages that may result from the unemployment within the community. The cost of treatment of the disguised unemployment can measure as follows:

**Rehabilitation of the Surplus Employment**

Some of business organizations may prefer rehabilitating and training of surplus laborers and employment to work within those organizations in other disciplines and specializations are not their original field rather than demobilize or exclude them for humanitarian reasons, in the case that those organizations incur the expenditures of training and rehabilitation, these expenditures can be considered as social costs, which can be measured as follows: Training and rehabilitation expenditures + Paid salaries during the training period for surplus employment under rehabilitation = Social costs. The General Electricity Company used this method in 1995, where the company was able to rehabilitate hundreds of staff and change their career path, whereas the expenditures incurred by the company to treat of the issue of rehabilitation and training were: paid salaries to surplus workers during the training period as well as training expenses such as courses, accommodation, etc.

**Early Retirement or Functional Rest**

One of the innovative and new ways to treat the phenomenon of disguised unemployment, which takes into account the human and social sides of the surplus
employment is a way of early retirement, which means the exclusion of surplus employment (employees and workers who approach their ages of legal age of the retirement) from work to certain period as functional rest, with the need to pay their full salaries by business organization, until they reach the legal age of retirement according to pension law in the state. Therefore, those salaries are social costs. Libyan Cement Company in the city of Benghazi preferred using this way to treat the phenomenon of disguised unemployment, without achieving the harm and damages to Libyan society or surplus employment, it is worth mentioning that, this method did not eliminate the phenomenon of disguised unemployment, They are not eligible where there are still surplus employment and employees do not qualify for such treatment. Therefore, can be considered the paid salaries to treat the phenomenon of disguised unemployment in this method are the social costs. We can determine the gross social costs according to this treatment as follows: Paid salaries to surplus employment which excluded from work according to conditions of the early retirement + Paid salaries to other surplus employment which not qualified for early retirement. Through the written data and information in records of Libyan Cement Company will show the following: that the company has issued the first decision which includes 107 employees and workers who arrived at the age of 58 years old in 2009, in order to give them functional rest until they reach the retirement age which is limited according to company's policy and Libyan Laws of 60 years in hazardous industries, where were the total paid salaries for them for one month 165,420.000 Libyan dinars, and this value will increase or decrease by increase the number of staff who will meet the conditions, who approaches their ages of legal age of the retirement, and that number will decrease in case of access some of them to the official age of retirement according to the Laws in Libya.

**Survival of Surplus Employment within the Business Organizations**

Many of the business organizations in Libya have seen necessity of survival of surplus employment within the business organizations for humanitarian reasons and social, where preferring those organizations preferred to bear the financial burden instead of contributing to the destruction of the Libyan society by raising the rate of unemployment and its hateful effects, through exclusion or dismissal of the surplus employment from work. For example, General Electricity Company in Libya incurs very enormous expenditure for the salaries of surplus employment approximately 2.5 million Libyan dinars per month for branch of the city of Benghazi, without the rest of the branches and other departments in Libya, whereas the business organizations in this act contribute to the protection of the Libyan society and the surplus employment the bad effects that can be resulted from the unemployment for it (as a result of exclusion or dismissal) and for society, especially in light of poor economic conditions in Libya, although it is a petroleum country, it was found through failed trial to treat of the phenomenon of disguised unemployment in Libya; that treatment of the functional situations for surplus employment or disguised unemployment may take several years, even the National Centre for Training and Employment accepts to incur the financial burden for additional numbers of those surplus employment or disguised unemployment, those employment will remain disruptive force in Libya for several years, because the Libyan country does not interest in construction of new economic projects, those business organizations that took into account the psychological and social conditions of that surplus employment, in case of demobilization or exclusion from the work and neglect any economic considerations of those business organizations, their expenditures are social not economic. Therefore, we can easily determine the treatment cost of disguised unemployment (social costs) according to this method as follows: (Total salary of the employee - Salary for day weekends during the month) - (Salary for hours of legal rest during working) - (Actual working hours during the month for employee × Wage per hour) - (Share of Actual working hours during the month of...
organization contribution to social security fund) + (Share of non-Actual working hours during the month of organization contribution to social security fund). In this way, and through the compilation of the cost of disguised unemployment for all surplus employment can determine the total monthly and annual cost of the disguised unemployment (social costs) incurred by the business organization.

**QUESTIONNAIRE**

The questionnaire was addressed to the administrative managers in Libyan business organizations which will be field or subject of the study in both the public and private sector. That questionnaire included a series of necessary questions and inquiries to test the hypotheses of the study and to know the following: (1) Subordination the organization, does the organization follow the public sector or private, to know any sector suffers from disguised unemployment, public or private, is it heavily concentrated in the public sector, private or both? (2) Estimation of the rate of disguised unemployment as a percentage of total staff and workers of the organization. (3) The proposals used to deal with or treatment of the phenomenon of disguised unemployment. (4) The difficulties and constraints that may hinder the processing of disguised unemployment in those organizations. (5) Possibility of determining the cost of treatment of disguised unemployment in those organizations in light of the current conditions. (6) That social responsibility of the business organizations includes the issue of treatment of the disguised unemployment as an economic phenomenon in certain circumstances, what are views about that? (7) The views and opinions of the officials on the following argument: that cost of treatment of the disguised unemployment is one of the concerns and areas of social accounting, which must be subject to measure, reporting and disclosure in the financial statements.

**DATA ANALYSIS**

To complete the practical aspect of this study, that data and information of the study Population, which were obtained by the questionnaire subjected to analysis process, by using methods of descriptive statistic or statistical analysis to access to the results which will use for the rejection or acceptance of the hypotheses that were formulated for the purposes of this study.

**CONCLUSIONS**

(1) That business organizations in Libya still suffering from the phenomenon of disguised unemployment, although its rate decreased in some of Libyan business organizations through the conversion or transposing of part of the surplus employment to the National Center For Training and Employment of the General People's Committee For Work Force, Training and Employment in Libya.
(2) That idea of establishing a National Centre for Training and Employment is great to treat the phenomenon of disguised unemployment in Libya, but the National Centre failed regarding re-employment of the surplus employment within the community or other organizations, which contributed to the increase in the unemployment rate within Libyan society, despite its obligation to pay the salaries of surplus employment without making any programs to rehabilitate or re-employ them again.
(3) That business organizations in Libya recognize the economic damages caused by disguised unemployment, but those organizations oppose the idea of dismissal or exclusion the surplus employment in order to minimize the social damages caused by unemployment in the Libyan society.
(4) Under the difficult conditions in Libya, such as not to create new economic projects,
the negative impacts have brought about by unemployment within Libyan society, and taking into account the human aspects and mental of the surplus employment in the case of demobilization or exclusion from the work, all views support the need to consider the cost of treating the phenomenon of disguised unemployment incurred by the business organizations is the social cost, if the aim is the protection of human and community from the damages that may be caused by unemployment within the community.

(5) Determination of the treating costs of the disguised unemployment in the Libyan business organizations, easily without any difficulty.

(6) The researcher has established the validity of study hypotheses by demonstrating that: (1) That social responsibility of Libya business organizations must include the contribution in finding logical solutions to the phenomenon of disguised unemployment in light of the economic circumstances and difficult social in the community. (2) That cost of treatment of the disguised unemployment is considered one of the concerns and areas of social accounting, which must be subject to measure, reporting and disclosure in the financial statements of the Libyan business organizations, where those organizations incur that costs to achieve the social goals, not economic.

