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TABLE OF CONTENTS

POSITIVE IMPACT OF COMPUTER CONFERENCING IN DISTANCE EDUCATION.....	6
GBENGA MICHAEL ADEYEYE	
MEMORY, FORGETFULNESS AND NARRATION: REMINISCENCE TO RECALL VICTIMS OF THE ARMED CONFLICT IN COLOMBIA.....	11
ALEJANDRO RIASCOS GUERRERO	
<i>CORPORACION UNIVERSITARIA MINUTO DE DIOS, CENTRO REGIONAL PASTO</i>	
RETURN MIGRANTS' IMPACT IN ECONOMIC DEVELOPMENT OF THE ORIGIN COUNTRY	20
ALKIDA NDREKA	
THE RELATIONSHIPS OF CONTEXTUAL PERFORMANCE WITH PERSON-ORGANIZATION FIT, PERCEIVED ORGANIZATIONAL PRESTIGE AND ORGANIZATIONAL IDENTITY STRENGTH: THE MEDIATING ROLE OF ORGANIZATIONAL COMMITMENT	28
HATEM ÖCEL COLLEN	
IMERETI REGION'S NATURAL - RECREATIONAL AND HISTORICAL – CULTURAL POTENTIAL AS TOURISM DEVELOPMENT FACTOR IN GEORGIA.....	38
DAVITULIANI TSITSINO	
MIKAUTADZE RUSUDAN	
NEW LEGAL SOLUTIONS IN THE HUNGARIAN CRIMINAL LAW WITH REFERENCE TO THE FIGHT AGAINST THE IRREGULAR MIGRATION	44
ROBERT BARTKO	
TOWARDS CRITICAL THINKING AND ITS PERCEPTION IN GEORGIA (TBILISI OPEN TEACHING UNIVERSITY CASE)	53
SOPHIA MORALISHVILI	
KHATIA SHEVARDNADZE	
RUSUDAN TKESHELASHVILI	
ANALYSES OF THE SUSTAINABLE PATTERNS AND BEHAVIOURS: THE CASE OF THE RESIDENTS IN THE MEDITERRANEAN REGION OF SLOVENIA.....	61
ŠPELA VEROVŠEK	
MATEVŽ JUVANČIČ	
TADEJA ZUPANČIČ	
ANALYSIS OF TEAM WORK EFFICIENCY WITH A SPECIAL VIEW OF KOSOVA.....	68
DRITON FETAHU	
INDUSTRY LEADER PREMIUM	84
JA RYONG KIM	
THE SCOPE AND LIMITATIONS OF LEGAL PROTECTION OF CHINESE FOREIGN INVESTMENTS IN LUSOPHONE MARKETS AND THE ROLE OF MACAU SOCIETY	95
M. P. RAMASWAMY	
A COMPARISON OF EQUITY VALUATION MODELS: EMPIRICAL EVIDENCE FROM A SAMPLE OF UK COMPANIES.....	105
JA RYONG KIM	
CRAFTING SOCIABILITY IN FEMALE SPIRITUAL PRACTICES: THE CASE OF <i>BOUTCHICHIIYAT</i>.....	122
SARAH HEBBOUCH	

Positive Impact of Computer Conferencing in Distance Education

Gbenga Michael Adeyeye

PhD, College of Education, Department of Educational Foundation, University of South Africa

Abstract

A number of studies have examined the dynamics and style of communication adopted in computer conferencing in distance education (Mason, 1993). Computer conferencing by higher education institutions offering distance education courses has expanded rapidly since 1987. Lately computer conferencing has developed in fame as a vehicle of distance education. While protecting the opportunity related with asynchronous communication and giving wide access to low-end innovation users, computer conferencing enables students and instructors to take part in group learning and associate 'many-to-many' (Harasim, 1989). Much has already been written on the subject of computer conferencing in support of educational processes, in particular distance education (DE). Using unstructured interviews and observations at adult students' homes or worksites, the study investigated adult student perspectives of distance study by computer conferencing. The focal finding of this investigation was that computer conferencing can bolster a scope of learning situations, from teacher-led symposium to symposium to a student-centered community workshop. In addition, adults actively engaged in social relationships outside their distance studies which sustain their educational pursuits. The students provided insights into aspects of the on-line environment as synchronicity, interactivity, textual communications, and collaboration.

Keywords: positive, impact, computer conferencing, distance education

Introduction

A number of studies have examined the dynamics and style of communication adopted in computer conferencing in distance education (Garrison, D. R., Anderson, T., & Archer, W. 2001). Computer conferencing by higher education institutions offering distance education courses has expanded rapidly since 1987. Lately computer conferencing has developed in fame as a vehicle of distance education. While protecting the opportunity related with asynchronous communication and giving wide access to low-end innovation users, computer conferencing enables students and instructors to take part in group learning and associate 'many-to-many' (Harasim, 1989). Much has already been written on the subject of computer conferencing in support of educational processes, in particular distance education (DE). Naughton, N., & Redfern, S. (2002) link the collaborative potential of computer conferencing to constructivist teaching and learning, he also claim that the new technologies have contributed to a movement away from a traditional objectivist paradigm that views education as the transmission of information from teacher to student, to one that views knowledge as a personally constructed world view. Naughton, N., & Redfern, asserts that the collaborative potential of computer-mediated communication makes it an ideal tool for constructivist teaching. He proposes that distance educators can and should take advantage of this potential and encourage students to make their own meanings through collaboration with others: 'Through the process of articulating covert processes and strategies, learners are able to build new and modify existing knowledge structures. (Bonk, C. J., & King, K. S. 2012). Notable researchers on computer conferencing assert that the asynchronous group interaction of the medium demands a shift in the teacher's role from information presenter to facilitator of discussion (McCabe, M. F. 1998)

ONLINE EDUCATION

The methodologies applied in first-and second-generation distance education frameworks (separately dependent on correspondence and multimedia) were and are focused to a great extent on the generation and conveyance of learning material to the learning network. Correspondence with the students (in a bi-directional sense) is kept to a minimum and correspondence among students is essentially in-existent. In this line, Distance Education is to a great extent decreased to

a matter of covering geological gap (an issue that can be dealt with by viable techniques for the presentation and distribution of learning material). Therefore, learning is never again treated as a social procedure in which need is given to educator to student and communication between students, but instead as an only individual interest. The classes taking part in this type of Distance Education are virtual just in the feeling of being spread over a wide zone and thoroughly come up short on the socio-subjective component common of customary tutoring (Taylor, J. C. 1995).

The possibility that learning should keep on being a social procedure even at a distance was the Spring board for the improvement of third-generation distance education frameworks. In Distance Education system, third-generation frameworks are likewise called online training frameworks since a large portion of the learning procedure happens on PC systems. Here members cooperate with each other inside a veritable learning network in which people can defeat their seclusion and reinforce their association with the gathering. These strategies loan themselves especially well to grown-up instruction, a setting where the sharing of individual experience about the subject being contemplated can assume a crucial job in aggregate advancement (Benigno, V., & Trentin, G. 2000). Moreover, to encourage association between members, numerous community learning techniques tried in on location instruction can be used in online training.

The requirement for an exceedingly organized communication environment in request to actualize the methodology described earlier, the computer network environment utilized must have the capacity to oversee "virtual classrooms" in which every one of the members (or a set thereof) may "meet" and spotlight all the more intently on different subjects canvassed in the course. The point is to allow, where essential, either the foundation of various work/contemplate bunches working in parallel or further dialog on finished course modules, and to do as such without upsetting the tutor's timetable of exercises; as it were, those keen on a specific action can stay with it while the others continue as indicated by the arranged calendar. Computer conferencing frameworks are regularly utilized for taking care of online instruction exercises as they allow the production of disseminated learning conditions that beat existence restrictions.

Interaction through computer conferencing frameworks gives new chances to overseeing and taking an interest in the learning procedure that were obscure in traditional distance learning and traditional on location courses.

Computer conferencing, and CMC as a rule, not just offer asynchronous many-to-numerous communication, they additionally make broad utilization of interaction through the written word (Mason, 1993). The style of these exchanges is to a great degree casual and is frequently alluded to in the literature as "say-writing". Interacting on a par with individual members creates various advantages for the learning procedure, particularly when conducted in writing. Planning and communicating one's very own thoughts, together with contemplating and responding to those of others, are important cognitive capacities. Moreover, active participation prompts an amazingly rich learning circumstance, enabling every member to analyze the subject being examined or a specific issue from different perspectives, i.e. those of other participant (Harasim, 1989).

Another intriguing element of computer conferencing is its adaptability in favoring and supporting collaborative learning exercises. It ought to be recollected, in any case, that planning and directing an online course dependent on CMC includes receiving a progression of techniques and methodologies that vary generously from those run of the mill of traditional distance education and on location training. Before embarking on the structure of an online training venture, it is thusly important to be completely mindful of the attributes of the picked telematics frameworks and of the correspondence elements they will in general empower in relational exchange between members.

WEB CONFERENCING

Can be explained as the environments based on the WWW standard which can be accessed using any of the most common web-browsers such as Netscape or Explorer. In order to understand the kind of problem that Web-conferencing seeks to tackle, a brief premise is needed. Systems which are purposely designed for computer conferencing are generally based on a client-server architecture: at one end is the network server on which the system is managed, and at the other end is a specific software application (the client) installed on the user site that can communicate with the server from a distance. These applications are usually specific to one particular environment and if the conferencing system is changed, it becomes necessary to use a different client application. Having to use different clients for different network services has been a recognised problem for some time, with the result that the most popular web-browsers now offer sub-environments for e-mail and accessing News services together with their normal navigation functions.

In the specific case of computer conferencing, many producers have tried to solve the problem of specialised clients by adapting their systems to the WWW world. This has often led to hybrid environments that have only some of the functions contained in the original computer conferencing system – which, however, can still be reached if desired through the related client. As a consequence, computer conferencing environments that can be accessed via the WWW can be grouped into two distinct categories: Web-Conferencing Systems and Non-Web-Conferencing Systems (Woolley, 1996). The former are purposely designed for the WWW standard while the latter can be viewed through the WWW environment but are based on other standards.

Although great strides forward have been taken in the development of new Web-Conferencing systems, for the time being these do not offer the same wealth of functions as the most sophisticated computer conferencing systems. This is not due, of course, to the producers' shortcomings but to the limitations imposed by the WWW standard. According to an analysis published on the network by David Woolley (1996) there are also other problems that currently make these systems uncompetitive with computer conferencing systems. One of these is related to performance: when working on the Web, delays arise in navigation (moving from one site to another) and from the way Web pages come up on screen. Furthermore, the text editing capabilities of Web-based environments are decidedly poor and not at all comparable with those of the most popular computer conferencing environments. It should be stressed, however, that evolution in both the Hypertext Transfer Protocol Secure and the **Hypertext** Markup Language could bring improvements in performance and in user interfaces. Nevertheless, experts claim that in order to solve these problems completely, the HTML approach has to be totally bypassed and interfaces should be written directly in other languages (e.g. Java).

IMPORTANT ASPECT OF ONLINE COURSE

In online courses to structure communication to suit educational activities and the course's modular structure. Each online course module involves a series of activities based on a specific educational strategy which must be supported by well-managed communication between participants. Hence the need for a communication environment that can easily be molded, even while the course is underway, in accordance with the various types of interaction between students or with events that could not be foreseen in the planning stage HTTP: Hypertext Transfer Protocol Secure used in browser-server Web pages.

communication. HTML: Hypertext Markup Language: language used for programming

The communication dynamics typical of online courses are varied and complex. They are strictly linked to course organization, the scheduling of activities (sometimes in a sequence, sometimes in parallel), and the existence of collaborative work environments and, last but not least, the teaching approaches adopted. All this translates into a series of precise functions which become the requirements of the computer conferencing system. We have seen that many systems tend to be open, in that they allow anyone with a web browser to gain access to the various conferences. In this respect, it has been noted that the choice between restricting the environment to selected users or keeping it open to everyone depends on the aims to be pursued. A first question could therefore be what product to choose if one intends to use a computer conferencing environment within an online course: a system that is accessible through a specific client or one that can be reached through any web-browser. By their nature, online courses address a limited number of participants. So the point is to fully exploit the system's ability to manage fairly small but varied groups and sub-groups, and grant them the utmost privacy as well. In online courses, much of the start-up period is dedicated to socialising and creating an atmosphere of conviviality in which individuals feel free to express themselves and are confident that they will only be heard by their tutors and peers. We should not overlook the fact that it takes a while to get used to the idea of writing things that will be memorized and will remain visible to others.

What's more, it should be remembered that computer conferencing systems often come with a "history" function, i.e. a record of the people who have read a given message. It might therefore make some uneasy to know that their messages have been read by third parties other than their peers or tutors, people with whom a certain relationship has already been established. Managers of online courses do not have to concern themselves so much with publicizing what happens inside the course, but rather with safeguarding the privacy of their virtual class. Going back to the above question, the problem of how to access the system (whether through a specialized client or a web-browser) becomes secondary to the choice of a suitable computer conferencing system that will provide the functions discussed above, namely:

- User customization of the desktop;
- An off-line reader, particularly for users connecting through modems;

- Access management through a reliable, flexible mechanism for defining user permissions;
- Automatic storage and statistics of user activities;
- Advanced word-processing functions, i.e. not just standard ASCII text but also some standard editing formats (underlining, bold type, fonts, colour, etc.).

However, considering that for the time being the potential of computer conferencing systems can only be exploited to the full through specific clients, it remains advisable to conduct online courses in this way. Let's conclude this paper with a final reflection on text-based communication, which is typical of computer conferencing systems. Deferred text-based communication has proved to be an effective and relatively inexpensive way of managing and participating in third-generation distance courses. However, just as many educational projects based on audio-video interaction have required the inclusion of asynchronous communication, online courses often call for complementary face-to-face events. These may even be carried out virtually, for instance using desktop conferencing (Trentin & Benigno, 1997). Hence, many upcoming studies and pilot projects concerning the methodologies for applying communication technology to online education will have to focus on striking a balance between these communication modes, which are quite different but at the same time complementary.

