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The Ethical Issue of Contemporary Philanthropy: Unintended Negative Consequences of Philanthropy

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ABSTRACT

This study is an attempt to explore the ethical issue of contemporary philanthropy by examining the potential negative consequences of well-meant philanthropic intentions. Research on ethical perspectives in philanthropy is still quite limited compared to that on for-profit organizations. This article reviews the philosophical concept of philanthropic intention and examines

several examples in which philanthropy has had negative consequences. This article then discusses various reasons for such unintended negative consequences: the supply-led character of philanthropy, failure of the assumed theory of change, a technocratic approach to problem-solving, the conflict between urgency and the sustainability of interventions, and negligence. In turn this article proposes a number of ways to prevent the occurrence of unintended negative consequences of philanthropy. The article aims to provide insights to philanthropists, not-for-profit leaders and staff, and fundraising professionals by helping them realize the multiple facets of the problems they try to solve and accordingly improve the design of their grants and philanthropic programs.

Keywords: *Philanthropy, Ethical issues, Unintended negative consequences, Not-for-profit*

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INTRODUCTION

The word philanthropy is rooted in the ancient Greek word 'philanthropia'. Philanthropia is a combination of the words 'philos' for 'loving' and 'anthropos' for 'human being.' In the context of studies on modern philanthropy, its definition often varies depending on the individual scholars and their academic areas of specialization. Payton (1988) defined philanthropy as 'voluntary action for the public good.' Van Til (1990) defined it as 'the voluntary giving and receiving of time and money aimed toward the needs of charity and the interests of all in a better quality of life.' Salamon's definition is 'the private giving of time or valuables (money, security, property) for public purposes' (Salamon, 1992).

Salamon's definition is similar to the notion of 'charity'. Payton and Van Til's definitions have broadened the boundaries of philanthropy regarding its actors and sectors. Their definition includes efforts to apply philanthropy not only in the service of charitable causes but also to other causes such as the environment, medicine, the arts, education, and human rights. Further, this definition embraces individuals' actions and those of organizations and corporations. In this article, we adopt the Van Til's definition and involve a broad array of causes and actors.

The philanthropic actors are individuals, foundations, philanthropic organizations, and businesses that engage in 'corporate giving' (Schuyt, 2010). Nongovernmental organizations (NGOs) are also featured in this cast. The agents/ organizations including foundations and NGOs that act on philanthropic intentions are collectively called 'not-for-profit.' Research on ethical perspectives in philanthropy is still quite limited compared to that on for-profit organizations (see e.g. recent review article on Business Ethics by Moriarty, 2016). In particular, the field of marketing by private corporations is one that generates considerable debates on ethical issues (Vassilikopoulou, Siomkos & Rouvaki, 2008). The existing philanthropy literature has mostly focused on the motives of donors, management of not-for-profit organizations, and fundraising strategies. It developed in response to the greater interest of not-for-profit organizations in efficient and effective management and to the competition for limited resources among not-for-profit organizations, especially at times when economic hardship has resulted in fewer resources.

Philanthropy is an important source of financial support for social change (Kayser & Budinich, 2015). A wide range of normative questions can be raised about the practice of philanthropy, but research in the not-for-profit context has not addressed the subject of ethics to a significant extent (Agarwal &

Malloy, 1999). In particular, research on the consequences and impact of philanthropy has not been paid sufficient attention. One of the reasons why research on the potential negative impact of philanthropy has not been well-documented is that not-for-profit organizations typically have not yet embraced qualitative and quantitative impact measurement methods and resources despite the recent emphasis on impact measurement. Also, not-for-profit organizations are concerned about current and potential donors' response to such information. Indeed, if such evaluations were to demonstrate a negative impact of these organizations' activities, they could face donor criticism and potentially encounter major obstacles to fund-raising.

Compounding the reluctance of not-for-profit organizations to measure their impact, the general public tends to make the assumption that the not-for-profit sector operates ethically. This rationale provides a less compelling environment for researchers (Agarwal & Malloy, 1999). Jeavons (1994) suggested that "the basis for much of these organizations' support is the expectation that they will be vehicles for building a more caring, more just society." Due to this traditional assumption, when unexpected scandals arise in the not-for-profit sector they give it a more negative reputation among the public compared to scandals in the for-profit sector.

The purpose of this study is to explore the ethical issues of contemporary philanthropy by examining several cases of unintended negative consequences of philanthropy and analyzing their reasons. Specifically, this study focuses on identifying unintended negative consequences along with the supply-led character of philanthropy, failure of the assumed theory of change, a technocratic approach to problem-solving, the conflict between urgency and the sustainability of interventions, and negligence. This study will provide decisionmakers and policy-makers with

strategic insights to properly handle the ethical issue of contemporary philanthropy.

PHILOSOPHICAL CONCEPTS

The ethical justification of philanthropy can be approached from the viewpoints of two philosophical strands: the deontological and the teleological ethics.

Deontological theory

Deontological theories focus on processes rather than results. Kant (1964) argued that no action has moral worth unless it is undertaken with a sense of duty. Winfrey (1998) argued that two elements are required for the moral credit of an action. First, the motive for the action must be one of duty to a principle for its own sake. Second, the principle itself must be worthy.

Teleological (or consequentialist) theory

The consequentialist theory of ethical reasoning concentrates on the consequences of human actions, i.e., all actions are evaluated in terms of the extent to which they achieve desirable results. Accordingly, the concepts of right or wrong, and duty are subordinated to the concept of the end or purpose of an action (Donaldson & Werhane, 2002). The most advocated consequential theory is that the right action must maximize the overall good. That is, it must maximize the good or minimize the bad from the standpoint of the entire human community. This theory finds its roots in the utilitarianism of Jeremy Bentham and John Stuart Mill. The utilitarian perspective later evolved by broadening the meaning of the term good to include other things, such as knowledge, moral maturity, and friendship, which philanthropy pursues.

How can philosophical theories be applied to philanthropic impacts?

The teleological and deontological perspectives on ethics provide a general basis for judgements as to the morality of philanthropic decision making. Here are two examples of questions that can be raised to justify unintended negative impacts of philanthropic actions:

- *From a utilitarian perspective, can a person be exploited for the sake of the greater good of others in the course of philanthropic decision-making?*
- *From a deontological perspective, can negative results nevertheless be justified by the good principles of the process followed in the course of philanthropic decision-making?*

This study does not purport to argue for the superiority of the philosophical perspective to justify the results of philanthropy -- whether positive or negative. Rather, our purpose is to bring up issues to which too little attention has been paid and to reflect on their causes and implications.

UNINTENDED NEGATIVE CONSEQUENCES OF PHILANTHROPY

Even though philanthropic institutions plan their programs well before they put them into action, they can produce unpredictable negative impacts. Carnegie (1906) mentioned the potential negative impact of philanthropy by stating that “of every thousand dollars spent in so-called charity today, it is probable that nine hundred and fifty dollars is unwisely spent; so spent, indeed as to produce the very evils which it hopes to mitigate or cure.”

Merton introduced the concept of ‘dysfunction’ which occurs when the effects of an institution undercut the accomplishment of a beneficial purpose, in contrast with the concept of ‘function’ which refers to the accomplishment of a worthy societal purpose. He emphasized that “the consequences intended by actors do not necessarily ensue from a purposeful action” and mentioned that motives and purposes are “often erroneously merged with the related, but different concepts of the objective consequences of attitude, belief, and behavior” (Merton, 1968). The notion of dysfunction in contemporary philanthropy thus applies to the unanticipated ‘negative impacts of philanthropy.’

Damon (2006) identified the potential harms of misguided philanthropy, namely “ill effects that can create serious damage to recipients, donors, and the society beyond them”. He distinguished several categories of philanthropic harm: causing direct harms to lives, subverting valuable work of individuals and nonprofit organizations, destabilizing communities, and blocking genuine social improvements. To illustrate the above perspectives and concerns we present three examples of unintended negative impacts of philanthropy.

Case 1. Solar Panel Supply in Haiti

As stated by a local manufacturer of solar panels in Haiti, “before the earthquake we sold an average of 50 street lights a month. After the earthquake over the period from January to June, we sold only 5 street lights. Indeed, after the earthquake, we were competing with NGOs which were coming with their solar panels and solar street lights. They are giving them for free. What about the local businessmen? What do you expect them to do? Did you ever talk to those people who were giving? ... When it becomes an industry of its own, the industry of charity, it creates more harm than good to the country.”

Edited interview with founders of local solar panel manufacturers in Haiti, Excerpted from a documentary, 'Poverty, Inc.' (2015).

The above is an example of unintended negative impact resulting from NGOs' philanthropic activities in post-earthquake Haiti in 2010. Large numbers of NGOs arrived in Haiti, all with good purposes. Some of these NGOs provided for free complete solar panels procured overseas to solve the energy shortage. This resulted in disruption of the business of a local solar panel manufacturer who had developed solar panel technology on his own, hired Haitian employees, and had been making efforts to expand the solar market in Haiti. Out of good will, the NGOs wanted to solve a short-term problem, but they inadvertently disrupted the market for the solar panel industry in Haiti, caused job loss among Haitians and compounded economic hardship sustained by a country recently affected by natural disaster.

Case 2. TOMS Shoes

TOMS, a U.S. shoemaking company has implemented a Corporate Social Responsibility (CSR) program that provides one pair of shoes to the shoeless in developing countries when consumers purchase a pair of shoes. By 2016, the company had provided more than 6 million pairs of shoes. Two research projects on TOMS shoe donations were carried out among 1,578 children from 979 households in rural area of El Salvador. The first research project found the impact on the local shoe market to be statistically insignificant, although shoe purchases in a market by households randomly given a pair of children's shoes slightly declined (Wydick, Katz, & Janet, 2014). However, Wydick et al. (2016) reported in the second research project that in-kind donations are likely to have unforeseen and unintended consequences. Their findings were as follows:

- The donated shoes were mostly replacing already owned shoes, without a decrease in shoelessness among children.
- In-kind donations may unintentionally cause the beneficiaries to have a sense of dependency on the donation producing negative psychological externality.

Case 3. Drug donation to developing countries

Igoumenidis, Kyriopoulos and Athanasakis (2013) reported negative impacts of drug donations to developing countries. Their observations are as follows:

- Donated drugs raised issues of quality and proper use. They arrived unsorted and labeled in a language that is not easily understandable in the recipient country (Hogerzeil, Couper, & Gray, 1997). They also may be too close to their expiration date when reaching the recipient because the drug donation can be used by the pharmaceutical company as a way to dispose of stocks and save on expensive destruction costs (Pinheiro, 2008).
- Recipient countries may experience unintended costs associated with the storage and distribution of the donations that can surpass their fair value (Pinheiro, 2008).
- If the quantity of donated drugs is insufficient, it can create issues related to the difference between the intended course of treatment and treatment made possible with the amounts donated (Gehler-Mariacher et al., 2007). For example, drugs for controlling HIV/AIDS should be taken for life. The supply shortage of these drugs can result in the emergence of resistant strains of HIV, making it hard to treat (Stevens, Kaye, & Corrah, 2004).
- Free products from donors can demotivate the recipient country's efforts to improve national treatment guidelines.

