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MANAGEMENT SUCCESSION IN THE BAMBOO NETWORK: CASE STUDIES IN CHINESE-FILIPINO FAMILY OWNED BUSINESSES

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ABSTRACT

Interviews with retirement-aged Chinese-Filipino entrepreneurs are used to examine factors that enable retirement and trigger family business succession, using the Push-Pull Model described by Dana (2005), which stresses the importance of operational push and pull factors to generate the requisite momentum for retirement. Analysis suggests that the entrepreneur’s ability to find an identity outside the business is the key to meaningful retirement, which in turn enables generational transition in the management of the company. The study also indicates that western models can be applicable to the Philippine business scenario. It is recommended that incumbents develop the ability to separate work and personal life, as well as treating family business succession as a process rather than an event.

INTRODUCTION

A family business may range from the small neighborhood ‘Mom and Pop’ store to the large multinational company. A family firm is one in which at least 50% of the ownership and management falls within one family – whether related by blood or marriage (Lee-Chua 1997). Family businesses have created huge impacts in the global economy. In the US, for example, over 90% of all corporations (including 35% of Fortune 500 companies) are either owned or controlled by a family (Lansberg 1983). In the Philippines, the Department of Trade and Industry (DTI) reports that 99.6% of business is comprised of small to medium enterprises, of which between 80 and 90% are family owned (Department of Trade and Industry - Philippines 2006). Apart from its huge economic contribution to the local economy, this sector plays a major societal role, providing some 60% of total employment across the Philippines.
(Department of Trade and Industry - Philippines 2006). As is the case in most South East Asian countries, the “bamboo network” of ethnic Chinese business owners plays a vital role in the economy of the Philippines. Chua (2003) notes that while ethnic Chinese make up only one 1% of the population, they control 60% of the country’s wealth. Ahlstrom, Young, Ng, and Chan, (2004) pointed to a number of characteristics common to overseas Chinese businesses, including family control, simple structure and centralized control and decision making. That control is often exercised through a patriarchal owner, who rarely delegates any of his authority to others in the business.

These businesses, though, face grave threats to their continued success. One of the major threats is their limited capability to undergo generational change. Currently, the average lifespan of the family firm is only 24 years, which is also the average tenure of the founders of the firm. Only 33% of family companies make a successful transition to the second generation, while only 10 to 15% make it to third generation (Galura 2006). Approximately 70% of family firms are either sold or liquidated after the death or retirement of the founders (Beckahard & Dyer 1983). While there is little empirical research in this area it may well be due to differences in values between the generation which built the business, and the generations which follow (Egri & Ralston 2004; Hung, Gu & Yim 2007).

Because of the critical importance of family businesses, particularly ethnic Chinese family businesses, to the Philippines economy, it is imperative that every effort is made to ensure continuity from generation to generation. However there has been very little research into the factors which facilitate or impede successful generational transition. There is also very limited research coming from the Philippines that has been undertaken by Filipino researchers. The lack of indigenous research is a factor that may lead to inaccurate interpretations and conclusions when events are viewed through a foreign lens (Tsui 2004). This study adds to the limited understanding of generational business leader transition by focusing on the factors and circumstances that trigger the need for transition, and the factors which determine successful transition.

**LITERATURE**

It is with the statistics on generational change in family businesses in mind that Lee-Chua, (1997)defined a successful business as “one that has existed for at least 10 years, is still existing, and has made a name for itself in its field. The founder may still be alive, and thinking of succession, the second generation may already be in charge, or the third generation may even be running the business.”

Recent models such as the Transition Period Model (Gersick et al. 1999) (see Figure 1) have gained some prominence in attempting to explain the issues involved in generational transition. This model shows the transition periods found as a business moves from one generational stage to another during the first three generations. The
three stages are the Controlling Owner State (1st generation), Sibling Partnership (2nd generation) and Cousin Consortium (3rd generation). The model highlights the fact that transition becomes more complex with successive generations, due primarily to the greater number of family members involved and the consequently greater number of options available.

**FIGURE 1: TRANSITIONAL PERIODS MODEL**

This model provides a useful pointer to some of the factors to be considered in generational transition, particularly in respect of decisions about who will control the business. However it does not assist in identifying factors which influence the decision to pass control from one generation to the next.

**Power**

According to (Lee-Chua 1997), power is intricately tied up with the issue of succession. There have been countless tales of a founder’s unwillingness to let go of the reins for fear of losing power. This can be related to a personal loss of identity, fear of loss of significant work activity, fear of loss of influence, even fear of mortality or impending death. With this in mind, it is not surprising that succession can be a difficult issue to manage, both for incumbents and aspirants.

Doud and Hausner, (2000) developed a list of power related statements that encapsulate many of the concerns in an incumbent’s mind.

- Without me, this business is nothing - the incumbent believes that without him, there would have been no business and incumbent’s fear of not getting credit for
becoming the founder.

- The kids want to change the way the business is run. If I’m not there, they will change what I’ve built - the incumbents have failed to realize that changes is constant and that the business will thrive on an infusion of fresh ideas and energy.

- I need a successor but don’t want to choose between my kids - the successor has not found the appropriate successor to take over his job.

- Nobody can run the business as well as I can - the founder has not realized that he is not the only one running the business now and had not stepped back from his original responsibilities.

- They may run it better than I did - incumbents do not enjoy the free time given to them and are encountering pride and ego issues with the successor.

Another important issue is the incumbent’s life outside the business. Most founders and current leaders devote their lives to their business, often to the exclusion of other interests. People who become this involved often find it very difficult to envision a meaningful existence outside the context of total involvement in the business. The meaning of their life takes on the attributes of an all or nothing proposition. Doud and Hausner, (2000) developed a list of statements relating to an incumbent’s attachment to the business, encapsulating many of the concerns in their minds.

- Too many people I’ve known have died (or acted dead) soon after they retire - danger of idleness and avoiding the “couch potato syndrome”.

- I hate gardening, get seasick on cruise ships and get sunburned if I play too much golf or tennis - a lot of incumbents don’t have a wish list of things they want to do when they've retire.

- I need somewhere to go every day - fear of breaking the routine as well as fear of major changes that could add stress to any relationship.

- Without the business, I’m a nothing - the founder has not established an identity that separates him from the business.

The last major factor is related to financial independence after the retirement. Many business owners are still dependent on their business for most of their income stream and asset base. Often when incumbents let go, they equate it to a limitation of financial freedom as well. Doud and Hauser (2000) believe that if the incumbent is found in this situation, then he will never really let go. They want an income that will provide for a comfortable life after their years of sacrifice. The “financial” concern of incumbents can be summarized the following way.

- The business is my income source. I have to stay active to protect my cash flow - the founder has not established strategies for developing retirement income
sources that are independent of the business.

Issues relating to power, outside interests, and finances influence the way in which incumbents separate from a firm. Doud and Hausner (2000) suggest that there are four departure styles commonly displayed by incumbents, as shown in Table 1.

### TABLE 1: DEPARTURE STYLES

<table>
<thead>
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<th>Type of Departure Style</th>
<th>Definition / Result</th>
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| **Monarchs**            | - rule with an iron first until forced out by office or death by palace revolt.  
                          | - Has the potential for substantial disruption of business property and harmony |
| **Generals**            | - grudgingly leave usually under pressure  
                          | - once gone, they spend time with other generals plotting their return or stay in close enough contact with the business to catch their successor’s first mistake. |
| **Governors**           | - serve for a limited term  
                          | - they cut all ties to the business and go on to other endeavors that may include starting another business  
                          | - when they leave, the successor will realize that then the governor left, he took all his knowledge and contact with him. |
| **Ambassadors**         | - represent the ideal  
                          | - they plan their departure, give plenty of notice and stay close to the business to make positive continuing contributions-as mentors to their successor and as the “elder statesmen” to key customers, suppliers and industry contact. |

Dana’s Push-Pull Model

A model which may provide some further insights into the issue of succession is Lucio Dana’s Push-Pull model, presented at the Many Paths Succession Planning Conference in 2005. The Push-Pull model is a descriptive framework that emphasizes the need for pull factors to act on existing push factors for timely voluntary succession Dana, (2005). Dana first came across the words ‘push-pull’ in the context of family business succession from the work of Cohn, (1992). It was his way of summarizing his experience and observations with his clients over the past few years working as a family business adviser.
Push Forces are those that “persuade incumbent CEOs to 'let go' and pass on management and ownership control of the family business to their successors. These factors push the incumbent to plan and implement succession strategies. Usually being external in nature, push forces are generated primarily by successors, other family members, employees, or by third party advisers such as accountants, lawyers and bankers. They are also generated by Family Business Associations, family business advisers, and other parties that believe that a well-ordered and timely succession is in the best interests of the family and the business.” (Dana 2005). The net effect of these forces, however, is to 'push' the incumbent to 'let go' of a position of power and responsibility that usually provides him or her with identity and gives their lives meaning and purpose. Push forces are, therefore, those that act to persuade or coerce the incumbent to 'let go' of both management and ownership control. Timing is of the essence for push factors to operate. If these forces are exercised at a time when the incumbent is not 'ready', or when he/she does not have something else to go to, then all that happens is 'resistance' and often, even a counter offensive with opposite push forces seeking to eliminate or neutralize those who are advocating 'retirement' and 'succession'.

Pull forces are forces that ‘work on incumbents drawing them away from their businesses as their primary interest and activity.’ (Dana 2005). The pull forces are those that act on the incumbent in a way that enable them to feel that it is 'their decision'. They are doing it 'their way'. They are factors that the incumbent is inclined to want to have, to do, and to be beyond the business that is usually internal to the incumbent. They are starting a new phase of their lives by their own choice, in the exercise of their own will. These can include a very involving hobby or other interest; a concern to spend more time with loved ones; a desire to travel or to write a book; a desire to serve the community; or the need to do things that they have not had the opportunity, the time, or the money to be able to do. Using interviews and research materials, some evident pull forces are currently dominating upon incumbents.

Model Outcomes

The interaction of push-pull forces will result in one of three possible outcomes. The first outcome is called a 'stalemate' when there are stronger push factors acting on the incumbent and pull factors are not present. In this scenario, there would be considerable and sustained resistance to succession. Usual results are little or no movement at succession that causes delays, indecision, frustration and potential conflict. The second situation is labeled the ‘drag effect’. This occurs when only pull factors are present. Here, voids are produced that need filling and slow the process down. The result is little movement in the short to medium term. For a smooth and voluntary succession to occur, a combination of both factors should be operating, which is the third possible scenario.
Dana considers that the Model is descriptive and not prescriptive. It does not seek to list or classify the push and pull forces but draws attention to the fact that pushing factors are not sufficient to produce the required action. It is often counter productive and merely produces resistance. It helps if there is also some pulling. What is considered pushing or pulling is dependent on people's perspectives and circumstances, since different people will perceive the forces at play in different ways. With this in mind, Dana stressed the importance of putting more emphasis on pull forces to complement and supplement push forces, to enable succession to occur in a timely way. All the Model is attempting to do is to encourage those engaged in succession planning or succession to be conscious of the fact that the existence of pull forces is beneficial to the process, and inspires them to assist incumbents with the challenging task of identifying or creating relevant pull forces. The ability to objectify these factors though continues to be a very complex and personal one, since it addresses the question: "What will be sufficiently attractive for a business owner manager to let go of the business they know and love and lead a different existence outside the business?"

**METHOD**

Using these theories as a framework, three case studies have been conducted, in order to understand the factors which may influence family succession from an incumbent’s point of view. Interviews were conducted with three entrepreneurs who are approaching typical retirement age.

Case Study 1: Global Traders Ent.

Mr. Chan, 60, is married and has 2 kids, Angelo (27) and Geena (29), both of which have successfully earned their university degrees. With humble beginnings from a provincial town, he has successfully created Global Traders Ent. a leading steel trading company in the Philippines. Mr. Chan grew up in a Calbaryo, Samar, a small province in the Philippines. His grandfather took over the responsibility of raising him and his brothers as his father passed away when he was barely a year old. After taking up his primary and secondary education in a nearby Chinese school, his grandfather funded his university education in Manila seeing that the business scenario back home wasn’t looking too good back. That being the case, Mr. Chan took up an engineering course while working as a part-time employee in a textile mill.

After successfully completing his degree, Mr. Chan directly worked as an agent in a chemical trading company. Simultaneous to this, Mr. Chan tried to earn an MBA but lacked the financial resource to continue with his studies and stopped during his third year. Mr. Chan then concentrated on his career as a salesman until the company experienced various work labor problem that led to its closing 5 years after. It was then that Mr. Chan decided to start a construction company, primarily focusing on government projects. Mr. Chan successfully ran and grew the company from 1975-1984 while marrying and starting a family in 1977. In this time span, Mr. Chan
enjoyed the freedom of being an entrepreneur. He realized the importance of not having to rely on anyone else as well as developing one’s self in order to succeed. His primary motivation for opening a business is to develop a business stable enough to provide for his family’s needs. In 1985 though, business relationships got soured and the local graft and corruption took the best of the company thus forcing him to start anew.

Using business contacts he gained in the past as well as the limited capital that he and his wife has saved up, Mr. Chan contacted Japanese trading companies and became the official Philippine representative. Business was hard to get by. He had to settle for a few dollars of commission and started operating as a one-man team. Not having enough capital to rent an office space, Mr. Chan shared a small room with another trader in an unrelated field. Mr. Chan was on the road from 9AM to 8PM trying to lure local construction companies to purchase from him. Slowly though, through patience, trustworthiness and credibility, he was entrusted big local projects and started dealing with European suppliers, that which Mr. Chan considers to be the turning point of the business. Currently, the company is the leading trader of steel products that range from semi-furnished to finished products like steel bars, pipes and steel coils. Though Mr. Chan admits that he is presently facing fierce competition from China suppliers who go straight to the market, he believes that his contacts, resources, strategic partners and experience is enough to take Global Traders through the storm.

From the onset, his primary motivation was to create an organization that would enable him to provide a comfortable life for his family. As such, Mr. Chan did not intend for his children to one day take over the business. While growing up, Geena and Angelo were never exposed to the business. Mr. Chan allowed them to take courses that his children would prefer. Geena and Mike both decided to try their luck in the US after graduating from college. Although enjoying the experience of independence, Angelo personally decided to move back to explore business opportunities in the Philippines while Geena stayed in the US.

After successfully setting up a graphic-design firm, Angelo finally decided to help out with the business in 2003. Mr. Chan gladly helped train his son showing him the ins and outs of the business. Slowly, Mr. Chan’s role transformed from a hands-on trainer to a consultant letting Angelo handle most of the operations of the company. Taking small steps, Mr. Chan started turning-over major accounts of the firm to his son while slowly letting go of his responsibilities as CEO. Mr. Chan now considers himself semi-retired that acts as an adviser to Angelo whenever he needs it. Appreciating the capabilities of Angelo as a manager, Mr. Chan is very confident that Angelo will do a good job in sustaining what he has built.

For Mr. Chan, semi-retirement and retirement is the same thing. His definition of retirement entails being able to enjoy life. Retirement does not mean 100% letting go though. He still wants to participate in the business by playing a minor role in operations. Mr. Chan sees no reason why he should fully retire. He sees his current
participation in the business as a venue to keep him mentally and physically active.
Mr. Chan considers the business as something to keep him busy, less the stress and
pressure of growing the business. Otherwise, for Mr. Chan, there’s nothing else to do.
Even Mr. Chan’s wife is hesitant for both of them to fully retire since she does not see
her husband doing anything else.