RECOMMENDATIONS

The researcher recommends the following necessity:

(1) Business organizations must treat the phenomenon of disguised unemployment without using of method of the dismissal or exclusion from work, where business organizations must use alternative methods to treat problem of the surplus employment such as rehabilitation, training for re-employment in other places within business organizations or society, an early retirement for all staff who approach their age of legal age for retirement in the State and survival of surplus employment within the business organizations, etc. with the need to incur all expenditures, as well as the need to consider that treatment as part of its social responsibility of business organizations towards the community, if the following conditions are existent in surrounding environment or internal environment of the business organizations: (1) That expenditures of treatment of disguised unemployment must not cause damages or economic losses for business organizations, where those economic losses may lead to the organizations bankruptcy and failure. (2) That goal of treatment is to contribute to the protection of society of damages which will increase within the society in the case of dismissal or exclusion the surplus employment from work in the business organization, especially, when a society suffers of the mandatory or involuntary unemployment, as Libyan society. (3) The social, economic and political conditions in surrounding environment are very bad and do not help in solving the problem of the surplus employment in the case of using of method of the exclusion or demobilization from jobs in business organizations. Such as the conditions prevailing in Libya.

(2) Business organizations must disclose of the cost of treatment the phenomenon of disguised unemployment in the financial statements as a social expenditure or cost aims to contribute to finding the solutions for the unemployment crisis as a whole, in the country.

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The relationship between personality type and leadership style of managers: A case study

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Abstract

The managers’ leadership style is an important factor which increases the effectiveness, performance, and finally productivity of organizations. Managers, as the organization leaders, can choose different styles to lead human resources. One of the factors affecting this choice is the manager’s personality characteristics. However, few researchers have studied the effect of managers’ personality characteristics on their leadership styles. Therefore, in this research, we aim to examine the relationship between personality dimensions of managers (Introversion/ extroversion, sensing/intuitive, thinking/feeling, and judging-perceiving dimensions) and their leadership styles (task-oriented and relationship-oriented styles). To reach this goal, two questionnaires under the title “Myers-Briggs type indicator (MBTI) personality test (form G)” and “Lutanz leadership questionnaire” were distributed throughout the sample, which consisted of 83 middle-level
managers working in Entekhab Industrial Group in the year 2011 in Isfahan, Iran. Based on the obtained results, four hypotheses were drawn and then analyzed, using statistical techniques and SPSS software. Our results indicate that specific elements of managers’ personality are directly linked to their leadership styles.

**Keywords**: Leadership style, Myers-Briggs type indicator, introversion / extroversion, sensing / intuitive, thinking / feeling, judging / perceiving

Please note that we have used “he” and “she” pronoun for managers and leaders interchangeably.

**Introduction**

In today’s rapidly-growing and competitive industry, what makes an organization superior to the other is effective management. In fact, management is the coordination of financial and human resources in order to reach organizational goals in a way that is accepted by the society (Lambert & Nugent, 1999). Leadership, on the other hand, as Wren (1994) suggests, fits into management theories since it focuses on the achievement of organizational goals by effectively employing relationships and resources. In many people’s point of view, not surprisingly, management and leadership are the same; however, many authors believe that the two terms are unique and different concepts. Management is linked with the how, while leadership determines what and why a task is accomplished. The capability of managers is based on official authority which stems from their organizational position, whereas a leader could be a member of an organizational team without being in an official management position (VanVactor, 2012).
Researchers claim that the psychological profile of leaders could have effect on the performance of their organizations, and leadership style, as a variable, has often been used for developing this profile (Adeyemi-Bello, 2001). Management scholars and theorists claim that leadership characteristics are used to distinguish an organization with high performance from that with lower (Gupta & Govindarajan, 1984). According to Frank, Echrich, & Rohr, (1997), the leadership style of managers is associated with effectiveness, performance and productivity of organizations. The managers’ leadership style indicates how managers interact with their subordinates (Perra, 2000). The managers’ personality types affect their leadership style, and in a broader view, appropriate adaptation of leadership styles with managers’ personality types can boost the performance of organizations (Adeyemi-Bello, 2001). Accordingly, in this research we are seeking to answer the question of whether or not there exists a meaningful statistical relationship between leadership styles and the personality types of managers. Moreover, in this work we aim to focus on the following:

- Identification of personality dimensions of managers based on the MBTI.
- Identification of four leadership styles of the managers.
- Identification of the elements of four personality types which are associated with task-oriented characteristic of managers.
- Identification of the elements of four personality types which are associated with relationship-oriented characteristic of managers.

**Introduction of the elements of the MBTI**

The MBTI is known as one of the most practical tools in the world to describe personality (Myers, McCaulley, Quenk, & Hammer, 1998; Myers & Myers, 1995). It is probably the most widely sold personality test in
existence. The test originated from a 1923 work done by Carl Jung, a Swiss psychologist (Cooper, Knotts, McCord, & Johnson, 2012). He brought up the theory of psychological archetypes which indicates that individuals, when facing their surrounding environment, have unique and distinct behavior patterns (Jung, 1971). Myers and Briggs, in continuance of the conceptual Jung’s theory, developed the personality type identification which was made known as Myers-Briggs type indicator (Cooper et al., 2012). Validity and reliability of this test have been extensively studied several times (Jung, 1971; Wofford, 1970). The test encompasses three personality dimensions suggested by Jung, which are: introversion / extroversion, sensing / intuitive, and thinking / feeling, as well as the fourth dimension, judging-perceiving, which was introduced by Myers and Briggs (Brown & Reilly, 2009; Myers & Myers, 1995). These dimensions have been briefly described in table 1.

Table 1

*Dimensions of Myers-Brigs personality test (MBTI)*

<table>
<thead>
<tr>
<th>Introversion-Extroversion: where have you focused on?</th>
<th>Extroversion</th>
<th>The extroverts prefer the outside world and relationship with others.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extroversion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Introversion</td>
<td></td>
<td>The introverts are interested in the world of their own attitudes, and beliefs.</td>
</tr>
</tbody>
</table>

| Sensing-Intuitive: How do you gain information?       | Sensing     | “Sensing individuals perceive information by means of their organs”. |
|                                                     | Intuitive   | Intuitive individuals tend to discover unknowns, probabilities, and concepts which are not apparent at the present time. |

| Thinking-Feeling: How do you make decision?           | Thinking    | Thinkers utilize the process of logic and analysis in order to make decisions; they use official and logical method. |
|                                                     |             |                                                                     |
Feelers make decision based on individual values; a sort of making decision that is not based on logic, but ethics and justice.

**Judging-Perceiving: How do you face the outside world?**

**Judging**

Judgers prefer to live in a planned, disciplined, and determined way. They seek to have control over their life and regulate it, whilst perceivers prefer a more flexible life and await events.

**Feeling**

Perceivers always seek to adapt themselves to circumstances that emerge.

Comparison of the personality type dimensions of the 1987 Inc. 500 company founder/CEOs with those of slower-growth firms is from Ginn and Sexton, (1990); cognitive style, marketing problem solving and case analysis is from McIntyre and Mokwa, (1993).