METHOD

This study was undergone to encourage the utilization of modern computing to encourage distance education and investigate adult student perspectives of distance study by computer conferencing, qualitative methods using unstructured interviews and observations at adult students' homes or worksites was utilized to capture the impact of computer conferencing on distance education.

FINDINGS

In light of interview questions, the respondents depicted how computer conferencing has been of tremendous assistance to their studies. The exploration performed in this studies use computer conferencing as a mechanism for the conveyance of material to distance learners, and as a methods for encouraging communication among students and their tutors. The focal finding of this investigation was that computer conferencing can bolster a scope of learning situations, from teacher-led symposium to symposium to a student-centered community workshop. Students additionally noticed that conferencing referred to the advantages as being snappy reactions to questions and a decreased sentiment of disconnection on account of the expanded capacity to speak with their friends and tutors. Different talks of the advantages and disadvantages of computer conferencing as it applies to distance learning can be found somewhere else. (Rimmershaw, 1999). This investigation likewise demonstrates that computer conferencing has the capability of turning into a communication/problem-solving medium that offers an authentic method to legitimately challenge the present quick float toward an impasse brought about by an excessive amount of data, too brief period to process it, and too little ability inside individuals alone to interrelate and assess data regardless of whether prepared.

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Memory, Forgetfulness and Narration: Reminiscence to Recall Victims of the Armed Conflict in Colombia

Alejandro Riascos Guerrero

Corporacion Universitaria Minuto de Dios, Centro Regional Pasto¹

Abstract

As a result of years of internal armed conflict in Colombia, the people who suffered and still suffer from conditions of war, recognized as victims or survivors, even support the effects of traumatic events in violent acts. Countless efforts from research and psychological intervention, face the demands of the subjects that make up the populations of victims who are spread throughout the country. This paper presents preliminary, some reflections resulting from the literature review of research papers working to build historical memory as an interventional device and research that allows to establish parameters really necessary to build peace in the territory Colombian, as well as approximate the conditions and needs that victims have the psychic level subjects and the communities where they are organized. A critical reflection is proposed, starting from the psychoanalysis theory, Which Allows to formulate a position for research in Differentiated esta field. ²

Keywords: Memory, psychic trauma, victim, armed conflict, narrative, history, psychoanalysis.

Introduction

The socio-political situation and scenario it goes across Colombia, given the history of internal armed conflict, involves a number of needs for the communities that have borne the brunt of the war. While on reparation for victims, the government shows a series supported on figures that are held in repair material and financial, in contrast results, another series of studies showing another disturbing picture yet sensitive as a result of formulated violence that communities suffer at the hands of the various actors in the conflict. There are documented and varied evidence showing alarming figures against diagnoses such as depression, anxiety and post-traumatic stress in populations victims of armed conflict in Colombia.

This research approaches the manifestations of social and individual malaise afflicting the victims of armed conflict particularly in Pasto, pertenenciente territory the Department of Nariño region in the south western Colombia, which historically has been hit by the scourge of war. It is recognized that violence begets serious consequences on mental health, bringing together a number of impacts on the individual, family and social matters which are beyond the response capabilities of the victims communities. In this sense, the research work of a thoughtful review of existing reports and intervention in the context of psychosocial care for victims of armed conflict research, realize the ways in which we have been working with this population.

This paper presents an advance level document review of the research project "Building memory, narrative and subjective redress victims of armed conflict in Pasto" which is part of the assumption of acts of war as a social catastrophe, and whose justificatory livelihood in the deep effects in the country, as a result of armed conflict and the role of state institutions over civilian life, victims and territory.

Methodology

¹Mg. (C) Psychoanalysis subjectivity and culture. National university of Colombia. Psychologist, University of Nariño. Teaching Psychology Research Program Regional Center UNIMINUTO Pasto, a member of the research group GISE. Member Forum Pasto Lacanian Psychoanalysis field.

Contact: ariascosgue@uniminuto.edu.co. Cel: (+57) 3425 311730

²Partial results Project: Building memory, narrative and subjective redress victims of armed conflict in Pasto (Colombia). Project supported by the Corporacion Universitaria Minuto de Dios.

For the research project, a joint methodological qualitative (Bonilla, E., Rodriguez, p. 2005) research and psychoanalysis (Gallo, 2002) proposes an ethical perspective of treatment for the victims, about their experiences, the social fabric, memory and history, under current regulations especially the 1448 Act 2011 or Act Victims and Land Restitution; provision whose content poses and defines measures of care, assistance and comprehensive victims of gross violations of human rights and breaches of international humanitarian law in the context of internal armed conflict repair and effective enjoyment of the right of victims to truth, justice, reparation and guarantees of non-repetition.

Document analysis method

As for document review, it was decided to initially identify research and interventions conducted within the framework of psychosocial care to victims, the above in order to establish procedural, instrumental and methodological level forms of approximation of researchers and psychology professionals for the purpose of the proposed study. The analysis units were all documents on the topic of psychosocial approach to victims of armed conflict, and psychological interventions with the same population. Consulted documentary bases, Scopus, Lantindex, Pubindex, Scielo, Redalyc, provide information and articles for the revision work. "Psychosocial care", "psychosocial intervention", "trauma of war", "armed conflict", "mental health", "victims", "Colombian armed conflict" and "mental health: as search criteria, the following descriptors were included problems ". These descriptors were combined in different ways when scanning with the aim of expanding the search criteria.

Similarly, it took as a reference psychoanalytic theory for reflection against the revised documents. In this regard, it seeks to establish a differential panorama against forms of approach proposed from psychosocial perspectives in the context of attention to victims of armed conflict in Colombia, to provide a methodological perspective to the ongoing investigation, enabling rescue methodological level, some principles that come from psychoanalysis.

Discussion

Memory and Forgetting: interventive regulatory conditions and practices.

We crossed a time in the national context in which prevails, despite political tensions, a program aimed at overcoming the internal armed conflict discourse. In this discursive order the signifier memory, has had a leading role in the framework of the demobilization of paramilitary groups, the peace process with the FARC, and future, throughout the transitional justice framework. The Colombian government and the institutions that represent it, as well as non-profit organizations, victims' associations, researchers, both human sciences and other areas of knowledge, have taken responsibility for the approach, reconstruction and treatment of memory and its inescapable relationship with history, as part of the consolidation of a necessary process, under the knowledge of the truth, and as a way to ensure social justice and non-repetition. The State relating to realize efforts to lay the legal basis for the construction of historical memory in the country, can be traced from Law 975 of 2005, which hosts some guidelines on that component. In this sense, was the work of the Group of Historical Memory in collaboration with the National Center for Reparation and Reconciliation, history of important processes and initiatives within the framework of the demobilization of paramilitary groups Act 1448 of 2011 or the law of victims, specifically stipulates the conditions, legal, political and administrative provisions necessary to establish a framework towards the construction of historical memory of the country, by an entity specified official order.

Reception, retrieval, preservation, collection and analysis of all documentary material, oral testimony and any other means concerning violations committed during the internal armed conflict, through the conduct of investigations, activities museum, educational and other related contributing to establish and clarify the causes of such phenomena, know the truth and help prevent future repetition of the facts. "(Ministry of Justice, 2011, p.2).

Under this legal framework, the work of the National Center for Historical Memory oriented purposes aimed at meeting the state goals related to overcoming the conflict, issued a series of reports on the historical conditions of the war in Colombia, and from them brand also, a sheet of methodological route for the collection and treatment of documented information. These efforts aim to contribute to the knowledge of historical truth, which takes as a reference for its construction, all stakeholders (victims, social organizations, victims, etc.) and the contributions they can do through non-judicial mechanisms, for this purpose. This work is not only necessary to symbolically compensate the victims, but also, It allows to set parameters related to legal truth and ensure investigation and prosecution of the perpetrators or perpetrators. (National Center of Historical Memory, 2014).

Under this scenario in the department of Nariño, as a historically affected by armed conflict region have developed multiple community work memory, which are documented in reports and portals of the National Center of Historical Memory, which reflect the results of this type experiences. One of the flagship within the memory work in Nariño references, is "La Casa de la Memoria" in Tumaco (N). Still, there is little information on the forms, practices and procedures that were used in the work memory developed in the region, which prevents there an approach to the methodologies used and their effects on communities, beyond what reported in official documents.

In this regard it should be mentioned that in the field of historical memory work also converge various other government initiatives, which bring together a number of interpretations and notions about the politics of memory and how they should be worked; these are grounded in research and built on theoretical trends interventions that address greater extent, by memory in their collective version, as a result of intersubjective and social relations that compromise complex joints historical, political and cultural level. (Aguilar-Forero, 2018).

If take into account that part of the raw material needed for this purpose, emerges from the narratives of experiences, facts and victims experienced by subjects events; the staging of such testimony, involves the appearance of another phenomenon, the order of the subjective, it is necessary to analyze carefully. Narratives are fragments of subjective history that seek to organize, classify, represent and document effectively, to establish the truth of what happened, from the singular reminder to the construction of collective memory. In this process, it is possible to intuit that the evocation of the particular history, does not emerge in isolation, but is accompanied by the associated events suffered in the context of a traumatic event of war affections. This emotional effect committed in the testimonial remembrance of a traumatic event, is recognized, has a cutting effect, in some scenarios for the work of the construction of historical memory as a collective, given the high emotional content and the subjective effort that it even leads to silence, to the impossibility of representation in language, and therefore to a break in the narrative that the subject is expected. (Torralba, 2015).

In this vein, several questions open before this particular phenomenon: all subjects victims are willing to contribute their story building scenarios promoted by governmental and non-governmental organizations? Are there intentions of the actors involved in the field of historical memory, which go beyond the objective of its construction and produce what is known as action damage in populations? What role in the process of building collective historical memory, the subject's position against its own story and testimonial demand?

The above questions are also relate to specific and defined those involved in this field actions. Government guidance has defined a number of general guide mechanisms, against the construction work of historical memory, which enable participation and financial support for different social organizations, private entities or initiatives that drive actions victims memory. While the above is correct, given the need to listen to the many voices and sectors involved in historical events of the war, also it opens the possibility that this scenario is seen as a niche market, if the construction of historical memory is assumed to be a form of social intervention (Moreno Molina Camacho & Valencia, 2018).

In this perspective, the proliferation of both investigations or interventions that treat or are intended to study the historical memory in Nariño, promotes the meeting of different ways to take and interpret policies that organize such practices, generating including ruptures, tensions and conflicts; In this regard, there will be initiatives aimed at functional work on memory according to the dominant economic partner discourse, and other initiatives that emerge in response to the sense proposed and given historical memory, in favor of a built sense, consensual and that makes resistance to versions of the story provided by the institutions, from the social organization (Soley & Vargas, 2014). These initiatives, depending on the speech that guide the ways of intervening, They have concomitant effects their actions, in the subjects involved in the construction of historical memory. Therefore, if one considers that the approach, intervention and construction of historical memory, engages both the individual and the collective as elements that affect each other, and include institutional logic to this scenario, governmental and non- governmental, social, economic and even political interests, it is possible to say that there are different discourses on the construction of historical memory that guide initiatives, methodological and interventiv e practices and results collective and individual level in the context of working with victims of armed conflict.

Time and return of the traumatic: between reminiscence and reminiscence

The scene is the dimension of history.

History always has a character of staging.

J.Lacan (1962-1963)

Perhaps, initially the quote serves overture, at first sight has no direct relationship with the document title, however, if the worked subject approaches the consequences of war, then it also includes a reflection on the traumatic; the purpose of the appointment is justified while always tells a story and particular scene in psychoanalysis, which corresponds to what is unique to each subject, and allows locate traumatic as a specific and distinct event, despite to originate in collective conditions. Thus I introduce the framework to address traumatic corresponds to the coordinates position subjects in conditions of war, rather the psychological effects of her subjects,

In this sense, reflection is in the circumstances that relate specifically to Colombia's internal armed conflict. The effects of these conditions on subjects who suffered the rigor of the conflict, allow a critical reading on the temporary insistence of reality tied to how traumatic it insists, and that perpetuates their psychic effects, sometimes hand therapeutic practices and clinics, advocating the revival of war experiences through discourse.

Then, it is first necessary to deal with the trauma as a concept: According to the DSM-5, trauma is defined as any situation in which a person is exposed to scenes of actual or imminent death, serious physical injury or sexual assault, either as a direct victim, close to the victim or witness. The ICD-11, soon to be published, conceptualizes it as any exposure to a stressful situation of an exceptionally threatening or horrifying nature that is likely to produce a deep malaise in most people. This conceptualization allows us to place a particular framework from which the traumatic event is approached from psychology,

In this regard, and in keeping the work of psychosocial court that are made on this phenomenon, the traumatic event is approachable specifically in two ways: one corresponding to its registration in the language, ie, it is through the discourse of the victims in which case, realizes the impact of a violent event in the life of one who suffered. Another is by its effects, ie individual symptoms or groups, which arise as a result of trauma; This latter aspect approaches the Lacanian definition regarding the way how we approach the traumatic event. Still, this idea is not new if we return to the Freudian premise of the trauma in hysteria, this approach places the trauma as an initially inassimilable event for the ego of a subject, far from being able to react properly,

Precisely because of not having been prepared, Aristizabal et al (2012) describe how as traumatic element is housed dormant and can at a second time, which is not predictable, be reactivated causing symptom production. This mainly appears in the writings concerning the treatment of hysteria Freud, who by 1983 raises the existence of a temporal distance between the emergence of a traumatic event and producing symptoms. Temporal distance that the subject suffers from the memory trace left by that event, but which is housed in the unconscious due to defensive psychic effort seeks to avoid discomfort to the subject. Might wonder at this point why revisit this postulate, which it seems outdated given the current considerations facing the trauma; However, its use is justified because today in Colombia, the interventional and research approach to the trauma of war survivors subjects clearly reflects that the testimonial account taken as an instrument for the construction of historical memory, for example, revives the psychic effects of the subject who staged his story of a traumatic event. Reminiscence of these events, overflows again the possibilities of subjective response, allowing sense to remember and recount as interventional exercise in the framework of the intervention or investigation with victims of armed conflict, is not enough. If consider that there is a temporary lapse, between the irruption of the traumatic event and the causation of the symptoms, it could be said that these two times, allow to establish that there is an imbalance in the subject that is relative to its history, while the violent event marks a before and after, which requires another type of attention beyond oral repetition in certain scenarios.