By semi-retiring, Mr. Chan is now able to enjoy the experiences that he was not able
to enjoy when he was growing up. From a 9-8 work life, Mr. Chan now goes to the
office at 10-11AM, goes home for lunch then comes back to the office until such time
when he has to attend to his other social functions such as basketball with his friends
or going to the gym. He now values the time he spends with his family at home and
sees himself doing this for years to come. Five years from now, Mr. Chan sees
himself still playing basketball, going to the gym and still working as a consultant for
Global Traders Ent.

Case Study 2: Smartie Realities Inc.

Smartie Realities Inc is a property leasing company in the Philippines owned by Mr.
Tan, 61, married who has 2 kids, Benny (34) and Heidi (36) and is a proud
grandfather of 4. Mr. Tan was a college dropout kids preferred to start his own
business. Since then, Mr. Tan has built a corporation that has numerous services under
its portfolio and has now expanded its services to financial management and
consultancy. Wanting to be financially independent, Mr. Tan started working as a
warehouseman in a hardware company during high school. Hard work paid off as he
eventually got promoted to heading the logistics department. During the 2nd year of
college though, his brother presented the opportunity to start an importation business,
which Mr. Tan accepted. He realized that becoming an entrepreneur would be the
only way to earn more. In addition, Mr. Tan welcomed the challenge of setting up his
own business. During his third year of university schooling, Mr. Tan decided to drop
out and focus his efforts on the business. Mr. Tan’s efforts eventually paid off. After
a few years, the company became the leading importer of stationary engines and
generators in the Philippines controlling over 40% of the market.

In 1969, Mr. Tan decided to start a family and got married. In 1970, the company
decided to create a family code which disallowed in-laws and second generations to
enter the business. Wanting to provide a stable future for his children and being a firm
believer of diversity, Mr. Tan turned over the business to his brother then set up a
company called Global Engine Distributors Inc. which focused on distributing
automotive parts in the Philippines. Being eventually labeled “Parts King” in the
industry, Mr. Tan believed that once an organization hits the top, it’s time to go into
another line and diversify. Mr. Tan decided to move on.

In the 1980’s, Mr. Tan set up Smartie Reality Inc., an industrial property development
company that focused on providing office spaces nationwide. Though having
sufficient financial resources, property management was a demanding industry. Mr.
Tan’s main role was handling operations and marketing that involved handling the tenant’s complaints, building repairs and maintenance as well as collections. His work hours spanned from 6AM to 8PM. Hard work and perseverance led to tremendous success for Smartie Realty in the next few years. By finding prime buildings and locations that were being sold at a very affordable price during the recession, Mr. Tan slowly grew the business into becoming one of the biggest industrial property management in the country.

Mr. Tan decided to slow down when he underwent a triple by-pass in 2001. It was then that Mr. Tan opened the business to his children who each had their own corporate jobs. Heidi declined while Benny showed interest. Immediately, Mr. Tan began training and exposing his son to the business. Benny was instantly attracted to the business. Working as a real-estate agent in another firm, Benny felt very comfortable with the business and was eager to show what he could do. Taking after his dad’s belief in the importance of trust and diversification, Benny decided to expand the business’ product offering by setting-up a financial management and consultancy firm.

Currently, Smartie Reality shows no signs of slowing down. Properties continue to grow exponentially and occupancy rates have been consistent. Mr. Tan is now living a very comfortable lifestyle. He religiously goes to the gym everyday and visits the office twice a week to sign checks and ensure that everything is running smoothly. Mr. Tan also happily spends his time as a nanny for his grandkids as well as uses his time to volunteer for worthy causes such as Habitat for Humanity. Mr. Tan believes that no one should retire completely. Mr. Tan supposes that people who chose to completely retire are treating it as a waiting time for death. Because of the individual’s natural energy and nature as an entrepreneur, Mr. Tan firmly believes that one should use his time wisely for as long as his health permits it. In addition, Mr. Tan thinks that it is advisable to leave 70-80% of the workload to the successor whereas retaining the remaining 20-30% to keep the incumbent’s time busy. Furthermore, he thinks that the only way an entrepreneur can completely let go is if one has found a passion that can match the intensity he has for his work. For Mr. Tan, his energies are now focused on helping and serving other people by volunteering for church activities or other civic related functions. Apart from that, he looks forward to spending quality time building solid family. Five years from now, Mr. Tan happily imagines himself surrounded by his grand children while being deeply involved in serving others.

Case Study 3: Sunnie Foods Corp.

Mr. Ong is 59 yrs. old and a proud father of 3. Forced by his parents to work while studying to get him off trouble, he has successfully created an innovation in the food business that has now expanded into 50 self-owned stalls and over 250 franchisees nationwide. While growing up, Mr. Ong’s parents thought that it would be best for him to start working to lure him away from the fights that he was getting into. As such, Mr. Ong studied in the morning then worked as a gasoline boy from 4PM to
7PM. After being promoted to station manager, Mr. Ong decided to stop studying and work as a manager full time.

In the 1970’s though, Mr. Ong got tired of his job and moved to a car air conditioning repair shop instead. In 1972, Mr. Ong got married and also got promoted as store manager. In the 80’s though, Mr. Ong’s entrepreneurial spirit prompted him to start his own car air conditioning and repair shop with the blessings of his old employer. It was then that he enjoyed the freedom of not having to report to a boss. Mr. Ong has always dreamt about setting up his own business and since he was already familiar with the industry, this was the line he decided to go into. This continued on until 1988 when Mr. Ong and his family migrated to Canada for personal reasons. Because of increasing travel costs of going back and forth as well as slow growth in the industry, Mr. Ong decided to give the business to his employees in 1994. Upon returning to Canada, Mr. Ong became a real estate agent.

When Jamie, Mr. Ong’s eldest daughter, saw an opportunity to bring in a product from Canada to the Philippines, Mr. Ong gladly supported the idea. But when the business got into trouble, Mr. Ong decided to step in to try and fix the mess. Eventually, Mr. Ong bought out the shares of the other business partners giving complete ownership to his family. Having to start from scratch, times were very hard. Mr. Ong’s wanted to let Jamie feel like they were equal partners. They operated like a two-man team with 7AM to 10PM workdays. Their main goal was to try to save the company from closing down. Eventually though, consumer acceptance of the product snowballed into the creation of a franchising system that proved very profitable for Sunnie Foods Inc. A major business activity that Mr. Ong ventured into was creating a franchising business model that revolutionized in the industry. This move significantly contributed to the complete turnaround of the business. Now, the Sunnie Foods has 50 self-owned stores and over 250 franchisees nationwide.

Mr. Ong’s circumstances were different in that from the onset, he was co-owning a business set-up by his daughter. When Windall, Mr. Ong’s second son, graduated from college, he was given the option to work elsewhere or take over the franchising aspects of the business. Mr. Ong made sure that he did not impose on Windall. Windall eventually decided to accept his dad’s offer. Things went a lot easier ever since Windall joined the business. Having an extra man in the business enabled Mr. Ong to withdraw himself from everyday franchiser operations and to focus on operational systems and procedures, which he prefers. In the business, Mr. Ong promotes the importance of respect and openness. Initiating regular weekly meetings and setting strategic goals and directions enable all the stakeholders to be on the same page. Whether it is family or work, Mr. Ong has always believed in the importance of treating each other as equals. On top of that, Mr. Ong stresses the importance of being able to separate work and family.

Currently, Mr. Ong acts as a training and operations consultant. Since he feels that the business can withstand external threats and being very confident with his kids’ capabilities, Mr. Ong has slowly let go. With a lot of time freed up, Mr. Ong now
spends quality time with his wife who has recently retired from her work as a financial analyst. Mr. Ong considers himself as a semi-retired entrepreneur. For him, retirement means spending more time with his wife and being able to spend more time in Canada. Retirement also means having more free time to enjoy the things him and his wife was not able to enjoy in the past. It entails less business commitments and more time to focus on personal interests such as cooking and doing household chores.

This does not mean stopping entirely from work though. Mr. Ong will continue helping out with the firm for as long as he sees a need for his expertise. According to Mr. Ong, it is always important to keep one’s self busy, otherwise, one’s health deteriorates at a much faster rate. In the next five years, Mr. Ong sees himself staring a less stressful and enjoyable business with his friends and surrounded with successful kids and lots of grandkids.

ANALYSIS AND SYNTHESIS

Family and demographic situation

All three cases are similar in this respect. They are aged between 55 and 65, which according to Galura, (2006) is the average age of retirement for businessmen, because this age still enables them to engage in other physical activities. They are all Chinese-Filipino Businessmen, married, and with a son or daughter currently working for the family business. All the entrepreneurs started gaining employee experience during their high school or university years.

Identified successors

All incumbents have properly identified their successors. In addition, all three businessmen expressed their confidence in the capabilities and talents of the successor though, how they came across this conclusion was not indicated. This is consistent with Galura’s, (2006) observation that the primary requirement for a smooth transition would be the incumbent’s confidence in the abilities of the successor to keep the business running.

Perception of Retirement

For all three incumbents, semi-retirement is equivalent to retirement. Letting go of some but not all of their authority and power over the business is equivalent to having retired from the business. All three do not see themselves completely uninvolved in the business but have plans to continue their roles as a consultant or an adviser for the
firm. This is very typical of Chinese-Filipino businessmen in the Philippines who find the shift of authority hard to accept (Galura 2006).

Type of Departure Style

From the facts of the case, Case 1 and 3 (Mr. Chan and Mr. Ong) can be classified as Ambassadors, which can easily explain the ease of their ‘retirement’. They have expressed their willingness to continuously train and expose the successors to the different aspects of the business and are quite enthusiastic to do so. In the case of Mr. Tan though, by opting to still control 20-30% of the business, there are still possibilities of General, Governor or Ambassador profiles, depending on how much authority he is willing to give up in the next few years.

Push Factors

The Push factors present in this case are all internal in nature. The two critical push factors that came out were health related (triple-bypass of Mr. Tan) and the readiness of the successors take over the business.

Pull Factors

Because of the family’s ability to separate power between family and business, conflicting power issues have not arisen so far. The businesses are controlled by the successors while the father is still the patriarch at home. Among the three pull factors, the incumbent’s tight attachment to the business continuously surfaced during the interviews. Mr. Chan and his wife pointed out they were not sure as to what they would do if they would fully retire. Mr. Ong feels that it is important to keep his mind active, otherwise his mental and physical state would deteriorate. Finally, Mr. Tan, though wanting to spend more time with his wife in another country, feels that it is his responsibility to ensure that the business will withstand any threats that come its way. According to Galura, (2006), most businessmen don’t know what to do when they retire because they had no life outside or it. As such, it presents fear of what is to come after that.

In addition, all three entrepreneurs went through struggles while starting up, to accomplish the level of success they have achieved. To overcome these hurdles, all three entrepreneurs stressed the importance of hard work and perseverance. It is no wonder then, that tremendous time and effort were spent on building their empires not leaving a lot of room for other luxuries or interests such as traveling or pursuing hobbies.

The topic of finances was too sensitive to probe into during the interviews. Although it is a possibility that this can be a contributing factor to the incumbent’s plans of
staying on with minimal participation in the business, issues pertaining to allowances and financial freedom were never brought up during the interviews.

DISCUSSION

The three cases showed the descriptiveness and complexity of the model in that it is possible to find instances where one business may fall in between two scenarios. Case 2 (Smartie Realities) can be classified under the stale-mate scenario where some critical decisions are still under the control of the incumbent thereby showing the lack of pull forces to trigger full retirement. Case 1 (Global Traders) and 3 (Sunnie Foods) can be classified as incumbents that are in between the stale-mate and combination scenarios. In this case, the incumbents have only semi-retired because of their inability to find an identity outside of the business.

Whereas the majority of entrepreneurs consider semi-retirement as retirement (Galura 2006), the three cases examined in this study show the absence of strong pull forces, specifically finding a life outside of the business, that stop them from completely letting go of the business. To enable full retirement then, all three businessmen should see stopping work, not as a cessation or an affront to their personal identity, but as a chance to do other things. The power holder needs to acquire other interest other than the business. With his identity not exclusively anchored to the firm, he can find it easier, sometimes even a relief, to let go. According to Doud and Hausner (2000) “old age and retirement need not be a winter, but a fruitful harvest.”

On the successors’ part, they should be sensitive to incumbent’s pain of letting go. They should balance assertiveness with respect, care, and show affection, ensuring that the transition is the best interest of all involved (Ralston et al. 2005; Terpstra-Tong & Ralston 2002).

Galura (2006) shared valuable information that may be of help for future incumbents and successors. First, family succession planning should be seen as a process and not as an event that would take approximately five years to build. Second, there is no ready answer for successful retirement or succession but it would be easier if all the stakeholders of the business would rally behind it. Last, succession planning starts from the cradle. Whereas parents raise their children with integrity and honesty, they should also make their children feel their involvement in the business via storytelling and also exposing the positive sides of the business. With this, the offspring, or the future successor, can feel an affinity and believe that he or she can be part of the change someday.
CONCLUSIONS

Dana’s (2005) Push-Pull model is a useful model for understanding the factors at play in the three case studies. To enable a smooth and timely retirement, complementary forces would have to act on an incumbent to generate the requisite momentum for succession and retirement to take place. The absence of either one leads to the incumbent’s hesitation in fully letting go. This analysis also points to the fact that it in most instances, regardless of economical, cultural or geographical differences, international research, studies and models can still be applicable to the Philippine Business scenario.

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A COMPARATIVE STUDY OF CONSUMER PERCEPTIONS OF GENETICALLY MODIFIED FOODS IN AUSTRALIA AND INDONESIA

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A COMPARATIVE STUDY OF CONSUMER PERCEPTIONS OF GENETICALLY MODIFIED FOODS IN AUSTRALIA AND INDONESIA

ABSTRACT

This paper presents a study of consumer perceptions of Genetically Modified (GM) foods based on a survey conducted in Australia and Indonesia. The results indicate that in general the Indonesian consumers are more favourable to GM foods than their Australian counterparts. A key finding of the current study is that the level of consumer opposition to GM foods from both within Australia and Indonesia is reduced when respondents are made aware of the perceived benefits of GM foods. This suggests that GM foods have the potential to become more popular provided adequate information on the positive aspects of GM foods is made available to consumers. Likewise, reduced use of pesticides and improved nutritional qualities are perceived as more important potential benefits than reduced price. This suggests that the issue of price is not an important consideration in the minds of consumers. Indonesian consumers perceived reduced pesticides use as having more important potential benefits than did Australian consumers. Ethical and religious concerns are apparently more important in Indonesia than in Australia in explaining the attitude towards GM foods. The support for mandatory labelling is very high in both countries even if labelling may results in an increase in price of GM foods.

Keywords: Consumer perception, Genetically Modified Foods, Labelling
A COMPARATIVE STUDY OF CONSUMER PERCEPTIONS OF GENETICALLY MODIFIED FOODS IN AUSTRALIA AND INDONESIA

GM foods have been the brunt of human controversy for a long period of time. It has been observed that the technology behind this is plagued by the rhetoric of their benefits on one extreme and their detriment on the other. A more objective approach suggests that it stands ground to the ‘dangers and ethical dilemmas’ (Johnson, 2003). In 2005, consumers moved to stop the use of GM foods. They insisted on a right to information, a right to choice, a right to safety and that GM foods be required to be labelled, tested independently and for alternatives to remain open (Madeley, 2005). How ethical are genetically modified food producers in revealing information and in producing these products? To identify this we have to first consider what perceptions consumers have about genetically modified foods.