As stated in the introduction, the MBTI has been used comprehensively for over 50 years in various managerial and interpersonal development applications (Brown & Reilly, 2009). Scholars such as Gardner and Martinko (1996) reviewed this test and resulted to an adequate validity for more research on the relationship between personality type and management style.

**Extroversion versus introversion personality dimension.**

Extroverts are sociable and talkative and more likely to take pleasure in interactions with others, whilst introverts are usually renewed when alone. Extroverts prefer the outside world of people and things, whereas introverts are interested in the world of their own attitudes, and beliefs (Bradley & Hebert, 1997). Table 2 describes introverts versus extroverts (Cooper et al., 2012; Bradley & Hebert, 1997).
Table 2  
*Extroverts versus introverts*

<table>
<thead>
<tr>
<th>Extroverts</th>
<th>Introverts</th>
</tr>
</thead>
<tbody>
<tr>
<td>external</td>
<td>internal</td>
</tr>
<tr>
<td>outside thrust</td>
<td>inside pull</td>
</tr>
<tr>
<td>blurt out a comment</td>
<td>keep in comments</td>
</tr>
<tr>
<td>breadth</td>
<td>depth</td>
</tr>
<tr>
<td>involved with people, things</td>
<td>interested in ideas/thoughts</td>
</tr>
<tr>
<td>interaction</td>
<td>concentration</td>
</tr>
<tr>
<td>action</td>
<td>reflection</td>
</tr>
<tr>
<td>do-think-do</td>
<td>think-do-think</td>
</tr>
</tbody>
</table>

Note. The effect of personality type on team performance is from Bradly and Hebert, (1997).

**Sensing versus intuitive and thinking versus feeling.** One important aspect of Jung’s theory, which was also suggested by Myers, is the way individuals receive information (sensing-intuitive) and the way they make decision (thinking-feeling). “Sensing individuals perceive information by means of their organs” (Bradley & Hebert, 1997); they prefer detailed data which are factual, precise, and practical and tend to break every problem into isolated pieces. In general, they prefer facts and focus on the present (Bradley & Hebert, 1997; Moorhead, Cooper, & Moorhead, 2011). In contrast, intuitive individuals receive data as a whole, through a set of associations. They tend to explore the unknowns, to sense possibilities and implications which are not readily apparent (Ginn & Sexton, 1990). Intuitive individuals are generalist and when facing with a problem, instead of accepting the facts and distinctive solutions, they develop many alternative ideas and several substitutions (Herden & Lyles, 1981).

Thinking individuals utilize a logical, analytical process in order to make decisions; they use formal and logical methods. Personal taste and
creativity play no role in this group. In order to choose the best solution, they analyze various alternatives, taking into account their cost, interest, and result and eventually make decision (McIntyre & Mokwa, 1993). In comparison, feeling individuals make decision based on individual values; this decision may not be based on logic, but ethics and justice. They tend to consider situations in terms of how the situation affects themselves as well as others (Bradley & Hebert, 1997; Moorhead, Cooper, & Moorhead, 2011). The thinking types are predominantly male, whereas feeling persons are mainly female (Moorhead, Cooper, & Moorhead, 2011).

**Judging versus perceiving.** Judgers prefer to live in a planned, disciplined, and determined way. They seek to have control over their life and regulate it and prefer future events to be fixed and settled, whilst perceivers like a more flexible life and await events and always seek to adapt themselves to circumstances that emerge. They are more comfortable with having lots of options (Bradley & Hebert, 1997; Moorhead, Cooper, & Moorhead, 2011).

**Leadership style**

Leadership, alongside its role on the effectiveness of organizations, has a long history in the management literature. Many experts have chosen several methods to comprehend leadership theme and its relationship with the organization effectiveness, and accordingly, have introduced various theories (Horner, 1997). Leadership has been a very widely-discussed topic; many researchers, historians, philosophers, and scholars have shed light on the leadership issue (Long & Thean, 2011). As Burns (1978) stated, “leadership is one of the most observed and least understood phenomena on earth”. Leadership is a process of social influence through which an environment is provided where personal, professional, and/or organizational goals can be successfully achieved (Hersey, 2008). Leadership, therefore, is
both a science and an art of influencing others; and a leader is anyone who inspires others to accomplish organizational goals (VanVactor, 2012). Leadership is a function consisting of at least three complex variables: the leaders, the followers, and the situational conditions, and leadership means an infinite number of possible combinations (Mujtaba & Isomura, 2012). The culture of the organization, however, determines the role of leadership, meaning that different styles of leadership should be adapted based on different situations of the organization (Awan & Mahmood, 2010). Therefore, choosing a right leadership style by managers, which can raise the performance of the organization, is very important. The managers’ leadership styles indicate how they interact with their subordinates (Perra, 2000).

Numerous researches have been conducted concerning various leadership styles. However, the studies and works done since 1940 have suggested that there are merely two kinds of management roles: “task- and relationship-oriented” roles. Task behavior is the extent to which leaders are involved in top-down communication by explaining what the follower is to do, in contrast “relationship behavior is the extent to which leaders engage in joint communication with followers while providing socio-emotional support” (Mujtaba & Isomura, 2012). Relationship-oriented behavior is focused on interests, feelings, and group members’ satisfaction, and task-oriented behavior is concentrated more on organizational goals than group members’ needs. Task-oriented leaders are those who are extremely anxious to focus on group goals, and on tools to achieve them (Bass, 1981). This type of managers is highly willing to succeed and keeps psychological distance between themselves and their subordinates (Wofford, 1970). Relationship-oriented managers, on the other hand, are those who care about the relationships of group members and create a friendly and supportive atmosphere in the working environment (Beatty, 1988). The
division between task- and relationship-oriented leaders has been the main emphasis of the majority of researches on the management studies (Adeyemi-Bello, 2001). Most of these studies have emphasized that one style is superior to the other. Though some researchers such as Blake, Mouton, and Burns believe that there exists a leadership style which is the best and maximizes production and satisfaction, growth and development in every situation.

**Leadership style and personality dimensions.** Over time, the probability of existence of a relationship between personality and leadership has dramatically increased (Brown & Reilly, 2009). The existence theories concerning the history of management indicate that personality characteristics, which are key determinant factors in leadership effectiveness, date back to leadership theories in 1940 (Bass, 1990). A seminal review done by Stogdill (1948), for the first time raised the issue of dependency of leadership on the managers’ activities and their special personality and behavioral characteristics (Brown & Reilly, 2009). In the early 1960s, Tupes and Christal (1961) and Norman (1963) did a fundamental work on personality theories, which became known as the Big Five model of the most salient aspect of personality. The five-element model also refers to the role of personality characteristics in leadership (Brown & Reilly, 2009). It has also been suggested that scholars should focus on the behavior and personality characteristics of leaders instead of demographic characteristics of them (Gallen, 2009). Berr, Church, and Waclawski (2000) have shed light on the necessity of analyzing the relationship between personality and managerial behaviors.

**Methodology**

In this paper, Lutans’ model, which is based on task- and relationship-oriented behavior of managers, has been utilized to examine the leadership
style and in order to assess the managers’ personality type, the “MBTI” (Form G) has been utilized, which evaluates four personality elements. This work is a descriptive survey which aims to analyze the relationship between the components of the two existing variables in the research. Therefore, this is a descriptive, correlative research and has a practical-oriented aim. The research has been conducted to analyze the relationship between personality dimensions and managers’ leadership style in Isfahan Entekhab Industrial Group from December 2010 to September 2011.