Additionally, free products can influence physicians and patients by causing product familiarity, brand loyalty, and preferences (Baker & Ombaka, 2009).

Reasons for unintended negative consequences of philanthropy

The negative impacts of philanthropy are due to the predominantly supply-led character of philanthropy, failure to design an appropriate theory of change in a multi-dimensional context, an overly technocratic approach to problem-solving, the conflict between urgency and the sustainability of interventions, and negligence.

Supply-led character of philanthropy

In most human activities it helps to pay attention and respond to the concerns and needs of the target audience. For instance, to be elected and re-elected in an open society, politicians need to pay attention to the voice of the voters. And to be successful in a market economy, corporations have to listen to the demands of consumers so as to design products that best meet these consumers' needs (Schervish, 2006). Underlying these observations are power relationships. The mechanism of voting results in balancing the power between politicians and voters. Similarly, the market system results in balancing the power between corporations and consumers. However, in the realm of philanthropy, there is no such system to make the suppliers, i.e., the charitable givers, pay attention to the voice and concerns of the intended receivers and beneficiaries. The absence of an automatic balancing and self-regulating system creates major power differentials in the relations between philanthropic agents and beneficiaries. Schervish (2007) described this as the supply- or donor-led character of the philanthropic relationship.

Such asymmetry of power discourages careful research into the demand side of the philanthropic relationship. In addition, few NGOs and other philanthropic organizations have the time and resources to devote to researching the root causes of problems that usually involve multiple stakeholders and a wide spectrum of multi-dimensional perspectives and disciplines. While recognizing that in the immediacy of an emergency situation as in Haiti there is little time for research, future assistance should start with rapid consultations with local governments, businesses, and community associations to find out what kinds of aid would be best suited for their situations. Admittedly, merely providing solar panels is easier, cheaper, and less time-consuming than even briefly consulting local organizations -- and makes it easier to appeal to donors. For a small local manufacturer to grow, incubator services including infrastructure, business support, and mediation such as connecting external resources are required (Bergek and Norrman, 2008; Robinson & Stubberud, 2009). Growing local companies and creating stronger business eco-systems takes more research, more time, more resources, and even more patient donors.

Failure of the assumed theory of change

A theory of change is a graphic representation of the presumed causal pathways linking a program's activities and intended outcomes (Anderson, 2005). The expressions 'Logic model' and 'causal chain' are interchangeably used with 'theory of change' (Knowlton & Phillips, 2012). Specifying the presumed causal pathways between a philanthropic program's activities and its intended outcome is a useful model that explains how a philanthropic intervention proposes to achieve its purposes (Glasgow et al., 2017). Fleishman (2007) asserted that "the lack or inadequacy of the logic model" is one of the reasons of a foundation program's failure to lead to the desired result.

Theory of change is useful when philanthropists actualize their philanthropic intentions by setting goals for their philanthropic activities. Setting goals is grounded on figuring out a specific causal linkage between their actions and the intended results. For instance, in one of the cases described above, it may have been assumed that because a country's poor cannot afford certain expensive drugs, donation of such drugs will automatically contribute to improving their health. Theory of change is appropriate in impact evaluation as well. Evaluators can demonstrate the benefits and help promote the use of evaluation data by making a foundation's theory of change more explicit and using it as a basis for designing evaluation studies, presenting findings, and offering recommendations for action.

The more coherent the logic model is, the clearer the outcomes are likely to be. However, the relevant determinants have to be considered to set up a particular logic model. In a causal analysis, each stakeholder may have problems that appear mutually exclusive, but upon further analysis turn out to be interlinked (Mohapatra, 2008). There is a substantial amount of noise outside the system, that affects the outcomes (Frumkin, 2016). Social problems are interrelated and involve multiple layers of causes and stakeholders. In such cases, the risk for well-intended philanthropic activities is that the presumed pathways do not embrace the whole causality of the problem, and a simplified theory of change can even worsen the problem.



Figure1. Theory of Change.

Source: Frumkin(2016)

The overly technocratic approach to problem solving

Connolly (2011) focused on the risks of a merely technocratic approach to philanthropy. His analysis highlighted a number of its implications in terms of the values it espouses, grantmaking style, relationship with grantees, approach to evaluation and general philosophy. Connolly’s analysis led him to conclude that an emphasis on the technocratic approach neglects to take advantage of the insights and potential greater impact of more humanistic approaches.

Humanistic	Overall Approach to Philanthropy	Technocratic
Values and passion-driven, Expressive, heart-centered	Role of Values	Objective, dispassionate, instrumental, head-centered
Responsive, opportunistic, and intuitive	Grantmaking Style	Proactive, rationalistic, and disciplined
Hands-off, bottom-up, flexible, Nonprofit as innovator	Relationship with Grantees	Hands-on, top-down, nonprofit as contractor
More qualitative and Learning-oriented	Approach to Evaluation	More quantitative and accountability-oriented
An art and craft that is difficult to codify	Ability to Teach and Learn Philanthropic Techniques	A science and discipline with neat frameworks and tools

Figure 2. Humanistic versus technocratic approach to philanthropy.

Source: Connolly(2011)

For instance, in the case of the mere (technocratic) donation of shoes, say to barefoot children in slums, a more positive impact might be achieved from associating with a local organization that would use the shoes as part of its youth uplifting programs. The technocratic approach to philanthropy has become closely associated with the term of ‘strategic philanthropy’. Kania, Kramer

& Russell (2014) argued that “strategic philanthropy assumes that outcomes arise from a linear chain of causation that can be predicted, attributed, and repeated, even though we know that social change is often unpredictable, multifaceted, and idiosyncratic.” It has looked for mechanical and top-down solutions to problems, thereby missing opportunities of identifying and implementing more responsive, people and community-oriented solutions resulting from the interaction between “top” and “bottom” experience.

Urgency vs. Sustainability

Frumkin (2016) introduced the concept of time frame in philanthropy. What he means is that “in choosing a time dimension to solve public problems, donors make a decision both about the speed with which their philanthropic intent will be fulfilled and the pace at which resources will be directed to the fulfillment of public needs.” What makes assessment of the intervention’s impact complicated is that the time frame of a problem is different cause by cause, and problems are interrelated with a different time frame. For example, in the case of the solar panel manufacturer in Haiti described in Case 1, restoring energy supplies is a matter of urgency and the problem’s time frame is that it can be quickly solved by providing solar panels since all other factors are constant in the short run. However, ensuring the sustainability of energy supplies over the medium or longer run requires consideration of other factors. In this case we must assess how external procurement of solar panels can affect local manufacturers and what measures would be needed to (i) draw on their remaining production capacity which would help their financial survival, and (ii) improve their capacity over the longer term with a view to building local solar panel manufacturing as a healthy local industry and a growing source of jobs. In other words, the solution

to a problem can depend on the time frame we choose to define it: a problem is exclusively urgent in appearance, but fundamentally requires a sustainable long-term approach. Thus the solution of a problem may require only a short-term approach, or a more sustainable long-term approach, or both.

Negligence

Negligence literally means “failure to exercise the care that a reasonably prudent person would exercise in like circumstances.” Applying this term to philanthropy, one would assume that under normal circumstances when making a philanthropic decision, philanthropists and not-for-profit leaders and staff would act on an informed basis, in good faith, and in the honest belief that their action was taken in the best interest of the beneficiaries. Not to do so would be considered as a case of negligence. Nevertheless such cases can occur as we saw in relation with drug donations affected by inappropriate labeling and delivery beyond the drugs’ expiration date

IMPLICATIONS FOR INTERNATIONAL DEVELOPMENT AND CONCLUDING REMARKS

This study reviewed three cases when well-intentioned philanthropic activities resulted in unexpected negative impacts and some of the reasons why. While these results can be interpreted differently depending on the chosen ethical perspective, our main purpose was not a judgmental one, but rather to find ways to minimize the risks that philanthropic intention would lead to unintended negative consequences. In doing so, we arrived at two broad conclusions: (i) philanthropists should become more familiar with the main reasons why their interventions may not

succeed, and (ii) they should look for practical ways to overcome such risks.

While the above analysis focused on the reasons why philanthropy can have unintended negative consequences, the same factors are also relevant to the field of international development assistance which similarly attempts to solve problems -- in its case those that affect developing countries. One important difference, however is that development agencies need to obtain their funding from a third party, namely individual donors and taxpayers who expect the performance and impact of development projects to be evaluated, and has led to a vast literature (for a recent example, see Kusek, Goergens, and Hamilton (2013)). Applying this article's framework to both philanthropy and the development assistance literature, we can summarize our findings as follows:

1. Supply vs. demand-driven assistance

There is considerable risk of failure when philanthropic or development assistance is supply-driven and overlooks the viewpoint of intended beneficiaries. For the same reason, "best practice" developed in one particular context cannot be successfully transplanted to another context without testing and adaptation. Development agencies and philanthropic organizations should be aware of the importance of investigating the demand side of their proposed initiatives and devote the necessary resources to it;

2. Theory of change

It helps to clarify the presumed theory of change being considered to solve a problem and to appreciate its potential multi-dimensional and multi-stakeholder causality. Philanthropy and development (and policy) interventions are based on theories of change which may or may not be

- appropriate, and therefore should be subjected to a thorough feasibility analysis. Alternatively, the introduction of innovations should start with the testing and evaluation of pilot projects, followed by a demonstration and replication phase of the most promising alternative. Furthermore, not-for-profits and philanthropists would benefit from conducting ex-post evaluation of their initiatives, both positive and negative, and sharing their results;
3. Appropriate technology.
Technological fixes to social and development problems may or may not be appropriate. The development literature is replete with stories about “magic bullets” that produced “white elephants” as cynically reported by Hobbes (2014). Also, consistent with Connolly’s views, all too often philanthropy and development projects are designed without a multidisciplinary and multi-stakeholder understanding of the causes of development problems (Perrett & Lethem, 1980) which may either lead to failure or in the case of success, limit the chances of their successful replication;
 4. Short-term vs. long-term strategies.
Achieving sustainable impact may require considerable patience and long-term investment. Philanthropic interventions and development projects have often to reconcile the need for rapid and visible results with the objective of ensuring their longer term sustainability. This may require e.g. assessing intended beneficiaries’ capacity and willingness to contribute to operation and maintenance costs, as well as involving them in problem diagnosis and the generation of potential solutions rather than using a “top down” approach to design; finally,
 5. Negligence.
In too many cases designers and implementers neglect to make

use of the “Do No Harm” methodology developed by Anderson (1999) to minimize the risks of conflict that can arise from philanthropic and development projects.