Consumer perception of GM foods is driven by a number of inter-related factors. First, there needs to be a demonstrable benefit from the application, as well as an acceptable level of risk. It is important that the applications are viewed as morally acceptable to society and safe. If a low level of public understanding exists, more education will be required as more new products become available. The ethics of feeding the world, while protecting the environment is also another dimension that requires attention but will not be discussed in detail.

This paper reports a study of consumer’s knowledge, attitudes and perceptions of GM foods based on a student survey conducted in Australia and Indonesia. The aim of this paper is to identify the differences of consumer perceptions within two cultures. Secondly, it will attempt to understand how these foods are perceived by consumers and what ethical considerations are raised, as more and more biotechnological firms are moving into commercial markets.

BACKGROUND ON GM FOOD STUDIES IN THE WORLD, AUSTRALIA AND INDONESIA

Many consumer studies have been conducted globally to provide a broad understanding of public acceptance of GM foods (Biotechnology Australia, 2005; Ho and Vermeer, 2004; Chern and Rickertsen, 2001; AFEC, 2002; Frewer et al., 1997; Gaskell et al., 2003). The controversy over these foods is great, and in most countries, public awareness and acceptance have been shaped primarily by mixed messages from action groups and the industry. (Ho and Vermeer, 2004). It is clear now that the debate emerges on one extreme from the concerned biologist, organic farmers, and environmental non-governmental organisations (NGOs) who have linked up with concerned consumers. The other extreme supports the benefits of GM crops to farmers and consumers, which has been sustained by agricultural specialists and biotech industry representatives. (Wansink and Kim, 2002).

The research that supports the benefits of GM foods has been provided by an extensive international study of consumer attitudes towards biotechnology, which was conducted by Environics International (2000, 2001). In their survey, which examined more than 35,000 respondents from 35 different countries, they were asked whether
they agreed that the benefits of biotechnology outweighed the risks. The cultural
differences of varying countries provided varying responses. In the United States,
Columbia, Cuba, Dominican Republic, China, India, Indonesia, and Thailand, it was
found that over two-third of respondents in those countries agreed that the benefits of
GM crops are greater than the risks. On the other hand, fewer than 40 per cent of
consumers in the following countries saw the benefits as greater than risks, France,
Greek, Italy, Spain, and Japan. Furthermore, it was found that a majority of European
and Australia consumers would tend to reject GM foods even if they were more
nutritious. (Environics, 2001). Other issues on GM foods were examined and it was
found that when some consumer learnt how widespread GM foods are, they were more
likely to believe the foods were safe. Consumers were also frustrated when they
realised that they had not been informed about the widespread presence of GM
ingredients (Pew, 2001).

PERCEPTIONS OF AUSTRALIAN CONSUMERS

Genetically modified risks appeared to be the problem when consumers in Australia
were surveyed. For instance, a study by Biotechnology Australia (2001) indicated that
49 per cent of Australians would eat GM foods, 60 percent would eat GM foods if the
genetic modification had made the food healthier, and 43 per cent would eat such food
if the food only tasted better. Overall, there have been varying issues within this area
as in general, Australians insist on more information about GM food issues. For
instance, Cormick (2002) indicated that 73 per cent of Australian consumers required
further information about gene technology. Consumers did not highly regard benefits
although GM crops have agronomic benefits but when asked to weigh the risks and
benefits of eating GM foods, even if the consumer perceived the risks to be quite
small, these risks are still larger than the perceived benefits (Biotechnology Australia
2001; 2005).

On evaluating risks and benefits, although risks can be certain, they can be quite
vague as well, whereas benefits are more specific. Risks present a formidable
experience and are often perceived to be higher than they actually are, but benefits
need to be supported by credible evidence. Very often, risks will be accepted without
any acknowledgement of benefits, but benefits are best accepted with an
acknowledgement of risks.

Since the catastrophic events particularly after September 11 and the Bali bombing,
there have also been some critical changes in consumer perceptions and attitudes in
recent years. Australians’ concept of risks has transformed due to the recent
occurrences resulting in a tendency to view risks as extreme and go to a greater
measure to avoid risks. This may suggest that consumers may be more likely to be
susceptible to scare stories, such as, are often disseminated by anti-gene technology
activists, and less likely to be influenced by the over-promising of the pro-gene
technology activists (Biotechnology, 2001, 2005).

Perception and attitudes towards GM foods in Australia are driven more by attitudes
towards food in general and food safety, than attitudes towards the technology.
(Cormick, 2002). This suggests that a healthy food buyer, who is very concerned
about what his food contains, will also tend to be more concerned about GM foods.
Biotechnology Australia (2001, 2005) came up with the types of GM crops and foods that are likely to be accepted in Australia including, having direct consumer benefits, having a gene modification from an organism that is closely related (with plants being preferred over animals), having direct societal benefits or align with social values, and being perceived as being not harmful to people or the environment.

PERCEPTIONS OF INDONESIAN CONSUMERS

There is a dearth of literature in this area in Indonesia. Yet, contrary to popular opinions that are associated with widespread negative attitudes or public concern about the risks of biotechnology, survey results conducted by (AFIC, 2002) show that in general, Indonesian stakeholders do not really see biotechnology as posing high risks to public health and food safety. The majority of Indonesia’s stakeholders view agricultural biotechnology as having moderate to high benefits. This view is particularly evident among consumers, farm leaders, policy makers, extension workers and scientists. However, the majority of stakeholders consider moral and ethical issues of biotechnology as having influence on their judgements of biotechnology followed by cultural considerations.

PERCEPTIONS OF GENERAL CONSUMERS

Studies have indicated that consumers on the whole indicate a positive view of genetic modification techniques as applied to the health care industry, (Frewer et al., 1995) contrary to the situation for agricultural and food production, which is quite different (Biotechnology Australia, 2005). As far as the marketing potential of GM foods goes, it was found that although, consumer attitudes towards the concept of GM foods have been widely reported to be negative, it is possible that these attitudes will not translate directly into negative purchasing behaviour towards GM foods by consumers (Gaskell et al., 2003). For example, in the UK, where the negative perception against GM foods has been intense, several millions tins of clearly labelled GM tomato paste have been sold since the introduction of this product in 1996 (Knight et al., 2005).

With regards to purchasing decision of GM foods, it has been reported that the level of risk aversion, knowledge about genetic modification and opinion about genetic modification were highly significant in explaining this purchasing decision (Baker and Burnham, 2001). Whist some studies on education and income that examined the relationship between consumer characteristics and food safety concerns generally found that demographic variables (like education and income) performed poorly as explanatory variables for purchasing decisions regarding GM foods.

It can be advocated that controversy about GM foods arise because of the fact that the benefits of biotechnology have not been widely recognised, even though the potential risks have been emphasised. A better understanding of the complexity of consumer attitudes should result in a closer alignment in policy and public attitudes and also result in the development of GM products that better meet consumer needs as well as minimise public concerns.

METHODOLOGY

The research instrument used in this study was structured similar to questionnaire developed by Chern and Rikcertsen (2001). The questionnaire was grouped into three
main sections. The first section investigated respondents’ knowledge, attitude, and perception with regard to GM organisms and GM foods in general and their preference for the type of regulation related to GM organism. The next section consisted of a series of contingent valuation (CV) questions involving vegetable oil, cornflakes and salmon. The final section was concerned with the demographic information including the respondent’s income. For the purpose of this paper, only sections one and three of the questionnaire were used in the analysis.

The questionnaire, initially written in English, was translated into Indonesian. The surveys were conducted with university students in the two countries. The Australian student survey was conducted at La Trobe University, while the same questionnaire used in the survey in Indonesia was conducted at Bogor Agricultural University (IPB). All of these student surveys were undertaken during October 2005 to February 2006. There were 635 respondents in this pilot survey, of which 505 and 130 were from Indonesia and Australia, respectively. The Indonesian students’ samples were derived from the agricultural discipline and the Australian students’ were derived from the business discipline.

The age of the Indonesian and Australian respondents ranged from 18 to 21 and 18 to 52 respectively. The distribution of gender was approximately equal for both countries, in which around 46% of Australian and 50% of Indonesian were males. The Chi-square analysis was employed to test the null hypotheses of no significant differences between respondents in the two countries, Australia and Indonesia at the 5% and 10% level of significance.

SURVEY RESULTS

CONSUMER KNOWLEDGE ABOUT GM ORGANISMS AND GM FOODS

Table 1 shows that a slightly higher percentage of Australian respondents were informed about GMOs and/or GM foods, when asked, “Before the survey, how well were you informed about GM Foods or organisms?” The “very well and somewhat informed” figures from Indonesia are not substantially different from those in Australia. Hoban (1998) found that increased levels of awareness are not direct reflections of increased level of knowledge about biotechnology.
TABLE 1. DIFFERENCES IN KNOWLEDGE OF INDONESIAN AND AUSTRALIAN ABOUT GM FOODS

<table>
<thead>
<tr>
<th>Questions</th>
<th>Options</th>
<th>Indonesia</th>
<th>Australia</th>
<th>$\chi^2$ value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before the survey, how well were you informed about GM foods or organisms?</td>
<td>Very well</td>
<td>7.1</td>
<td>8.5</td>
<td>0.809</td>
</tr>
<tr>
<td></td>
<td>Somewhat</td>
<td>67.7</td>
<td>68.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not informed</td>
<td>25.1</td>
<td>23.3</td>
<td></td>
</tr>
<tr>
<td>Non-GM soybeans do not contain genes while GM soybeans do</td>
<td>True</td>
<td>30.3</td>
<td>12.5</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>False</td>
<td>23.6</td>
<td>34.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Don’t know</td>
<td>46.1</td>
<td>53.1</td>
<td></td>
</tr>
<tr>
<td>By eating GM foods, a person’s genes could be altered</td>
<td>True</td>
<td>14.9</td>
<td>6.3</td>
<td>0.011</td>
</tr>
<tr>
<td></td>
<td>False</td>
<td>45.3</td>
<td>57</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Don’t know</td>
<td>46.1</td>
<td>36.7</td>
<td></td>
</tr>
</tbody>
</table>

In addition, two true-false questions were asked to explore consumer knowledge about GM Organisms and/or GM Foods. They are “Non-genetically modified soybeans do not contain genes while genetically modified soybeans do” and “By eating GM Foods, a person’s genes could be altered”, respectively. Respondents can be identified as knowledgeable consumers if they answer both true-false questions correctly. Results indicated that Indonesian students underperformed Australian students in the two true-false questions related to specific knowledge on GM organisms. These being dichotomous scales, it can be acknowledged that the two true-false questions are very limited to represent consumer knowledge. However, these questions at least give an indication of some knowledge of GM foods. In general, the results imply that Australian students were relatively more knowledgeable about GM organisms or GM foods than those of Indonesian students were.

PERCEPTION OF HEALTH RISK

When confronted with risk, people seem to behave differently. Each individual attaches their own degree of importance to food product attributes and each consumer exercises a product attribute trade-off with respect to risk (Wansink and Kim, 2002). It is understood that the higher the risk the greater will be the purchase time lag. A range of risk triggers, such as uncertainty, trust in institutions, and benefits, can also deter acceptance of food products.

The consumer attitude toward GM organisms and/or GM Foods in Australia and Indonesia in 2005 and 2006 respectively is presented in Table 2. Perception of the health risk of GM foods varied significantly between both countries. Although almost the same proportion of Australian and Indonesian students ranked GM foods as “very risky”, the percentages that ranked GM foods as “very safe” and “don’t know” were higher in Australia. This is not consistent with a slightly higher percentage of unawareness about GM organisms and/or GM foods in Indonesia. This may be due to the fact that respondents in Indonesia may not have expressed their true knowledge of GM organisms and/or GM foods.
WILLINGNESS TO PURCHASE GM FOODS

The acceptance level of GM foods barely varied between Indonesia and Australia. Approximately 36% of Indonesian and a third of Australian respondents claimed that they were willing to consume foods produced with GM ingredients.

Despite the relatively high awareness of biotechnology in Indonesia and Australia (74.8% and 76.7% respectively), only less than 37% of students in both countries were at least “somewhat willing” and “very willing” to consume GM foods. Almost 5% and 11% of Indonesian and Australian students respectively would avoid consuming GM foods (Table 2).

**TABLE 2. DIFFERENCES IN ATTITUDES OF INDONESIAN AND AUSTRALIAN ABOUT GM FOODS**

<table>
<thead>
<tr>
<th>Questions</th>
<th>Options</th>
<th>Indonesia</th>
<th>Australia</th>
<th>( \chi^2 ) p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>How safe or risky are GM foods to human health?</td>
<td>Very risky</td>
<td>32.6</td>
<td>34.1</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>Neither</td>
<td>38.4</td>
<td>19.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Very safe</td>
<td>19.3</td>
<td>28.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Don’t know</td>
<td>9.7</td>
<td>17.8</td>
<td></td>
</tr>
<tr>
<td>How willing are you to consume foods with GM ingredients?</td>
<td>Very willing</td>
<td>4</td>
<td>5.4</td>
<td>0.108</td>
</tr>
<tr>
<td></td>
<td>Somewhat</td>
<td>32.3</td>
<td>27.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not very</td>
<td>17.4</td>
<td>20.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Would avoid</td>
<td>4.8</td>
<td>10.9</td>
<td></td>
</tr>
<tr>
<td>How willing are you to consume GM foods if they reduced the amount of pesticides applied to crops?</td>
<td>Very willing</td>
<td>29.5</td>
<td>12.4</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Somewhat</td>
<td>41.4</td>
<td>43.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not very</td>
<td>3.8</td>
<td>9.3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Would avoid</td>
<td>3.2</td>
<td>7.8</td>
<td></td>
</tr>
<tr>
<td>How willing are you to consume GM foods if they were more nutritious than similar foods that are not GM?</td>
<td>Very willing</td>
<td>41.6</td>
<td>14.8</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Somewhat</td>
<td>39.4</td>
<td>53.9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not very</td>
<td>3.4</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Would avoid</td>
<td>1.8</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>How willing are you to consume GM foods if it posed a risk of causing allergic reactions for some people?</td>
<td>Very willing</td>
<td>1.4</td>
<td>1.6</td>
<td>0.077</td>
</tr>
<tr>
<td></td>
<td>Somewhat</td>
<td>5.5</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not very</td>
<td>23.2</td>
<td>34.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Would avoid</td>
<td>50.3</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>How important is the price factor when you decide whether or not to buy GM foods?</td>
<td>Very</td>
<td>40.6</td>
<td>19.5</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Somewhat</td>
<td>42.6</td>
<td>39.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not very</td>
<td>3</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td>How important are ethical and religious concerns when you decide whether or not to buy GM foods?</td>
<td>Very</td>
<td>53.9</td>
<td>10.2</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Somewhat</td>
<td>17.2</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not very</td>
<td>1.6</td>
<td>28.1</td>
<td></td>
</tr>
<tr>
<td>How important is it to label GM foods?</td>
<td>Very</td>
<td>58.2</td>
<td>31.5</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Somewhat</td>
<td>27.1</td>
<td>23.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not very</td>
<td>0.6</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td>What type of labelling would you support?</td>
<td>Mandatory</td>
<td>96.2</td>
<td>91.3</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Voluntary</td>
<td>3.8</td>
<td>4.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Don’t support</td>
<td>0</td>
<td>3.9</td>
<td></td>
</tr>
</tbody>
</table>
It is interesting to note that the opposition against GM foods was reduced when some benefits associated with them were explicitly mentioned in the questions suggesting that GM foods can grow in popularity when consumers become aware of the potential benefits. Benefits offered in our research included reduced use of pesticides, improved nutritional qualities and lower prices. For example, around 70% of Indonesians and 56% of Australians were willing to consume GM foods if these foods reduced pesticide use. Moreover, around 80% of Indonesian and close to 70% of Australians were willing to consume GM foods if these foods were more nutritious than similar foods that are not GM. This is supported by the research conducted by Biotechnology Australia (2001 & 2005). Less than 10 percent of respondents from both countries were extremely unwilling to take such a risk. Notably, a study in Italy by Boccaletti and Moro (2000) indicated that ‘lower pesticide use’, ‘products with improved nutritional characteristics’ and ‘products with improved organoleptic characteristics’ all increased the willingness of consumers to pay a premium for GM foods.