**Conceptual model of this research and the research hypotheses.** According to the researches conducted on the related literature, and by analyzing the components of the both variables, the below model (see figure 1) has been introduced.

![Conceptual model relationship between personality dimensions and leadership style.](image)

Figure 1. Conceptual model relationship between personality dimensions and leadership style.
Based on the above conceptual model, the main hypothesis of the study is:

H. The dimensions of managers’ personality type are associated significantly with their leadership style.

Accordingly, the subsidiary hypotheses are as follows:

Ha. The dimensions of managers’ extroversion/introversion personality type are significantly associated with their task-orientation leadership style.

Hb. The dimensions of managers’ extroversion/introversion personality type are significantly associated with their people-orientation leadership style.

Hc. The dimensions of managers’ sensing / intuition personality type are significantly associated with their task-orientation leadership style.

Hd. The dimensions of managers’ sensing / intuition personality type are significantly associated with their people-orientation leadership style.

He. The dimensions of managers’ thinking / feeling personality type are significantly associated with their task-orientation leadership style.

Hf. The dimensions of managers’ thinking / feeling personality type are significantly associated with their people-orientation leadership style.

Hg. The dimensions of managers’ judging / perceiving personality type are significantly associated with their task-orientation leadership style.
Hh. The dimensions of managers’ judging / perceiving personality type are significantly associated with their people-orientation leadership style.

**Statistical population and sample.** Due to individual sensitiveness about the research theme and the need for close cooperation of the population, the managers in Isfahan Entekhab Industrial Group were chosen as the statistical population. The statistical population comprises of all the top- and middle-level managers working in Isfahan Entekhab Industrial Group, which includes eighty three persons, from whom 53 questionnaires were collected.

**Classifications of variables.** Managers’ personality type is considered as independent variable and leadership style as dependent variable. The control variable is the level of the middle-level managers.

**Data collection tool.** In this research, in order to determine the personality type indicator, the questionnaire of the MBTI (Form G), which had already been used in Iran after being confirmed in terms of reliability and validity, was used. Likewise, for leadership style, the Lutans leadership style questionnaire was used, in which in order to confirm the validity and reliability, based on experts’ opinions, the Cronbach’s alpha of 89 percent was calculated.

**Statistical population combination.** We received 53 acceptable questionnaires, 6 of which were filled in by female and the remaining by male managers. The educational level of them was as follows: one manager had high school diploma, forty two had bachelor degree, seven had master degree, and three were PhDs. The average age of participants was 35 years.
Data analysis. We used one-way analysis of variance (ANOVA) and Spearman’s correlation in order to analyze the data, using SPSS software. The results we received are discussed in the results section.

Results

In order to analyze the research hypotheses, Spearman’s correlation test has been used. The results can be seen in Table 3.

Table 3

The hypotheses test results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Independent variable</th>
<th>Dependent variable</th>
<th>Sig</th>
<th>Error rate</th>
<th>Correlation coefficient</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>First subsidiary hypothesis</td>
<td>extroversion / introversion personality type</td>
<td>task-oriented leadership style</td>
<td>0.50</td>
<td>0.05</td>
<td>-0.093</td>
<td>the hypothesis is rejected</td>
</tr>
<tr>
<td>Second subsidiary hypothesis</td>
<td>extroversion / introversion personality type</td>
<td>people-oriented leadership style</td>
<td>0.02</td>
<td>0.05</td>
<td>0.303</td>
<td>the hypothesis is confirmed</td>
</tr>
<tr>
<td>Third subsidiary hypothesis</td>
<td>sensing / intuitive personality type</td>
<td>task-oriented leadership style</td>
<td>0.00</td>
<td>0.05</td>
<td>0.385</td>
<td>the hypothesis is confirmed</td>
</tr>
<tr>
<td>Fourth subsidiary hypothesis</td>
<td>sensing / intuitive personality type</td>
<td>people-oriented leadership style</td>
<td>0.05</td>
<td>0.05</td>
<td>-0.267</td>
<td>the hypothesis is confirmed</td>
</tr>
<tr>
<td>Fifth subsidiary hypothesis</td>
<td>thinking / feeling personality type</td>
<td>task-oriented leadership style</td>
<td>0.06</td>
<td>0.05</td>
<td>0.336</td>
<td>the hypothesis is rejected</td>
</tr>
</tbody>
</table>
According to the obtained results, the second, third, and fourth hypothesis, Hb, Hc, and Hd respectively, based on the data from table 3, have been confirmed.

**Discussion**

As shown in the result section of the paper, from eight hypotheses, three have been approved. Below, we have analyzed these hypotheses and their applications, and have made suggestions accordingly.

Extroverts enjoy interacting with others and get motivated and become energetic when socializing. Thus, in their leadership style, they appreciate communications and try to build numerous relationship channels. In fact, extroverts are interested in communicating with others and therefore try to create grounds in which everyone has an active and decisive role, and even by establishing personal relationship with subordinates, they create more opportunities to express individuals’ feelings and ideas (Bradley & Hebert, 1997). Hence, they tend to go toward relationship-oriented leadership style. Accordingly, the second subsidiary hypothesis was confirmed.
Based on the obtained results, the third hypothesis, which indicates that there is a relationship between sensing dimension and task-orientation, was also approved. Sensing individuals search for details and are willing to do a practical job, therefore instead of taking into account various solutions, they try to consider a specific solution and analyze all its dimensions (Herden & Lyles, 1981). Thus, in their leadership style, they tend to be more task-oriented; they are willing to define subordinates’ tasks explicitly and expect them to follow their task completely.

The intuitive individuals pay attention to various solutions and opinions and are generalist. Due to this viewpoint, in their leadership style, they try to create several solutions to let subordinates express themselves. The intuitive leaders let subordinates have decision authority in various affairs and assign responsibilities to them. They seek to find various solutions for one problem and appreciate different viewpoints and ideas (Herden & Lyles, 1981). This is the reason that their leadership style has a tendency to be relationship-oriented. Thus, in our result, the fourth subsidiary hypothesis was confirmed and a positive and significant relationship was seen between being an intuitive manager and a relationship-oriented leader.

As discussed earlier, if personality type is not the only effective factor in leadership style, certainly is one of the most important factors. Hence, in this paper we have tried to examine the relationship between personality dimensions and leadership style, and to do so we have used one of the most credible and common personality type indicators. The results suggest that specific dimensions of personality are linked to leadership style in a way that extroversion and intuitive are linked to relationship-orientation, while sensing is linked to task-orientation. Thus, by examining the individual focus center (extroversion - introversion) and the way of information intake (sensing - intuitive), their leadership style can be forecast. The results also indicate the best fit between the personality type and the leadership style of
managers, meaning that one specific personality type can be the best fit for a specific leadership style. In fact, personality type can be one parameter to choose managers who are suitable for different circumstances. For instance, according to the Hersey-Blanchard life-cycle theory, various leadership styles are effective in different life cycles of organizations. According to this theory, for immature organizations, task-oriented managers and for mature organizations, relationship-oriented managers are appropriate. Thereby, it is worth examining the notion that whether personality of individuals, with its effect on leadership style, affects the appropriateness of managers for different organizational maturity level. This issue could be analyzed in other models such as The Blake Mouton Managerial Grid and Likert’s Management Systems, as well.