In conclusion, given that there are few previous studies on the reasons for the occasional unintended negative impact of philanthropic activities, this article contributes by bringing together main findings from relevant literature and suggesting ways to prevent unintended negative impacts of philanthropic activities. This study should inform philanthropists, not-for-profit leaders and staff, and fundraising professionals, and contribute to the success of their activities. However, further studies with different cases are in need, as is discussion among philanthropists and those engaged in international development regarding best practice and lessons learned.

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Confirmatory Factor Analysis of TQM Implementation Constructs: Evidence from Nepalese Manufacturing Industries

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ABSTRACT

Total Quality Management (TQM) is deliberate as an important management philosophy, which has provisions to support the organization to get satisfied customers. The precise implementation of TQM only can enhance success of any organization. There exists extensive research which use diverse key constructs of TQM implementation. The purpose of this study is to identify and make confirmation of key factors of TQM implementation. This study identifies nine key factors of TQM implementation from the extent literature which can help industry to achieve business excellence. The those nine TQM implementation key factors were Top management commitment & involvement, Policy deployment, process control and improvement, Research and development, training and education, maintaining suppliers' empowerment and relationship, customer relationship, employee empowerment and involvement, evaluation and assessment, whereas these key factors again confirmed by

assigning the items within the factors with the help of confirmatory factor analysis (CFA).

Key Words: Total Quality management, Organization, customer satisfaction, top management, customer relation, continuous improvement, employee empowerment, suppliers' empowerment

INTRODUCTION

Since last decades, quality management has been used widely irrespective of size of organization and is consider as the major component of competitiveness and long term success of organization. The successful implementation of TQM in manufacturing sector would promote exports, attract foreign direct investment, improve business performance, achieve a competitive advantage, and customer and staff satisfaction (Magd, 2014). Ensuring TQM and optimum utilization of Human Resource is very much essential to gain sustainability of organization. (Rashid, Taib, & Ahmad, 2016) These benefits are important for all organizations, especially in developing countries, such as Nepal, where the general quality level is relatively low and need to be increased in the chase of effective inter-organizational cooperation. However there exist large number of examples of failed or poorly performed implementation process of TQM. During the process of implementation, organization has to face different complications and often fails to get benefits from quality management implementation. However employee look forward to various development and learning programs and plans available to them to grow not only professionally but only personally (Arora, 2016) Fotopoulus et al. (2009) and Kumar et al. (2009) discussed the impact of TQM practices on quality management results and explains the relationship between different TQM practices like

leadership, strategic quality planning, employee management & involvement, supplier management, customer focus, process management, continuous improvements and their effect on quality management results in the form of market benefits like increase in profits, improved competitive position, improved performance and increased sales. While customer satisfaction is measured by decline in customer complaints, increase in loyalty, and customer retention rate. The strategic alliances result in superior performance of the organizations (Ouedraogo, 2016).

This study focuses to obtain knowledge of total quality management implementation in a unique, and influencing, organizational environment and situation. The study is focused on obtaining key factors of quality management implementation and is expected to provide new insights into the implementation process in order to improve organizations ability to meet their objectives. There is a consensus that TQM is a way of managing an organization to improve its overall effectiveness and performance (Zhang et al, 2000). No uniform view of TQM exists today. So far, TQM has come to mean different things to different people (Hackman & Oldham, 1995). This study aimed at identifying TQM implementation constructs, developing an instrument for measuring these constructs

REVIEW OF LITERATURE

Deming is considered the founding father of the TQM and is perhaps the most famous of quality gurus because of his contribution to the creation of quality principles. Deming has focused on the following four points i) idea of internal and external customers or stakeholder satisfaction ii) concept of continuous improvement iii) thought of common and special variation on quality problem iv) management and worker's responsibilities.

Deming believes in continuous improvement. He also believes that the consumer is the most important part of a production line. Meeting and exceeding the customers' requirements is the task that everyone within the organization needs to accomplish with total commitment. Furthermore, Deming believes in the use of statistical process control (SPC) charts as major method for solving problems. Like Deming, Juran worked extensively with quality management and perhaps he has best summed up in his 'quality trilogy' of quality planning, quality control and quality improvement (Juran & Gryna, 1993). Juran's emphasis in this respect is in three main areas: changing management behavior through adopting quality, training and then spilling down new attitudes to supporting management. Juran has focused on responsibilities, training, education and reward and encouragement for quality.

Crosby suggests for the continual measurement to determine conformance to requirements. He also focused on the cost of quality which is measurable and is equal to the expense of nonconformance- the cost of doing things wrong. Crosby's quality philosophy is that there is an economics of quality. It is always cheaper to do it right first time (Crosby, 1979). He is a concept developer of Zero Defect program. Crosby has given emphasis on management and has stated that management leads workers to a quality outcome. Perfection is the standard to aim for through planning, process and continuous improvement. Kaoru Ishikawa helped thousands of companies including IBM, Bridgestone and Komatsu to turn out higher quality products at much lower costs. His book "What is Total Quality Control?" The Japanese Way, Prentice Hall, Inc. was a best seller business books (Pradhan, 2014). Ishikawa has developed cause and effect diagram (also called the "Ishikawa" or "fishbone" diagram) with which management leader made significant and specific advancements in

quality improvement. Ishikawa also showed the importance of the seven quality tools: control chart, run chart, histogram, scatter diagram, Pareto chart, run chart and flowchart. Additionally, Ishikawa explored the concept of quality circles, a Japanese philosophy which he drew from obscurity into world wide acceptance. Feigenbaum is best known for originating the concept of Total Quality Control (TQC). He viewed quality as a strategic business tool that requires involvement from everyone in the organization and promoted the use of quality measurement and evaluated tool. Feigenbaum has focused on quality leadership, Modern quality technology and Organizational commitment. The concept of “Total Quality Control” was used as the foundation by Japanese for their practice called Company-Wide Quality Control (CWQC) which began in 1960s.

Review of Empirical Research

After Garvin (1983) published the first empirical investigation of quality management factors, there has been found substantial empirical research of TQM implementation till the date and this study has selected few but mostly cited, chronologically ordered researches which is discussed below. Garvin has studied nine US and seven Japanese window air conditioner manufacturing industries. Garvin used self-report questionnaires and on-site observations. Garvin has included: quality programmes, policies, and management attitudes; quality information systems; product design; production and employee policies; and supplier management as constructs of TQM implementation. Saraph et al. (1989) has done first empirical study to validate the factors affecting the quality management using factor analysis. The following eight factors: role of management leadership and quality policy; Role of the quality department; Product/service design; Process management; Supplier quality management; Quality data

and reporting; Employee relationships; and Training, were determined using 120 items under study. In Indian context Motwani et al (1994) has done empirical research where they had identified following nine key factors of TQM implementation: Top management; Quality policies; role of the quality department; Training; Product design; Vendor quality management; Process design; Quality data; Feedback and employee relations. Flynn et. Al. (1995) has used ten construct of TQM implementation constructs and tested using multiple regression analysis after determining the path analysis. The ten construct they used were: Top management support; Customer relationship; Supplier relationship; Workforce management; Work attitudes; Product design process; Process flow management; Statistical control feedback; External quality performance; Competitive advantage. Ahire et al (1996) had studied 371 manufacturing firm to develop and teste 12 constructs integrated TQM implementation. The twelve constructs were as follows: top management commitment, customer focus, suppliers' quality management, design quality management, benchmarking, spc usage, internal quality information usage, employee empowerment, employee involvement, employee training, product quality, and suppliers' performance. Black and Porter (1996) had identified ten critical components of TQM, which are: supplier partnership, people and customer management, customer satisfaction orientation, external interface management, communication of improvement information, strategic quality management, operational quality planning, quality improvement measurement systems, teamwork structure for improvement, and corporate quality culture.

Zhang et al. (2000) had studied 212 Chinese manufacturing companies to identify the eleven construct of TQM implementation which were: leadership, education and training, employee participation, supplier quality management, product design,

process control and improvement, customer focus, vision and plan statement, evaluation, quality system improvement, and recognition and reward. In the same way Conca et al. (2004) empirically tested the following ten success factors of TQM implementation leadership, training, specialist training, supplier management, process management, customer focus, learning, continuous improvement, quality planning, and communication through 108 ISO certified firms in Spain. Projogo and Sohal (2004) has used the following nine TQM implementation constructs leadership, strategic planning, customer focus, information and analysis, people management, process management, product quality, product innovation, and process innovation, where they used the empirical data were obtained from a survey of 194 managers in Australian industry from both manufacturing and non manufacturing firms.

Sila and Ebrahimpour (2005) has used the TQM factors as leadership, strategic planning, customer focus, information and analysis, human resource management, process management, supplier management. Lin et al. (2005) conducted a comparative study between Taiwan and Hong Kong Manufacturing companies. They had used the following constructs: top management leadership, training, product/service design, supplier quality management, process management, quality data reporting, employee relations, customer relations, benchmarking, learning, supplier participation, suppliers selection, satisfaction level and business results. Tari (2005) studied 106 ISO 9000 certified firms of Spain to identify the components of TQM implementation. The total construct used were divided into factor oriented and result oriented constructs. The factor oriented construct were customer focus, process management, leadership, suppliers management, learning, quality planning, continuous improvement, and employee management. Similarly the result oriented constructs

were customer satisfaction, staff indicators, quality performance, social impact and employee satisfaction.

Yang (2006) determines the following TQM practices: process management, employee empowerment and teamwork, customer satisfaction management, quality goal setting and measurement, supplier's cooperation and quality tools training. Jitpaiboon and Rao (2007) used the meta-analysis approach to identify the TQM construct where these construct were top management support, strategic quality performance, supplier quality, benchmarking, employee training, customer focus, employee involvement. Das et al. (2008) has identified the constructs of TQM implementation from ISO certified manufacturing companies of Thailand where they used nine constructs which were top management commitment, supplier quality management, continuous quality improvement, product innovation, benchmarking, employee involvement, reward and recognition, education and training, and customer focus. Arumugam et al. (2008) explored the relationship between TQM practice and quality performance with special emphasis on ISO 9001:2000 certified manufacturing organizations in Malaysia. The findings revealed that total quality management practice were found partially correlated with quality performance. It is also found that customer focus and continual improvement were perceived as dominant TQM practice in quality performance. The construct they had used as a TQM practice were leadership, process management, information analysis, customer focus, supplier relationship, quality system improvement, continual improvement and people involvement. Fotopoulos et al. (2009), surveyed 370 Greek companies to determine the relationships between the TQM factors and organizational performance. They found that leadership, process management, service design, human resource management, customer focus, education and training, and supplier quality management are critical success

factors in TQM implementation. They applied questionnaire method and used exploratory and confirmatory factor analysis to assess the measurement model reliability and validity. The relationships between the latent constructs were examined through Structural Equation Modeling. Kumar et al. (2009) studied the various factors important for total quality management implementation and its relevance in various manufacturing organizations in the context of Indian manufacturing organizations. They had collected 75 questionnaires from various sectors such as automobile engineering, textile engineering, electrical and electronics engineering, light weight engineering and heavy weight engineering from India. The different factors used in their study were customers satisfaction, management effective participation, employee effective participation, reward schemes, communication system, vendor power, statistical quality control, fast result techniques, quality planning and cost involved and analytical techniques.