Table 3 shows that when we asked which of these potential benefits was the most important, close to 70% of Indonesian and 36% of Australian answered reduced use of pesticides, and only below 12% answered reduced price. This is quite surprising for Indonesians as almost half of them found reduced price to be “very important” for their decision to buy or not to buy GM foods (Table 2). This also raises the sensitivity of pricing issues. It is also interesting to note that close to 30% of Australians and around 6% of Indonesians answered reduced saturated fats in foods. Understandably, the importance of reduced saturated fats in foods would well be associated with the recent obesity problems in Australia.

**TABLE 3. DIFFERENCES IN POTENTIAL BENEFITS OF GM FOODS OF THE RESPONDENTS IN INDONESIA AND AUSTRALIA**

<table>
<thead>
<tr>
<th>Questions</th>
<th>Options</th>
<th>Indonesia</th>
<th>Australia</th>
<th>$\chi^2$ value</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the most important potential benefit of GM foods?</td>
<td>Reduce the use of pesticides</td>
<td>69.1</td>
<td>36.2</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Reduce saturated fats in foods</td>
<td>5.9</td>
<td>27.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduce food prices</td>
<td>7.7</td>
<td>11.8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>11.9</td>
<td>9.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>I don’t know</td>
<td>5.3</td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>

Some potential sources of concern were also asked in the questionnaire. More than 40% of Australian and half of Indonesian would avoid purchasing GM foods if it posed a risk of causing allergic reaction for some people. Only around 7% of Australians and Indonesians were willing to take such a risk (Table 2). This may imply that allergic reaction for some people caused by GM food is a big concern for both countries.
ETHICAL AND RELIGIOUS CONCERNS

Ethical and religious concerns in consumption are well evident in the contemporary literature (Subrahmanyan and Cheng, 2000; Hirschman, 1983). As the inhabitants of the largest Muslim country in the world, Indonesians are likely to attach more importance to ethical consideration in their choice to consume GM food than their Australian counterpart. As similar to the findings by AFIC (2002), ethical and religious concerns were important for around 71% of Indonesians and close to 30% of Australians while such concerns were very unimportant for as much as around 2% of Indonesians and close to 30% of Australians. This may suggest that ethical and religious concerns are not so much an issue in Australia as they are in Indonesia, which is the largest Muslim country in the world with a diverse cultural make up. In a different vein, however, Quazi (2003) found that religious metaphor is still relevant in Australia in terms of managers’ perception of their social and ethical issues.

GM LABELLING ISSUE

The majority of Indonesian (85.3%) and Australian (55.1%) consumers demand labelling (Table 2). In both countries, respondents viewed GM food labelling as important, with a large margin, would support a mandatory labelling system. The fact that almost all respondents thought that GM foods should be labelled irrespective of their willingness to accept products for marketing or to buy them is quite interesting. This may imply that consumers want to be able to make informed choices and they can only do that if they are provided with sufficient information.

Table 4 shows that support for labelling was reduced when respondents were reminded that labelling may increase food prices. However, close to 30% of Australians and close to 40% of Indonesians supported labelling even if this caused prices to increase by 5% or more. The insensitivity to price may be partly due to the hypothetical nature of the question.
TABLE 4. DIFFERENCES IN ATTITUDES OF INDONESIAN AND AUSTRALIAN ABOUT GM FOODS ON LABELLING AND GOVERNMENT’S PERFORMANCE IN FOOD SAFETY AREA

<table>
<thead>
<tr>
<th>Questions</th>
<th>Options</th>
<th>Indonesia</th>
<th>Australia</th>
<th>(\chi^2) p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any labelling will impose an extra cost on the food manufacturers, and the extra cost may result in higher food prices. How would you feel?</td>
<td>Would not support if prices were higher</td>
<td>6.3</td>
<td>18.9</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Would support if prices were higher no more than 5%</td>
<td>54.4</td>
<td>51.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Would support even if prices were higher than 5%</td>
<td>38.2</td>
<td>29.9</td>
<td></td>
</tr>
<tr>
<td>How would you grade the government’s performance in food safety area?</td>
<td>Excellent</td>
<td>1.4</td>
<td>11.8</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Good</td>
<td>17</td>
<td>28.3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fair</td>
<td>34.9</td>
<td>29.9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Poor</td>
<td>37.2</td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Very poor</td>
<td>7.5</td>
<td>3.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Don’t know</td>
<td>2</td>
<td>22.8</td>
<td></td>
</tr>
</tbody>
</table>

Finally, when asked “how would you rate the government’s performance in the area of food safety?” 40% (18%) of Australians (Indonesians) rated as “good”, 7% (45%) of Australians (Indonesians) rated as “poor”, and 22.8% (2%) rated as “don’t know”. This shows that the government’s performance in food safety area was better rated in Australia than that in Indonesia.

SUMMARY AND CONCLUSIONS

This paper presents survey results of consumer perceptions towards GM foods in Australia and Indonesia. The results indicate that generally the Indonesian consumers were more favourable to GM foods than the Australian consumers were. The opposition against GM foods is reduced when some benefits associated with them are introduced into the questions suggesting that GM foods have a potential to become more popular. Reduced use of pesticides and improved nutritional qualities are perceived as more important potential benefits than reduced price. Ethical and religious concerns are apparently more important in Indonesia than in Australia in explaining the attitude and perception towards GM foods. The support for mandatory labelling is very high even when labelling may increase food prices. The pilot surveys reported in this paper can be used as a basis to design a larger scale public survey in the future.

D’Souza and Quazi (2005) suggest that in order to solve the controversial issues in GM food, both consumers and manufacturers have to come up with practical agenda. Customers need to look at the potential benefits of GM food and the possible harm it can cause and determine whether the net benefits exceed the costs. On the other hand,
manufacturers and marketers have to address the issues raised by consumer activists and researchers on the harmful aspects of GM foods. For example, an effective safety and information labelling disclosing the nature of a particular GM food can help customers make informed choice in the market place. An effective marketing communication strategy is to be devised toward addressing negative campaign against GM foods. The communication campaign must include statements admitting any positive claim about GM food so consumers can base their decision on facts. Finally, sincere efforts are to be made by both parties towards resolution of controversial issues in GM food in order to increase acceptability of GM food in the future.

**LIMITATIONS**

This paper has a number of limitations that are to be considered while generalising about the results across the two countries surveyed. Firstly, results based on student sample may not represent the consumers in general. Secondly, the Chi square test that has been used is essentially vulnerable to sample size, which may have affected the results of the study. Thirdly, the results of the study need to be interpreted with caution as the study was not based on actual purchases. Therefore, future research should be based on actual purchase using a larger sample size representing a large spectrum of consumers from both countries.
REFERENCES


with the perceived need for regulation of the technology. *Agriculture and Human Values*, 12: 48-57.


INVESTIGATING THE ADOPTION AND USE OF CONSUMER INTERNET TELEPHONY IN THAILAND

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ABSTRACT

This research investigates the factors of influence on the adoption of internet telephony amongst consumers in Thailand, using a model adapted from the Model of Adoption of Technology in the Household (MATH). It is found positive attitudinal factors, like perceived relative advantage and fun using the technology, have significant influence on the adoption while negative attitudinal factors like security and quality concerns show no correlation or predictive power towards the adoption of the technology in the sample. A significant number of respondents use internet telephony, and a majority also pays for internet telephony, effectively bypassing the traditional licensed telephony operators in Thailand. This information is of importance for telecommunication market players, regulators and operators.

INTRODUCTION

Internet telephony is available to the consumer with a computer and a broadband internet connection. When consumer internet first became available, it was predicted that it would replace the current telephony network; however, this has not occurred. Traditionally switched international telephone minutes are continuing to grow (Telegeography, 2007), but internet telephony traffic is also growing and this is having an effect on traditional operator’s incomes.

In investigating this area, this researcher found a gap in research in the consumer area, regarding the adoption and use of internet telephony.

The goal of this research is to investigate this gap by investigating the adoption of internet telephony by consumers, in particular, in Thailand. After reviewing the literature, exploratory research was undertaken to determine and collect items of influence on the adoption of internet technology (Voice over Internet Protocol or VoIP technology) by consumers in Thailand, to gain an understanding about the perceptions surrounding VoIP usage, as a starting point for further development of a model and survey. This approach is similar to previous studies on the development of consumer Information Systems Technology (Dwivedi and Choudrie, 2006; Venkatesh and Brown, 2001)
METHODOLOGY

Model Development and Development of Hypotheses

Initially, the Model of Adoption of Technology in the Household (MATH) was used, developed by Venkatesh and Brown, 2001. This model investigates attitudinal beliefs, normative beliefs and control beliefs in the acceptance of new technology. The model was adapted in analogy to the model of consumer broadband internet adoption (Dwivedi and Choudrie, 2006), and construct validity (factor analysis) was undertaken.

The attitudinal components were divided according to the two groupings obtained in the factor analysis, resulting in one ‘positive attitudinal ’ construct grouping including utility, relative advantage and hedonistic outcomes (fun, enjoyment), and ‘negative attitudinal’ grouping construct regarding frustration and anxiety.

The control constructs consisted of constructs expected to be barriers, service quality and ease of use.

FIGURE 1: MODEL WITH HYPOTHESES

Hypotheses

The following hypotheses were developed:
H0: “Positive attitudinal beliefs”, “Negative attitudinal beliefs”, and “Control beliefs” do not influence the intent to use Internet telephony.
H1: Positive attitudinal beliefs positively influence the intent to use internet telephony.
H2: Negative attitudinal beliefs negatively influence the intent to use internet telephony.
H3: Control beliefs positively influence the intent to use internet telephony.
Sample
Only users of international telephony were invited to participate in this study and it was assumed that people living geographically distant from their social network (Crepel, 2006) are more likely to engage in long distance communication. Therefore, foreigners living in Thailand were assumed to have a higher likelihood of making international voice communications. The final sample size, i.e., numbers of responses actually included in the sample was 227 persons.

RESULTS

Data Analysis

Demographic Information

Gender
75% of respondents were male, although with respect to those of Thai nationality, males represented only 36% of the sample.

Age
The age of the respondents was distributed, with more than half of the respondents aged between 20 and 40 years old.

<table>
<thead>
<tr>
<th>TABLE 1: AGE (N=227)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dz- Age</strong></td>
</tr>
<tr>
<td>&lt; 20 years old</td>
</tr>
<tr>
<td>20 - 30 years old</td>
</tr>
<tr>
<td>31 - 40 years old</td>
</tr>
<tr>
<td>41 - 50 years old</td>
</tr>
<tr>
<td>51 - 60 years old</td>
</tr>
<tr>
<td>&gt; 61 years old</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Occupation
The majority of respondents was working (57%), 18.1% retired and 11% reported student status.
TABLE 2: OCCUPATION (N=227)

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working</td>
<td>130</td>
<td>57.3</td>
</tr>
<tr>
<td>Retired</td>
<td>41</td>
<td>18.1</td>
</tr>
<tr>
<td>Studying</td>
<td>25</td>
<td>11.0</td>
</tr>
<tr>
<td>Working and Studying</td>
<td>17</td>
<td>7.5</td>
</tr>
<tr>
<td>Unemployed</td>
<td>13</td>
<td>5.7</td>
</tr>
<tr>
<td>Total</td>
<td>226</td>
<td>99.6</td>
</tr>
<tr>
<td>Missing</td>
<td>System</td>
<td>.4</td>
</tr>
</tbody>
</table>

Total 227 100.0

Nationality
The sample showed international diversity – a total of 30 nationalities. The largest group consisted of American nationals (22%), Thai were second with 17%, then UK with 15%, and Australians with 9%. USA, UK, and Australians, therefore, accounted for almost half of the total respondents (45.3%).

The top six nationalities in terms of respondents (USA, Thai, UK, Australian, Indian (9%) and Belgian (7%) accounted for almost 80% of the total respondents. Asian foreigners accounted for 13.6% of the total, with the majority (9.3%) being of Indian nationality.

Usage Statistics
Computer and high speed internet access
93.4% of the sample indicated that they have high speed internet access at home.

Internet telephony usage
81.5% use computer mediated internet telephony for international personal calls at least once a month, of which 59.9% in combination with traditional telephony.

TABLE 3: HOW DO YOU MAKE AN INTERNATIONAL CALL? (N=227)

<table>
<thead>
<tr>
<th>Method</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional + internet telephony</td>
<td>136</td>
<td>59.9</td>
<td>59.9</td>
</tr>
<tr>
<td>Internet telephony only</td>
<td>49</td>
<td>21.6</td>
<td>81.5</td>
</tr>
<tr>
<td>Traditional telephone only</td>
<td>42</td>
<td>18.5</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Total 227 100.0

21.6% responded indicating that they never used traditional telephony, i.e., they made exclusive use of internet telephony for international communication.
This is more than the number of respondents using only traditional telephony for international calls (18.5%).

Other usage types
Other usage types besides computer mediated internet telephony, amongst internet telephony users are: 18.4% uses or has used an IP phone, while 7.6% have experience with VoIP from a smartphone or pocket pc and an internet telephony gateway has only been used by 4.9% of the sample.

TABLE 4: OTHER INTERNET TELEPHONY METHODS USED? (N=185)

<table>
<thead>
<tr>
<th>Method</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No/Don't know</td>
<td>128</td>
<td>69.2</td>
<td>69.2</td>
</tr>
<tr>
<td>IP Phone</td>
<td>34</td>
<td>18.4</td>
<td>87.6</td>
</tr>
<tr>
<td>Internet Telephony Gateway</td>
<td>9</td>
<td>4.9</td>
<td>92.4</td>
</tr>
<tr>
<td>Internet Telephony software on a mobile phone</td>
<td>14</td>
<td>7.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>185</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Paying versus non-paying users
28.6% of the respondents making internet calls make only free calls, while 62.8% declared paying for internet phone calls (51.4% in combination with free calls).

TABLE 5 :TYPE OF INTERNET CALLS (INTERNET TELEPHONY USERS N=185)

<table>
<thead>
<tr>
<th>Type</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer to computer (free calls only)</td>
<td>53</td>
<td>28.6</td>
<td>31.4</td>
<td>31.4</td>
</tr>
<tr>
<td>Computer to phone (paid calls only)</td>
<td>21</td>
<td>11.4</td>
<td>12.4</td>
<td>43.8</td>
</tr>
<tr>
<td>Both</td>
<td>95</td>
<td>51.4</td>
<td>56.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>169</td>
<td>91.4</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing System</td>
<td>18</td>
<td>8.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>185</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reliability
Cronbach’s Alpha was used to test the internal consistency of the sample, based on the average inter-item correlation of the independent variables. The score was .772 which is considered reliable.

Factor analysis
PCA factor analysis with promax rotation was used with a factor loadings cut off point set at 0.4 (Cavana, Delahaye and Sekaran, 2001). Factor loadings with eigenvalues below .4 were discarded. The three components loaded on their original constructs. The result confirms the groupings in three components corresponding to the model.