Viewed this way, from the writings that deal with the subject of war in Freud (1915- 1932), "of war and death, current issues" or "Why the war" human conflict is approached from reading its effects, the cruelty of their methods and techno-scientific relationship for the destruction of the other, either as a defense or attack. Without any doubt, this tradition even in today's wars is maintained. The consequences of war, -the effects of traumatic events to be precise in the combatants or civilians who are in the midst of confrontation, keep the calls lasting echoes of catastrophes of war. For Colombian civilians, the affections of terror, which accompanies the feeling of risk of loss of life as a result of torture, attack, displacement, displacement, or forced disappearance of relatives, constitute the framework of the collective history of war, but also keep in themselves, the particularity that is built from the traumatic event.

Traumatic events (regardless of origin) occurred in the history of a subject, as we know, left in the psyche a psychic imprint, which remains dormant, and in particular conditions, produces a range of effects depending on the affect associated with the memory thereof, following the Freudian postulate. Same that can be traced in reading the experience of pain in the "Project Scientific Psychology" (Freud, 1950) since there is a similar question of trauma consideration, ¿is it not the experience of pain, a historical fact that leaves a mark and save some temporary location, if you will, in the history of a subject? One might think about it, it is unlikely that an individual can once again in his memory, the first experience of pain, however this event, conceived in a mythical time, that is outside the scope of an accurate temporary location, but whose effects we know about in the post, in a historical period. Myth, in this case allows knotting more precisely the question of trauma following the postulate of Lacan in the X seminar on Anguish. I raise this, formulated in terms of history, it presents the articulation of the significant elements of signifying chains that allow the establishment of a script for a particular scene, from which it lives and experience the world. Therefore what is called reality, resulting from the production of meanings that give the frame to the scene, appoints its characters and promotes the network of relationships which together form a story (Lacan, 1962). In this sense, mythical or as originating in the scene, it is in the order of the impossible, of the unrepresentable, however it is the foundational destiny of the subject: this time for Soler (2017) "Historically it has declined in terms of misery, impotence and inability, and has been attributed to the gods or sin. Lacan recognized there the effect of the structure of language on living". In this way, the subject suffers a trauma, an event of reality that "would rather be thought of as impossible to avoid for the speaking beings that are immersed in the imaginary and the symbolic" (Soler, 2017 p.2) constitutive event is the very existence of language, and at the same time cutting and irremediably separates the subject from its object of desire, that I on the irrepresentable of the emerging to take significant body. The presence of absence of the object (a) precisely directs the script of the scene around a vacuum, which is blurred after the presence of said imaginary object i (a).

In this sense, his place in history subjective, a violent event in a context of war, subject to a noncombatant? It takes the place of a milestone in the scene, a monument of remembrance; an encounter with the real, which occurs as a result of a discontinuity in the script built imaginary via a violent interruption in the scene, which marks the subject of irremediable manner. If the initial continuity of the scene is marked by the object to be missing, the fortuitous emergence of a violent event promotes the fall of imaginary veil, resulting in agonizing answer: "I could speak of" encounter with reality "only if we consider that this meeting is always failed because, in so far as it is possible to resume the story, it becomes missing." (Sanfelipo, 2010 p.440)

On the other hand, if trauma is defined in terms of breakthrough, surprise or exterior appearance of an item as an event, it will be understood beyond the violence that emerges, ie, the fortuitous factor has an effect, as it involves the subjectivity of who experiences¹. In this sense, we can say that the traumatic event is the scope of representation is the temporal logic of the effect retrospectively, an issue that differentiates the advent of true original, which was discussed above and explained in Lacan, trauma. In this sense what is representable in the course of history subjectively, both past-present temporal relationship is the traumatic event, which in the case of victims of armed conflict in Colombia, located in the witness a form of symbolization, as long as it is taken as part of the signifying chain that is part of the unique history of each victim and is not taken from the imaginary uptake and idenficación with the horror of the story, which suspends subjects in reminiscence,

While this reading is not new today, it is always necessary, by virtue of the existence of clinical practice oriented treatment guided by identification with the horror of facts narrated by the victims or seeking appeasement of symptoms from the incessant play on different stages of their stories. The narrative, as testimony exists as a form of opposition to oblivion, however in this case, is not sufficient as a form of symbolic elaboration of a violent event that has marked the history of a subject in the course of the war; It means rather the return of pain associated with memory, repetition in reminiscence, in favor of conscious acceptance of the facts, and the presumption of forgetfulness without subjective consequences.

In this sense, the reflection from psychoanalysis, also allows to place an ethical difference in relation to other clinical practices, it reverts to a position that is the effect of a construction that occurs in the experience of analysis, and It gives rise to a particular listener against the discourse of the subject who suffers, reaching a deep reading of the way as they

¹It is possible that in the course of certain violent events in the conflict, subjects have witnessed, or have been affected by acts of war, how ever a response at the level of discomfort or symptoms is not set. In this regard, the importance of content and subjective interpretation of the fact that the link with the traumatic event, viable symptomatic expression explained.

emerge through language subjective discomforts, going beyond the act of speech as a mere reproduction of narrative history.

Construction of historical memory, considerations in the context of psychosocial care for victims of armed conflict.

Clearly the initiatives, actions and strategies involved in the process of construction of historical memory in Pasto will have effects on the subjects involved, communities, and the social context of the region, which can be evaluated positively, since these scenarios They tend by knowledge of historical, necessary for the panorama of peace that has come to Colombia truth. However and since these processes address the memory of human groups in particular need to also question the place in this scenario the unique memory and mental and emotional for victims, so traces a concern also underline on ways of developing traumatic that will be part of the collective historical memory, but which is, in turn, the intimate and symbolic picture of the subject that gives his testimony regarding institutional methodological practices that mediate so that these elements emerge. It sharpens complexity of the subject when taking into account the multiplicity of nuances that add, understandings, interpretations, meanings and speeches around the politics of memory. At first, the policies refer to the number of state rules governing, order and establish social conditions, nevertheless it exists in the field of historical memory, another way of understanding these policies, such as: It sharpens complexity of the subject when taking into account the multiplicity of nuances that add, understandings, interpretations, meanings and speeches around the politics of memory. At first, the policies refer to the number of state rules governing, order and establish social conditions, nevertheless it exists in the field of historical memory, another way of understanding these policies, such as:

Acts, exercise, social practices that can be institutional or non-institutional, rigid or flexible, and even hegemonic, but also against hegemonic. The latter sometimes are intentional and are guided by the desire to understand or justice, as an ethical claim and resistance "comfortable stories". At other times they are more spontaneous result of memories remain muted yet and break in unpredictable ways.(Aguilar-Forero, 2018, p.113)

This approach allows us to understand that there are differences in the way how the politics of memory are assumed in the case of Pasto, which also implies the existence of multiple initiatives, methodological approach, and interventional they have based on their actions, with such interpretations oriented discourse. You can sustain the validity of the above, on the need for plural and flexible historical building, still memory approaches this also promotes "struggles" between the visions that have built different interventional actors. Therefore, there are also risks, given the multiplicity of interpretations of the politics of memory, not only shocks that may exist between versions of the story that emerge from them, but in the way in which the communities that contribute their stories and memories for that purpose.

According to this premise, and taking up the work of historical memory as a way to intervene in the social fabric, it is recalled that the stage of psychosocial intervention, as referred to actions working for interdisciplinary way mitigate the needs of the population victims of the armed conflict, not going through its best moment (Villa Gomez, Machado Barrera, Arroyave Pizarro, & Montoya Betancur, 2017). One of the main problems identified in this field corresponds to the contextualization of proposals and projects implemented and advance with communities of victims of armed conflict, and which have only an axis of knowledge from the document review, livelihood theoretical and under the premise of the application of universalizing methodologies, a fact that prevents generate real possibilities of transforming the social fabric, and promoting turn other negative consequences for victims, emerging from the practices that do not have knowledge the real needs of the target communities.(Insuasly Villa Gomez & Rodriguez, 2017). In this regard, technical knowledge, and posture of intervention agents, away from knowing communities take a leading role to the detriment of the role the voices of communities, which are silenced and outside the precepts methodologically guide psychosocial interventions(Villa Gomez, 2013).

These peculiarities are not far from what happens in the context of the construction of historical memory in Nariño, since they are at one end, practices become, in the state administrative and regulatory landscape, running exercises instrumental methodologies, guided by the accumulated from the perspective of expert knowledge, and the need to comply with specific objectives and obligations of the State to the victims know. The existence of boxes methodological tools for memory initiatives and actions established by the National Center for Historical Memory, could account for a partial implementation of the process. In fact, being concentrated knowledge of methodological procedure on the construction of historical memory

in a government entity, the debate over who controls or directs the historical memory of the country, also acquired in the political debate, a particular hue, depending on the logic discursivas government in charge (Aguilar-Forero, 2018).

While attention to the relevant and positive nature of the construction processes of historical memory in the region is put at the beginning of this section, we have at this point, a number of elements which denote other negative conditions concerning the effects can generate and evoke initiatives, guided by other interests or speeches, different from the construction of historical memory and symbolic reparation is expected to participating communities. For the monuments, for example, that for a long time were the resource to commemorate certain events in the context of armed conflict, they may be challenged, by virtue of its origin. When justice requires the State this form of symbolic reparation, so that the need to repair ordered by other authorities, generates processes or initiatives that do not have the perspective of the victims, they become more "decorative" element in the process of visibility that entities perform, to account for the performance of its obligations (Arenas, 2017). The same phenomenon that occurs when the concept of economic "utility" premium before the concept of benefit for subjects victims in processes of a similar nature.

In this regard, different elements have been identified analysis conditions which have been developed to build historical memory in Pasto; On one side are the difficulties posed by the emergence of the subjective effects of the acts of war victims, and what it means for collective work of historical reconstruction of the events in the conflict; differences and tensions stemming from the interpretations of the politics of memory, by those who assume the responsibility of working in this field; Finally, the discursive orientation that qualify initiatives, actions and methodologies applied to the construction of memory history, and its resonances in the communities involved in these processes. The knowledge obtained from this analysis can be considered as a significant contribution to the framework of historical memory construction actions that will be carried out in the future in the region.

Conclusions

As it can be evidenced not only mentioned briefly some considerations of psychoanalysis from memory, but also has brought into play the relationship between memory and trauma, not without purpose; both concepts can be traced to the dawn of the most important discoveries of psychoanalysis, and saved for this proposal, underlines importance. The phrase "the hysteric suffers from most of reminiscences" (Freud, 1893, p.33) located in memory, the hidden meaning of the enigmatic symptom in hysteria, and whose content, unknown to consciousness, remained unconscious given psychic defensive efforts. This teaches something about the plane in which it is considered to mind in psychoanalytic terms; The Discovery of the Unconscious also brings a break with conventional ways of understanding certain mental processes, and how they operate in subjects. Timelessness attributed to the unconscious and its capacity to accommodate the widest range of experiences of a subject from memory traces that remain after the experience, allows placing traumatic as a content necessary symbolization, for the history of a subject. However, this need not emerge from psychoanalysis as a therapeutic method, but the living subject the effects of a particular event that has been taken as traumatic and source of discomfort.

The need to understand the complex variations adopts memory processes individually historical construction and collectively under the foregoing, analysis elements and valuable theoretical reflection to answer the underlying phenomena and emerging relationships between actors victims and subjects involved. The relationship established with the trauma comes from the approaches that psychoanalysis did on the psychological consequences of the great wars. While this field, Freud provides some specific ideas about some clinical nuances, corresponding to the lingering effects of the experiences that occurred in the war, also established that the product of the catastrophes of war phenomena, They are fertile ground for inquiry and reflection from the psychoanalytical know. Understand the human dimension of armed conflicts and its devastating effects on the collective and individual levels, also assumes that the particularities of memory relationship - trauma, is not only found in the unique experience of a subject affected by armed conflict, its consequences can also be evidenced in the social sphere; hence the need to know the truth of the events, recognition of the victims and work on historical memory as a way to heal symbolically, psychic traces of those who suffered the rigors of war and emerge as witnesses social catastrophe. The dimension of trauma committed in memory, in the context of the events suffered by victims in war, need social discourses that point to a historical truth, constructed from subjective narratives that are heard and constitute the basis of actions in the construction of collective memory (Bohleber, 2007).

But this implies understanding the dimension of the phenomena associated with memory experiences beyond clinical bet that psychoanalysis offered in the office. In this sense, Moreno (2015) suggests that it is possible to contribute to the

prospects of intervention, and why not, research, theoretical basis of psychoanalysis, ethical and clinical principles that serve as sources of guidance and inspiration for practice with communities victims of armed conflict. For example, recognition of the unconscious as a different scenario involved in the field of social relations (Moreno, 2015), is part of those principles in the service of the investigation of certain phenomena, it allows for questions and formulate responses, compared with the complex relationships between the collective memories, individual memories and the effects brought into play in scenarios building historical truth, given the conditions and dialectical affectations between them.