Zakuan et al. (2010) investigated the relationship between TQM implementation and organizational performance using structured equation modeling. They had studies the quality performance of SMEs in the Portuguese organizations. The constructs they had used were quality leadership, customer focus and satisfaction, quality information and analysis, human resource development, strategic planning management, suppliers quality management, quality results, quality assurance, satisfaction level, customer and employee, business result, productivity, number of successful new product, cost performance and profitability. Hoang et al. (2010) studied 222 manufacturing and service companies and used structural equation modeling to study the relationship between implementation of TQM and organizational characteristics in a newly industrialized country in South East Asia. They found that larger companies had higher

implementation level across almost all practice of TQM. TQM practices were statistically more significant in Manufacturing companies compared to service companies and the firms having higher level of innovation also showed higher level of TQM practice implementation. The constructs used by Hoang et al (2010) were as follows: top management commitment, employee involvement, employee empowerment, education and training, teamwork, customer focus, process management, information and analysis system, strategic planning, open organization, and service culture.

Valmohammadi (2011) used seven TQM implementation constructs namely leadership, process management, suppliers, customer focus, employee management, communication and quality information system and tools & techniques from Iranian manufacturing SMEs. Phan et al. (2011) has done empirical study on Japanese manufacturing companies and used the eleven quality management practice constructs to determine the degree of TQM implementation which were top management leadership, formal strategic planning, training, small group problem solving, employees suggestions, cross functional product design, house keeping, process control, information feedback, customer involvement, supplier quality involvement. Bhari et al. (2012) has used structural equation modeling and confirmatory factor analysis to validate eleven constructs of TQM implementation which were leadership, suppliers quality management, vision plan statement, evaluation, process control improvements, product design, quality system improvements, employee participation, recognition and reward, education and training, and customer focus. Munizu (2013) has done empirical study of fifty five big and small scale fishery industry and used path analysis to identify TQM implementation constructs which included leadership, strategic planning, customer focus, information & analysis, people management, process management, and suppliers management.

Key factors of TQM implementation

In this study, to identify the key factors of TQM two category of TQM construct has been used. They are concept of quality gurus and empirical research findings. TQM concept covers a broader scope of its implementation constructs. From above literature review most repeated nine constructs were taken for further analysis. They were top commitment & involvement, policy deployment with process control and improvement, research and development, training and education, maintaining suppliers' empowerment and relationship, customer relationship, employee empowerment and involvement, and evaluation and assessment. The construct are shown in the following figure 1.

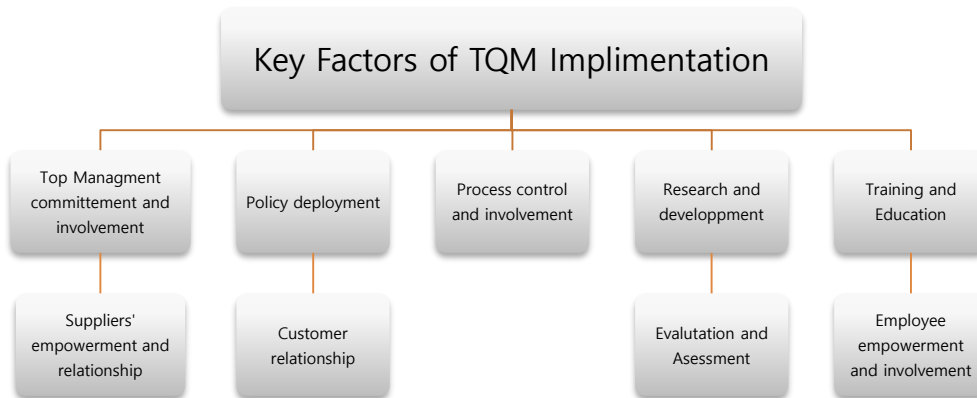


Figure 1. Conceptual Model of Key Factors of TQM Implimentation

Source: Kothari, Shrimali and Pradhan (2017)

METHODOLOGY AND RESULTS

In this research the nine TQM implementation constructs were operationalized after extensive review of literature and the instrument were send to evaluate by academicians and practitioners. A set of questionnaire having 68 items associated with nine constructs was developed on the basis of some already tested questionnaire of the past researches. Using judgmental sampling technique, 150 questionnaire were distributed to the industries of Nepal who has implemented TQM as a whole or in a part. Among the 110 returned questionnaire, 7 responses were discarded because 4 of them has partially answered (some of the answers or some demographic variables were left) and 3 of them were response bias (same answer to each of the likert scale). Therefore the final response rate becomes 68.66%. The main aim of the research to confirm the key constructs of TQM implementation, so reliability, item analysis and construct validity had checked using cronbatch's alpha, correlation matrix and confirmatory factor analysis (CFA)

Reliability and Item analysis

There were 9 constructs of TQM implementation and for each construct scale has created with different items. Then reliability measures were performed for items of each scale. The table 1 shows the cronbatch's alpha for different TQM implementation scales. This table shows that the scales which were constructed are reliable ones, except in case of research and development construct whose value is less than the cutoff range. As we know that, reliability coefficients of 0.70 or more are considered good.

Table 1: Reliability Analysis of TQM implementation

SN	Scales	Number of items	Cronbatch's alpha
1	Top Management Commitment and involvement	9	0.874
2	Policy Deployment	9	0.842
3	Suppliers' empowerment and relationship	5	0.800
4	Process Control and improvement	10	0.795
5	Evaluation and Assessment	10	0.885
6	Employee Empowerment and Involvement	7	0.817
7	Research and Development	6	0.619
8	Customer Relationship	7	0.771
9	Training and Education	5	0.805
Total items		68	

Item Analysis of TQM implementation

Table 2 elaborates the correlation of the nine scales of measurement with their corresponding measurement scales. The corresponding measurement scales were the average of each constructs. The table shows that all values of item to scale correlation were greater than 0.50 except one item in the top management commitment and involvement. These correlations are significant on both 0.5 and 0.01 level. Since all the items were highly correlated with the measurement scale, it is concluded that all the items has been appropriately assigned into the scale.

In this study constructs TQM implementation developed with 68 items. These instruments were made based on the different review and researches (theories and empirical study), so the loadings of the items on the constructs should be checked.

Table 2. Item to scale correlation matrix (pearson's correlations)

Scales	Item Number									
	1	2	3	4	5	6	7	8	9	10
Top mgt com. and involvement	.408**	.671**	.746**	.723**	.736**	.729**	.749**	.781**	.745**	--
Policy deployment	.647**	.662**	.720**	.684**	.710**	.577**	.671**	.702**	.617**	--
Suppliers' emp and relationship	.716**	.739**	.805**	.726**	.681**	--	--	--	--	--
Process control and improvement	.616**	.593**	.644**	.648**	.566**	.566**	.653**	.537**	.584**	.534**
Evaluation and assessment	.627**	.743**	.757**	.798**	.664**	.647**	.633**	.725**	.773**	.697**
Employee power and involvement	.676**	.778**	.758**	.657**	.660**	.667**	.642**	--	--	--
Research and development	.608**	.571**	.632**	.585**	.585**	.543**	--	--	--	--
Customer relationship	.640**	.657**	.710**	.629**	.619**	.767**	.555**	--	--	--
Training and education	.754**	.722**	.725**	.795**	.752**	--	--	--	--	--

So, confirmatory factor analysis is appropriate for testing the construct validity in this research. For this purpose path diagram was constructed and factor loading was tested in AMOS 20 using different absolute, incremental and parsimonious fit indices.

Construct Validity using Confirmatory Factor Analysis

Since the construct were prepared on the basis of different review, and empirical research confirmatory factor analysis was used to check the validity of the construct identified. Factor loading of the item was checked using different absolute, incremental and parsimonious fit indices using path diagram in AMOS 20. Modification of the construct had done if the analysis showed any requirements. Maximum Likelihood estimate is used since it is efficient estimator and provides most reliable estimates. The

common measures to judge the goodness of fit chi square (χ^2/df), IFI, TLI CFI and RMSEA were used in this study.

Table 3. CFA of Top Management Commitment and involvement

Item	Description	Initial	Final		
		MLE	MLE	Load	
1	Participation in the quality management programs.	0.33			
2	Communication to the employees about policy.	0.61			
3	Encourages employee to involve in quality management and improvement activities.	0.68	0.62	0.11	
4	Learning quality related concepts and skills.	0.65			
5	Arrangement of enough resources for education and training.	0.70	0.70	0.15	
6	Focuses on product quality rather than yields.	0.69	0.68	0.13	
7	Communication and links established with employee	0.72	0.75	0.19	
8	Permits employees to solve quality problems.	0.77	0.82	0.27	
9	Regularities of top management quality audit	0.72	0.73	0.19	
Obtained Fit					
Indices	χ^2/df	RMSEA	IFI	TLI	CFI
Initial	2.086	.103	.919	.890	.917
Final	1.804	.089	.971	.951	.971

Of these nine items, item 1 was showing very low MLE (0.33) and items 2 and 4 were showing comparatively low MLE. Top management's communication skill and their knowledge is questionable mark during this study. Where the factor weights for

these three items were respectively .05, .10 and .10 which is comparatively low than other factor loading.

Table 4. CFA of Policy Deployment

Item	Description	Initial	Final		
		MLE	MLE	Load	
1	Having clear long-term vision statement.	0.58	0.57	.09	
2	The vision effectiveness to encourage employees' commitment.	0.61	0.60	.09	
3	Having clear short term business performance plan.	0.68	0.71	.13	
4	Having a clear quality policy.	0.65	0.71	.12	
5	Having a detailed quality goal.	0.68	0.67	.13	
6	Having effective quality improvement plans.	0.50			
7	Communication about policies and plans to the employees.	0.61	0.57	.08	
8	Employee's involvement in making policies and plans.	0.64	0.61	.09	
9	Use of PDCA while making policy	0.54			
Obtained Fit					
Indices	χ^2/df	RMSEA	IFI	TLI	CFI
Initial	1.927	.095	.908	.873	.905
Final	1.592	.076	.959	.937	.958

Although these items are important in this construct, were deleted for getting overall measurement fit. Although the modified measure gave a speck more RMSEA other indices are reasonably good. So the construct Top management commitment and involvement retains only six items. Of these nine items, item 6 and 9 had low MLE as compare to others. It indicates that companies are week in planning phase and the use of PDCA cycle to make the

plan & policies. The factor weights for these two items were respectively low (0.059 and 0.068). After deleting these two items the construct gave the very well fit indices values (sound over the acceptable level). Researcher supposed that the deletion of these two item in the policy deployment and measure with seven items remains does not violet the content validity of the measurement.