TABLE 6: PATTERN MATRIX

<table>
<thead>
<tr>
<th>Variables</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>F7 - The reliability of internet telephony compared to traditional telephony</td>
<td>0.940</td>
</tr>
<tr>
<td>F6 - The sound quality of internet telephony compared to traditional telephony</td>
<td>0.894</td>
</tr>
<tr>
<td>F12 - How easy is it to use internet telephony compared to traditional telephony?</td>
<td>0.754</td>
</tr>
<tr>
<td>F13 - How easy is it to install and set up everything so internet telephony can work?</td>
<td>0.532</td>
</tr>
<tr>
<td>F4 - Internet telephony is much cheaper for international calls compared to traditional telephony</td>
<td></td>
</tr>
<tr>
<td>F3 - Internet telephony is useful for making international calls</td>
<td></td>
</tr>
<tr>
<td>F1 - Internet telephony improves contact with friends and family</td>
<td></td>
</tr>
<tr>
<td>F6 - Using internet telephony is fun</td>
<td></td>
</tr>
<tr>
<td>F9 - Using internet telephony increases the risk to become a victim of computer crime and computer viruses</td>
<td></td>
</tr>
<tr>
<td>F8 - Internet Telephony software causes the computer to crash or freeze</td>
<td></td>
</tr>
<tr>
<td>F11 - Trust the online payment system for internet telephony</td>
<td></td>
</tr>
</tbody>
</table>

Linear Regression

Multiple regression analysis was performed on the three components, with “intent to use” as the dependent variable.
TABLE 7: MODEL COMPONENTS

<table>
<thead>
<tr>
<th>Component 1</th>
<th>Component 2</th>
<th>Component 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive attitudinal beliefs</td>
<td>Negative attitudinal beliefs</td>
<td>Control beliefs</td>
</tr>
<tr>
<td>F1: Utilitarian Outcomes</td>
<td>F8 Anxiety</td>
<td>F6 Quality</td>
</tr>
<tr>
<td>F3: Utilitarian Outcomes</td>
<td>F9 Anxiety</td>
<td>F7 Quality</td>
</tr>
<tr>
<td>F4: Relative Advantages</td>
<td>F11 Anxiety</td>
<td>F12 Ease of Use</td>
</tr>
<tr>
<td>F5: Hedonic Outcomes</td>
<td></td>
<td>F13 Ease of Use</td>
</tr>
</tbody>
</table>

Components
Using the mean of the components with the dependent variable use_IT (use of internet telephony), component 1 had an acceptable sigma value of <5(0), and .287 coefficient. The predictor value of the first component “positive attitudinal beliefs” was found to be significant (Beta .616, Sigma <0) and indicates the largest impact in the explanation of behavioural intent (intent to adopt internet telephony). The other two components “negative attitudinal beliefs” and “control beliefs “ showed elevated sigma readings (.666 and .245) and can be regarded as having low significance.

The adjusted R of .415% suggests an appropriate level of explained variance (Dwivedi, Khoumbati, Williams, Lal, and Gharvi, 2007).

TABLE 8: COMPONENTS, MODEL SUMMARY

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.651</td>
<td>.423</td>
<td>.415</td>
<td>.251</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), F6_9_11, F6_7_12_13, F1345

TABLE 9: COMPONENTS COEFFICIENTS

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>1</td>
</tr>
<tr>
<td>I</td>
<td>.374</td>
<td>.124</td>
<td>.616</td>
<td>3.005</td>
</tr>
<tr>
<td>F1345</td>
<td>.319</td>
<td>.051</td>
<td>.616</td>
<td>10.314</td>
</tr>
<tr>
<td>F6_7_12_13</td>
<td>.011</td>
<td>.025</td>
<td>.025</td>
<td>.432</td>
</tr>
<tr>
<td>F6_9_11</td>
<td>.026</td>
<td>.022</td>
<td>.003</td>
<td>1.100</td>
</tr>
</tbody>
</table>

a. Dependent Variable: F15 - I intend to use or keep using Internet telephony in the future
Multiple regression analysis on the Positive Attitudinal Belief Constructs
The constructs of the first component F1235 “positive attitudinal beliefs” were selected for further regression analysis based on the outcome of this component. The constructs of the other two components (negative attitudinal beliefs F8_9_11 and control beliefs F5_7_12_13) were discarded due to high sigma readings and low predicting value.

TABLE 10: POSITIVE ATTITUDINAL CONSTRUCTS

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.655*</td>
<td>.430</td>
<td>.422</td>
<td>.253</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), HE_RQ3, RA_RQ2, UTIL_RQ1

TABLE 11: POSITIVE ATTITUDINAL CONSTRUCTS: COEFFICIENTS –

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UTIL_RQ1</td>
<td>.338</td>
<td>.127</td>
<td>2.660</td>
<td>.008</td>
</tr>
<tr>
<td>RA_RQ2</td>
<td>.207</td>
<td>.034</td>
<td>.426</td>
<td>6.157</td>
</tr>
<tr>
<td>HE_RQ3</td>
<td>.092</td>
<td>.031</td>
<td>.189</td>
<td>2.024</td>
</tr>
<tr>
<td>UTIL_RQ1</td>
<td>.050</td>
<td>.018</td>
<td>.162</td>
<td>2.777</td>
</tr>
</tbody>
</table>

a. Dependent Variable: F15 - I intend to use or keep using Internet telephony in the future

UTIL_RQ1 stands for constructs grouping utilitarian outcomes (usefulness)
RA_RQ2 stands for constructs grouping the relative advantage (such as cost savings)
HE_RQ3 stands for constructs grouping the hedonic outcomes (such as enjoyment)

The constructs regarding utilitarian outcomes showed the highest standardized coefficient (.426) and suggests significant predictive power on the adoption of the technology (dependant variable). Relative advantage and Hedonic outcomes showed significant standardized coefficients with acceptable sigma readings in the multiple regression analysis.
Correlations between questions and dependent variables

Four variables showed correlations coefficients larger than .4 with a sigma coefficient lower than 0.05, suggesting significant correlation to the dependent variable (intent to adopt). A cut off Pearson’s correlation coefficient value of 0.4 or higher with a sigma value of <5 was applied to classify correlation as ‘significant’ (Cavana, Delahaye and Sekaran, 2001).

The highest correlations were calculated for F3 (internet telephony is useful), F1 (internet telephony improves contact) and F4 (internet telephony is much cheaper). So F1, F3, F4, and F5 correlate with the dependent variable ‘intent to use’. All of these items belong to the same component ‘positive attitudinal beliefs’.

### TABLE 12: CORRELATIONS OVERVIEW

<table>
<thead>
<tr>
<th>Correlations</th>
<th>F15 - Intent</th>
<th>sigma</th>
<th>use_Intotel</th>
<th>sigma</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1 - Internet telephony improves contact with friends and family</td>
<td>0.517</td>
<td>0</td>
<td>0.502</td>
<td>0</td>
<td>225</td>
</tr>
<tr>
<td>F3 - Internet telephony is useful to make international calls</td>
<td>0.609</td>
<td>0</td>
<td>0.527</td>
<td>0</td>
<td>225</td>
</tr>
<tr>
<td>F4 - Internet telephony is much cheaper for international calls compared to traditional telephony</td>
<td>0.508</td>
<td>0</td>
<td>0.472</td>
<td>0</td>
<td>225</td>
</tr>
<tr>
<td>F5 - Using internet telephony is fun</td>
<td>0.432</td>
<td>0</td>
<td>0.396</td>
<td>0</td>
<td>223</td>
</tr>
<tr>
<td>F8 - Internet Telephony software causes the computer to crash or freeze</td>
<td>0.161</td>
<td>0.016</td>
<td>0.165</td>
<td>0.014</td>
<td>222</td>
</tr>
<tr>
<td>F9 - Using internet telephony increases the risk to become a victim of computer crime and computer viruses</td>
<td>0.145</td>
<td>0.032</td>
<td>0.168</td>
<td>0.012</td>
<td>221</td>
</tr>
<tr>
<td>F11 - Trust the online payment system for internet telephony</td>
<td>0.283</td>
<td>0</td>
<td>0.271</td>
<td>0</td>
<td>221</td>
</tr>
<tr>
<td>F8 - The sound quality of internet telephony compared to traditional telephony</td>
<td>0.247</td>
<td>0</td>
<td>0.262</td>
<td>0</td>
<td>219</td>
</tr>
<tr>
<td>F7 - The reliability of internet telephony compared to traditional telephony</td>
<td>0.141</td>
<td>0.037</td>
<td>0.10</td>
<td>0</td>
<td>219</td>
</tr>
<tr>
<td>F12 - How easy is it to use internet telephony compared to traditional telephony?</td>
<td>0.263</td>
<td>0</td>
<td>0.329</td>
<td>0</td>
<td>220</td>
</tr>
<tr>
<td>F13 - How easy is it to install and set up everything so internet telephony can work?</td>
<td>0.375</td>
<td>0</td>
<td>0.401</td>
<td>0</td>
<td>219</td>
</tr>
</tbody>
</table>
Correlations between constructs and dependent variables (figure 2, 3 and 4)
Three constructs show significant correlation: Utilitarian Outcomes (.620), Relative Advantage (.508), and Hedonic Outcomes (.432).
These constructs all are part of the same component, “positive attitudinal beliefs”.
Correlations between dependent variables
This high value confirms the correlation between the ‘intent to use’ and actual usage. (Sigma <5, correlation coefficient .769).

Correlation between components and dependent variables (figure 2, 3 and 4)
The mean values of each component were calculated, and investigated for correlation to the dependent variables. Component 1 shows significant correlation to the ‘intent to use’ (.642), while components 2 and 3 demonstrate low values (negative attitudinal beliefs 0.259, control beliefs 0.322).
This confirms the findings that items of the ‘positive attitudinal belief’ component show significant correlation to the dependent variable ‘intent to use’.

Hypotheses
H1-H0
The regression as well as the correlation analysis of the components shows a significant relationship between component ‘positive attitudinal beliefs’ and the behavioural intention to adopt internet telephony. This confirms hypothesis H1.

H1 confirmed: Positive attitudinal beliefs positively influence the intent to use internet telephony.
Therefore, the null hypothesis is rejected.

H0 rejected: “Positive attitudinal beliefs”, “Negative attitudinal beliefs” and “Control beliefs” do not influence the intent to use internet telephony.
H2-H3
The components “negative attitudinal beliefs” and “control beliefs” do not show reliable results from the linear regression, nor correlation with the independent variable. Therefore, these hypotheses are rejected.

**FIGURE 3: NEGATIVE ADDITIONAL BELIEFS**

H2 rejected: Negative attitudinal beliefs negatively influence the intent to use internet telephony.

**FIGURE 4: CONTROL BELIEFS**

H3 rejected: Control beliefs positively influence the intent to use internet telephony.
DISCUSSION AND CONCLUSIONS

The research shows a high adoption and use of internet telephony in the sample. On the other hand, it also shows the inability of internet telephony to replace normal telephones (PSTN, Public Switched Network) at this stage in Thailand for international calls, with most internet telephony users still relying on the PSTN for part of their communications overseas.

Existing consumer information technology adoption models with the instruments used in this research were partially able to predict the intentional behaviour to adopt internet telephony.

The perceived usefulness, the ability of internet telephony to improve social contact, cost savings and enjoyment were found to be the strongest predictors for the intent to use internet telephony.

Negative attitudinal concepts such as security concerns and frustration with the technology did not show significant influence. Neither did quality concerns and ease of use influence the behavioural intent to use internet telephony.

IMPLICATIONS

Impact on the market

The study indicated that internet telephony in Thailand is real, given the high adoption and use in the sample (over 80%). Amongst internet telephony users, a significant group (62.8%) pays for internet telephony communication, while 28.6% makes use of free calls only. This indicates that internet telephony is creating significant volumes of calls that are bypassing the traditional Thai telecommunications networks. Lagging legislation and slow liberalization of the Thai telecommunication market has created a large ‘grey’ market of international communication, in which many international calls from Thailand are now not being made through the traditional PSTN channel but through internet telephony systems without any license being obtained from the National Telecommunications Authority. As indicated earlier, it would appear that very few studies have been undertaken in respect of consumer as opposed to business usage of internet telephony (in Thailand or elsewhere).

From a marketing perspective the results suggest that emphasizing the positive attitudinal beliefs e.g. the usefulness (improving social contact), the advantages (such as cost saving) and the ‘fun factor’ (hedonic outcomes) would be the most effective. Messages surrounding security ease of use and quality would have less impact on the adoption and use of the technology.

It is hoped that this study will generate further interest in this important area.
REFERENCES


WEB REFERENCE

A MODEL OF PERSONAL EPISTEMOLOGY, SELF-EFFICACY AND LEARNING STYLES

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ABSTRACT

Many students entering hospitality undergraduate program have a wide range of academic, epistemological beliefs learning styles and motivation. This poses an additional challenge to teaching staff as to how best to address students' learning behavior and cognitive processes in relation to appropriate instruction. Students' learning styles are dictated by how students perceived knowledge, particularly the meta-cognitive components (Personal epistemology) to perform in college. Nevertheless, studies have shown that students' self-efficacy (perceived ability) has a mediating effects in this relationship. Hence, the purpose of this study was to explore the relationship between personal epistemology and learning styles mediated by self-efficacy. Data collection was carried out at the Faculty of Hotel and Tourism Management, UiTM. The instruments were administered during regular scheduled courses. Structural equation modeling (SEM) technique was employed to assess relationships among manifest (i.e., observed) and latent variables. Data were analyzed at the p<.05 level of significance.

INTRODUCTION

Increasing complexity in all facets of work and life coupled with persistent calls for educational relevancy present numerous challenges to educational institutions, particularly higher vocational programs (hospitality management). For instance, the complex business world has provided a new dimension toward the importance of higher vocational education. The traditional belief that has plagued vocational education currently is replaced by the renewed understanding that mental processes (learning theory) can never be separated from doing and practice. The need to revise or eliminate outdated curriculum and develop new contents to meet emerging work requirements is a seemingly endless discourse and occurrence — not to mention the ineffectiveness of the delivery system.

There has been considerable debate and some disquiet among industry professionals regarding the issue of degree standards. However, the call for improvement and innovation in the educational process has been plagued by our own educational
culture of learning. The main actor in this process has been undermined – students’ learning experiences.

One of the typical indicators of academic standards is measured through the number of first and upper-second-class degree awarded. While the relevance of this performance indicator to today's graduates might be questioned, they raise interesting points worthy of further consideration. The issues of variability among schools and situational demand, such as examinations format, assessment, will influence how students respond to situational tasks and academic performance alone could not provide the best indicators for students learning experiences. Sometimes, the examination formats do not engage the types of abilities that are meaningful in real life contexts or emotionally charged (e.g. thinking skills) (Keeley, 1992; Yeh, 2001). Hence, it is imperative for educational institutions to understand this predicament if hospitality management education is to continue its relevancy and preparing future workforce that is capable of facing global challenges.

In our efforts to understand the ways students learn, their motivation for learning, and the factors which can affect learning, we must recognize the concept of multidimensionality. In any individual learner’s experience, there are many factors which can affect learning. Students need to understand that the way they see things depend on their epistemological beliefs. The more they have been exposed to relevant knowledge the more they tend to see things from a dualistic approach to a more relativistic approach (Schommer, 1990). It is believes that, students’ epistemological beliefs and perceived ability dictate their learning behaviors. At the same time, understanding individual’s epistemological beliefs enables educators to define the learning environment and deploy effective instructional approaches (Anders and Evan, 1994).