So, the conceptual considerations briefly outlined in this section are just an outline of the theoretical component of psychoanalysis, which is susceptible removed for reflective analysis of the phenomenon raised. But equally, it is a way of constantly questioning on those aspects that compromise human discomfort, establishing possible answers from psychoanalytic knowledge in the Colombian context. Lacan (1953) proposes: "Better to resign because who can not join their horizon the subjectivity of his time" (p.308) as a poignant invitation or an ethical imperative to inquire from the discipline founded by Freud, that particular thing that marks the subjectivities in the culture, invitation to which this proposal is circumscribed, in front of the relations and phenomena that emerge in the devices of construction of historical memory in Colombia.

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Return Migrants' Impact in Economic Development of the Origin Country

Alkida Ndreka

PhD Candidate, University of Tirana, Faculty of Social Science, Albania

Abstract

Migration has reciprocal economic implications between the origin and host countries. While scholars draw attention to the globalization of migration, since the 1960s there is a perpetual debate about the migration and development nexus. The role of international migrants and their financial remittances are identified as having a highly positive effect on the home country's development. Emigrants' remittances tangibly benefit the income for the families in the home country and investments in different sectors (housing, education, health, entrepreneurship, etc.). Next to remittances, returned migrants, especially those highly skilled are recognized as actors and drivers of significant economic development in the homeland. The contribution of return migrants to the development in origin countries can be beneficial not simply by investing the financial capital they accumulated during the migration cycle but also by the transferring of expertise, knowledge and new skills acquired abroad, and acting as social change agents in the home society. Empirical studies indicate a positive relationship between return migration and entrepreneurial activity, therefore enterprises can be a substantial contributor, among others, to economic growth and alleviating poverty of the origin country. Governments and policymakers are increasingly interested in the issue of return migration and return migration policies that attract and facilitate the returnee's reintegration. Reintegration programs, especially those in the business sector, benefit the development of the origin country through savings, investments, easing of entrepreneurial opportunities and the expertise of returnees. This paper aims to identify whether return migration is beneficial for the origin country and especially to analyze the role of return migrants in the economic development of the origin country through engaging in entrepreneurial activity.

Keywords: migration, return migration, development, economic reintegration, entrepreneur activity

Introduction

Homo sapiens have seldom been sedentary (**Samuel & George, 2002, p. 32**), people have moved across states and continents for centuries in search of new opportunities, or to escape poverty, conflict or environmental degradation (**Castles, de Haas & Miller, 2014, p. 5**). Some authors go even further by declaring that it is "inherent in human nature – an instinctual and inborn disposition and inclination to wonder and to wander in search of new opportunities and new horizons (**Marsella & Ring, 2003, p. 3**). Most of the countries are affected by migration and its effects, either as migrants sending country or as a receiving country. The number of international migrants worldwide has continued to grow over the past seventeen years, reaching 258 million in 2017, up from 248 million in 2015, 220 million in 2010, 191 million in 2005 and 173 million in 2000 (**United Nations, 2017, p. 4**). International migration is increasing due to a lot of factors and especially the impact of globalization, through fast development of transport and communication technology. In the 21st century, it is easier than ever for migrants to travel to their homeland, to send remittances and to communicate with members of their households. Current technological advances have allowed people to be better informed through television programs broadcasted via satellite, mobile phones and the internet letting them know more about the world and opportunities.

The growing interest of government and policy-makers has resulted in implementing policies about immigration, emigration and return migration. There is always a category of international migrants who turn back to the homeland. No one can predict return migration, how many people, why and when they will return. The return migration phenomenon is complex, the decision to return depends in multiple factors which are difficult to be measured. Unlike other types of migration, the

issue of return migration has recently been receiving increasing attention in the migration literature (De Haas, Fokkema & Fihri, 2015, p. 2). It was not until the 1970s that studies into this phenomenon began, and it is still a relatively unknown and unexplored subject (Elizabeth, 2015, p. 1).

Many authors have studied the reasons which encourage migrants' return to their homeland including economic and non-economic factors. Serious illness, fear of family breakdown, fear of divorce, or the death of a relative caring for young children (Carling et al., 2015, p. 19), as circumstances change, and as they achieve the economic objective they sought in one country or because they fail to achieve their goals (Samuel & George, 2002, p. 39) are just some of the reasons which can trigger a migrant's return. Returnees are a heterogeneous group; they have different reasons to return and belong to different types of return, including voluntary or involuntary. Many authors have classified typologies of returned migrants, distinguishing different categories among the returnees. According to Gmelch (1980) there are three main types of returns: 1. Returnees who intended temporary migration 2. Returnees who intended permanent migration but were forced to return. 3. Returnees who intended permanent migration but chose to return (Gmelch, 1980, p. 138). Another typology is identified by Bovenkerk (1974) who classifies the various types of return migration in four ideal types: (1) intended permanent emigration without return (2) intended permanent emigration with return (3) intended temporary migration with return (4) intended temporary migration without return (Bovenkerk, 1974, p.10). One of the most frequently mentioned typologies of return migration is identified by Cerase (1974) distinguishing between four types of migrant returns: "Return of failure", "Return of Conservatism", "Return of Retirement" and "Return of Innovation" (Cerase, 1974, p. 254). King (2000) suggests another typology of returned migrants by taking into consideration the length of the time spent back in the origin country: occasional returns, seasonal returns, temporary returns and permanent returns (King, 2000, p. 10-11).

Batistella (2018) uses two variables: the time for return and the decision to return to identify four main types of return. He identifies four types of return migrants; Return of achievement, Return of completion, Return of setback and Return of crisis (forced return) (Batistella, 2018, p. 3).

Scholars' interest in return migration has enriched the theoretical and empirical literature about return migration, and yet return migration is considered a neglected, not well studied phenomenon. One of the reasons is the impact of a school of thought which 'naturalises' return as the logical conclusion to the migration cycle (King & Lulle, 2016, p. 106). According to this perspective return migrants are assumed to be returning to their natural homeland and the process of adaptation is presumed to be a natural one. Beyond this interpretation, the return process is a complex phenomenon and is not always a 'natural' process. Returning to a changed country, where social relations, political structures, and economic conditions are not what they used to be, may be equivalent to arriving in a new place (van Houte & de Koning, 2008, p. 5).

1.2. Migration and Development Nexus

The nexus between migration and development has once again found entry into the public debate and academic research in connection with the mobility of persons and issues of economic and socio-political development (Faist, Fauser & Kivisto, 2011, p.1). The links between migration and development are widely acknowledged to be complex (Wets, 2004, p. 6), but it has been a growing consensus that migration is an integral feature of global development. The impact of migration on development has been the subject of a growing body of research and literature in recent years, recognizing migrants as actors of development and their valuable contribution both to origin and destination countries. Although the historic role of migration in the development of receiving countries has long been acknowledged, interest in migration's impact on sending countries is much more recent (King, Mata-Codesal & Vullnetari, 2013, p. 71). Migration is identified as a tool of alleviating poverty, especially in the origin country, developmental possibilities can be accelerated by remittances and return migration. For example, in the early 2010s, over 130,000 Albanian emigrants returned from Greece; abroad, they had acquired technological skills, e.g. in agricultural techniques, which enabled them to create both jobs and new export opportunities in Albania. Return migrants were three times as likely to employ others as non-migrants, and their entrepreneurship in turn led to 3-6 per cent higher wages for low-skilled Albanians who had never migrated (IOM, 2018, p. 43)

Assessments of the influence of migration on development have varied over time: sometimes migration has been seen as beneficial and at others detrimental to development, depending on the historical moment and circumstances (Van Hear & Nyberg Sørensen, 2003, p. 6). The scholarly and policy debates on migration and development have changed from optimism approach during 1960s to pessimism approach during 1970s and 1980s, and back again to optimistic approach since 1990s.

Faist (2008) identifies and analyzes three phases linking migration and development. During the first phase, the 1960s, it was assumed that financial remittances, return migration, and the subsequent transfer of human capital would contribute and result to development in the countries of origin. This view clearly corresponded to overall economic modernisation concepts and to a belief that state capacity could shape economic growth (**Faist, 2008, p. 25**). The second phase, much of the 1970s and 1980s, the link between migration and development was reversed. One of the central issues of this phase was not financial remittances but brain drain. From a dependency perspective, underdevelopment led to the loss of the highly-skilled who migrated from the periphery to the centres in the dependent world, and above all into industrialised countries. This out-migration, in turn, was thought to contribute to even more underdevelopment and increased migration flows through asymmetric distribution of benefits and resources (**Faist, 2008: 25**).

The third phase, since the 1990s, led us back to a more optimistic view alike to the 1960s. International migration is an important component of development. During this phase, there is an acceptance that more circulation of labour fosters more development by way of remittances and through knowledge networks. New issues come up, such as formalizing the migration–development nexus by strengthening remittance channels through banks, and diaspora knowledge networks, which are not built upon the ‘return option’ but the ‘diaspora option’ (**Faist, 2008: 26**).

Migrants’ remittances are an old issue in the migration debate (**Ghosh, 2006, p.7**). Remittances are acknowledged as a key element of linking migration and development. Many scholars and policy-makers even consider remittances as the next development panacea. In theory, they can represent one engine of economic growth and development for the receiving country; provided of course, that they are used in a coordinated and efficient way to stimulate investment, modernization and restructuring of the economy (**de Zwager et al., 2005, p. 1**). These are some of the positive economic effects of international migrants on development of the homeland, but in the case of temporary migration, remittances may generate entrepreneurial opportunities upon return and help overcome the credit constraints that individuals may face in the origin country (**Collier, Matloob & Randazzo, 2017, p. 175**).

King and Lulle (2016) identify different channels in which remittances can be directed: support for everyday living costs – food, clothes, medicines, fuel etc.; spending/investment in new and improved housing; investment in a business – e.g. in land, farm machinery or irrigation to improve an agricultural enterprise, or in a business in the industrial, retailing or transport sector; investment in human capital, such as children’s education; pooling into collective remittances directed to a joint project such as a school, community centre, road or other infrastructural investment back in the village or hometown (**King & Lulle, 2016, p. 97**).

The study of migrants’ transfers mainly focused on the financial remittances sent to the origin households. Progressively, the social, cultural and political capital that migrants were transferring through their continued engagement with their country of origin throughout their migration project – at different stages, and across different generations – was ever more acknowledged and recognized (**Gropas, Triandafyllidou & Bartolini, 2014, p. 8**).

Economic remittances are not the only benefits for the sending countries; international migrants remit also social remittances. The notion of social remittances refers to “the ideas, behaviors, identities and social capital that flow from receiving- to sending-country communities” (**Levitt, 1998, p. 926**). Social remittance exchanges occurs when migrants return to live in or visit their communities of origin; when non-migrants visit those in the receiving country; or through exchanges of letters, videos, e-mails and telephone calls. These social transfers shall promote development given that they are ‘good’ since they are related to modernity and modern development, reflected in human rights, gender equity, and democracy, to name only the most obvious ones (**Faist, Fauser & Kivisto, 2011, p.3**).

1.3. Return Migration and Economic Development of the Origin Country

The link between migration and development are acknowledged, although return migration has gained the attention of governments, policy-makers, scholars and international organizations, consequently there has been an attempt to study the impact of return migration on development. Major attention has been paid to the migrants who bring with them substantial financial, human and social capital. These returnees have the potential of playing an important role in the socio-economic development of the country (**de Zwager et al., 2005, p. VII**). Returnees belong to different categories and not every category has the same impact in the origin country but many scholars agree that among them, particularly those highly-skilled, returnees can be drivers of innovation and impact on the economic development (**Smoliner et al., 2012, p. 3**).

The existing literature analyzes the development impacts of return migration and classifies the contribution of returnees to their countries of origin into four broad categories or channels. **Debnath (2016)** identifies 4 main categories. First, they bring with them new skills (human capital) acquired through experience, training, or education in host countries. Second, they may come back with financial capital in the form of savings from abroad. This acquired capital allows returnees to participate as entrepreneurs or investors in their home countries. Third, they contribute through their social capital (networks) that they acquired as a result of their migration experience. Finally, returnees can act as social change makers. For instance, they can exert a positive impact by challenging and changing existing relations within the origin societies. (**Debnath, 2016, p. 6**).

Return migration can impact the origin country in various areas, but recently, there has been more attention on the role of returnees as entrepreneurs and their impact in their home country's economic development. Returnees are often hailed as super entrepreneurs with consequent high expectations for their role in business start-ups and job creation (**Naudé et al., 2017, p. 2**). Although the impact of international migrants in the home country through remittances is well known, speaking of return migration and development of the origin country still needs to be acknowledged. The results of most empirical studies suggest significant positive influence of returnees on different aspects of their home countries' development (**Ernst, 2011, p. 5**). Numerous empirical studies have yielded consensus on the positive relationship between return migration, entrepreneurial activity and self-employment. These small and medium enterprises can be significant contributors to economic growth and alleviating poverty by creating jobs, employment and increasing income for households.