Table 5. CFA of supplier’s empowerment

Item	Description	Initial		Final	
		MLE	MLE	MLE	Load
1	Company focus on product quality while selecting suppliers	0.64	0.63		.10
2	Selection of suppliers on the basis of quality materials.	0.76	0.75		.17
3	Relationship with suppliers for long term partnership and improvement	0.78	0.82		.18
4	Recording detailed information about suppliers’ performance	0.62	0.59		.09
5	Conducting regularly suppliers’ quality audit	0.53			.07
Obtained Fit					
Indices	χ^2/df	RMSEA	IFI	TLI	CFI
Initial	4.443	0.184	.893	.779	.890
Final	5.505	0.210	.929	.78	.927

Five items were used to measure the supplier’s empowerment and the analysis shows χ^2/df (4.43), which is more than the accepted limit. But the item analysis shows the correlation of each items with the aggregate score is more than 0.681 (see table no 2). After deleting item no. 5 although IFI (0.929), CFI (0.927) are good enough but other indices does not shows the goodness of fit. Observing the sensitivity of the question quality audit (item 5) researcher decided not to exclude the item from measurement,

keeping in the mind it may shows the problem on content validity of the measurement. All the five measures of suppliers empowerment originally constructed measure were taken for further analysis.

Table 6. CFA of Process control and improvement

Item	Description	Initial		Final	
		MLE	MLE	MLE	Load
1	Existence of quality steering committee.	.54			.06
2	Availability of clearly stated working instructions	.52			.06
3	Having well-organized and perfect database	.59			.07
4	Having plan of inspections effectively in all levels (incoming, process and final product)	.62			.10
5	The intend of evaluating employee performance is for improvement not for criticism	.52			0.7
6	Having well equipment and maintenance plan	.51			.07
7	Use of QC tools are to solve the problems	.61			.08
8	Use of Statistical process control for quality improvement	.47			.06
9	Application of PDCA cycle for improvement and process control	.49			.05
10	Use of continuous quality improvement for achieving goal of company	.44			.05
Obtained Fit					
Indices	χ^2/df	RMSEA	IFI	TLI	CFI
Initial	0.905	.000	1.019	1.026	1.000

Since all the fit indices shows the very good result of goodness of fit. All the correlation value of correlation of each item in item

analysis (see table no. 2), are also more than 0.5, which also indicates that the entire item are important for measuring the process control and improvement.

Table 7. CFA of Evaluation and Assessment

Item	Description	Initial		Final	
		MLE	MLE	MLE	Load
1	Regularity of audits of various business strategies	0.58			
2	Regularity of quality audits	0.75	0.77	0.21	
3	Use of Benchmarking	0.77	0.79	0.23	
4	Use of detailed quality related data such as defects rates and scraps	0.79	0.77	0.17	
5	Use of quality related data to evaluate the management	0.62	0.63	0.10	
6	Use of quality related data to evaluate the performance of all departments	0.56			
7	Use of quality related data to evaluate the performance of employees	0.55			
8	Displaying quality related information at the shop floor.	0.69	0.70	0.11	
9	Regularity & update of customer satisfaction survey	0.71	0.68	0.09	
10	Having conduction of measurement scale to measure the performance of employee satisfaction.	0.65	0.66	0.10	
Obtained Fit					
Indices	χ^2/df	RMSEA	IFI	TLI	CFI
Initial	2.201	0.108	.905	.875	.902
Final	1.721	0.084	.967	.950	.967

In initial output, out of ten items item number 6 and 7 have score weight less than or equals to .06 and the score is .075 for the item 1. The correlation of item 6,7 and 1 with average items were

also comparatively low then the other items. So these items have less impact in the constructs. After deleting these constructs the fit indices had shown an improvement, although the RMSEA value is in boarder line. So the remaining seven items were taken for further analysis in the construct evaluation and assessment.

Table 8. CFA of Employee involvement & empowerment

Item	Description	Initial			Final	
		MLE	MLE	Load	MLE	Load
1	Having cross-functional teams or quality circles.	0.65	0.72	0.18		
2	Involvement of employees in quality related activities	0.78	0.86	0.4		
3	Implementation of suggestions from employee	0.72	0.65	0.14		
4	Commitment of employees for the success of company	0.55				
5	Condition of encouragement of employees to fix problems	0.56				
6	Reporting work problem is encouraged in company	0.58	0.51	0.09		
7	Employees are taken as valuable resources and encouraged in every activity by top management.	0.54				
Obtained Fit						
Indices	χ^2/df	RMSEA	IFI	TLI	CFI	
Initial	3.255	0.157	.845	.759	.840	
Final	.25	0.000	1.013	1.041	1.000	

The construct employee involvement and empowerment initially has seven items. The initial analysis of correlation of items with its average score also has indicated that the item 4, 5 and 7 has low relationship. While the entire items were kept in CFA, it also has showed this factor has shown the relatively less preference.

The factor score weights for these items 4, 5, and 7 were 0.078, 0.091 and 0.072. The scale should be modified, since all the initial fit indices were below the cutoff ranges. Since as stated in the theory most of the companies of Nepal are in capital intensive and are producing product in cost effective pattern and has given less emphasis on quality development of people. It may be the reason that these score has shown less inclination. So the items 4, 5 and 7 were deleted for further analysis. The scale employee involvement and empowerment has only four items which gives the very fit indices.

Table 9. CFA of Research and Development

Item	Description	Initial		Final	
		MLE	MLE	MLE	Load
1	Identification of customer requirement through market feedback system	0.48	0.51	0.13	
2	Participants of departments in product development process	0.50	0.56	0.19	
3	Review of new product designs before production	0.43	0.32	0.07	
4	Measurement of product value superiority through performance and satisfaction survey.	0.51	0.49	0.15	
5	Use of experimental design in product design process.	0.49	0.53	0.15	
6	Application of Quality Function Deployment (QFD) in product design.	0.36			
Obtained Fit					
Indices	χ^2/df	RMSEA	IFI	TLI	CFI
Initial	3.128	0.144	.732	.494	.696
Final	1.551	0.073	.940	.864	.932

Initially the number of item under research and development has six items. The Item analysis (table 2) reveals that the constructs 6 has relatively low degree of correlation. While keeping

all the items in the CFA, each of the fit indices was below the cutoff range. The factors weight for item 6 was only .06 which is comparatively low with others. In case of Nepal, QFD practices are relatively low than the other tools of quality implementation. After deleting item 6, CFA model gives the better result of goodness of fit. Except TLI (0.864) other values of fit indices gave the higher values than the cutoff value. So ultimately only five item were left for Research and Development constructs of TQM implementation.

Table 10. CFA of Customer Relation

Item	Description	Initial		Final	
		MLE	MLE	MLE	Load
1	Collection of complaint information from customers.	0.57	0.70	0.18	
2	Priority consent on quality-related customer complaints	0.57	0.67	0.15	
3	Conduction and regularity of a customer satisfaction.	0.6	0.65	0.15	
4	Application of market research to collect suggestions for improvement of products.	0.54			
5	Provision of warranty of products.	0.56			
6	Adoption and regularity of customer focused strategy.	0.77	0.58	0.13	
7	Provision of strong after sales service.	0.45			
Obtained Fit					
Indices	χ^2/df	RMSEA	IFI	TLI	CFI
Initial	4.024	0.172	.777	.653	.769
Final	1.551	0.073	.940	.864	.932

Originally there were seven items under customer relation. The correlation analysis of items from table 2 reveals that the items 4, 5 and 7 were less inclination towards the aggregate measure. The correlation values for these items were respectively 0.629, 0.619

and 0.555. The initial CFA measures also indicate the same items have relatively low value. It shows that the most of the companies does not focus on the after sales service as well the warranties and guarantee of the products which they produced. After deleting these items from the CFA, the remaining measures gave the good result in the fit indices. The fit indices with maximum likelihood estimate with factor score weight (load) is exhibited in the above table.

Table 11. CFA of Education and Training

Item	Description	Initial		Final	
		MLE	MLE	MLE	Load
1	Encouragement of employee to accept education and training.	0.67	0.65		.16
2	Allocation of resources for employee education and training.	0.59			
3	Training to the employee on how to used quality management methods and tools	0.62	0.65		.12
4	Regarding of employees by management as a valuable resource, so as conduction of education and training throughout their career	0.78	0.80		0.32
5	Interest of employee to attend quality seminar or training programs	0.70	0.74		0.24
Obtained Fit					
Indices	χ^2/df	RMSEA	IFI	TLI	CFI
Initial	2.641	0.127	.946	.888	.944
Final	0.313	.000	1.012	1.039	1.000

Resources are the prime elements for education and training in any organization. The item 2 is the indication of management for the resources for training and education. The construct initially including all five items gave not satisfactory result on χ^2/df and RMSEA. Although the correlation table 2 shows the correlation

with aggregate index is 0.722, it is the least correlation among the other items. In the CFA analysis also shows the relative lower value of MLE in the item 2. After deletion of the item 2, the model approaches to significant enhancement level lowering the value of 2 from 13.2 to 0.63. Similarly, the other indices also gave the significantly better results. Since, the industries of Nepal are operating in cost effective pattern and the management and may restrict in the allocation of resources for conduction training and education programs. Therefore, research think that the content validity will not affect the analysis by deleting item 2.

CONCLUSION

The success of any organization depends upon the management strategy on how to implement the competitive tools for quality management. In this competitive era, there is evolution of different quality enhancement tools for total quality management. Unless and until the organization identifies the factors which affect the implementation of TQM and conducts the programs as of the organizational strength, the organization cannot get benefit from it. This study identifies the following nine constructs of TQM implementations with the respective items, which can be implement by the industries of Nepal to get benefit from TQM implementation.

The nine constructs of TQM implementation are Top management commitment & involvement, Policy deployment with process control and improvement, Research and development, training and education, maintaining suppliers' empowerment and relationship, customer relationship, employee empowerment and involvement, and evaluation and assessment.

And the corresponding item of these nine constructs are as follows.

Construct: Top Management commitment and Involvement

Item	Description
1	Encourages employee to involve in quality management and improvement activities.
2	Arrangement of enough resources for education and training.
3	Focuses on product quality rather than yields.
4	Communication and links established with employee
5	Permits employees to solve quality problems.
6	Regularities of top management quality audit

Construct: Policy Deployment

Item	Description
1	Having clear long-term vision statement.
2	The vision effectiveness to encourage employees' commitment.
3	Having clear short term business performance plan.
4	Having a clear quality policy.
5	Having a detailed quality goal.
6	Communication about policies and plans to the employees.
7	Employee's involvement in making policies and plans.