The study developed a structured questionnaire for the survey. As this study is the first of its kind to be carried out amongst hospitality students, a thorough knowledge of the subject matter and figuring out the way respondents react to the questions are vital. The sample frame is drawn from the Faculty’s student registration database.

Relationships between the constructs need to be studied and understood well. The preliminary findings from this study would be able to inform hospitality schools of its existence (epistemological beliefs and self-efficacy) and how their beliefs influence learning style.

**Problem Statement**

Apparently, there is a growing concern and criticism about the quality of today’s hospitality management graduates. The industry has lamented that today’s graduates lack certain critical abilities to perform effectively in the workplace. Despite the criticism, there has also been no initiative or concerted efforts taken by hospitality schools to understand the multidimensionality of the issue. Much of the initiatives taken to correct or respond to this allegation have concentrated on the curriculum itself and neglecting the students’ role in the learning process. Within the curriculum context issues such as curriculum structure, course contents, credit hours have been given great consideration.
To date no attempt has been made (within the hospitality domain) to analyze the interrelationships between epistemological beliefs, self-efficacy and the approach to learning in order to explain students’ learning process. Lord and Emrich (2001) say “changes in learning behavior require changes in meta-cognitive processes (emphasis added)” . Student’s epistemological beliefs influence their conception about learning and goals (mastery and performance).

Accordingly, Epistemological beliefs have a direct influence or act as ‘stimulant’ on the individuals’ behavior (Russell, 2001). Hence, educators should be aware of their learning preference in terms of approaches and classroom management. Therefore, a fuller understanding of epistemological beliefs held by students would be of much value to educators in developing better classroom learning experience. Research has shown that epistemological beliefs influence comprehension and cognition for academic tasks, particularly in classroom learning (Schommer, 1990; 1994). The beliefs students hold (epistemology and self-efficacy) will eventually influence their professional practices (Russell, 2001).

Objective of the study

The objective of this study was to explore the effects of epistemological beliefs and self-efficacy on learning behavior amongst hospitality management students. Nevertheless, in this study, learning style is assessed as a trait rather than looking at the situational demand that may influence learning styles (situation-based).

LITERATURE REVIEW

Epistemological Beliefs

According to Schommer (1990), epistemology is a ‘system of belief constructs, comprised of multiple dimensions rather than as a general construct.’ Epistemological beliefs refer to individuals’ beliefs about the nature and structure of knowledge (Schommer, 1998; Buehl, Alexander and Murphy, 2002). Throughout the philosophical literature, studies on Epistemological beliefs have been well documented. However, within the educational context this philosophical construct is a recent phenomenon.

Recent educational research has begun to focus on the importance of linking students’ epistemological beliefs and achievement motivation constructs (Buehl, Alexander and Murphy, 2002). According to Ryan (1984), students’ beliefs about knowledge are based on either dualistic or relativistic. Ryan also found that those with relativistic epistemological beliefs said they achieved understanding when they could apply the information to new situations (transferability) and when they could see connections between ideas. On the other hand, those with dualistic beliefs tend to focus only on facts finding and develop concept loosely.

Perry (1970) was known to be the pioneer in investigating how college students relate knowledge, learning and the environment. Using an interactionist model, he attempts to interpret students’ epistemological responses to the college learning environment. Perry observes that students would start their studies thinking in a dualistic (‘Yes’ or
No’, ‘True’ or ‘false’) manner and gradually shift to a more relativistic approach (absolutes are no longer the norm, but the exception) to understand the world. Starting from Perry's research on beliefs, several authors have adopted the model and developed further from different lines of thought. However, the meta-cognitive perspectives has received much attention over the past decades. The meta-cognitive perspective originated in the USA is said to focus on the analysis of students' beliefs about knowledge and learning (Ryan, 1984; Schommer, 1993a).

Activities such as planning how to approach a given learning task, comprehension, and progress toward the completion of a task are meta-cognitive in nature. It is argued that meta-cognitive activities play a critical role in determining how well learners apply their cognitive resources (Borkowski, Carr and Pressely, 1987). Nevertheless, both perspectives view that all learners have their own subjective preference for learning depending on the situational demand. One criticism of Perry’s scheme of epistemological beliefs is its uni-dimensionality. Schommer (1990) realizes that an individual’s epistemological worldview is best explained as a “system of more or less independent beliefs”. This leads to the development of five distinct dimensions (simple knowledge, certainty of knowledge, omniscient authority, learning is innate and learning is quick or not at all) that can be measured independently.

Schommer (1993a) also postulates that epistemological beliefs predict academic achievement. Later, she advances this initial hypothesis to include the epistemological beliefs effects on learning strategies and comprehension. According to Schommer (1993b) gender plays an important role in conceptualizing knowledge. Female students believe to a greater extent than boys that learning takes place gradually, which may give them a slight epistemological advantage in their efforts at comprehension and this would enable girls to perform better in examinations. This aspect is related to different ways of studying, or approaches to learning. Hence, a person holding naïve epistemology generally believes that knowledge is simple and clear, knowledge resides in authorities, concepts are learned quickly or not at all, and learning is innate - a transmissive approach. On the other hand, if a person holds a mature (relativistic) epistemological belief, he or she tends to view knowledge as complex, knowledge can be learned, and knowledge can be developed accordingly by the learner – a constructivist approach (Schommer 1990; Brownlee, 2001).

**Academic self-efficacy**

According to Bandura (1997) academic self-efficacy is students’ belief in their ability to activate and regulate motivation and cognitive resources needed to attain a desired educational goal. Self-efficacy has been shown as an effective predictor of students’ choice of academic activities (Pajares and Schunk 2002; Zimmerman, 1995).

When self-efficacy is low, students will underestimate their performance abilities. Students will select tasks that do not challenge them, thus not receiving corrective feedbacks regarding their performance, which could counter their negative self-efficacy perception (Bandura, 1997). These students often allow their doubts to undermine their concentration in turn causing them to give up easily during difficult tasks (Bandura and Locke, 2003). When self-efficacy is high, students will challenge themselves to
engage in tasks successfully. Students with high efficacy will feel confident in their performance and ability to succeed which in turn promotes competency for further tasks (Locke and Latham, 1990). Perceived ability (Self-efficacy) is said to play a role in mediating the relationship between epistemology and learning behavior (Ames and Achjer, 1988; Schunk, 1995). According to Schunk (1995) students with the right level of epistemology belief about knowledge will see ability to learn through the adaptation of the appropriate learning styles will affect their performance.

**Learning behavior**

This study assumes that learning styles is a trait that surfaces as an attitude towards learning. Entwistle (1988) proposes that learning style consist of three levels: deep, surface and disorganization. Weinstein and Mayer (1986) call the deep approach as ‘critical thinking’. Students using the deep approach tend to validate any information and attempt to connect them with their prior knowledge. Individuals who used this approach to learn is able to challenge the authenticity of the knowledge or information. Prior knowledge is said to provide the basis of this challenge. On the other hand, students with a surface learning style will never challenge the validity of the information and deploy the rote memorization strategy. Disorganization learning style refers to an individual who is unable to organize and structure information in an orderly manner for better comprehension. Nevertheless, Biggs (1993) unveils that there is nothing wrong with the rote learning strategy and this does not equate the strategy with the surface learning styles.

Biggs further explain that situational demands (tests and exam formats) may influence the adoption of the learning styles. According to Schoenfeld (1983) novice learners (normally 1st year students) tend to select the first strategy that comes to mind and stick to it regardless of the nature of the knowledge and the outcomes. On the other hand, students who are keen about learning tend to understand the task, select a learning strategy and evaluate the outcomes, which resemble the deep learning approach. Students who adopt this approach tend to make sense and integrate the information (Biggs, 1993).

In certain circumstances, learning styles have been conceptualized as cognitive and metacognitive study strategies (Qian and Alvermann, 1995). However, the concept of cognitive and metacognitive involves more than just applying the specific approach to achieve result. Metacognitive concept includes the understanding of how and when to use different strategies to meet goals and greatly depends on the situational demands to select the best strategies to achieve better performance (Sinkavich, 1994). Metacognitive experiences usually precede or follow a cognitive activity. For example, if a person has failed to comprehend (cognitive) what he or she has just read and attempts to rectify (meta-cognitive is activated) the situation (Roberts and Erdos, 1993). Hence, a student may apply the concept (strategies) to determine which learning styles to adopt when confronting a particular task or assignment. Thus, is it believed that those with greater meta-cognitive abilities tend to be more successful in their cognitive endeavors (Flavell, 1979).
METHODOLOGY

The purpose of this study was to explore the effects of epistemological beliefs and self-efficacy on learning behavior amongst hospitality management students enrolled in the Faculty of Hotel and Tourism Management, UiTM. Accordingly, it is also important to recognize the fact that data and methods of capturing data are inextricably interdependent (Leedy 1980, p. 75). In order to understand the scope of the study, a thorough knowledge of the subject matter and figuring out the way respondents react to the questions are vital. Not wanting to reinvent the wheel, the initial construct list was adapted from Schommer (1998), Owen and Froman (1988) and Entwistle (1988). The study sample was derived from one university offering hotel and tourism management (final year students). In order to secure responses, the questionnaire was administered during class sessions (from several courses). The context of this study, a large public university, limits the extent to which the findings can be generalized to other types of institutions.

Sampling, Data Collection and Analysis

The sample frame/or population and the size were drawn from the Faculty’s students registration database (random sampling among the final year). Participation is voluntarily. Self-administered questionnaire was employed in this study. All final year (500 students) are informed of the study and distributed the questionnaire through their respective class representatives. The respond rate was 42 percent. A total of 210 students (consisted of 66 male and 144 female) responded. This proportion generally represents the distribution of student population of the Faculty.

Students were asked to respond to the adapted questionnaire that contained Schommer’s (1998) Epistemological Questionnaire and Entwistle’s Learning strategies (1988) and their demographic. A 5-point Likert scale was used to test the degree to which each student rates the importance of each question in the EQ (63 items) and learning strategies (15 items) scales. Academic self-efficacy questionnaire (33 items) was adapted from Owen and Froman (1988). Students who did not respond in the first occasion were reminded through their class representatives. Composite scores for the two constructs (epistemological beliefs and Academic self-efficacy) were carried out by aggregating each subscale for each of the two categories. The mean scores and standard deviations (SDs) were performed on the data. We employed two levels of analysis. First, data was treated using exploratory and confirmatory analyses. To validate the scales, items in each dimension were summated and tested using structural equation modeling (Amos 6). Reliability test was also performed on the data.

FINDINGS

A normal distribution is a critical assumption in Structural Equation Modelling (SEM). Assessment of normality was carried out to determine data distribution. Result from the test indicates that the joint multivariate kurtosis value and associated critical ratio there is a moderate degree of non-normality (4.68, 2.68); therefore, transformation was needed in order to rectify the situation (data influencing the results). Following transformation, a Bollen-Stine bootstrap procedure (1000
iterations) was employed. This analysis was not significant (The p value was < .05 (.361) indicating that the model fit was not inflated. The KMO measure of sampling adequacy is .646.

Based on these results, it was decided and following Gerbing and Anderson’s (1989) recommendation that the maximum likelihood (ML) method of estimation should be used (ML procedures requires that the observed variables to be continuous and normally distributed).

Since the study took place in a different cultural context, exploratory factor analysis and confirmatory factor analysis were used as an attempt to identify and validate the multidimensionality of the constructs. Nevertheless, the epistemology sample items (63) did not produce a sensible result. As an alternative, factor analysis using the 12 subsets identified produce a much more parsimonious result than using each single item (Schommer, 1998). This approach is said to reduce the problem of multicollinearity between the endogenous variables (Cohen and Cohen, 1983). Subscales were considered to load on a factor if its loading was equal to or greater than .40.

Principal factoring extraction with varimax rotation was used and has produced 4 factors which accounted for 62.5% of the variance. The adapted questionnaire yielded factors of similar beliefs and labeled as: Knowledge is certain, Knowledge as simple (discrete), Ability to learning is innate and Learning is quick. The coefficient alpha of each factor assesses the overall reliability of the scales along with the item-to-total correlation for each item. To improve the reliability, items with correlations below the .3 were deleted from the scale (Nunnally, 1978). The final reliability of the scales (coefficient alpha) ranged from .80 to .95.

The adapted questionnaire for the learning styles yielded 4 factors. Principal factoring extraction with varimax rotation was used which accounted for 69.95% of the variance. The three (3) can be easily identified as compared to the fourth. However, the forth factor was dropped due to very low alpha. This is in line with Nunnally’s (1978) argument saying that if the scales are not reliable, there is no point in performing additional analysis. Apparently, the three (3) factors were labeled as Deep learning, Surface learning and Disorganization. The reliability of the scales (cronbach alpha) ranged from .78 to .95. Reliability of self-efficacy scale was .96. The Epistemological Beliefs Questionnaire and the Learning Styles Questionnaire have been validated by means of confirmatory factor analysis (Amos 6). The results from analyzing the measurement model indicate a good fit of the seven dimensions of Certain, Quick, Innate, Simple, Deep, Surface, Disorganization. The value of CMIN/DF was 1.27, below the recommended value of 3.0 (Kline, 1998). The RMSE value also falls within the lower limit of the 95% confidence interval of RMSEA (.035, .222). Other fit indices also point to an acceptable model fit (GFI = .979, AGFI = .954, CFI = .963). The structural model also indicated a good fit with the data (CMIN/DF = 1.09; GFI = .97, AGFI = .95; IFI = .95; CFI = .98; RMSEA = .020). See Diagram 1.
A two-tailed correlational analysis was conducted on epistemological beliefs and learning styles scales to see whether there is any relationship between these constructs. See Table 2. For the male students, Surface learning was found to be negatively related to Certain Knowledge ($r = -.386, p < .01$), Simple ($r = -.264, p < .05$), but positively related to Innate ability ($r = .263, p < .05$). Disorganization was found to be negatively related to Certain knowledge ($r = -.292, p < .05$), and positively related to Innate ability ($r = .334, p < .01$). For female students, only Surface learning style was found to be negatively related to simple knowledge ($r = -.170, p < .05$). However, MANOVA test did not show any significant difference between gender (Wilk’s lambda = .938, $F = 2.01, df = 7, p > .05$).
TABLE 1: MAXIMUM LIKELYHOOD ESTIMATES (REGRESSION WEIGHTS)

<table>
<thead>
<tr>
<th>Label</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selfefficacy &lt;-- epistemology</td>
<td>0.191</td>
<td>0.333</td>
<td>0.572</td>
<td>0.568</td>
</tr>
<tr>
<td>Learnstyle &lt;-- epistemology</td>
<td>0.574</td>
<td>0.273</td>
<td>2.1</td>
<td>0.036</td>
</tr>
<tr>
<td>Learnstyle &lt;-- Selfefficacy</td>
<td>-0.131</td>
<td>0.056</td>
<td>-2.326</td>
<td>0.02</td>
</tr>
<tr>
<td>Certain &lt;-- epistemology</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quick &lt;-- epistemology</td>
<td>-0.219</td>
<td>0.201</td>
<td>-1.088</td>
<td>0.277</td>
</tr>
<tr>
<td>Innate &lt;-- epistemology</td>
<td>-0.409</td>
<td>0.214</td>
<td>-1.908</td>
<td>0.056</td>
</tr>
<tr>
<td>Simple &lt;-- epistemology</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disorganize &lt;-- learnstyle</td>
<td>-0.641</td>
<td>0.224</td>
<td>-2.866</td>
<td>0.004</td>
</tr>
<tr>
<td>Surface &lt;-- learnstyle</td>
<td>-0.719</td>
<td>0.25</td>
<td>-2.88</td>
<td>0.004</td>
</tr>
<tr>
<td>Deep &lt;-- learnstyle</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TABLE 2: CORRELATIONS BETWEEN EPISTEMOLOGICAL BELIEF AND LEARNING STYLES DIMENSION

<table>
<thead>
<tr>
<th>Epistemological Dimensions</th>
<th>Certain Knowledge</th>
<th>Quick Knowledge</th>
<th>Innate Ability</th>
<th>Simple Knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male Deep</td>
<td>.018</td>
<td>-.028</td>
<td>-.169</td>
<td>-.001</td>
</tr>
<tr>
<td>Surface</td>
<td>-.386(**)</td>
<td>.018</td>
<td>.263(*)</td>
<td>-.264(*)</td>
</tr>
<tr>
<td>Disorganize</td>
<td>-.292(*)</td>
<td>.150</td>
<td>.334(**)</td>
<td>-.164</td>
</tr>
<tr>
<td>Female Deep</td>
<td>.112</td>
<td>.074</td>
<td>.007</td>
<td>.090</td>
</tr>
<tr>
<td>Surface</td>
<td>-.027</td>
<td>.020</td>
<td>-.100</td>
<td>-.170(*)</td>
</tr>
<tr>
<td>Disorganize</td>
<td>.077</td>
<td>-.028</td>
<td>.096</td>
<td>-.024</td>
</tr>
</tbody>
</table>

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

Next, we test the direct, indirect effects of the estimated parameter (Epistemological belief -7 academic self-efficacy-7 learning styles). See Tables 3 and 4 for standardized direct and indirect effects. Epistemology has a direct effect on learning styles (0.27). Epistemology also has a negative indirect effect on learning styles through the mediation of Self efficacy (-0.012).
To test whether gender plays an important role in determine the level of academic self-efficacy, we identified the low and high self-efficacy levels through cluster analysis. Crosstab result shows that there is a significant difference $p > 0.05$. Table 4 summarizes the path coefficients of the final model based on the maximum likelihood estimates regression weights.