Many research studies are focused on analyzing the ability of returnees to engage in entrepreneurial activity, suggesting that returnees have higher probability to be engaged comparing to the people who never migrate. **McCormick and Wahba (2001)** found that both overseas savings, and the duration of stay overseas increase the probability of becoming an entrepreneur amongst literate returnees to Egypt (**McCormick & Wahba, 2001, p. 16**); also **Dustmann and Kirchkamp (2002)** studying returnees to Egypt conclude that most of them engage in entrepreneurial activities (**Dustmann & Kirchkamp, 2002, p. 351**); while **Wahba and Zenou (2009)** find that returnees are more likely than non-migrants (11%) to become entrepreneurs (**Wahba & Zenou, 2009, fq. 21**); **Batista, McIndoe-Calder & Vicente (2014)** study in Mozambique shows that being a return migrant is associated with a significant increase of 13 percentage points in the probability of owning a business relative to non-migrants (**Batista et al., 2014, p.25**); **Marchetta (2012)** provides evidence of high propensity of returnees to engage in entrepreneurial activities and econometric analysis evidences the fact that returnees have a significantly higher probability to survive over time as entrepreneurs if compared to stayers (**Marchetta, 2012, p. 23**), **Black and Castaldo (2009)** studying engagement in enterprises of returnees to Ghana and Côte d'Ivoire suggest that training and education is of little significance, while practical work experience and the ability of migrants to network with co-nationals and keep in contact with friends and family on a regular basis while they were away may be of critical importance, alongside financial capital (**Black & Castaldo, 2009, p. 54**). **Gubert and Nordman (2008)** investigating in Morocco, Algeria and Tunisia conclude that the probability of becoming an entrepreneur after return is higher for returnees with a first experience as employers or self-employed, for those who received vocational training whilst abroad and for those who independently and freely chose to return (**Gubert & Nordman, 2008, p. 18**). **Hagan and Wassink (2016)** in Mexico concluded that respondents with prior migration experience were 9 percentage points more likely to become self-employed, and 6 percentage points more likely to own a business with employees (**Hagan & Wassink, 2016, p.10**), likewise **Wahba (2004)** in Egypt found that the share of returnees as employers and self-employed is much higher than their share among non-migrants (**Wahba, 2004, p. 9**). Similar results were also found in Egypt by **Bensassi and Jabbour (2017)**. **Arif and Irfan (1997)** in Pakistan, **Ilahi (1999)** in Pakistan and **Demourger and Xu (2011)** in China found that return migrants were more likely to be self-employed than non-migrants.

Several studies in Albania analyzed the tendency of returnees to engage in entrepreneurship. **Piracha and Vadean (2010)** found that return migrants are significantly less likely to participate in wage employment (-5.5 percentage points) but their entrepreneurship rate is about 45 percent higher than non-migrants (7.9 percent vs. 5.4 percent respectively) (**Piracha & Vadean, 2010, p. 6**). **Germeji and Milo (2009)** studied the reintegration of returnees into the Albanian labor market and also observe a high rate of self-employment among returnees: 38.9% of the sample or 52.8% of those employed. (**Germeji & Milo, 2009, p. 504**). Similar results also were found by **de Coulon and Piracha M. (2005)** who noted that return migrants are almost twice as likely to be self-employed as those who did not migrate (**de Coulon & Piracha, 2005, p.11**). Also **Mai (2011)** shows that there is a positive relationship between return migration and self-employment, 51.5% of returned migrants are self-employed or employers (**Mai, 2011, p. 15**).

Hatziprokopiou and Labrianidis (2005) conclude that important increases have taken place in entrepreneurship and self-employment, as well as an overall rise in the proportion of professionals after return. Those who owned a private business after emigration reached 36 percent among men and 16 percent among women. Self-employment expanded too, from 18 percent for men and 1 percent for women to 23 and 5 percent respectively. **Kilic, Carletto and Zezza (2009)** findings are indicative of a strong, positive relation between past (return) migration and business ownership. The propensity of being involved in small family businesses is highest among households with migration experience in countries other than Greece (**Kilic et al. 2009, p. 618**).

Labrianidis and Kazazi (2006) found that after return a large percentage of people returnees became employers (67.1 percent of men and 25.8 percent of women) (**Labrianidis & Kazazi, 2006, p. 64**).

Nicholson (2001) expresses not just that the returnees are engaged in entrepreneurial activity but the returnees have created in the origin country different businesses and enterprises similar to the emigration country: some former emigrants have replicated the enterprise they worked in (**Nicholson, 2001, p. 40**).

Empirical evidence indicates there is a positive impact of return on development, especially in the economic aspect through engaging in entrepreneurial activities. The impact of returnees in development of the origin country does not solely depend in the financial and human capital brought back to the homeland but also on the ability of the home economy to accommodate/utilize this capital (**Germerji & Milo, 2009, p. 498**). The issue that arises is in what conditions returnees are more likely to stimulate development in their home countries. The ability of returnees to contribute to the development of the origin country and their ability to act as a social changer depends also on the return process and their re-integration. The Glossary on Migration (**IOM, 2011**), defines reintegration as a process that includes three dimensions: social, cultural and economic. Returnees need to be adapted into the new society and sometimes this is not easy but a challenging process. They face tremendous challenges in adaptation of the environment, housing, employment, psycho-social, and feelings of failure to meet family expectations (**Birara, 2017, p. 33**) and have to (re)create social relationships and networks that may be useful for their economic, social or political activities in the country of return (**Åkesson & Eriksson-Baaz, 2015, p. 13**).

It is important that the return be "successful" and "sustainable" and a permanent event. It is understandable that successful reintegration in the home country is crucial for return migrants to utilize their potentials (**Ernst, 2011, p. 7**) in order for returnees to have a positive impact in the development of the origin country. Governments and states implement return migration policies that aim to maximize the potential of returnees and their impact. Many programs support the reintegration process of return migrants in the home country, not only through simplified administrative procedures but also through programs and facilities in the business sector that help overcome lack of information as well as constraints on entrepreneurship opportunities (**Collier, Piracha & Randazzo 2017, p. 195**).

1.4.1. Conclusion

Migration as a global phenomenon affects the lives of most people. It is viewed as a route out of poverty for states. In the context of migration and development, migration helps development of the countries, especially the origin countries. The major contribution of international migrants towards the origin country is expressed in regular economic remittances sent to the households. Migrants through transnational activities send social remittances to their family and social networks. Return migrants are perceived as actors of development and innovation in the origin country, especially highly skilled returnees. Returnees affect development of their homeland through their entrepreneurial spirit and creating job in their home countries. Empirical studies show that returnees have a higher probability to be engaged in entrepreneurial activity when compared to non-migrants. Migration policies, especially those focused on return migration should attract migrants to return to the homeland and facilitate their social-cultural and economic reintegration. Origin countries can facilitate returnees' engagement in entrepreneurial activity by helping returnees re-adapt back home, in this way states implement these policies as a tool for economic developmental of the country.

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The Relationships of Contextual Performance with Person-Organization Fit, Perceived Organizational Prestige and Organizational Identity Strength: the Mediating Role of Organizational Commitment

Hatem Öcel Collen

Abstract

The primary purpose of this paper is to investigate whether affective, normative and continuance commitment mediates the relationships between person-organization fit, perceived organizational prestige, organizational identity strength and contextual performance. Contextual performance does not contribute through the organization's core technical process but it does maintain the broader organizational, social and psychological environment in which the technical core must function (Borman and Motowidlo, 1993). They said that "contextual performance includes activities that promote the viability of the social and organizational network and enhance the psychological climate in which the technical core is embedded; activities such as helping and cooperating with others; following organizational rules and procedures even when personally inconvenient; endorsing, supporting and defending organizational objectives; persisting with extra enthusiasm when necessary to complete own task successfully; and volunteering to carry out task activities that are not formally part of the job" (Borman and Motowidlo, 1993). Such growth in the number of studies addressing to determining which factors affect the contextual performance. In this studies conscientiousness (Kamdar and Van Dyne, 2007), job satisfaction (Bowling, 2010; Crede, Chernyshenko, Bagram and Sully, 2009), organizational justice and emotional intelligence (Devonish and Greenidge, 2010), perceived external prestige and affective commitment (Carmeli, 2005) was examined. Carmeli emphasized that employees who hold strong affective commitment are more likely to be involved in organizational citizenship behavior than employees possessing weak affective commitment. Muhammad (2014) also pointed out that when employee received an organizational support from his/her own organization this might be working as an impulsion for his/her organizational behaviors. In addition, it would be reasonable to analysis cause effect of person-organization fit, oragnizational identity strength, and perceived organizational prestige on organizational commitment and contextual performance.

Keywords: relationship, contextual, performance, person-organization, organization, prestige, organizational, identity strength, mediating, role, organizational, commitment

Introduction

Person-organization fit is defined as compatability between characteristics of the people such as personality, values, goals, and those of the organization such as culture, values goals and norms (Ostrof, Shin and Kinicki, 2005). They maintain that when individuals' values are consistent with the organization's values as defined by the manager, interpersonal interactions, cognitive processing of information, and communication are facilitated, thereby leading to more positive work attitudes. Arthur and colleagues considered person-organization fit as a criteria of the personel selection processing. The results indicate that person-organization fit is good predictor of job performance and turnover behavior (Arthur, Bell, Doverspike, Villado, 2006). On the other hand, it could be thought organizational identity strength also has an effect on the contextual performance. Mainly organizational identity strength taken in hand as the extent to which individual member's identity perceptions are widely held and deeply shared (Kreiner and Ashforth, 2004). Organization members use an organization's image which is the way they believe others see the organization, to deliberate how outsiders are judging them. The organizational identity strength construct is theoretically distinguishable from the concept of organizational identity because, whereas an organization's identity captures the essential features believed to be central, enduring, and distinctive of an organization (Albert and Whetten, 1985), organizational identity strength reflects the degree to which its members perceive the identity as being special or unique (Milliken, 1990). Each member's own construal of the organization's external image may or may not match the reputation of the organization in the minds of outsiders (Dutton, Dukerich and Harquail, 1994). There have been no studies of a direct relationship between organizational identity strength and contextual performance.

According to Ostrof and colleagues when the employee have strength organizational identity they will display positive work behaviors (Ostrof, Shin and Kinicki, 2005). From this point, the study includes organizational identity strength as well. The last variable that examine effect on the contextual performance is perceived organizational prestige. Organizational prestige is the feelings of members about outsiders' perceptions of the organization. Members' identification is sensitive to how they think outsiders view the organization. While the perceived organizational identity is a member's assessment of the organization's character, construed external image refers to a member's beliefs about outsiders' perceptions of the organization. The construed external image provides more than just information about the probable social evaluation of the organization. Carmeli (2005) indicated that perceived external prestige and citizenship behaviors will be mediated by affective commitment. Perceived external prestige seems to have a larger effect on employee affective commitment.

Organizational commitment is affective attachment to the organization, perceived costs associated with leaving the organization, and obligation to remain with the organization (Meyer and Allen 1991). In short organizational commitment to be composed of three parts. These are affective commitment, normative commitment and continuence commitments. According to Meyer and Allen (1991), affective commitment indicates that an employee is committed to the organization for emotional reasons. The people working in the workplace have a strong affective commitment continue to stay in an organization because they want to do so. Continuence commitment refers to an awareness of the costs associated with leaving from the organization. Workers have a high level of continuence commitment remain because they need to do so. Finally, normative commitment reflects a feeling of obligation to continue to work. The employees feel high level of normative commitment they ought to remain with the organization (Meyer and Allen, 1991). When the employees feel organizational commitment to the organization they will display voluntarily more positive social behavior for the organization and they want to be continue to work for the organization. In another words they will be willing to show extra role behaviors on the positive side or the negative one. In fact recent meta-analytic evidence has reported commitment to predict a wide range of job attitudes such as turnover intention, citizenship behaviors etc. (Cooper-Hakim and Viswesvaran, 2005; Meyer et al., 2002).

From this perspective, the aim of the present study was to determine the mediator role of organizational commitment in the relationship between person-organization fit, perceived organizational prestige, organizational identity strength and contextual performance. Accordingly, the following hypothesis is suggested:

Hypothesis 1: The relationship between person-organization fit, perceived organizational prestige, organizational identity strength and contextual performance will be mediated by the affective commitment.

Hypothesis 2: The relationship between person-organization fit, perceived organizational prestige, organizational identity strength and contextual performance will be mediated by the normative commitment.

Hypothesis 3: The relationship between person-organization fit, perceived organizational prestige, organizational identity strength and contextual performance will be mediated by the continuence commitment.

Method

Participants

A total of 190 questionnaires were distributed to academic staff at Karabük University. The participants aged between 22 and 56 years old (\bar{X} =33.15, ss =7.71) and the tenure of the participants changed between 1 and 20 years (\bar{X} =3.20, ss = 3.95). Respondents were 57 female (% 30) and 132 male ((% 69.5) and the rest of them did not mentioned about the marital status.

Materials

Demographic Information Form. In this study demographic information form was used for collecting data about participants' age, sex, marital status, academic position in a university (professor, lecturer, assistant professor etc.) and tenure.

Contextual Performance Scale. This 5-point Likert type scale developed by Borman and Motowidlo (1993). It was translated in Turkish by Karakurum (2005) using 5 items of 11. 5-point scale rangin from never to always. The internal reliability alpha score was found .80 for Turkish sample (Karakurum, 2005).

Organizational Commitment Scale. The scale, 7-point Likert type was developed by Allen and Meyer (1990) consisting 24 items. The scale has three subscales identified as affective commitment, normative commitment and continuence

commitment. In the present study, the Cronbach Alpha scores for affective commitment, normative commitment and continuance commitment were .84, .82 and .70, respectively (Wasti, 2003).

Person-Organization Fit Scale. To determine how similar values there are between employees and their organizations and colleagues the person-organization fit scale was used (Cable and Judge, 1996). This 5-point Likert type scale was adapted to Turkish by Karakurum (2005) have 3 items (“My values match those of current employees in organization”) and ranging from 1=not at all to 5= completely. The resulting internal consistency estimate for the three-item scale was .84 (Karakurum, 2005).

Perceived Organizational Prestige. This scale was developed to measure of the perceived organizational prestige (Mael and Ashforth, 1992). Perceived Organizational Prestige Scale consists of 8 items (This organization does not have a good reputation in my community). Each item is rated between 1 to 5 (1 = Strongly agree; 5= Strongly disagree). The scale was adapted in Turkish by Gülerüz (2010) and coefficient alpha was found .77.

Organization Identity Strength. Organizational identity strength was measured with Kreiner and Ashforth’s (2004) four-item scale (“This organization has a clear and unique vision”). Each item is rated between 1 to 5 (1 = Strongly disagree; 5= Strongly agree). The scale was adapted in Turkish by Gülerüz (2010) and internal consistency of the scale was .86.