Construct: Supplier's Empowerment

Item	Description
1	Company focus on product quality while selecting suppliers
2	Selection of suppliers on the basis of quality materials.
3	Relationship with suppliers for long term partnership and improvement
4	Recording detailed information about suppliers' performance
5	Conducting regularly suppliers' quality audit

Construct: Process control and improvement

Item	Description
1	Existence of quality steering committee.
2	Availability of clearly stated working instructions
3	Having well-organized and perfect database

- 4 Having plan of inspections effectively in all levels (incoming, process and final product)
- 5 The intend of evaluating employee performance is for improvement not for criticism
- 6 Having well equipment and maintenance plan
- 7 Use of QC tools are to solve the problems
- 8 Use of Statistical process control for quality improvement
- 9 Application of PDCA cycle for improvement and process control
- 10 Use of continuous quality improvement for achieving goal of company

Construct: Evaluation and Assessment

Item	Description
1	Regularity of quality audits
2	Use of Benchmarking
3	Use of detailed quality related data such as defects rates and scraps
4	Use of quality related data to evaluate the management
5	Displaying quality related information at the shop floor.
6	Regularity & update of customer satisfaction survey
7	Having conduction of measurement scale to measure the performance of employee satisfaction.

Construct: Employee involvement & empowerment

Item	Description
1	Having cross-functional teams or quality circles.
2	Involvement of employees in quality related activities
3	Implementation of suggestions from employee
4	Reporting work problem is encouraged in company

Construct: Research and Development

Item	Description
1	Identification of customer requirement through market feedback system
2	Participants of departments in product development process

- 3 Review of new product designs before production
- 4 Measurement of product value superiority through performance and satisfaction survey.
- 5 Use of experimental design in product design process.

Construct: CFA of Customer Relation

Item	Description
1	Collection of complaint information from customers.
2	Priority consent on quality-related customer complaints
3	Conduction and regularity of a customer satisfaction.
6	Adoption and regularity of customer focused strategy.

Construct: Education and Training

Item	Description
1	Encouragement of employee to accept education and training.
2	Training to the employee on how to used quality management methods and tools
3	Regarding of employees by management as a valuable resource, so as conduction of education and training throughout their career
4	Interest of employee to attend quality seminar or training programs

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The Mediating Role of Perceived Organizational Support on the Relationship between Pay and Intention to Stay

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ABSTRACT

In this study, pay is examined to understand its influences on employee retention, especially among IT employees in organization. The study also examines the mediating role of perceived organizational support on the relationship between pay and intention to stay. This study adopts quantitative approach to investigate the relationship between pay and intention to stay, and mediating role of perceived organizational support on this relationship. Toward this objective, a total of 832 questionnaires were mailed to a representative of the organization. A total of 220 questionnaires were returned, and only 178 were usable for further analysis, representing a response rate of 21.39%. Results from 178 participants indicate that salary and bonus were related to intention to stay. While perceived organizational support was found to partially mediate the relationships between salary and intention to stay, and fully mediate the relationship between bonus and intention to stay. This finding shows that pay and organizational support are crucial factors for encouraging

employees to stay in organization. Thus, best practice of pay management must be implemented, and this practice will shows high level of organization support to employees' need and well-being. Consequently, employee retention can be managed efficiently.

Keywords: Intention to stay, pay, salary, bonus, organizational support, IT workers.

INTRODUCTION

Employee retention issue continues to be a main concern for employers in various sectors and industries in Malaysia. According to Arora (2016), organizations now are actively addressing about employee retention. Technology sector companies across Asia-Pacific continue to face high levels of employee turnover despite ongoing economic uncertainty around the globe. Employee voluntary turnover rates now exceed 10% in all major Asia-Pacific markets. India leads the region with a trailing 12-month voluntary turnover rate of 13.6%, followed by Malaysia at 13.0% (Aon Hewitt TCM Survey, 2017). Statistical data from survey which was conducted by independent agencies in Malaysia shows an essential rate of employee turnover. A survey conducted by JobStreet.com found that 38% of the respondents concern about retaining valuable employees in 2016. Another study also shows consistent facts on employee turnover rate. For instance, Malaysia recorded the second highest involuntary turnover rate at 6.0% and third highest voluntary turnover rate at 9.5% in 2015 in South East Asia (Aon Hewitt TCM Survey, 2015). In addition, 36% of employees are intends to leave the organization within two years (Tower Watson Survey, 2014). In the ICT industry, a high turnover rate

was recorded in the ICT based-business such as outsourcing and shared business services between 32 to 39 percent per annum in 2008 (Patrick, 2008). Since organizations won't be able to function properly with inadequate information technology workers, it is important for the organizations to prevent this problem from continuing, and to do so organizations need to know what factors may influence intention to stay among information technology skilled workers.

Discussion on employee turnover above gives instant reaction particularly to look at the influences of organizational practices on this issue. One of important organizational practice that requires serious examination is pay management and organizational support. The role of pay in addressing employee turnover needs to be discussed from pay equity perspective. Fundamental assumption of this view is employee must be paid fairly. Typically, if an employee feels that he or she works harder than another employee who receives a higher rate of pay, he or she may leave the organization for a higher paying opportunity. This is because highly paid employees tend to be more determined to remain in their organization. Another aspect is level of organizational support. Organizational support may be viewed from many approaches such as human resource practices, financial, culture, job design, work environment and supervisor support. Thus, in the present study, pay is examined to understand its influences on employee retention, especially among IT employees in organization. The study also examines the mediating role of perceived organizational support on the relationship between pay and intention to stay.

LITERATUR REVIEW

Pay and Intention to Stay

Employee retention refers to the desire of workers to remain working in the current organization (Coombs, 2009; Ellenbecker, 2004). However, intention to stay is not a popular variable for research as compared to intention to leave. A review of currently available literatures has showed that many studies focuses on intention to leave instead of intention to stay (Allen, 2006; Spreitzer & Mishra, 2002). Previous studies have also used the concept of intention to stay as a proxy to explain employee retention (Coombs, 2009; Chew & Chan, 2008; Ellenbecker, 2004). This approached provides further validation to the assumption by Ajzen (1991) that intention is the strongest cognitive precursor of behavior. Based on this premise, the present study used the same approach where intention to stay is a proxy for understanding employee retention. Intention to stay is more relevant in the current research because of the difficulties encountered by organization in retaining their skilled IT workers, and also previous study did not specifically examines the intentions of skilled IT workers to stay in organization (Humayun & Zhao, 2009; Punia & Sharma, 2008).

In this study, two dimensions of pay were tested agaist intention to stay. First is salary. Salary is the cash rewards that an employer pays for the work performed, and it tends to reflect the value of the work or skills (Bergman & Scapello, 2002). Though many studies have discussed the influence of salary level on intention to stay (Borstoff & Marker, 2007; Burnett, Williamson & Bartol, 2009; Chew & Chan, 2008). For instance, Borstoff and Marker (2007) have identified that pay and benefits had significant related to employee trunover. However, none actually studied the relationship between salary satisfaction and intention to stay. For example, Chew and Chan (2008) studied on employee perceptions of pay (salary) justice and the desire to remain employed in the

organization, and they found a significant positive relationship between the two variables. Chiu, Luk and Tang (2002) and Lockwood and Ansari (1999) also found similar findings in their studies. Based on the above discussions, the following hypothesis is formulated.

H1: Salary is positively related to intention to stay.

Second dimension of pay is bonus. Bonus is referred to cash incentives that tie pay directly to employee performance (Bergman & Scapello, 2002). In theory, incentives such as bonus have an influence on intention to stay because it gives organization the flexibility in dealing with internal and external environment uncertainties such as employment opportunities and labor market conditions (Blakemore, et al., 1987). Several studies have shown the influence of bonus on the desires of workers to remain in the organization (Flood, Turner, Ramamoorthy et al., 2001; Gaylard, Sutherland & Viedge, 2005). Specifically, the study conducted by Gaylard and colleagues (2005) on information technology workers in Europe, Australia and South Africa found that bonuses are important factors that could encourage workers to remain in the organization. Based on the above discussions, the following hypothesis is formulated.

H2: Bonus is positively related to intention to stay

Pay and Perceived Organizational Support

In this study, pay was also tested against organizational support. Perceived organizational support (POS) refers to employee's global beliefs concerning the extent to which the organization values their contributions and cares about their well being (Eisenberger et al., 1986). According to organizational support theory (OST), POS is induced by positive discretionary activities or actions, which make employees think about the organization

values and cares for the well-being. Such positive judgement would enhance employee's perception about organizational support in their workplace. This argument is supported by several empirical findings (Rhoades & Eisenberger, 2002; Stinglhamber & Vanderberghe, 2003). For example, Rhoades and Eisenberger (2002) through their meta analysis found that wage has significant positive relationship with POS. In view of that, following hypotheses are proposed:

H3: Salary is positively related to perceived organizational support.

H4: Bonus is positively related to perceived organizational support.

Perceived Organizational Support and Intention to Stay

The fundamental concepts in explaining the relationship between POS and intention to stay is based on norm of reciprocity and OST. In line with the norm of reciprocity, favorable treatment given by the organizations may create a sense of indebtedness among employees in which becomes the basis for a higher intention to stay in organization (Gouldner, 1960). OST also suggest that POS increases intention to stay by embarking the feeling of obligation to care for the organization and to help meeting the objectives. In the past, studies have shown how POS contribute to employee's intention to stay in organization (Smith, 2005; Stamper & Johlke, 2003). POS has also been found to be related to a range of attitudes and behaviors at work such as job satisfaction, organizational commitment and intention to stay (Rhoades & Eisenberger, 2002). Thus, the following hypothesis is proposed:

H5: Perceived organization support is positively related to intention to stay.

Perceived Organizational Support as a Mediator

Within the context of social exchange (Blau, 1964) and norm of reciprocity (Gouldner, 1960), POS would create an obligation for employee to enhance organization performance and objectives. One way employees can fulfill this obligation is through increasing their intention to stay in organization. Based on this premise, it is possible to argue that POS serves to mediate the relationship between monetary rewards and intention to stay. This is because when pay and bonus satisfaction are perceived as supportive and taken as voluntary treatment, employees would strengthen their perceptions that organization cares about their needs and well-being. Thus, this would strengthen employee's judgment about POS. This perception will create a sense of personal obligation to support organizations working to respond by increasing its commitment to remain in the organization (Eisenberger et al., 1986).

H6: Perceived organizational support mediate the relationship between salary and intention to stay.

H7: Perceived organizational support mediate the relationship between bonus and intention to stay.

METHODOLOGY

This research consists of semi-structured interviews with a web-based questionnaire survey. Since this research is specifically confined to the Australian construction sector to understand to obtain specific viewpoints and in-depth insights regarding 'what is the current status of BIM adoption' and 'how can advanced BIM capabilities be adopted' in the Australian construction industry in real life context, questionnaire survey for quantified outcomes in conjunction with interviews for in-depth contextual insights are essentially adopted as a mixed method approach (Creswell et al., 2004). The questions adopted a 5 point Likert scale since it is the

most popular method among researchers and easy to communicate with respondents (Knight and Ruddock, 2008; Chimi and Russell, 2009).