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PERSONAL FEEDBACK AS A TOOL FOR GOOD MANAGEMENT

Ruth Wolf

Abstract

The feedback is usually given to the employee by his superior, and represents an estimate of the employee's job performance and efforts in and for the company.

The personal feedback is a highly effective organizational tool, in which the employee fills out structured forms and responds to questions regarding the very essence of his work. Therefore, this organizational tool must not only provide information regarding everyday work, but should also imply possible improvements, assist in focusing on future developmental steps, and point out what has not yet been done, or had been done insufficiently. The success of the feedback relies on the employee's ability to truthfully and honestly observe and assess his work. This assessment serves as leverage for future improvements. Much has been said about feedback conversations. It is important, of course, to refrain from emphasizing the difference in ranks, as the goal is to discuss the common and mutual target – developing the company, while minding both employees' needs and company goals. This target should lead both sides to an open and honest communication. While the personal feedback enables the employee to present his case fairly, he must also be ready to listen and to accept his employer’s point of view. After all, he is the subordinate party, and employer-employee relationships are based on this hierarchy.

Keywords: Personal Feedback; Employee; Employer; Job Evaluation; Trust

One of the instruments used by management to ensure work efficiency and a trustworthy relationship between an employee and his manager is the personal feedback. The feedback is usually given to the employee by his superior, and represents an estimate of the employee's job performance and efforts in and for the company.
The personal feedback is a highly effective organizational tool, in which the employee fills out structured forms and responds to questions regarding the very essence of his work. Mistakes, disagreements, and misunderstandings are inevitable in personal relationships, but it is up to the students and teaching staff to find the way to reach mutual understanding and to actualize the student’s potential and cause him to flourish.

Personal feedback achieves two goals: not only does it reflect the employee's evaluation of his own work, but it also centers on his own perception regarding himself and his conduct in the company. Accordingly, this technique may enable the employer to refrain from pointing out faults and making negative comments, and places the full responsibility for work quality on the employee himself. The employee is required to criticize and assess himself before his superior does so.

In order to demonstrate the use of personal feedback by the employee himself, an example concerning a large communication company will be described. In this modern age, many cellular companies compete for a given pool of customers. In one of these companies, a customer service department manager discovered that a number of customers have changed their communication provider, claiming that a certain employee had not given them ample service. In other words, this employee failed to provide adequate and reliable service to the customers. Such a manager, in light of his employee's failures, should summon him to discuss the implications of his actions. However, the personal feedback enables the employee to correct his conduct on his own, and serves as a meeting point between the employee and his view and perception of his own work in the company.

Therefore, this organizational tool must not only provide information regarding everyday work, but should also imply possible improvements, assist in focusing on future developmental steps, and point out what has not yet been done, or had been done insufficiently. The success of the feedback relies on the employee's ability to truthfully and honestly observe and assess his work. This assessment serves as leverage for future improvements.

It should be noted that the feedback is usually displayed and discussed among two or more people, which are unequal in their hierarchy within the company. The aforementioned method offers a way in which the initial feedback is carried out only by the employee. Consequently, it sharpens procedures such as self-inspection, self-observation, as well as the ability to develop non-biased examination abilities.

The employee must assess his work and the reasons for his work efforts, regardless of whether he succeeded and reached his goal or whether his efforts were fruitless. Therefore, the personal feedback serves as a somewhat "softer" critique, as the employee
tends to present his explanations as convincingly as he can, in order to justify his conduct.

In the work-system it is essential to focus on feedback reports in order to generate progress from the workers in different disciplines. In fact, many researchers have addressed the concept of feedback systems that contribute to employee/employer such as: Akkirm & Harris, 2005; Hartshorn, 2000; Hein, 1997; Charles, 1993; McLaughlin, 2006; Lee, 2006; Beecher, 2006; Somers, 2006. The uniqueness of this tool in the work system, by its very nature of personal feedback, emphasizes the personal job effort that the employee puts forth for himself.

With feedback, the person is bound to receive information regarding the ways that others view and value his work. Therefore, the comparison between his perception of himself and that of others is of foremost importance. Feedback is a tool whose goal is to advance and improve the employee's performance. The most important function of feedback is to stimulate the awareness of the employee of his work results.

In the management sector the assumption that the key to successful management is self-awareness. With feedback, the person receives informational reports regarding his work and broadens his understanding of himself (Wilson, cited in Moore, 2000, p. 15).

Research has been conducted in connection to the reaction of the workers and managers to the feedback they received (Mabey, 2001). This research has shown that the employees are capable of accepting criticism in the proper way.

Atwater et al (2002) found in research that only 50% of those who received feedback were capable of displaying job-improvement after the feedback session. If the person is not able to accept constructive criticism, he is bound to suffer from setbacks, feelings of helplessness, and bitter disappointment that will interfere with his work in the future.

Brutus et al (1998) emphasize that in feedback, the person can receive information on how others value his work, and compare it to his own self-evaluation. Therefore, one who receives the feedback has the opportunity to improve his achievements in light of this evaluation. There is an attempt to understand how others perceive him. The reports of how others view his progress and how he views his own performance will

**The benefits of using the personal feedback**

Before the manager summons the customer service employee who failed to create a working relationship with his customers, the employee himself is supposed to examine his faults and mistakes as he fills out the personal feedback. For example, an employee whose conduct is short-tempered or impolite might examine the list of
customers who left the company following his service to them, or may inspect the essence of the complaints received from the customers about him. An important factor for job success for this employee is not only to keep the existing customers, but also to expand the number of customers.

Since the feedback may serve as an initial stage of employer-employee discussion, this method is able to enhance empathy and assist in understanding processes, perceiving the other person, and examining expectations and messages.

Judging from a communicational viewpoint, this is an effective and anxiety-reducing organizational tool. The employee examines himself at first, and is ready to confront his own conduct. Even if he had erred and had not been an example for corporate efficiency, he is the first one to address this issue. Consequently, understanding the situation may reduce employees' tension and increase their trust in their own ability to present themselves in a favorable manner and to correct their mistakes.

Frequently, an employee may respond defiantly upon receiving criticism or negative feedback. When using a personal feedback, however, the individual cannot be oblivious to the product of his working efforts. Therefore, filling the personal feedback requires the employee to assess the product as opposed to his obligations at work, and to account for his achievements.

This method may reduce misunderstandings, even if a gap exists between the employee's and the employer's evaluation. In a joint meeting between the two, this gap can be addressed, and the parties can resolve differences in attitudes, expectations, or situations deemed unrealistic by either side. Accordingly, it is quite possible that such a personal feedback is much more effective than a feedback given to the employee by his superior.

The initial critique of the employee is done by the employee himself, and therefore, he may be able to attend the joint meeting in a less resistant state. He may be more ready to hear the feedback, and might be more willing to cooperate in order to achieve common goals, due to the trust of his employers and their readiness to allow him the initial examination of his work.