Procedure

All questionnaires were administered to the participants in their rooms.

Table 1. Correlations, means and standart deviations

	1	2	3	4	5	6	7	8	9	10
1.Age										
2.Gender	.25**									
3.Tenure	.44**	.17*								
4.Person-Organization Fit	.20**	.24**	.13	(.84)						
5.Örganizational Prestige	.27**	.09	.07	.60**	(.77)					
6.Örgan. Identity Strength	.20**	.04	.08	.52**	.58**	(.86)				
7.Contextual Performance	.19**	.12	.06	.47**	.52**	.49**	(.80)			
8.Affective Commitment	.35**	.25**	.22**	.64**	.65**	.58**	.60**	(.84)		
9.Normative Commitment	.28**	.24**	.14*	.59**	.50**	.51**	.48**	.73**	(.82)	
10.Continuance Commitment	.07	.19**	.19**	.30**	.31**	.28**	.19**	.42**	.54**	(.70)
Means	33.15	-	3.20	9.93	29.26	14.69	19.15	65.64	43.68	36.17
Stand. Deviat	7.71	-	3.95	2.80	5.88	3.18	3.76	15.89	12.66	9.21
Female 1(Mean)	30.16	-	2.19	8.91	28.40	14.43	18.43	59.47	38.96	33.38
Male 2 (Mean)	34.46	-	3.65	10.39	29.65	14.76	19.41	68.28	45.65	37.28

*p< .05,** p< .01

Results

In this study, regression analyses were done to the test the relationships between contextual performance and person-organization fit, perceived organizational prestige, organizational identity strength. It has been performed a series of hierarchical regression analyses while controlling for the effects of age, gender, and tenure in a first step. Results showed that affective commitment and normative commitment have a mediating role in between the person-organization fit,

perceived organizational prestige, organizational identity strength and contextual performance. Provided that continuance commitment does not any mediator role in these relationships.

Table 2. Regressions Analyses for Affective, Normative and Continuance Commitment

Dependent Variable: Organizational Commitment							
Affective Commitment							
Variables	B	β	t	p	R ²	Adjusted R ²	F
Age	.57	.28	3.57**	.00			
Gender	6.38	.18	2.60**	.01	.16	.15	11.59**
Tenure	.26	.06	.84	.39			
Person-Organization Fit	3.29	.57	10.0**	.00			
Organizational Prestige	1.19	.42	6.77**	.00	.60	.59	44.84**
Organ. Identity Strength	1.12	.21	3.58**	.00			
Normative Commitment							
Age	.37	.23	2.91**	.00			
Gender	5.41	.20	2.76**	.00	.12	.10	8.14**
Tenure	.01	.00	.01	.94			
Person-Organization Fit	2.47	.55	9.10**	.00			
Organizational Prestige	.52	.24	3.30**	.00	.46	.44	25.17**
Organ. Identity Strength	.84	.20	2.95**	.00			
Continuance Commitment							
Age	-.06	-.05	-.66	.51			
Gender	3.29	.16	2.22*	.02	.06	.04	4.02**
Tenure	.43	.19	2.35*	.02			
Person-Organization Fit	.94	.29	3.97**	.00			
Organizational Prestige	.38	.24	2.75**	.00			
Organ. Identity Strength	.31	.10	1.22	.22	.18	.15	6.56**

*p< .05, **p< .01

Table 3. Regression Results Involving Affective Commitment as a Mediator

Variables	β	t	R ²	R ² chang.	F
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Step 1			.04	.04	2.93*
Age	.09	2.27*			
Gender	.69	1.14			
Tenure	-.02	-.36			
Step 2			.36	.32	16.57**
Age	.01	.51			
Gender	.22	.43			
Tenure	-.01	-.24			
Person-Organization Fit	.23	2.18*			
Organizational Prestige	.19	3.70**			
Organ. Identity Strength	.24	2.66**			
Step 3			.42	.06	17.98**
Age	-.00	-.03			
Gender	-.10	-.20			
Tenure	-.04	-.71			
Person-Organization Fit	.10	.98			
Organizational Prestige	.11	2.04*			
Organ. Identity Strength	.14	1.60*			
Affective Commitment	.08	4.14**			

*p< .05, **p< .01

Table 4. Regression Results Involving Normative Commitment as a Mediator

Variables	β	t	R^2	R^2_{chang}	F
Step 1			.04	.04	2.93*
Age	.09	2.27*			
Gender	.69	1.14			
Tenure	-.02	-.36			
Step 2			.36	.32	16.57**
Age	.01	.51			
Gender	.22	.43			
Tenure	-.01	-.24			
Person-Organization Fit	.23	2.18*			
Organizational Prestige	.19	3.70**			

Organ. Identity Strength	.24	2.66**			
Step 3			.38	.02	15.49**
Age	.00	.24			
Gender	.04	.08			
Tenure	-.01	-.26			
Person-Organization Fit	.14	1.27			
Organizational Prestige	.17	3.31**			
Organ. Identity Strength	.19	2.10*			
Normative Commitment	.06	2.46*			

*p< .05, **p< .01

Table 5. Regression Results Involving Continuance Commitment as a Mediator

Variables	β	t	R^2	R^2_{chang}	F
Step 1			.04	.04	2.93*
Age	.09	2.27*			
Gender	.69	1.14			
Tenure	-.02	-.36			
Step 2			.36	.32	16.57**
Age	.01	.51			
Gender	.22	.43			
Tenure	-.01	-.24			
Person-Organization Fit	.23	2.18*			
Organizational Prestige	.19	3.70**			
Organ. Identity Strength	.24	2.66**			
Step 3					
Age	--	--	--	--	--
Gender					
Tenure					
Person-Organization Fit					
Organizational Prestige					
Organ. Identity Strength Continuance Commitment					

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

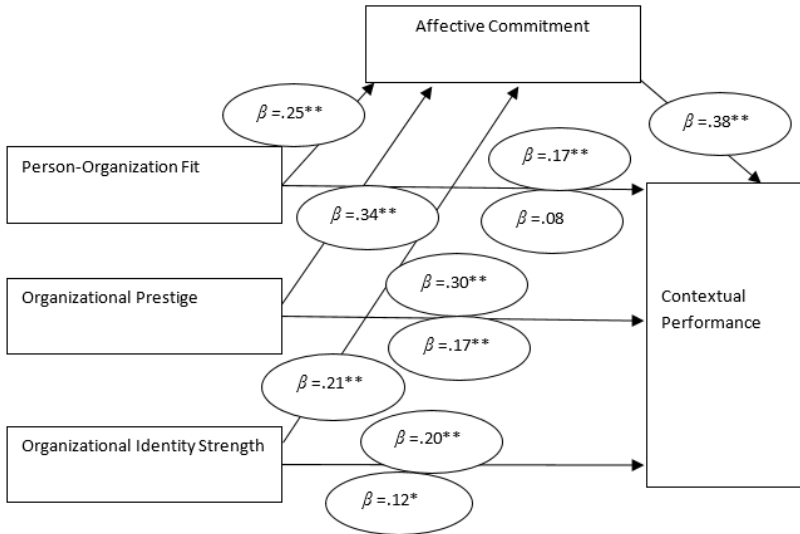
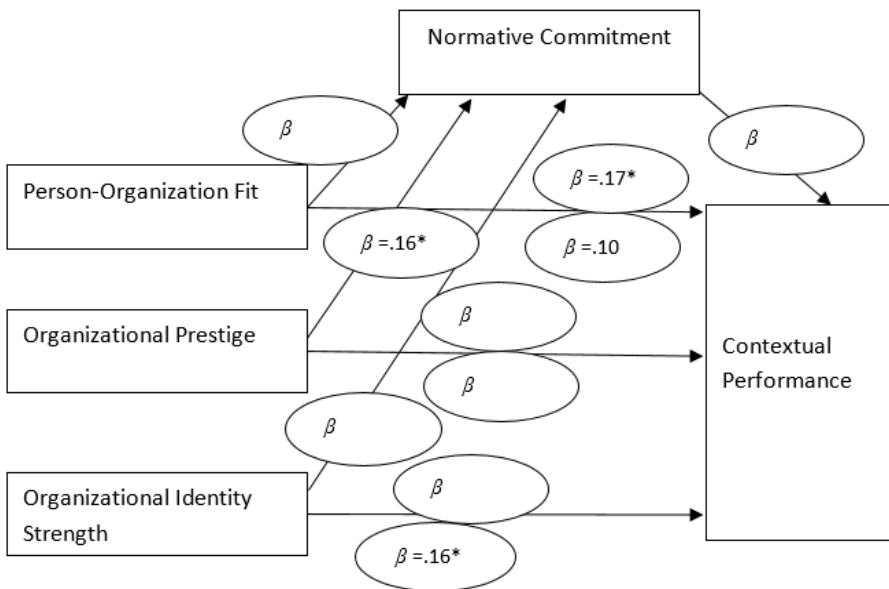


Figure 1. Mediating effects of affective commitment on the relationship between person-organization fit, organizational prestige, organizational identity strength and contextual performance. * $p < .05$, ** $p < .01$



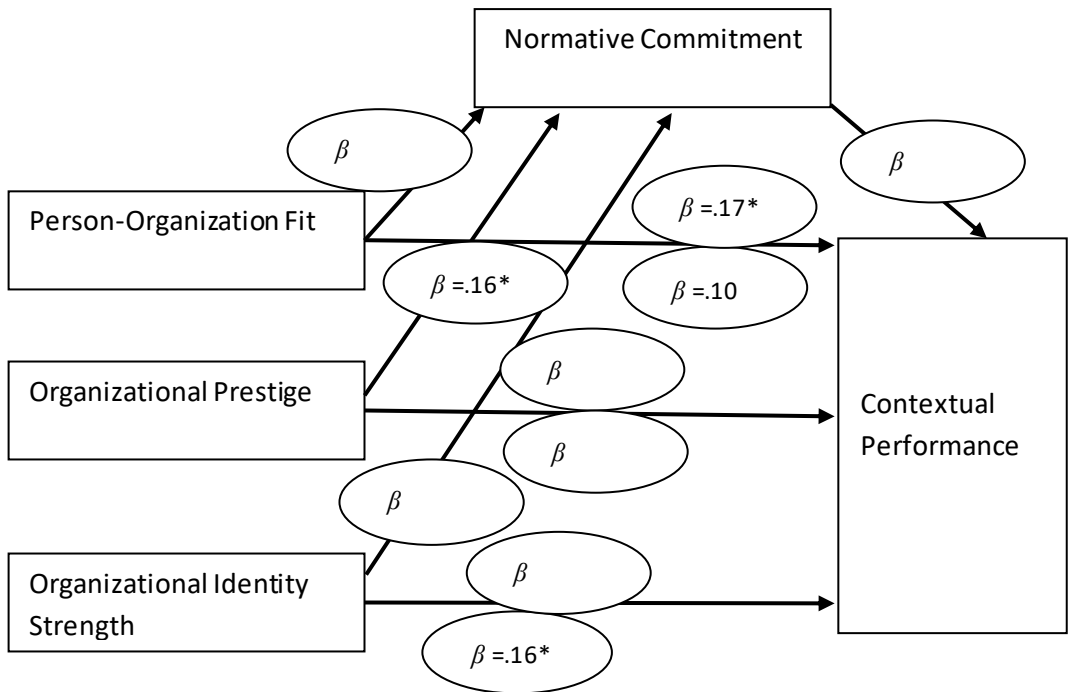


Figure 2. Mediating effects of normative commitment on the relationship between person-organization fit, organizational prestige, organizational identity strength and contextual performance. * $p < .05$, ** $p < .01$

Discussion and Limitations

In the present study it has been studied the mediator role of organizational commitment in the relationship between person-organization fit, perceived organizational prestige, organizational identity strength and contextual performance.

The results of the study showed that perceived organizational prestige predict contextual performance. According to Dutton and Dukerich organizational image fosters the identification of an employee with his/her organization (Dutton and Dukerich 1991; Dutton et al. 1994). An employee is likely to develop a strong attachment to an organization that holds favorable prestige (reputation) as part of his/her connection with reflected glory which, in turn, translates into citizenship behaviors (Dutton et al. 1994). Similarly, Saboor, Rehman, and Rehman (2018) have shown in their study, organizational respect improve the contextual performance in the organization. Moreover, positive perception of organizational image by workers lead to improve their performance (Dhir & Shukla, 2019).

In previous reviews of the literature, it has been suggested that PO fit would be more strongly related to organizational-level outcomes like OCB (Hofmann ve Woehr, 2006). As expected, it is found that organizational identity strength also predict contextual performance. While strong organizational identity has a positive relationship between organizational citizenship behaviors and performance negative relationship between turnover (Abrams, Ando and Hinkle, 1998; Mael and Ashforth, 1995). Finally person-organization fit, also predict contextual performance. According to main aim the study, the regression analysis results have revealed that the affective and normative commitment have mediator role in between person-organization fit, perceived organizational prestige, organizational identity strength and contextual performance. However, continuance commitment does not have any mediator role in this relationships. Conversely, third hypotheses has not been supported. This study has a number of limitations that should be acknowledged: First, there is a possible risk of common method bias in this study due to the use of self-report instrument to collect data from a single source. Although constructs such as P-O fit, organizational commitment, and OCB are typically measured using self-report data, cannot

rule out the possibility of common method bias. However, future research could lessen this risk by asking questions at different points in time or designing separate questionnaires for collecting data from multiple respondents. Second, the results of the study are, therefore, specific to this group, and extrapolation of the results to other settings and environments may not be suitable without further evaluations of those situations.