**TABLE 3: STANDARDIZED DIRECT EFFECTS (GROUP – DEFAULT MODEL)**

<table>
<thead>
<tr>
<th></th>
<th>epistemology</th>
<th>Selfefficacy</th>
<th>learnstyle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selfefficacy</td>
<td>.047</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>learnstyle</td>
<td>.271</td>
<td>-.252</td>
<td>.000</td>
</tr>
<tr>
<td>Disorganize</td>
<td>.000</td>
<td>.000</td>
<td>-.430</td>
</tr>
<tr>
<td>Surface</td>
<td>.000</td>
<td>.000</td>
<td>-.451</td>
</tr>
<tr>
<td>Deep</td>
<td>.000</td>
<td>.000</td>
<td>.522</td>
</tr>
<tr>
<td>Simple</td>
<td>.540</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Innate</td>
<td>-.157</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Quick</td>
<td>-.089</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Certain</td>
<td>.826</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

**TABLE 4: STANDARDIZED INDIRECT EFFECTS (GROUP-DEFAULT MODEL)**

<table>
<thead>
<tr>
<th></th>
<th>epistemology</th>
<th>Selfefficacy</th>
<th>learnstyle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selfefficacy</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>learnstyle</td>
<td>-.012</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Disorganize</td>
<td>-.111</td>
<td>.108</td>
<td>.000</td>
</tr>
<tr>
<td>Surface</td>
<td>-.117</td>
<td>.114</td>
<td>.000</td>
</tr>
<tr>
<td>Deep</td>
<td>.135</td>
<td>-.132</td>
<td>.000</td>
</tr>
<tr>
<td>Simple</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Innate</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Quick</td>
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CONCLUSIONS

This research was carried out as an early attempt to establish an explanation as to the effect of epistemological beliefs on learning styles. The findings indicated the model fits the available data, however, it did not lend a clear explanation. The model suggests that the adoption of students’ learning styles can be predicted from the specific level of students’ epistemological beliefs. Overall, the findings of this study are unable to support previous studies on the mediating effects of self-efficacy. Nevertheless, the findings could provide a basis to explain why some students were unable to connect or integrate knowledge. To help students develop more sophisticated (and relational) epistemological beliefs that connect self and knowledge, it is imperative for educators to consider how the facilitating conditions can help students learn better. Subsequently, to develop an effective instruction and delivery systems, educators must understand students' beliefs, perceived ability and learning motivation in relation to their learning environment.

REFERENCES


THE DIMENSIONS OF SERVICE QUALITY: A STUDY OF THE INDIAN RETAIL BANKING ENVIRONMENT

Paper withdrawn from publication.
Page 58 – 75.
INTERNAL BENCHMARKING AND THE LEARNING ORGANIZATION AT THE TELEPHONE ORGANIZATION OF THAILAND (TOT)

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ABSTRACT

This study is concerned primarily with an internal benchmarking study conducted in TOT, in two divisions which are concerned with the revenue sharing processes with two external concessionaires. The essential objective of the study was to improve the performance of the two divisions in an endeavor to reach a position of best internal practice.

The study was not specifically about the movement of TOT towards becoming a Learning Organization although the Chief Executive Officer of TOT had indicated his intention for TOT to move in that direction.

Nevertheless, there are aspects of benchmarking which also have relevance to a Learning Organization such as the development of effective teamwork, greater staff involvement and participation and a staffing attitude leading towards a desire for continuous work performance improvement.

As a result, although the study itself was only concerned with the process of internal benchmarking, the relationship of the study to the broader concept of a Learning Organization was also investigated and discussed.

INTRODUCTION: TOT

TOT is a large public company in Thailand. It was originally a state instrumentality. However, while its form of organization has changed, it is, in fact, a public company where currently all the shares are owned by the Thai government.

It is a large organization of almost 20,000 staff, an annual revenue (2006) of over 75 billion baht (over US$2 billion) and a net profit of approximately US$200 million.

Benchmarking

The concept of ‘benchmarking’ has become increasingly important in recent years as organizations have sought to improve their performance in an attempt to become and to remain competitive. Nowadays, it is not only important to be competitive at the local and national levels but it is increasingly becoming important to be able to compete in the international marketplace.
Thailand, together with other members of the World Trade Organization (WTO) is committed to the opening up of its telecommunications sector and this means that TOT is likely to face increasing international competition in the future and so it has become essential for TOT to encourage and develop a process of continuous change and organizational development.

One important methodology in coping with continuous change is to ‘benchmark’ to try to develop ‘best practices’.

Benchmarking is seen as one of the most effective tools for transferring knowledge and innovations in organizations (Hinton, Francis and Holloway, 2000). Of even more importance, benchmarking used to support continuous improvement strategies is likely to have a positive impact on the organization’s competitiveness (Carpenetti and Mello, 2002).

Reider (2002, p. 41), defines benchmarking as:

A process used for analyzing internal operations and activities to identify areas for positive improvement in a programme of continuous improvement.

Vitasek and Mandrodt, 2005, p. 55, define benchmarking as:

Benchmarking is the process of drawing meaningful comparisons between a company’s performance of identified best practices. For many companies, these known best practices can become a beacon for continuous improvement pointing employees to better ways to get things done.

With reference to the different types of benchmarking which have been identified, a number of authorities identify four basic types, depending on whom one compares with; these are competitive, functional, generic, and internal benchmarking (O’Dell and Grayson, 2000; Balzan and Baldacchino, 2007; Reider, 2000).

Competitive benchmarking, probably the most common form of benchmarking, looks outside the company, identifying strengths and weaknesses and helping to prioritize specific areas for improvement (Rolstadas and Andersen, 2000). However, it sometimes raises the problem of the sharing of sensitive information with competitors and it was not really available to TOT (Reider, 2000).

Functional benchmarking is used when an organization wants to benchmark with partners drawn from different business sectors to improve similar functions or work processes (Andersen and Pettersen, 1996).

Internal benchmarking means benchmarking against internal operations and does not examine practices outside the organization. It is thus a more restricted form of benchmarking, but it can still be worthwhile and useful (Vitasek, 2006). It can provide a framework for trying to identify ‘best practice’ within an organization as a preliminary step to external benchmarking or, in its own right, solely within a particular organization (Reider, 2000).
Internal benchmarking was selected for the TOT study and while it may be seen as the most limited form of benchmarking, it nevertheless, may be of considerable value. Reider (2000) states that the effective use of internal benchmarking techniques allows a company to operate at optimum levels by performing the ‘right’ particular job or process the ‘right’ way and at the ‘right’ time. When applied consistently, internal benchmarking can be a preventative measure and it is part of TOT’s plan that the particular activity be repeated and the information obtained disseminated within the organization. Reider (2000) also claims that it can be used successfully for internal and competitive excellence.

Vitasek and Mandrodt (2005, p. 55) define internal benchmarking as follows:

*Internal benchmarking is looking within a firm to find your own pearls of wisdom to leverage across the organization rather than looking outward to other companies or other industries. Today’s companies want a quick return on investment, and internal benchmarking can help reduce the amount of time to do benchmarking. In addition, it is often much easier for employees to buy in to a best practice when they can see the practice being demonstrated within their own company.*

Internal benchmarking, then, was considered to be a suitable method for this study and desirable for TOT as a first step towards the process of moving towards organizational change and to becoming a Learning Organization.

Perhaps, at this point, it is also appropriate to define a ‘Learning Organization’. Garvin (1993, p. 78) defines the learning organization as:

*One that proactively creates, acquires and transfers knowledge and that changes its behaviour on the basis of new knowledge or insights.*

We will return to the Learning Organization a little later.

**MODEL AND METHODOLOGY**

A case study approach was used in this research, with internal benchmarking as a methodological tool. Patton (2002, p.447) says that:

*The case study approach to qualitative analysis constitutes a specific way of collecting, organizing, and analyzing data; in that sense it represents an analysis process. The purpose is to gather comprehensive, systematic and in-depth information about each case of interest.*

The method used in this internal benchmarking study was taken from Camp (1994). Camp uses five phases in his study. These are the planning phase, analysis phase, integration phase, action phase, and maturity phase.
In the planning phase, it is necessary to select the comparative companies or activity centers and determine the data collection method and collect data. The analysis phase determines the current performance gap, and projected future performance.

The integration phase is concerned with communicating internal findings and gaining acceptance and establishing goals. The action phase requires the researcher to develop action plans, implement specific actions, monitor progress and recalibrate the internal benchmarks.

The final maturity phase focuses on a leadership position being attained and the practices being fully integrated into the corporate process.

This model was used in conjunction with Boonyakit and Siripanit’s (2002), selection criteria in order to select the most appropriate area for internal benchmarking. This selection criteria examines the following areas:

1. The impact of the process on goals and organization strategies.
2. The need to improve the process.
3. The difficulty or ease with which the company can be internally benchmarked.
4. The nature of the teamwork.
5. The organization’s achievements.

Using this model, then, it was determined by the participants of the two revenue-sharing divisions that the actual revenue–sharing process itself was the most important aspect requiring internal benchmarking.

This process was then undertaken in both revenue-sharing divisions using Camp’s (1994) methodology.

Space is insufficient in this paper to report and analyse each aspect of Camp’s methodology as applied in these two revenue-sharing divisions of TOT. Suffice to say, however, the application of this methodology resulted in significant improvements in the internal work practices and performance levels in both revenue-sharing divisions.

As well as the steps indicated above in Camp’s process, the study involved observation of participants by the researcher or her research assistants (with the full permission of all participants in both divisions), a self-reflection stage, an important stage which enabled participants to each personally ‘reflect’ on the process and on the changes and improvements made to the process after these changes and processes had been implemented, and further interviews with the staff members involved at the conclusion of the whole process.

In the view of the researcher, the ‘self-reflection’ stage was a significant aspect of the whole process, and, indeed, fostered mindsets among participants which were concerned with the need for continuing and ongoing improvements in work practices.

As indicated, the data analysis and synthesis from internal benchmarking of the revenue sharing processes of the two divisions at TOT derived from Camp’s (1994) steps of planning, analysis, integration and action. In addition, results from observation, interviews and self-reflection identified seven themes which lead to best
practice, namely system management, time management, learning, the learning organization, professional development, teamwork, internal benchmarking and motivation. This demonstrates the new knowledge obtained and how to rethink the best practice at TOT. It also discusses this process of internal benchmarking within TOT as a step towards becoming a learning organization.

In order for TOT to become a high quality learning organization, to be able to develop sustainable competitive advantage, which is competitive advantage over the long term, and compete in the current and future marketplace, it needs to continuously focus on these seven themes.

The procedure demonstrated a satisfactory degree of success of the internal benchmarking process and how it could be applied as a human resource management tool within the organization. The internal benchmarking system involved learning for achieving improvements. It leads to an understanding by employees of the strengths and weaknesses of the working process and allows comparisons between employees’ abilities that can lead to achievement of goals and successful outcomes. In addition, employees can use self-assessment to improve their performance and emulate better patterns of work.

Regarding system management in both divisions, the benchmarking process revealed the need for the administration to improve the working environment by providing adequate and suitable computers and printers. By improving the working environment, employees’ performances would also be improved. However, there were some problems and barriers that existed, due to management policy and the limited budget. It is therefore desirable to have a strategic plan and for a budget to be allocated within this plan. The physical working spaces of both divisions were also limited and had to be shared with other employees and so improvements were subject to the similar constraint, i.e., lack of budget.

The study found that when one division changed its computer program from Excel to Access, this resulted in improved performance, a reduction of time, better time management and improved working systems. Even in the other division which was already using the Access program, the time taken to conduct the work was still reduced after best internal practice was applied. Once this division was rivaled in performance by the other division, it had to endeavour to improve its own outputs and become more competitive. This corresponds with the findings of Godard (2001) which showed that the awareness of benchmarking can create more competitive behaviour, leading to new ideas and a change breakthrough. In other words, internal benchmarking can stimulate employees to be more competitive at work, leading to sustained improvements. Moreover, both divisions had an exchange in terms of learning and work experiences. As a result of discussions and meetings, employees were able to learn continuously, learn from working experiences and learn from others. This experiential learning is described by Kolb, 1984, and is important in the areas of globalization and privatization (Ormrod, 2006).

One way to achieve improvements in work performance is to try to create conditions which are likely to motivate employees, so the manager needs to make employees feel that they are fairly treated in their performance assessments which should be accurate, transparent, and appropriate to ensure fairness. Robbins and Coulter (2002) explain
that motivation is significant in encouraging employees to work towards a goal, to make sacrifices for the organization and to find satisfaction in the achievement of their work. Furthermore, it is necessary to enable employees to understand the value of teamwork, because it gives considerable benefits to the organization (Bateman and Snell, 2007). However, in Thai culture there are some problems related to teamwork. Thai employees tend to accept hierarchy and authority. They may accept the concept of teamwork because of their loyalty to a particular manager who wants them to work in and as a team. In other words, teamwork may not be accepted or practiced for its own sake or because it leads to higher levels of performance but rather as an aspect of respect and loyalty to someone who is regarded as a ‘good’ boss or manager. This is not necessarily reflected in higher levels of performance. Under this approach, there is often a lack of cooperation with their parts of the organization who are not members of this particular team. So, there is a hierarchy of respect and groups which may not accept each other and this can be a barrier (Hughes and Sheehan, 1993).