**Defining the employee's indexes, goals, and targets**

It should be noted that in order for the employee to understand his own faults and be able to report them as he fills out the feedback, he must be familiar with his work's indexes, goals, and targets. When hiring a new employee, the employer must define the employee's goals and determine the targets he must reach in his work to the employee himself. Accordingly, it is suggested that the employee's job should be clearly defined. Many cases of employee-employer misunderstanding are the result of inadequate definitions of job responsibilities.
When the employee's job is defined, preferably in writing, the employer cannot claim that he was unaware of certain responsibilities his job had entitled. For example, a person who interacts with clients must have received instructions regarding conduct with them, such as courtesy, manners, reliable service, and tolerance, the intent to assist the customer, listen to him, and understand his needs. Such instructions are pillars for establishing a working relationship with clients. Accordingly, an employee who erred and was intolerant and disrespectful towards clients should address these issues, which are clearly stated in the job goals and targets, when filling out the feedback. The factors by which success is measured are related to the employee's own assessment of every goal he was given as his job was defined.

**Personal feedback as a conflict-resolving instrument**

Charles (1993) discusses the concept of personal feedback and he claims that feedback is geared for people who intend to learn. Moreover, it seems to me, that the manager should bring forth specific examples in feedback in order to emphasize proper behavior in comparison to unacceptable behavior. These examples are for the manager to analyze with the employee and to emphasize in order for the employee to understand how to improve. When the manager and employee, together, discuss what was said, it creates something similar to a team. This makes it easier on the individual being evaluated to accept criticism and to improve his behavior.

If the two sides disagree during the analysis of the feedback, the employer needs to ponder not only about the content of the discussion, its topics, and the issues in dispute, but also, as Adler (1959) phrased it, the manager needs to ask himself: "What does the employee gain by presenting his case and standing up for himself?".

This resistance may frequently be displayed since it is important to the employee to exhibit himself as favorably as possible. Such employee resistance should cause the employer to ask himself "Why is this resistance present?"; "What does the employee gain by it?"; "is this only a power struggle, or does it contain another element which the two of us don't see?". Accordingly, criticism should occasionally be softened and not be given in a threatening manner. Alternatively, the employer may focus on the general target – namely, the welfare of the corporation and the company, and not dwell on specific problems or issues.

According to Virovere, Kooskora, & Valler (2002), most corporate and company conflicts are between employers and employees. In fact, 82% of all conflicts are of this nature, and 18% are connected with other ranks of hierarchy, such as between management or between employees themselves. Therefore, the
personal feedback is an instrument which may prevent, or at the very least, reduce work-related conflicts.

Some employees find it hard to deal with criticism. Accordingly, the personal feedback should be seen as an opportunity for the employee to examine his work and account for it. It seems preferable to arrange a meeting after preparing general discussion topics which will facilitate the conversation regarding issues that need to be dealt with, in order to center the discussion and criticism to constructive issues, issues which the employer initially believed the employee needs to account for.

**Feedback as a trust enhancing instrument**

One of the virtues of using a personal feedback is enhancing the employee's sense of trust in himself, in his abilities, and in his capability of taking responsibilities upon himself. The employee has to describe his responsibilities and assess them, a process in which the employer or the supervisor is to be attentive and to trust the employee's ability to continue this effort and to conduct any needed changes.

The employee presents his "strength", his personal style, and his own integrity. Even if the assessment he presents regarding his work is not favorable, the employer must listen to his goal assessment for his future work and to the way the employee plans to reach them.

The employee cannot, obviously, present false reports. While he may be able to get away with such a report on a single occasion, the personal feedback should repeat itself from time to time. The assessment may show failure, but if it is repeated, the employee will certainly be aware of the distrust towards him – not because he is confronted by his superiors, but since he has to criticize himself. This presents an opportunity to enhance trust and effective communication.

**Feedback meeting between the employee and his superior**

In order to maximize the efficiency of the personal feedback, the employee should be equipped with written notes for examining his work and behavior. The preparation stage for this written feedback may prove to be the key for an efficient feedback. Preferably, an employer should consult the employee privately regarding present and past feedbacks, and compare them throughout time, examine progress, and balance the relevant factors. This consultation also requires preparation, as the employee should review his notes and examine them. His notes are to be reliable, present facts, and be free of any personal utilitarianism.

Accordingly, the feedback should not be lightly and casually examined. It is important to define the topic of assessment, the
length of time in question, the exact processes of the employee's work, and so on. The employee should be allowed to write the feedback while correctly examining data relevant to his work. As a preliminary step prior to the meeting, it is preferable to request the employee to compare the current feedback with an older one.

The dynamics created during the examination of the employee’s personal feedback are of crucial importance. The employer needs to determine his own goals for the meeting, and even a failing employee cannot justify his actions on a regular basis. It is possible to err and to present a false perception, but comparing feedbacks from different time periods may assist in presenting the correct evaluation of the employee's work, and most importantly, his own perception regarding this evaluation.

In order to prepare for the joint analysis of the personal feedback and to display his involvement and understanding of the various issues, the superior must also plan the meeting and bring his own data. An employee, who notices his employer's serious attitude and understanding of the details of the job, may increase his cooperation and comprehend that he and his job efforts are being taken seriously.

Charles (1993) emphasizes that many present feedback as a worthy tool, but not many know how to implement it correctly. The key point is to highlight specific points rather than more broad issues, and to then suggest specific solutions. Do not give personal opinions. In feedback that is designed for a group of employees, Charles suggests to ask the employees how they think they can advance their works. If they do suggest applicable examples, ask: "What else can be improved?"

Charles notes that people do not like to mention their inadequacies, but rather their areas of excellence. As such, successes and proper behavior should also be mentioned and praised.

James (1993) lists seven guidelines for feedback. They include: clarity; focus on specific behavior; avoidance of discussing personal topics; the ability to listen before speaking; positive evaluation before negative; and more. The success in feedback lies in the way it is given over. Therefore, James highlights that attention must be paid to the manner in which the feedback is analyzed and relayed.

Hartshorn (2000) emphasizes that the writing component of feedback requires a change in perspective. He believes that the evaluation should not be harsh, but rather, one which makes the student comfortable. The manager should begin from a positive point in order to explain what proper behavior looks like. The focus should not be on mistakes that were made in the past, but rather on the future.
Information the employer obtains through the feedback may enhance employees' trust regarding their important work and their status within the company. Accordingly, the interactions during feedback assessment should be fruitful to both sides. It is possible that the employee would expect the employer to address certain comments and requests made in an earlier feedback, while the employer chooses to address them at a later stage, in a special personal meeting. However, the knowledge expressed by the employer regarding the employee's specific work may add a constructive dimension to their conversation.

Much has been said about feedback conversations. It is important, of course, to refrain from emphasizing the difference in ranks, as the goal is to discuss the common and mutual target – developing the company, while minding both employees' needs and company goals. This target should lead both sides to an open and honest communication. While the personal feedback enables the employee to present his case fairly, he must also be ready to listen and to accept his employer’s point of view. After all, he is the subordinate party, and employer-employee relationships are based on this hierarchy.

Formal hearing and questioning processes on the employer's behalf are not needed when using the personal feedback, as explanations are to be given by the employee himself. The emphasis is on understanding the employee's point of view. It is only natural for an employee to want to present his own contribution for corporation efficacy and success, but he must also present the actual facts. Therefore, the personal feedback opens a path to a discussion centered on the parties' opinions as to how working results can be improved.

It is likely that an employee will not be oblivious to his lack of satisfactory results for a given period of time. He knows that if he does not present the data, his employer will. Accordingly, the fact that the employer is the first one to acknowledge his limitations may reduce criticism, and bring on a more empathic attitude on behalf of the employer.