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Imereti Region's Natural - Recreational and Historical – Cultural Potential as Tourism Development Factor in Georgia

Davituliani Tsitsino

Mikautadze Rusudan

Kutaisi Akaki Tsereteli State University, Georgia

Abstract

Imereti – is one of the smallest region on the Black Sea coast in Georgia. The geographical location, historical-cultural and natural monuments, the rich Imeretian hospitality traditions are a good prerequisite for the development of recreation and tourism. Imereti region is a growing tourist segment. For more than 900 historical and more than 350 natural monuments continuously presents the rich history of the country from the primitive societies until nowadays. Myths and legends related to Imereti (Colchis kingdom, myth about Amirani (Prometheus), Golden Fleece, King Aetees and Medea and etc.) are well-known for the Western society. The work done for the popularization of these tourist products has greatly contributed to the growth of both organized and unorganized tourism. (80,000 men in 2007, in 2017 - more than 450,000). Today, tourism in Georgia is developing at a fast pace. Natural and historic monuments are the "Golden Keys" of the tourism potential of the region. We believe that tourism is a stimulus for the development of the local economy, and it should facilitate for staying of youth in the small towns by creating different jobs in order not to leave their country and therefore alienate from their national identities and culture.

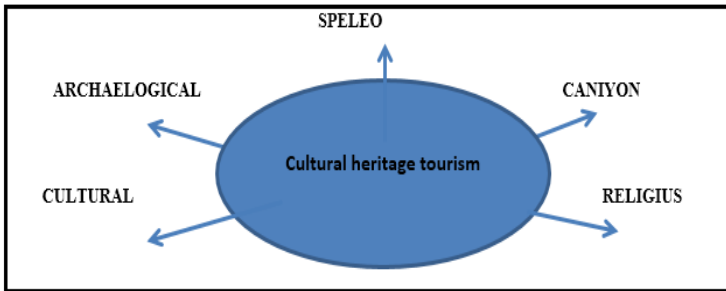
Keywords: natural monuments; historical-cultural heritage; national identity; recreational resources.

Introduction

Georgia has an important strategic location in the Caucasus, on the eastern coast of the Black Sea. It contains all elements of recreational resources: the warm sea, mild climate, vast hydrographic network, constant glaciers, karst caves and rich cultural and historical monuments.

Today, Georgia, with its unique culture, traditions, hospitality, natural and historical monuments, attracts more and more attention on the tourist market. Because of its small territory, tourists can fully imagine its natural-recreational resources and historical-cultural heritage.

We'd like to introduce you one of the regions of Georgia, Imereti and to show you its tourist prospects and potential using various visual, scientific and statistical materials. To analyze the issue we have used two scientific views: theory of unbalanced economic growth¹ (Cooper, et al, 2008: 248) and Lane's criteria². The first approach is effective especially for developing countries. If investment is implemented in one particular or in several sectors, development of the main field will result in revival, progress and proper functioning of the rest of fields. The second view-Lane's criteria determines the values of the agrotouristic place: 1. The value and beauty of the landscape 2. Territories with wild nature. 3. Cultural - historical and ethnic heritage, 4. favorable conditions for hunting, fishing and skiing. 5. Customer's access to foreign markets. 6. Effective and professional advancement and commercial activity management. According to these views such paramount role in Imereti region can be performed by tourism.



Imereti region is not rich with strategic natural resources, but it can create its own competitive advantage over culture, historical monuments, nature reserves and natural-recreational environment. Therefore, tourism can become one of the main sources of income for the region and promote the development of neighboring fields in the country. For this purpose in 1998-2001 years with the participation of foreign and Georgian experts was elaborated National Tourism Development Strategy and in 2012 was designed tourism development and marketing plan for the Imereti region and was proposed a series of actions to be implemented to improve the contribution of tourism for the local population's economic and social life

The diagram shows cultural tourism destinations which can be found in Imereti.

Imereti natural sights and their perspectives

Imereti Nature is a major factor for the tourism development. At present, 4 categories of the protected areas are located in the study area. According to the data of the last 10 years, most visitors - 1 108 503 mln, in the protected areas are registered in 2018, while this figure was 12 226 in 2008, that means that the number of tourists in the last 10 years increased 91 times³.



Imereti region is particularly rich with karst caves. There are up to 1000 karst funnels only in Kutaisi surroundings. Taking into consideration this fact, Georgia adopted the Law on the Creation and Management of Imereti Caves Protected Areas (June 21, 2011, # 4864). It includes Sataplia Nature Reserve, Sataplia Managed Reserve. Natural Monument of Prometheus Cave. Ocatse Canyon Nature Sight and other 17 different sights of nature. Now information about Imereti Cave Protected Areas of Georgia is available on the official web-site of International Show Caves Association (ISCA)⁴.

The most attractive objects for tourists are Prometheus and Sataplia caves with well-equipped infrastructure. Visitors are amazed with breathtaking views of stalactites of unique forms, stalagmites, petrified waterfalls, underground rivers and lakes. You can have a trip by boat on the underground river.

Sataplia complex protected area has preserved a prehistoric nature with wooden relics, labyrinths of karst caves and fossilized tracks of dinosaurs. There are only 3 places in the world where you can find such traces of dinosaurs, and one of them is in Sataplia. The central point for the tourists is the "Stone heart" - a huge heart shape stalagmite. Tourists make a wish near the "sculpture".

An observation deck at the highest point of the Sataplia reserve with a transparent floor, opens up a breathtaking view of the surroundings of Kutaisi and Colchis valley.

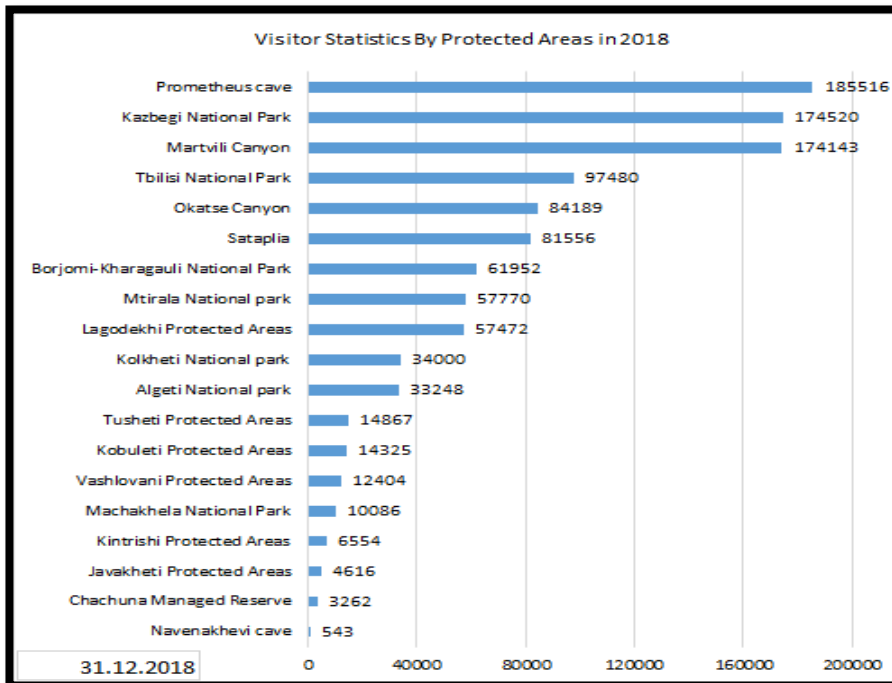
Very special is Tsutskhvat cave located 24 km from Kutaisi, which has no analogy in the world. The cave consists of 13 floors. Unfortunately, due to its complexity, the cave is not very popular among tourists, but it is a great place for extreme tourism lovers.

Imereti caves microclimate and stable temperature are accessible and useful for 76 different diseases, including bronchial asthma, hypertonic and hypotonic diseases. Nowadays, Czech specialists have chosen Satsurbliya Cave for speleo-recreational purposes which will receive the first visitors from this spring. We assume that people with respiratory tract problems will be able to perform different treatments in this healing place.

Nowadays, untrapped caves for extreme speleotourism are few in the world, so the caves of Imereti region can be very interesting for them. In order to develop extreme tourism, the region is rich in mountain rivers too, where rafting can be developed.

The Okace canyon is one of the most popular attraction among tourists. Recently built high quality tourist infrastructure offers tourists magnificent views to the canyon and its surroundings especially in spring, when everything is green and in blossom. Nearby, one can find the tallest waterfall of Georgia – Kinchkha together with another water abundant waterfall nearby.

This diagram shows the number of visitors by protecting areas in 2018. Imeretian natural monuments are in the top ten.⁵



The growth of tourism in these places successfully affected on the local population of the high mountain villages of Gordi and Kinchkha. Earlier village Gordi was the health resort for children and native people were involved in different activities including renting their houses. This experience helps them to manage their small businesses. Local small businesses collaborate with touristic agencies and tour operators which ensure constant visits of tourist groups. They are aware of the strategy of success of their own activities and try to satisfy the regular visitors in order to increase their number in future. However, it would be noted that if the state and regional authorities are interested in gradual growth of agrotourism in this part of Imereti, it will allow local residents to use more their resources intensively to enlarge the number of small farms and make them attractive to tourists in order to increase their income.⁶ (Kharaisvili, 2017: 368).

Little awareness of tourism potential in the region directly effects on the structure of tourism sector in Imereti. The local population is often unable to understand the significance of Imereti's natural monuments as a tourist destination for the future. The problem is pollution of the sights with household waste by community members, in times carst funnels are used as landfills by locals. Local authorities must conduct meetings and trainings to increase their awareness on these issues, involve them in local tourism infrastructure management and take strict measures against environmental pollution.

Historical-Cultural and Religious Tourism Development Perspectives

70% of tourists around the world travel to see the cultural heritage sites. Heritage is cultural diversity and the best way to see the links between cultures. When cultural heritage tourism in the region develops properly, it helps the region to protect and save country's natural and cultural treasures and improve the quality of life of local residents. It has economic impact on the local level by creating new jobs and small businesses, increases the pride and interest of the local population in tourism. The increase of tourism flow gives opportunity to promote the protection and maintenance of cultural heritage monuments⁷. (http://icomos.org.ge/ge/wp-content/uploads/publicationPolicy_GE.pdf)

The cultural-historical potential of Imereti includes: archaeological sites and historical towns, numerous ecclesiastical and civic architecture, museums and other sites. Visiting the unique historical monuments is a great motivation for tourists to get acquainted with the history and culture of Georgia which due to its geopolitical location, represents the place of meeting of Eastern and Western cultures.

Kutaisi and its surroundings in Imereti tourism industry are important attraction. The city is located along the banks of the river Rioni. Its age varies from 3000 to 3500 years. The city and its surroundings are rich in natural, archaeological and historical-cultural heritage monuments.⁸ (<http://kutaisi.gov.ge/ge/turizmi>) Due to its diversity, cognitive tourism in this city can really become an essential part of economic development.

The main attraction in the city is Bagrati Cathedral, built in 1003, as a symbol of unity of Georgia. Here are represented archaeological layers from the first millennium to the present day. Bagrati Cathedral, along with the Gelati monastery complex, was included in UNESCO World Cultural Heritage List in 1994. Unfortunately, after its hastily reconstruction by the government, the cathedral lost its authenticity and in 2017 UNESCO removed it from the World Cultural Heritage List which was a huge loss. Nevertheless, the monument still makes a great impression on the visitors.

Nowadays, Cultural Heritage Protection Agency of Georgia and the Polish archaeological expedition lead an intensive work to enter Kutaisi as a "cultural landscape" into the UNESCO World Heritage List. Kutaisi, as one of the oldest cities in the world, satisfies all these criteria. In this case there is a chance that the Bagrati Cathedral will return to the UNESCO nomination. As a result of recent archaeological studies, the materials found on "Gabashvili and Dadeshidze Gorges" dates back to XII-VIII centuries BC, which proves that Colchis's civilization was really existed around Kutaisi. This fact is another motivation that archaeologists' work will be finished successfully.

Six km from Kutaisi is located the Motsameta Monastery Complex, which dates back to the eighth century (and 11 kilometer from Kutaisi is situated the Gelati Monastery Complex, built in the first half of the 12th century by the greatest Georgian King David Aghmashenebeli or David the Builder as "New Athene and Other Jerusalem". It is listed on World Cultural Heritage from 1994. The main cathedral is distinguished with a monumental mosaic that is a high-artistic design art.⁹ (<http://www.dzeglebi.ge>)

In the Kutaisi suburb is the ruins of Gequti roval palace. The importance of the ruins of the Gequti palace is emphasized by its largely secular nature as most of the surviving monuments of medieval Georgian architecture are churches and

monasteries. In 2015, there was installed a special glass construction, which allows the viewer to see the monument in its original form. This technology is unique in our country.¹⁰ (<http://sputnik-georgia.com>).

There is still a lot to do in the direction of cultural heritage tourism. There is no appropriate coordination among the state, church and local population to make these tourist destinations more attractive in identifying the country through cultural monuments. It is urgent to improve the existing infrastructure, ecumenical relations between the tourists, church and local representatives, to protect the reliability of the information about cultural heritage monuments, which is provided to tourists because, unfortunately, some foreign guides, who accompany tourism groups, distort the history and culture of our country.

In Imereti, tourists are interested in Antique City Suriumi, today's Vani (VII-I centuries BC) which is located on the 40-minute drive from Kutaisi. Although only a third of the site has been studied, it has produced an astonishing number of artifacts: temples and sacrificial altars, Colchis pottery, imported Greek luxury items, graceful bronze sculptures and exquisite golden jewellery. Despite their diversity, the gold ornaments found at Vani are characterized by unity of style and technique, which clearly points to their belonging to a Colchian school of art.¹¹ (<http://vani.org.ge/municipality>)

While researching the tourism potential of Imereti, it is important to determine the role of sustainable tourism for overcoming the poverty of the local population. It is worth noting, that this direction is particularly related to the issues of developing countries where income is scarce and unstable. According to Geostat data, in 2016 the share of population, which was below the absolute poverty line, was 21,3%. The poverty rate is especially high in rural areas. We have studied several dissertations and scientific works on this issue¹² (T. Doghonadze, (2018: 69); Kharaisvili E (2017) Devidze Eka <http://www.nplg.gov.ge/dlibrary/collect/0002/000609/Devidze%20E.pdf>;) to find out which part of local population has gained the benefits from tourism. It appeared that touristic development in the region is mostly effectively reflected on non-poor families, which have a small amount of initial capital. They have the initiative to combine their material and social-intellectual resources and through labor diversification get benefits from tourism. Poor population is less successful in this regard.