In order to obtain valid and relevant research findings, 68 prequalified construction professionals, who are actively involved in a BIM-enabled construction project and employed in a nationwide construction company such as Rider Levitt Bucknall and Mitchell Brandtman, are selected via construction professional organizations such as Royal Institution of Chartered Surveyors (RICS), Australian Institute of Building (AIB), and Australian Institute of Quantity Surveyors (AIQS). The web-based questionnaire was comprised of 15 questions designed to explore the following three key aspects; a) awareness and current status of BIM, b) perceived advantages and barriers to BIM adoption, and c) current readiness for 4D and 5D BIM capabilities adoption. A pilot questionnaire survey was conducted prior to the main questionnaire survey to eliminate misleading questions, ambiguity and any difficulty in responding (Polit et al., 2001). After the completion of questionnaire surveys, follow-up semi-structured interviews were conducted.

Sampling Design, Study Sample and Procedures

The study population includes all IT workers in the software development sector with MSC status in Malaysia. A cluster sampling method was used to select the sample for this study. A total of 832 questionnaires were mailed to a representative of the organization who agreed to participate in this study. The representative will then distribute the questionnaires to their IT employees. Each participant received one set of questionnaire with cover letter attached, explaining the purpose of the study and the instructions on how to answer the questionnaire. Participants were also provided with a pre-addressed and postage-paid envelope

so that they could post the questionnaire back to the researcher. A total of 220 questionnaires were returned, and only 178 were usable for further analysis, representing a response rate of 21.39%.

Measurement

Intention to stay - Intention to stay refers to employees' conscious and deliberate willingness to stay with the organization (Chew & Chan, 2008; Coombs, 2009). To measure participants' intention to stay, three items were adapted from Coombs (2009) and another three items from Stassen and Ursel (2009). Each of the adapted questions asked how strongly the respondents agreed or disagreed with the intention to stay statements on a five-point scale whereby, 1 = strongly disagree, and 5 = strongly agree.

Salary - Salary is operationalized as employee perceptions of satisfaction with the current salary and total salary (including allowances and financial benefits) received in the organization (Heneman & Schwab, 1985). Respondents' perceptions toward salary satisfaction were assessed using four adapted items from Heneman and Schwab (1985).

Bonus - Bonus is operationalized as employee perceptions of satisfaction with the amount of bonus received, and were measured by three items developed by Sturman and Short (2000). In this study, each of the adapted questions asked how satisfied the respondents were with regard to both the salary and bonus statement on a five-point scale whereby 1 = very dissatisfied and 5 = very satisfied.

Perceived organizational support – perceived organizational support is operationalized as a global impression employees hold that an organization values them and cares about their well being. This perceptions were measured using 7 items adapted from Eisenberger et al. (1986). Responses to items were made on a 5-point scale whereby 1 = strongly disagree and 5 = strongly agree.

Method of Analysis

In this study, the hypotheses were tested using multiple regressions. Multiple regression analysis involving the testing of the relationship between a dependent variable and two or more independent variables (Hair Jr., et al., 2007). Prior to conducting analysis, the data was tested for normality, linearity, homoscedasticity, and independence of the error terms. Finally, the procedures suggested by Baron and Kenny (1986) were followed for testing the mediation effect of perceived organizational support.

RESULTS

Profile of Respondents

Out of 178 participants, 53.9% were males. 54.2% were unmarried and 76.4% hold a bachelor degree. Software engineer constitute 19.7% of the survey participants, followed by 18.5% system programmers and 16.3% system analyst. The average age of participants was 31 years old. On average, the participants had been in their present position for 4.99 years, and had served their organization for 4.21 years.

Multiple Regression Results

To test H1, H2, H3, and H4, a multiple regression was conducted. Specifically, for H1 and H2, intention to stay was regressed on two independent variables, namely salary, and bonus. Meanwhile, to test H3 and H4, salary and bonus regressed on POS. Table 1 presents the results of this analysis. It is noted that 50.8% of the variance in intention to stay had been significantly explained by the salary and bonus (R^2 change = 29.4, F -change = 223.45, $p < 0.01$). In the model, all two measures were statistically significant, with salary recording a higher beta value ($\beta = .427$,

p<.05), and followed by bonus ($\beta=.262$, $p<.01$). Thus H1 and H2 were supported. Regarding to the effects of salary and bonus on POS, the model were able to explain 59.1% of the observed variations in POS (R^2 change = 33.01, F -change = 321.35, $p<0.01$). However, only one component of pay, namely, salary ($\beta=.379$, $p<.01$) has significant and positive relationship with POS. Unfortunately, bonus was not related to POS. Thus, H3 was accepted, and H4 was rejected.

TABLE 1. Multiple Regression results

Predictors	Criterion Variables	
	Intention to Stay	Perceived Organizational Support
	Std. β	Std. β
Salary	.427*	.379**
Bonus	.262**	.083
R^2	50.8	59.1
Adj. R^2	37.9	32.7
R^2 change	29.4	31.01
F change	223.45**	321.35**

Note: * $p<.05$, ** $p<.01$

With regard to H5, POS was regressed on intention to stay. As revealed in Table 2, POS was able to elucidate 48.2% of the observed variations in intention to stay (R^2 change = 35.2, F -change = 325.32, $p<0.01$). The results also shown that POS was related to intention to stay ($\beta=.482$, $p<.01$). Thus, H7 was supported.

TABLE 2. Regression results

Predictor	Intention to Stay Std. β
Perceived Organizational Support	.482**
R ²	48.2
Adj. R ²	36.7
R ² change	35.2
F change	325.32**

Note: * $p < .05$, ** $p < .01$

Mediation Testing

In order to test for the mediation effects (H6 and H7), three conditions suggested by Baron and Kenny (1986) are followed and tested respectively. First, the results in Table 1 showed that salary has significant effect on POS (mediator). Second, the results from the same table revealed that salary and bonus have significant and positive relationship with intention to stay (independent variable). Third, results from Table 2 showed that POS has a significant and positive relationship with intention to stay. Based on this result, all three conditions for testing mediation effect have been fulfilled. The significance or non-significance between those variables was used to draw conclusions about full or partial mediation.

As indicated in Table 3, salary has a significant and independent influence on intention to stay ($\beta = .427$, $p < .01$). However, salary still have a significant effect on intention to stay with the insertion of POS but with a lower beta value ($\beta = .279$, $p < .01$). This finding illustrates that POS was partially mediated the relationship between salary and intention to stay. Therefore, H6 was partially supported. With regard to bonus, the results

showed that it has a significant and independent influence on intention to stay ($\beta=.271$, $p<.01$), but relationship was no longer significant when POS was tested together. This finding entails that POS play as a full mediator. Thus, H7 was supported.

TABLE 3. Mediating effects of POS

Predictors	Criterion variables		
	POS Std. β	Intention to Stay (without POS) Std. β	Intention to Stay (with POS) Std. β
Salary	.279**	.427*	.279*
Bonus	.093	.262**	.022
R ²	58.3	50.8	56.3
Adj. R ²	33.7	37.9	31.7
R ² change	33.01	29.4	30.1
F change	331.35**	223.45**	135.45**

Note: * $p<.05$, ** $p<.01$

DISCUSSION

The aim of this study was to examine the direct effects of pay on intention to stay. Also to test the mediating role of perceived organizational support on this relationship among IT skilled workers in ICT companies in Malaysia. In this study, it was found that participants' feeling of satisfaction towards the pay such salary and bonus were related to intention to stay. One possible explanation may be because salary is the main factor that individual would consider when accepting a job. When the salary

received is considered to be fair, either in terms of external and internal justice, and competitive as compared to other organizations, the willingness of employees to remain in the organization will increase. In addition, their willingness to stay with one organization will also depend on their perception towards the amount of bonus they received in the past and, probability of obtaining the bonus in the future. This situation gives a strong message to managers that the minimum salary increases and fairly bonuses may keep them in their current position and organization. It is believed that employers may be able to retain their employees with salary increases between 5% and 11%. Thus, succeeding with this effort requires managers to think about pay management from employees' needs, and they want to believe that they are appreciated by their employers. In short, the crucial role of pay as a main role in linking between developmental HR practices such as rewards management with employee turnover needs to be managed effectively (Ahmed, Halim & Lazim, 2016).

Regarding to the mediating effect of POS on intention to stay, this study found that POS partially mediate the relationship between salary and intention to stay. However, POS play as a full mediator in the relationship between bonus and intention to stay. These findings support the OST where employees' evaluation towards organizational practices such as salary will affect perceptions of organizational support, and this indirectly will affect employees desire to stay.

Perceived organizational support role as a mediator also a sign of the relationship between an organization and employees because it tests employees' beliefs about how much their organization rewards employees' efforts and well-being. In this study, salary and bonus are two practices that give a good sign of the relationship between employer and employees. Consistent salary increases is also shows clear message to organization that

employees' efforts and well-being are fairly treated. Hence, when an employee is treated fairly and their contributions are valued, they tend to be more dedicated to retain in organization. Therefore, organizations that are appreciating and valuing employee contributions are likely to be perceived as caring employers, that is, turning to rewards and incentive programs to keep employee happy.

CONCLUSION

The aim of this study was to investigate factors that may influence the intention of IT skilled workers to stay in organization. The main concern of this study was the direct influence of pay on intention to stay, and indirect effect of perceived organizational support as a mediator. Since all pay factors are related with intention to stay, management of organization should focus more on improving the compensation practices in the workplace. It is hope that through the examination of these factors on intention to stay, a complete understanding of the best approach to retain employees will be achieved.

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Logical Organization of Investment Climate and its Influence on Investment Potential

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ABSTRACT

In article the logic maintenance organization of appeal of investments is revealed, the basic scheme of National creation model of a favorable investment climate of Uzbekistan on the basis of investment attractions is developed and efficiency of this methodological approach by actual results of steady escalating of investment potential in the country is proved. The results provide important findings to understand investment climate and its influence in Uzbekistan.

Keywords: Investment, Investment policy, Investment attractions, Investment potential

INTRODUCTION

Employee retention issue continues to be a main concern for employers in various sectors and industries in Malaysia. According to Arora (2016), organizations now are actively addressing about employee retention. Technology sector companies across Asia-Pacific continue to face high levels of employee turnover despite ongoing economic uncertainty around the globe. Problems of modernisation and innovative development of economy of Uzbekistan demand steady escalating of investment potential of the country which represents co-operating set of current and perspective investment resources, real and possible results of their use in space of a corresponding investment field. After recovering the independence and overcoming of a system economic crisis of first half 1990th years in Uzbekistan the considerable annual gain of investment resources is observed, there is a process of an intensification of their generation. It means that management practice by investment process in republic uses progressive forms and methods of efficient control investment activity. However, deep theoretical generalisation of these processes, revealing of laws and principles of escalating the investment potential of the country domestic economic science has not developed yet (Akimov & Dollery, 2006; Mason & Harrison, 2015).