Unlike in many other cultures, it is difficult for Thai employees to openly disagree with their managers or anyone who occupies a more senior position and this can also cause a barrier towards the effectiveness of teamwork (McCampbell, Jongpipitporn, Umar and Ungaree, 1999).

Despite this, the concept of teamwork is an important aspect of internal benchmarking and of a movement towards becoming a learning organization. However, an important aspect in team development and operation is a process not only leading towards successful teamwork but one which also attempts to successfully integrate the activities of all teams which is likely to lead to the overall success and competitive advantage of the whole organization.

Another way to improve work performance is professional development. This could occur through on-the-job training, whereby employees learn from their own performance, and also from attending seminars and site visits, either to other sectors within TOT or to other organizations. Brewster, Darling, Grobler, Keller and Warnich (2000) and Harrison (2004) indicate that on-the-job training gives the opportunity to learn new work-related skills, promoting self and professional development. However, the important thing is for employees to reflect on the learning, thinking and working processes through regular self-assessment, or by having regular discussion and ‘brainstorming’ meetings. Discussions at such meetings can reveal employees’ thinking and their feelings towards the work process and this, in turn, can bring about improvements in work performance (Southard and Parente, 2007).

Staff in both divisions have developed their knowledge of internal benchmarking strategy and their perceptions of how it works, namely making comparisons with each other to find best internal practice. Hence, these staff now realize the importance of the process and that it can benefit them in terms of self-development, increase their knowledge and ability, compare themselves with another division and lead to the achievement of the organization’s goals. According to this research, internal benchmarking of the two divisions enhanced knowledge, understanding and self-development which can bring about a competitive edge. Moreover, staff in both divisions have developed their knowledge of technology. This is because data management in the revenue sharing process requires knowledge not only of the software program but also of financial and accounting disciplines. When staff in the
two divisions reflect on the revenue sharing activity, it increases both their technological and financial skills, which are essential to managing the process.

The study also found that staff from both divisions needed to further develop their computer skills for use in data management.

Staff realize the importance of using technology to obtain quick and accurate data management. The study also found that both divisions developed their timing skills, for example, in solving problems in the work process. This was because the work has various steps and when a problem occurred, employees could share their knowledge and experience to solve it. By learning from each other, they could develop the skill of solving problems for themselves, so they learnt as a team. According to Senge, 1994, team learning is a way to share knowledge and develop thinking skills and Donnelly, Gibson, and Ivancevich (1997) assert that teamwork is essential if the organization is to be successful.

In summary, to develop the staff and increase their professional capabilities, the following were identified as areas for further development:
1. Technical skills in using computers and technology.
2. Technical skills for data management.
3. Time management skills, because timing is critical when following a plan and reaching a goal.
4. Self-assessment skills, which can be used to analyze strengths and weaknesses.
5. Learning skills, enabling employees to understand themselves and others in order to work together.
6. Self-development skills, allowing employees to feel part of the organization and enhance their knowledge. This will give them greater ability to face and manage organizational change.
7. Skills obtained through using the benchmarking procedure, facilitating self-assessment and performance appraisal in both divisions.

To enhance and support these improvements, the following are required:
1. Clear work steps to improve the working process.
2. Job rotation to allow individual employees to better understand all the roles and tasks within the division.
3. Staff should become both coaches and learners, through self-improvement, using teamwork not only to impart knowledge to others and help them to solve work problems but also to learn from other people.
4. Lifelong learning is important. The staff need to be able to learn continuously.
5. Self-development is necessary for professional development, which will allow employees to obtain the necessary knowledge, skills and competency to do the work and to better fit themselves for promotion and other opportunities.
6. It is important for employees to have clear goals that can be assessed through the TOT performance appraisal system.

It can be concluded that internal benchmarking provides many benefits to an organization, allowing it not only to improve its work processes, management and
staff but also its conceptual thinking. This applies to all types of benchmarking, of which, in some respects, internal benchmarking is the most restricted form. It is still, nevertheless, a worthwhile form, as this paper has tried to show. However, as the organization progresses towards becoming a learning organization, other forms of comparative benchmarking, both with local and international organizations’ best practices, may apply.

This can lead to more effective working systems, with management and staff having improved abilities and knowledge development. In effect, it establishes best practice, although this is an ongoing process so improvement and change occur all the time. Best practice maximizes the benefits that can accrue to the organization (Henderson and Evans, 2000; Rolstadas and Andersen, 2000; Boxwell, 1994).

A LEARNING ORGANIZATION

I now want to complete the paper discussing briefly TOT’s movement towards becoming a Learning Organization.

Unfortunately, at present, TOT still has quite some way to go before it can claim to be a learning organization.

The application of the internal benchmarking process in two small divisions of TOT is not, in itself, a direct movement towards becoming a learning organization. Nevertheless, it has been indicated that the benchmarking process does include various aspects which one would also see within a learning organization, such as employee participation and involvement, and an emphasis on teamwork. Certainly, if the internal benchmarking process was developed more widely over the whole of the TOT organization, TOT would be approaching the concept of becoming a learning organization.

However, there are still some problems which exist that would require significant change before TOT could be considered as a learning organization.

TOT is currently managed as a ‘top-down’ organization, with a tall hierarchy and many departments. This might be very difficult to change, especially while TOT continues to be wholly-owned by the Thai government.

Another aspect should also be mentioned. Benchmarking may not necessarily be practiced over the whole organization. As shown in this study, for example, it is only initially applied in two small divisions in the TOT organization. This may be extended but this is not necessarily the case.

The concept of the learning organization, however, is an ‘organization-wide’ or ‘system-wide’ concept (Brown and Harvey, 2006, p. 404).

Nevertheless, as indicated earlier, internal benchmarking may be regarded as a ‘driving mechanism’ towards an organization’s movement towards becoming a learning organization.
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Working Paper:

CUTTING INTO MANAGEMENT WITH OCKHAM’S RAZOR

Managers and Judgement.
Managers bring more than just a toolbox of methods and techniques to their work. It is the nature of management that they must also make decisions about interpreting complex organisational and people issues, about what constitutes problems and how to deal with them, about what information needs exchanging and about how to obtain the results required. They have to develop a managerial style that persuades people to work well for them as well as with them.

Taken together, these matters of judgement contribute significantly to the craft of management, and determine how an individual manager is perceived in regard to competence and personality. As a person who makes decisions in situations in which there are conflicting views, often limited information and multiple agendas the manager could be considered as a “judge” in enterprise operations.

Much of the knowledge and skill needed to make good decisions in management is learned through personal experience and interaction with other managers and workers. Many of the intangible influences on management operation – intuition, creativity, innovation, power – largely defy rational analysis, yet they are among the tools that managers bring to their work when making judgements. The outcomes of these judgements indicate the quality of those judgements and that quality relates to the way in which problems and decisions are tackled.

Ockham’s Razor.
Of particular interest in this judgement arena is the life and work of William of Ockham who was born in the village of Ockham in Surrey, England, in about 1285. There is much information about him under his name on various internet web sites. A summary of this information tells us that William, a Franciscan, studied and taught at Oxford from circa 1310 until 1324 when he was summoned to the papal court at Avignon to answer charges of heresy in his writings. After four years when it seemed as though he would finally be condemned he fled to Munich under the patronage of Ludwig of Bavaria. The common belief is that he died around 1348, a victim of the Black Death.

He employed one of his most popular theorems, the Razor, to eliminate many false foundations of the church. Ockham’s Razor, or the Principle of Parsimony as it is also known, generally states that irrelevant detail should be cut away so that the simplest possible explanation of an entity remains. Other forms of the Razor are:
* Plurality should not be assumed without necessity.
* What can be done with fewer assumptions is done in vain with more.
* One should not complicate explanations when simple ones will suffice.
* Entities should not be multiplied without necessity.
* The most economical theory will fit all the facts.

Although the principle was not unknown before Ockham enunciated it (Aristotle for example said that “nature operates in the shortest possible way”) it has come to be closely associated with him. In essence the Razor says that the simplest of two or more competing theories is preferable and that an explanation for unknown phenomena should first be attempted in terms of what is already known.
The Razor is a logical tool used to cut absurdities out of arguments and philosophical systems. There are notions that get a lot more credibility than they deserve, simply because someone overlooked the minor flaws in the argument, system or research. As we study the history of ideas the pattern becomes clear. Great fundamental truths ultimately win the day because no convoluted argument is needed to prop them up. On the other hand, flawed logic never ceases to test the ingenuity of its proponents in finding ever more complicated ways to prove the impossible.

The Razor does not mean we should always choose the simplest explanation but it advises us against explaining the unknown by inventing things that are themselves unexplained.

Ockham also claimed that you could not find out about the world by just sitting and thinking. Reason alone could prove nothing: you had to deal with things you could observe and experience – and experience on the experience of individual things. He was an empiricist and believed that things could not be understood naturally unless they could first be understood intuitively. He insisted that valid reasonable explanations had to be based upon simple, observable facts, supplemented by logic. He refuted the scholastic philosophers like Thomas Aquinas who treated universal concepts such as “good” and “great” as real independent entities. They argued, closely following Plato, that if we call both a pine and an oak “trees” then there must exist some real thing called “treeness” that they both share and which is a universal attribute. Ockham considered this “realism” or “universalism” as nothing more than nonsense. The idea that abstractions should be afloat in the world divorced from objects was simply false and absurd. According to Ockham, it is a mistake to treat a mere name as a reality rather than just a description. This contrary idea, that names are just names, is called “nominalism”.

The acceptance of such conditions results in not being able to either simply assume, for example, that God exists or scientifically prove that God exists – but Ockham, even though a theologian, was willing to accept that consequence. In his mind theology was one thing – a matter of revelation – and science was quite another – a matter of discovery. (This approach is why Ockham got into trouble with papal authority.)

Everything that exists is particular; relations amongst these particulars is purely conceptual. Only concrete individual substances and their particular features are real for Ockham: all else is manufactured by the human mind.

**Managers and The Razor.**

What do the Razor and nominalism mean for managers? We cannot oversimplify a complex world but we can avoid adding more complexity by explaining that world in unnecessarily complex ways. Thus the Razor can be used by managers to prevent them getting too involved in judgements and answers that result in confusions and complications which exacerbate rather than alleviate the issues and problems being tackled.

We cannot look at two people who are sound leaders and assume that the concept of leadership that we generate is a real entity. After many such observations and conceptualisations we will inevitably generate a complex concept of leadership. The next person we observe in a leader position may or not exhibit the concept thus generated.

We cannot apply the universal to our new leader as a measure of his or her possible leader success. Ockham would say that we must observe the individual and apply
subjective judgement in deciding whether the behavioural result in that situation with those people demonstrates that the individual is a leader. The Razor can be applied in most management situations involving the application or understanding of what managers do: motivate, communicate, plan, organize, control. Thus analysis and judgement in any situation should make reference to existing entities only when the features at issue cannot be explained in any other way. Leadership, communication, motivation and the like cannot be divorced from the object being referred to – the leader, the communicator, the motivator.

In the organisational world, managers are being increasingly bombarded with new theories, methods and techniques which the originators claim offer new hope in the struggle to make sense of that world and to get it to work more efficiently and effectively.

Ockham’s Razor should be used to cut and slice through these “new Jerusalems” in order to identify false logic and convoluted argument. In many cases the astute experienced manager, with comprehensive knowledge of the context in which he or she is operating, has more chance of developing answers to specific problems than a small army of “gurus” with a universal answer. The principle of parsimony is encapsulated in the modern advice to managers to “keep it simple stupid” (the KISS acronym) but some knowledge of the origins of this advice can make its application more useful. The Razor has had its main use in scientific method but its application to management judgement could produce similar results in preventing complex issues becoming more complex and the attempted application of universal solutions in particular cases.

Professor Roger Smith,
University of Western Australia,
30/8/2001
Book Review

Title: Social Intelligence
Author: Daniel Goleman
Publisher: Bantam
Year: 2006
Pages: 403
Cost: Approximately US$15 (Softcopy edition)
ISBN: 978-0-55339449-9
Reviewer: Brian Sheehan, President, AFBE
Rating: ****

Review: Daniel Goleman, who developed the concept of “Emotional Intelligence” goes even further in this work to discuss the concept of “Social Intelligence”.

He says, “I intend this book to be a companion volume to “Emotional Intelligence”, exploring the same terrain of human life from a different vantage point one that allows wider swath of understanding from a different vantage point. The spotlight shifts to those ephemeral moments that emerge as we interact. These take on deep, consequence as we realize how, through their sum total, we create one another”.

Goleman indicates that interactions with others have the power both to shape our brains and our behavior. Throughout his book, he develops this theme. Ultimately, he refers to the concept as “Gross National Happiness”, as practiced in Bhutan, in contrast to the economic measure of “Gross National; Product”, to illustrate that wealth of a country or of an individual, is not the same as happiness.

The concept of “Gross National Happiness” has been compared with the “Sufficiency Economy” largely developed and embraced by King Bhumipol, of Thailand. Broadly, this idea is that if we have sufficient food and other resources and these are widely distributed in society, there is then no need to develop a “more and more” society or a materialistic society.

Unfortunately, in contrast to his groundbreaking work on Emotional Intelligence, I found this work to be less convincing and also, rather repetitive.

As indicated, his work on emotional intelligence was seen as the development of a significant theory from a conceptual and academic viewpoint. It also achieved a great deal of popularity from the public generally at an international level.

This work, in my view, does not have a similar impact, however, this is not to say it is not important or lacking interest. In my view, however, it is as if, as a best selling popular author, he or his publishers want to build on the popularity of his earlier work.

In the view of this reviewer, this book makes good “in-flight” reading but lacks both the academic rigor or the impact of his earlier work.
Book Review

Book: The Literature Review: Six Steps to Success

Authors: Lawrence A. Machi and Brenda T. McEvoy

Publisher: Corwin Press: A Sage Company

Year: 2009

Pages: 164

Cost: Approximately US$36 (Hardcopy edition)


Reviewer: John Barnes, Editorial Committee, AFBE, Thailand

Rating: *****

Review: Many professors, theses supervisors and examiners of students, particularly at post graduate levels where extensive research is required, e.g., at Masters and Doctoral levels may be familiar with the earlier work of Chris Hart (2001), Doing a Literature Review: Releasing The Social Science Research Imagination which, until recently, was one of the few books which discussed this topic in detail. I am now pleased to be able to review a new title in this area. The Literature Review: Six Steps to Success, by Machi and McEvoy is written in user-friendly language and is more compact than Hart’s earlier work. The current title is also more user-friendly for those readers coming from outside the social science disciplines as it comprises just six steps in a relatively small volume. The six steps are:

Selecting the topic
Searching
Developing Arguments
Surveying the literature
Critiquing the literature
Writing the Literature Review

Each of these steps is addressed in concise detail. To ensure that readers using the text are on firm ground, learning aids form part of the delivery pedagogy. End-of-chapter exercises also involve the reader in working through the processes. The work also contains references to technology which can simplify the work of organizing the written composition. Also, graphs and charts are used. These help to clarify the key topics under examination, and models are presented present pictures that tie together complex themes and procedures. At the conclusion of each chapter, tips are given which provide specific ideas for quickly using the material covered in the topic.
At the end of each chapter, key issues are quickly summarized and recapped to refresh readers’ memories. Also, at the end of each chapter, checklists assist readers to check their progress through the entire literature review process. At the conclusion of the text, a Glossary of infrequently used words and a Reference List are provided for reader convenience. It is hoped that readers will use this publication and will find it to be a useful adjunct to Hart’s book, especially for scholars and students in the social sciences.