A short documentation of each feedback will be helpful in future feedbacks. The employer can review previous summaries by reflecting on past statements made by the employee. Another possibility is to ask the employee to summarize and reflect on statements made in the summary. It is important to establish goals and objectives that are to be achieved by the feedback system. It is also worth while to write them out so everything will be laid out in black and white for the employee. By being able to see it all in front of him, the employee will be able to come back and review his progress and clarify his goals.
In conclusion, it is suggested that both employer and employee will go over the future goals together. Minutes of the meeting can be taken in writing, and goals and targets may be summed up. These brief notes may prove useful when it is time to examine the next feedback. It is also possible for the employer to reframe the employee's words, or to ask the employee to do so himself. Setting goals and targets, achieved by the feedback, should not be overlooked, and it is highly recommended that this should be done in writing, so that these goals and targets are clear to the employee, and he is able to address them as a reminder from his manager or superior.

There is no doubt that the personal feedback is an effective tool for both employer and employee. The essence of this tool is to reduce work conflicts and confrontations, and to enhance the trust and tolerance between the employee and his superior.

Mistakes, disagreements, and misunderstanding are common, and can always be expected at work. Both employees and employers must strive to reach the highest possible levels of understanding.

References


A NEED FOR CHANGE

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Abstract

Our world is constantly changing. Our society is confronted with issues regarding globalization, international diversity, advances in technology, and threats of hegemony and world supremacy. Such innovative, productive advancements in computer technologies and high-speed internet services also offer opportunities for poor, uneducated minorities to learn about other people and improve their economies. Added features reinforced with elaborate, strategically-placed, global satellite systems and sophisticated protocols can significantly expand productivity.

Globalization has made the world smaller. It has influenced the homogenization of peoples from various societies with diversified cultures and customs. Merging with the concept of diversity, as an accepted norm, is the expressed need for mutual dependency among all associated groups. It is virtually impossible for complete independence or solidarity from global participation, and it would be counter-productive in this highly competitive global marketplace.

The opportunity for businesses, companies and enterprises to sustain a competitive presence in the international business community will greatly depend on their uncanny ability to achieve and enhance competitiveness, expand productivity and increase profitability. The impact of globalization has forced them to refocus their attention relating to developing progressive, innovative strategies affecting productivity. Originally, creating and integrating comparative advantages were sufficient to substantiate productivity and benefit many players, which could inevitably include regions
and countries. However, the new direction for intercontinental organizations necessitates creating, developing and integrating innovative strategies that place value and customer satisfaction as competitive advantages utilized to establish long-term customer relationships with continuity aimed at broad-minded expansion. "Unless an organization is willing to adapt to change and incorporate consequential factors to create new market niches with differentiated productivity to reduce operating costs and increase corporate advantages it will face barriers that could have an adverse impact on profitability and shareholder wealth" (Porter, 1996, p. 331).

This paper discusses the need to have curricula guidelines for teaching, molding and training students to become progressive, competitive, productive, cross-cultural and cross-functional members of a global workforce incorporated into the mainstream of the educational process.

**The Need for Educating and Training for Competitive Presence in the International Business Community**

The opportunity for American companies to sustain a competitive presence in the international business community will greatly depend on their uncanny ability to achieve and maintain a competitive advantage. The impact of globalization has forced national, transnational businesses to refocus their attention relating to developing progressive, innovative strategies affecting productivity. Originally, creating and integrating comparative advantages were sufficient to substantiate productivity and benefit many players, which could inevitably include regions and countries. However, the new direction for national, transnational organizations necessitates creating, developing and integrating innovative strategies that place value and customer satisfaction as competitive advantages utilized to establish long-term customer relationships with continuity aimed at broad-minded expansion. "Unless an organization is willing to adapt to change and incorporate consequential factors to create new market niches with differentiated productivity to reduce operating costs and increase corporate advantages it will face barriers that could have an adverse impact on profitability and shareholder wealth" (Porter, 1996, p. 331).

As American based organizations, strive to carve out market niches and earn recognition as major competitors in the international business arena the importance of the international human resource management team (IHRM) increases significantly. As changes occur, the IHRM takes on new responsibilities. Integrating programs to expand the perspicacity of global managers about diversity, ethnicities, multiculturalism and integrating progressive systems for building alliances in the international business community become critical components to the internal corporate structure. The accelerating pace of change in globalization, communications,
disruptive technologies, capital flows and alliances have created fundamental shifts in business operations. Where many popular leadership models may provide formulae to help solve some business problems, they are insufficient to deal with the pace and polyvalent character of constant, rapid change. Managing change - its impact on organizational structure, group culture, and personal management styles - is one of the most fundamental and enduring aspects of leadership (Ahn et al., 2004, p. 112).

Complimenting the prerequisites for the IHRM team are the prodigious factors attributed to the impact of globalization. The significance of these market intrusions provides organizations with innumerable opportunities for supporting organizational change. Companies can now benefit by integrating cross-cultural, cross-functional workforces to compliment changes in the marketplace.

A rejuvenated, multicultural workforce can be a powerful additive to any global organization. It can be a progressive catalyst for organizations competing in bulging markets while expanding productivity and increasing earnings and shareholder wealth. It is the most opportune time for companies and their IHRM departments to implement these organizational changes and begin to prosper from this windfall. “Responding to globalization means adopting a global view. . . . It means becoming a global citizen. With globalization has come a greater realization that our fates are now linked (Carfagna, 2003, p. 25).

The world is quickly evolving into a multicultural, global society with a large, cross-cultural workforce and a magnanimous customer base. “Thanks to globalization . . . the world is at the dawn of a new era” (Berman, 2003, p. 179). The consequences of globalization are altering the mindset and actions of people around the globe.

In a conscientious effort to instill a competitive spirit it is imperative for our students to expand their knowledge about the customs, cultures, ethnicities and differences affiliated with of people from other regions or countries. They should learn to embrace the concept of diversity. They need to understand that there are multifarious, non-threatening differentiations between their customs and cultures, and those of others.

Cultural differences are demonstrated in a variety of ways. In some societies, for example, great respect is accorded to age to a degree not evident in other societies. Ideas about personal space vary from culture to culture. In some cultures, making eye contact during verbal communication is unacceptable; in other cultures eye contact is important as a sign of openness. These various examples of cultural differences are generalisations. Besides belonging to cultural groups people are also unique personalities. Uniqueness does not, however,
diminish the importance of culture. According to Singer (1987:53) ‘uniqueness does know bounds’; these bounds are set by the cultural groups with which individuals identify (Chappel et al, 1998, p. 5).

Developing countries now have opportunities to advertise and promote their products and services around the world. “Responding to globalization means adopting a global view. . . . It means becoming a global citizen. With globalization has come a greater realization that our fates are now linked (Carfagna, 2003, p. 25). Students will need additional skills beyond those acquired and learned from the standardized formats for primary and secondary education. An understanding of customs, cultures and ethnicity will help them face challenges aligned in collaborating and working with diversified groups, and provide support for teaching them how to adapt to change.