The purpose of this study is to explore a logical organization of investment climate and its influence on investment potential. The results provide important findings to understand investment climate and its influence in Uzbekistan.

INVESTMENT CLIMATE

For bringing in and effective use of investments, the certain terms usually named an investment climate are needed. In modern

economic literature, this term is widespread very widely, but clear determination does not have until now. And it is not casual, as self this concept is characterized the very diffuse quality signs of the state of the economic systems. Absence of this concept does not mean certainly, that he in general does not exist. It talks only that concept investment climate yet not folded as the generally accepted scientific category, as development of this direction flows so stormily, that scientific thought did not yet produce the single going near his theoretical interpretation (Cummings, 2015).

However, we will begin with the simple determination given in a financial dictionary. Here the financial understand “under an investment climate, political and other terms, having influence on activity of investments in the economy of country. Stability of government, presence of exhaust normative base qualificatory rights for investors, assist establishment of favorable investment climate”. These very diffuse determinations in some measure give an opportunity to present all breadth and many-sided nature of concept of investment climate, and apparently, therefore in works of the Uzbek scientists of more exact determination of category an investment climate we did not find. One is clear; an investment climate plugs in itself all totality of terms and factors, operating in a country (Bayraktar, 2013).

Am orphism and diffusion of concept an investment climate over was gradually brought to appearance in economic literature of new понятия- by an investment attractiveness, the mechanism of management of that yet is only formed, and many questions, including methods of estimation, remain debatable. The feature of this concept is an attempt to measure her certain set of indexes. However, such attempts each time run into unsettle of especially theoretical problem of determination of category essence of this phenomenon. Examining this problem, part of authors interprets

the concepts of investment climate and investment attractiveness as identical (Ouedraogo, 2016).

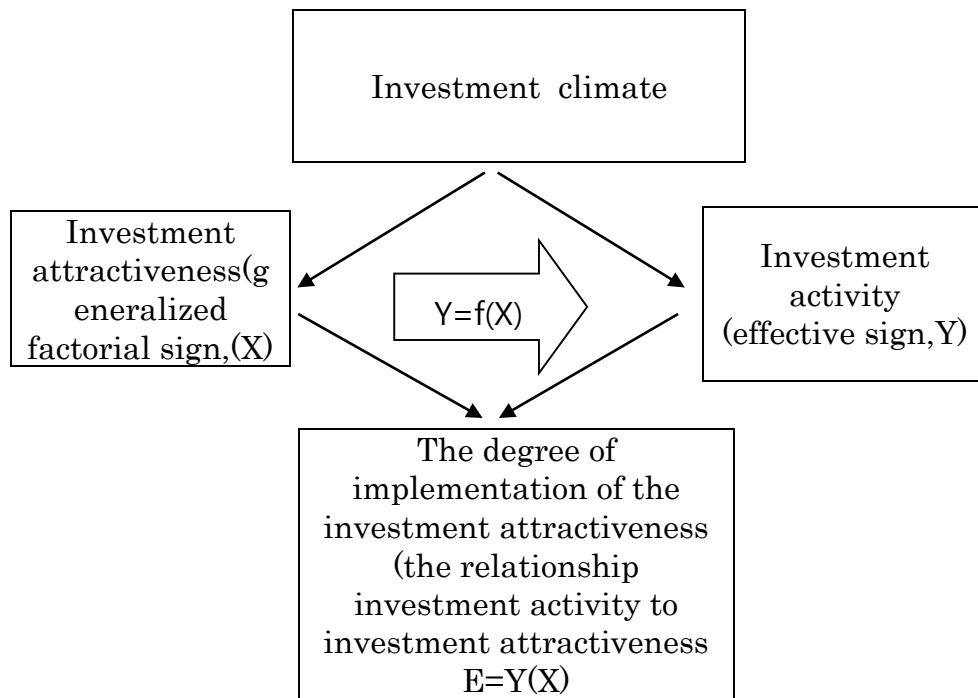


Fig.1. Connectional meanings investment attractiveness, investment activity, and investment climate on V.V. Kiryuxina.

Other considers that investment climate more wide and capacious concepts, what investment attractiveness. For example, in opinion of Kiruhin investment potential and well-known degree of investment risk form investment attractiveness that determines investment activity. According to his opinion, an investment

climate is determined by investment activity and investment attractiveness (Fig.1).

Here we can see that following this stream in interpretation meanings evaluate investment climate like aggregate condition (factories), effective on wish investors realize investment, as investment activity – effective sign not only for investment attractiveness, but and for investment climate. The third group the authors consider investment attractiveness like one from efficient account of marks investment climate. At that they think, that investment climate includes objective resource enterprise, sector, region (investment potential) and condition activity investor investment risk, that allow compare this meaning. From here, make conclusion about it, if investment potential exceed investment risk, we can talk about investment attractiveness.

As it was stated, an investment attractiveness has a row of similar concepts in economic literature, an investment climate, is an investment image. But they are not identical, under a concept an investment climate is usually understood totality of economic, political, financial terms, having influence on an inflow internal and external to the investment image appears as a complex reflection of different aspects of investment climate in presentations of investors. From here evidently, that the system of investment activity plugs in itself next elements (Ando and Kim, 2006).

Different interpretations of concept of investment attractiveness inevitably conduce to different approaches in determination of her internal constituents reflecting or stability of the financial state of enterprise, a return on equity is a price of equities and level of the paid dividends. In the second it economic or socially economic, expediency of investing, based on the concordance of interests and possibilities of investor and recipient

of investment, that provides the achievements of aims of each of them at the acceptable level of profitableness and risk (Fig. 2).

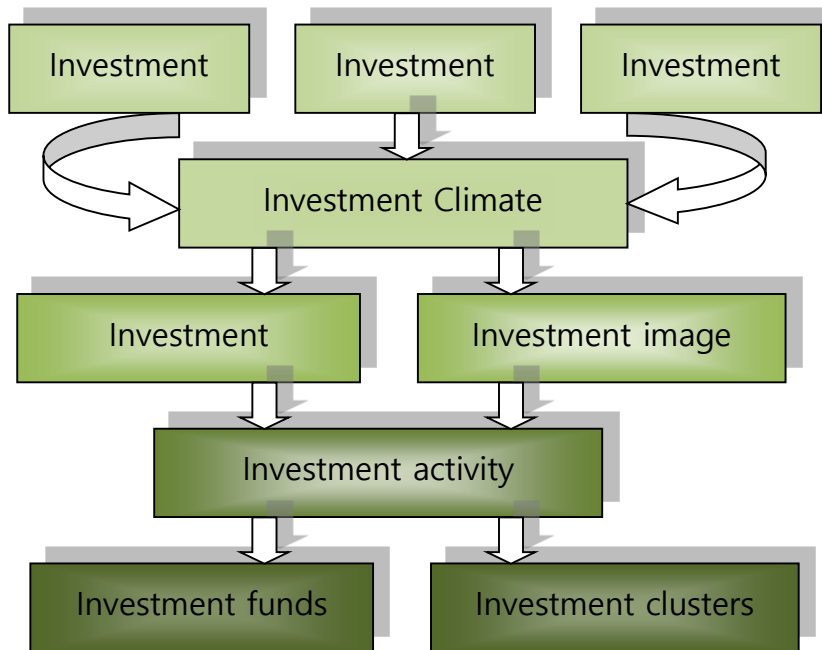


Fig. 2. The relationship of elements of investment activity

Investment attractiveness of the company, characterized position prospects, profitability, efficiency, and minimize the risk of investing in its development; investment attractiveness, as defined by the macro-level conditions (economic, legal, political, social, etc.), created by the state to all business entities, as well as foreign investors for profitable investment for the development of the national economy.

DYNAMICS OF INVESTMENT CLIMATE

Here we come to a very interesting conclusion that the investment climate has the properties of the statics and dynamics. In the static investment climate is characterized already achieved investment conditions, which are fixed at a certain time. In the dynamics of the investment climate is undergoing a very significant change and it all depends on the direction in which the changes are. These properties statics and dynamics inherent in both developed countries and countries with economies in transition. However, if in the first, the investment climate is very static, in countries with economies in transition, it overcomes the rapid changes. Therefore, for countries with economies in transition is more important than the dynamic characteristics of the investment climate. We think it is important because existing economic literature methodology for assessing the investment climate - scoring, rating, and other usually calculated only on fixing the static process, and therefore cannot fully meet the needs assessment of the investment climate in countries with economies in transition, including of course, and Uzbekistan (Kim & Phillips, 2013).

Note that, the definitions of the investment climate that we give are based on necessity of creating specified conditions. Proviso that the name “condition” means here “the situation, in which something is being made” and “the circumstances, on which something is depended”. These definitions vindicate the dual character of the investment climate – its static (situation) and dynamic (circumstances). Situation so as circumstance are made up with the aim of “investments activation”, “affluence of inside and outside investments”, and it means that conditions of favorable investment climate should provide the attractiveness of investing.

We are presented, that this conclusion is one of the most important methodical postulates of the theory of investing potential and it says that the base of forming and increasing investing potential is a favorable investing climate, which provides favor of investing by system of attractor.

It is particularly important that the category of “Investment attractor” is fundamentally different from the concept of “investment attractiveness”. Note that the notion of the investment climate has come to us from abroad. The newly formed young states, inherited from the former Soviet Union systems of socio-economic crisis, in desperate need of foreign investment. Potential foreign investors also talked about investment climate and investment guarantees. Loans, supply of technological equipment, construction of new enterprises carried out under the guarantee of the government. The need for investment was so great that the notion of the investment climate and investment attractiveness were identified with government’s guarantees and immediately assumed the character of an indispensable attribute of access to foreign investment. Unfortunately, the same approach could be seen in the economic literature to this day, when the investment climate and investment attractiveness refers only to ensure the attraction of investment resources only from external sources. As a result, reproductive investment process of own funds of enterprises almost completely absent from the theoretical analysis. That is why we have introduced a new economy category – generating investment potential. It covers local firm, local reproduction process of investment potential and attracting external investment resources.

CONCLUSION

This study is to explore that employee retention issue continues

to be a main concern for employers in various sectors and industries. Organizations are dynamically dealing with employee retention. Technology oriented companies across Asia-Pacific continue to face higher levels of employee turnover despite ongoing economic uncertainty around the globe **matters** of modernization and innovation in economic development of Uzbekistan. Demand is steady escalating of investment potential of the country that represents collaborating set of current and prospective investment resources, real and potential results of the use in space of a relevant investment field. This study provides with a logical organization of investment climate and its influence on investment potential. The results show important implications to understand investment climate and its influence in Uzbekistan.

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Management Review: An International Journal (MRIJ)

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Nevertheless, how to foster managerial review and insights have not been appropriately explored in terms of global or local business perspectives. In fulfilling of this urgent and timely theme, business management need more sustainable profitability, better operational excellence, higher goods and services quality, more proper market promotion, stronger leaderships, and more accurate financial planning in order that business organizations are more competitive.

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