The impact of globalization is not limited to the United States. Other countries are striving to prepare their students to be strong competitors in the marketplace and to reach their pinnacle of success. One can substantiate this point by investigating what is occurring in other countries, such as an analysis of educational protocols for Palestinian Arabs in Israel: Various approaches in the sociology of education attempt to explain the link among education, culture, and power. . . . The positivist approach, which is based on the functionalist school, views the formal educational system as the central institution for socialization, vocational and professional training, the development of skills, and the shaping of the younger generation’s attitudes, values, and behaviour (see Parsons, 1959; Armer and Youtz, 1971; Inkeles, 1974). According to this approach, the educational system helps train elites and political leadership. It dispenses the technical and administrative knowledge essential for the construction of modern institutions and economic expansion (Apple, 1982) (Al-Haj, 2003, pp. 35 1-2).

One of the most important, and largely undeveloped, factors confronting transnational organizations is the establishment and maintenance of a committed labor force. As these entities strive to compete, expand and prosper in this exciting marketplace their success or failure may depend on their ability to formulate, develop, train, and retain a cross-functional, cross-cultural, diversified workforce that is committed to the long-term goals of the organization. Workers are the foundation for building and maintaining a successful enterprise. This shift in the segment of the workforce encompassing trade unions has prompted a measurable demand for workers in service industries, which could be a significant enhancement to developing, and expanding, transnational organizations, especially if they are engaged in outsourcing, insourcing, offshoring and nearshoring, which is gaining in popularity. “Manufacturing employment has been similarly downsized to less than half that of 30 years ago, despite expansion of output. Much reliance is placed on the compensating effect of the move to services, which in some economies now absorb up to 75 per cent of workers” (Kelly, 2000, p. 14). Without seeming redundant, organisations will have to change to compete
successfully. They will have to alter their inner ego; do a complete turnaround in some situations; and re-enter the marketplace from a different direction, and perhaps with a totally differentiated market mix.

Significant factors are having a plan, a vision, an unmitigated commitment, and the willingness to take risk. Add to this mixture a management team that is committed to cohesion, respect and uniformity with the newly formed trans-organizational workforce, which is a continuous process of inexorable development by the IHRM complimented by semipaternal reintegration through all divisions and circulation through all segments of the global entity. The result will be a knowledge-based, synergistic, value-driven, inculcated, organizational team committed to expanding competitiveness, increasing productivity and profitability, and achieving long-term goals.

It is imperative that the global management team has an unequivocal understanding that change is an inevitable event that can occur at any place or at any time. Change should begin, internally, with the IHRM department. The IHRM, management, and the organizational team will need to nurture and mold a format that is transparent, flexible and supportive of interactive cooperation. This continuous, cooperative link needs to be threaded through the organization to demonstrate the collaborative organizational efforts that are generating trust, earning respect, and committed to following the corporate vision, and achieving long-term company goals. Without seeming repetitive, the key ingredients are a willingness to adopt to change and a commitment to consistently expand the perspicacity of management and knowledge workers to sustain a value-driven, collaborative, unified organization.

When it comes to value-driven work-teams, organizations have to realize that this is not the Industrial Age but the Technology Age. Workers are no longer recognized as labor-intensive production puppets with capabilities limited to manually performing fundamental tasks but value-driven, multifunctional knowledge-workers; capable of performing quality-controlled functions in a team-oriented, cross-cultural environment that can propel a company beyond all expectations.

... in developed countries, the central challenge is no longer to make manual work productive—we know, after all, how to do it. The central challenge will be to make knowledge workers productive. Knowledge workers are rapidly becoming the largest single group in the workforce of every developed country. They may already comprise two-fifths of the U.S. workforce—and a still smaller but rapidly growing proportion of the workforce of all other developed countries. It is on their productivity, above all, that the future prosperity and indeed the future survival of the developed economies will increasingly depend. Work on the productivity of the knowledge worker has barely begun. In terms of actual work on knowledge worker productivity we are, in the year
2000, roughly where we were in the year 1900, a century ago, in terms of the productivity of the manual worker (Drucker, 1999, 141-2).

Companies must focus on training new hires and existing staff about continuous quality improvement and customer satisfaction as they prepare for the “welcome, service and long-term retention” of a new genre of customers that is evolving through globalization. “Trade unions are declining across the industrialized world (partly as a result of the increased competition and economic restructuring prompted by globalization), working conditions are deteriorating, and investment is being made in the export-processing zones of the newly industrializing economies” (Jane, 1998, p. 115).

Shifts in market demand and the distribution and redistribution of wealth are constants in any economy. Globalization and the newly created markets are forcing transnational organisations to move beyond restructuring, reorganizing, revamping, reengineering, etc., which has consumed most of their time. Because of these necessary but time-consuming factors, companies "... didn’t see the changing basis for competition. They didn’t see the changing nature of the customer ... Restructuring has been about getting smaller. Reengineering has been about getting better. But getting smaller and better is not sufficient. There is a need at some point to reinvent the basis for competition, and to do that you have to become different as a company. You have to be willing to challenge many of the fundamental assumptions you have about how you compete in your industry" (Hamel, 1995, pp. 78-9).

New vistas are constantly evolving with global-intertwining between countries and societies, which has created a technologically-enhanced, highly profitable, multicultural global market. In a recent publication, Globalization and Culture, Tomlinson refers to globalization as a "complex connectivity," the expansion of social ties across the planet. As we travel more easily through space, interact with others across vast distances and receive information from near and far, our sense of who "we" are necessarily changes as well. Globalization alters the context of meaning construction ... it affects people's sense of identity, the experience of place and of self in relation to place (Tomlinson, 1999, p. 20). As these new vistas of endless opportunities created by globalization’s impact become transparent and opportunities for competitiveness, productivity and profitability become available the organizations that will be successful in carving out market niches and, ultimately, differentiating the market mixes and controlling the output of productivity and, quite possibly, market demand, will need to have professional, transnational teams that have been trained properly and literally groomed for their unique responsibilities. Here again, training and awareness about diversity and multiculturalism in markets emerges as a deciding factor in determining both comparative and competitive advantages. Perusing excerpts from a recent interview with Percey Barnevik, CEO of ABB Asea Brown Boveri Ltd., serves to strengthen this premise and reinforce the need
for expanding the training of global managers, knowledge workers, and transnational global management teams.

As transnational organisations expand with new innovative strategies for educating their management and knowledge workers and, collectively, understand the need for mastering cooperative ways for adapting to internal changes and changes in the marketplace, they will become more conscientious of developing competitive advantage. As their competitive advantage pushes them ahead of the competitors and provides them with opportunities for controlling markets, they will be in a position to significantly enhance competitiveness, expand productivity, and increase profitability for the transnational entity and the shareholders. Internationalization of education in U. S. public schools needs to be integrated as a dynamic theme and then woven throughout the educational process. "Conceptions of multicultural education contain value beliefs and reflect the varying levels of understanding among people involved in the school decision-making process. Conceptions of multicultural education and the value beliefs within them delineate the scope, focus, and boundaries of the field of multicultural education. These conceptions are guidelines for action and need to be clearly understood early in the process of making educational decisions" (Gay, 1994, p. 2).

Curricula with guidelines for teaching, molding and training students to become progressive, competitive, productive, cross-cultural, cross-functional members of a global workforce should be designed and implemented into the mainstream of the educational process. Our students are falling behind in expanding their knowledge and understanding of cultural awareness. "New contexts make understanding diversity, interaction, conflict resolution and problem-solving skills increasingly important. Intercultural competence has become an integral part of professional knowledge and skills, identity and overall competence" (Lasonen, 2005, p. 397). Marked deficiencies will only serve to impede their opportunities to succeed and make significant advancements in the highly-competitive global arena.

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