Studies show that after the amenities of tourist monuments in the region were created new family hotels, increased the number of renting vehicles, opened catering facilities, appeared additional jobs.

Nowadays one of the distinguished role in touristic business belong to the cuisine. Georgian cuisine - Imeretian Khachapuri, Khinkali, Kupati, Satsivi, Wine and Churchkhela are popular among foreign visitors. In the hot tourist season, there are loads of food facilities nearby tourist attractions which promotes the growth of local population income. Studies show that Kutaisi is the leader in variety of Georgian cuisine and gourmet food.¹³ /Kharaisvili E. (2017): 373/

According to the influential edition Bloomberg report in 2017, Georgia ranks second among the fastest growing tourist destinations in Europe with an increase of + 27.9%. They claim that Georgian traditional dishes are the best reason to visit Europe Untouched corner."¹⁴ (<https://www.geotourism.ge/news/evropasi-yvelaze-swrafad-mzard-turistul-qvey-nebi-2018>). The growth of tourism potential of Kutaisi and its surroundings has significantly contributed to rehabilitation of Davit Aghmashenebeli International Airport in 2012, from which flights are available in any weather and visibility. The airport is the first international airport in the region, offering cost-efficient airline services, which greatly influenced on increase of tourists flow from Europe and Asia¹⁵ (<https://www.geotourism.ge/news/wizz-air>).

Nowadays in the development of Imereti tourism prevails the inner tourism. This is probably due to its geographical location. Imereti mostly serves as a link between other regions of the country. However, the State representative-Governor's Administration in Imereti and Kutaisi City Hall do much to make Imereti and Kutaisi more attractive for foreign tourists and increase their awareness on the international tourism market.

Recommendations and conclusion

However, there are a number of factors that have a negative impact on tourism development, namely: Imereti tourism system lacks competitiveness in certain aspects. This concerns the infrastructure that needs perfection. There is lack of activities which can be interesting for tourists. Besides, it is essential to improve employees' skills and experience who work in the sector, to promote and stimulate the work of tourist agencies and tour operators, good advertising has paramount importance in order to increase awareness about the region and create desirable image on tourist market. The sector needs more support and regulation from the government. There is weak coordination between administration, private business and native population. Unavailability in marketing information prevent them to conduct their commercial

work in an effective way. It would be fruitful if we engage local residents in different tourism activities, provide goal-seeking trainings and consultations. Proper management will enable us to increase the number of visitors and social-economic benefits for the local population.

Taking into account existed touristic potential of Imereti region we can arrive to the conclusion that tourism can become an essential part of the economic development for such a small region as Imereti, which will support the preservation of natural-recreational and historical-cultural heritage, increase employment of local population, social activity and income of communities, contribute to the development of small businesses, create healthy competition in marketing and facilitate to develop new international programs and projects.

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New Legal Solutions in the Hungarian Criminal Law with Reference to the Fight against the Irregular Migration

Robert Bartko

Assoc. Prof. Dr. University of Győr, Faculty of Law and Political Sciences, Department of Criminal Sciences

Abstract

International migration has intensified during the last two decades. Europe has been receiving increasing number of migrants from the developing countries (primarily from the Near-East). The number of the irregular migrants entered the European Union reached unprecedented levels in the last four years. The mentioned phenomenon affected the European Union and the Member States as well. The irregular migration is defined and managed in different ways by the Member States. In 2015, when Hungary was in the centre of the migratory flow, a political decision on taking the necessary criminal measures to stop the irregular migrants was made by the Hungarian Government. The legal response concerned widely the Hungarian legal system. In the centre of the amendment were the criminal law and the criminal procedure law. Within the frame of the mentioned decision the Hungarian Criminal Code was amended with three new crimes which are the followings: damaging the border barrier, unlawful crossing the border barrier and obstruction of the construction work on border barrier. The above-mentioned amendment modified the general section of the Criminal Code as well concerning the irregular migration. The aim of the paper is to present on the one hand the solution of the Hungarian criminal law with special reference to the new statutory definitions using the analytical method and on the other hand the data of the Hungarian criminal-statistics as well. However, it shall be underlined that in our paper we could work only with the official criminal-statistics for 2015-2017 because until the finishing of our study the Unified Hungarian Criminal Statistic of the Investigation Authorities and Prosecution did not summarize yet the data concerns the year of 2018.

Keywords: Hungarian criminal code, irregular migration, crimes concerning the irregular migration in Hungary, border barrier, fight against the irregular migration in Hungary, crimes against the border barrier in Hungary

1. Introduction

As a starting point, it shall be underlined that the irregular migrant can be defined as an individual who crosses a border without proper authority or violating conditions for entering a country¹. The irregular migrants usually use the following ways entering the territory of EU: (a) border-crossing "without proper authority, either through clandestine entry or with fraudulent documents; (b) entering with authorisation, but overstaying it; (c) deliberately abusing the asylum system; or under the control of the smugglers and traffickers². In connection with the mentioned thoughts, it shall be emphasized that the international migration has intensified during the last two decades³. Europe has been receiving increasing number of migrants from the developing countries. Until between 2009 and 2010 the number of the irregular migrants crossed the border of the EU was about 100.000 each year⁴, this number rose to more than 280.000 by 2014 at the pan-European level. The mentioned number represents a 138% increase over the previous years⁵. It can also be factually recorded that the number of migrants entered the EU irregularly has increased further in the recent past, to an unprecedented level in 2015 and 2016. According to the FRONTEX data the Member States recorded nearly 1.800.000 illegal border crossings at the peak of the migration

¹ Kuschminder, K. et al. (2015): *Irregular Migration routes to Europe and factors influencing migrants' destination choices*. Maastricht Graduate School of Governance, Maastricht p. 10.

² Uehling, G. (2004): *Irregular and Illegal Migration through Ukraine*. International Migration. pp. 77-109.

³ Triandafylidou, A & Maroukis, T. (2012): *Migrant smuggling: Irregular migration from Asia and Africa to Europe*. Springer, p. 1.

⁴ Morehouse, Christal & Blomfield Michael (2011): *Irregular migration in Europe*. Migration Policy Institute, Washington DC, p. 8.

⁵ EUROPOL (2016): *European Union Terrorism Situation and Trend Report*

crisis in 2015, while in 2016 this number - although much less – was 511.047 illegal border crossing which can be considered still extremely high¹. Based on the data published by the FRONTEX annual reports the European migratory crisis developed in the last 5 years as the followings:

Year/Route	2014	2015	2016	2017/2018
Western African	276	874	671	421/1531
Western Mediterranean	7842	7164	10.231	23.143/57.034
Central Mediterranean	170.664	153.946	181.459	118.962/23.485
East Mediterranean	50.834	885.386	182.277	42.305/56.561
Circular route from Albania	8841	8932	5121	6396/4550
Black Sea	433	68	1	537/0
Western Balkan	43.357	764.038	130.261	12.178/5869
Eastern borders route	1275	1920	1349	776/1084

Table 1.: Detections of illegal border-crossing into the EU between 2014 and 2018 (Source: FRONTEX Annual Risk Analysis for 2015-2019, <https://frontex.europa.eu>)

The migration - whether irregular or legal - is not a new phenomenon in Europe, it has presented on the European continent for decades. "Migration has been a natural phenomenon of changes in the world since the formation of mankind, which at times intensifies, becomes explosive, and sometimes eases."² In the past decades, a number of serious political and economic changes have taken place in the world. It shall be underlined, that one of its detrimental effects was the uptrend of the migratory pressure. However, at the same time, its nature and method have changed as well. Mass immigration – considering on the one hand the origin of people arriving with the migratory wave, and the other hand their belief in belief, furthermore, the feeling of disappointment for the attitude of the Western states - poses a serious public security risk in the host societies, and unfortunately - as a result of the mentioned facts – it can be seen in criminal statistics as well. In the recent years, the wave of intensive migration pointed out that the European Union's liberal policy pursued by the majority of the European Member States has caused a serious security deficit in Europe. The positive expectations and impacts that have served and serve nowadays as well in many Member States for a permissive immigration policy are becoming unmanageable in the current, uncontrolled migration situation. Irregular migration is accompanied by other forms of crime, including the intensification of human trafficking, and terrorism.

For the above-mentioned facts irregular migration as a phenomenon is defined in different ways by the Member States. The most of them give an administrative legal answer to the problem. However, it can be underlined that the criminalization is not a widespread response, the illegal border crossing and the illegal residence are not considered a criminal offence in the western European countries³. Although Europe is still divided on how to consider the irregular migration, in the political dialogue it is often described as a phenomenon which threatens the state sovereignty and the public security. The news reports show that the public security can be influenced by the irregular migration. Therefore, different legal measures have been adopted by many Member States after 2015 in order to control the illegal migration and deal with its harmful consequences⁴.

The irregular migration as a phenomenon is generally defined as an petty offence in the European Union, however, there are other Member States solve the problem on the level of the administrative law. It shall be emphasized that the degree

¹FRONTEX (2018): *Risk Analysis for 2018*. p. 8.

²Mária, Tóthné Demus (2005): *Új kihívások a hazánkat érintő illegális migráció kezelésében*. Ügyészek Lapja Vol. 3. p. 53.

³Guild, E. et. al. (2016): *Irregular Migration, Trafficking and Smuggling of Human Beings: Policy Dilemmas in the EU*. CEPS Paperback, 22 February 2016. p. 24.

⁴Broaders, Dennis & Engbersen, Gottfried (2007): *The fight against illegal migration. Identification Policies and Immigrants' Counterstrategies*. American Behavioral Scientist Vol. 50. Nr. 12. p. 1592.

of *de jure* criminalisation is limited – in the most Western countries illegal residence as such is not crime¹. However, the irregular migration is often described as a threat to state sovereignty and to public security². This unfavourable effect was recognized by the Hungarian Government in 2015, therefore a decision on using criminal tools in the fight against the irregular migration was accepted by the Hungarian legislator. In 2015, when Hungary was in the centre of the migratory flow, a political decision on taking the necessary criminal measures to stop the irregular migrants was made by the Hungarian Government and the Parliament. The legal response concerned widely the Hungarian legal system. In the centre of the amendment were the criminal law and the criminal procedure law. Within the frame of the mentioned decision the Hungarian Criminal Code was amended with three new crimes which are the followings: damaging the border barrier, unlawful crossing the border barrier and obstruction of the construction work on border barrier. The aim of the paper is to present on the one hand the Hungarian criminal solution with special reference to the new statutory definitions concerning the irregular migration and to present the mentioned elements of crimes, furthermore on the other hand the data of the Hungarian criminal-statistics as well.

2. Antecedents of the Hungarian legislation

The aim of introduction on more effective, legal action against illegal immigration in Hungary has become the subject of political dialogue since the beginning of 2015. Namely, the pressure of irregular migration concerned Hungary has been steadily strengthened from the mentioned year. If we examine only the number of asylum seekers in the 2014-2015 period, it shall be underlined that compared to the approximately 43,000 asylum applications filed in 2014, this figure rose to 78,000 by July 2015, and till the end of the 2015 was close to 180,000³. Only during the month of September 2015 – before the finishing the construction work concerning the fence by the Hungarian-Serbian border - there was a total number of 138.396 migrant entries.

Therefore, the Hungarian Government has defined - as a fundamental security policy goal - the curbing of the influx of illegal immigrants and the creation of legal regulations to achieve it. The first step in achieving this legal policy goal was the decision of the Hungarian Government 1401/2015. In the mentioned decision the Ministry of the Interior had a deadline until 1 July to "prepare for the establishment of about 175 km long and 4 meter high temporary border fence by the green border at the Serbian-Hungarian border" and, secondly, to prepare of the legal amendments on curbing illegal immigration. After the above-mentioned Government decision, as a second step, the legislator's aim was to ensure the establishment of the closing of border until the substantive and procedural rules of criminal law and criminal procedure enter into force. This aim was meant to serve by the decree of the Hungarian Government 213/2015., which provided for the imposition of an administrative fine on the offenses against the area of the temporary closing of border and its construction⁴.

The construction of the border barrier began in early July 2015, and it was completed by Monday, 14 September 2015. After the first step of the construction works had been finished by the Serbian-Hungarian border, Hungary started – as a second step – the construction of a second fence along the Croatian-Hungarian border as well⁵.

¹ Guild, E et. al (2016): *ibid* p. 24-25.

² Koser, K. (2005). *Irregular migration, state security and human security*. GCIM., 2005., p. 10-11.

³ Szilv eszter, Póczik (2018): *A határárral kapcsolatos bűncselekmények elkövetőinek szociológiai vizsgálata a Csongrád megyei büntetőeljárások alapján*. Kriminológiai Tanulmányok Vol. 55. p. 11.

⁴ The scope of these practices is set out in Sections 2-3 of the decree: (a) entry into the area of the temporary closing of border during its construction and maintenance; (b) obstructing construction work in any form; (c) introducing a drone or other unmanned remote control device into the construction site; (d) obstructing the access of persons working in the area of the closing of border; (e) obstructing the access of vehicles and means of transport to the area affected by the construction of the boundary lock. According to the decree, these actions were punishable by a fine of HUF 50,000-300,000, as the case may be. As the system came to a standstill on 15 September 2015 and the Act CXL of 2015 came into force that mentioned regulation was repealed by the Hungarian Government.

⁵ An interesting data that after Hungary closed the Hungarian-Serbian border with the border barrier the number of the irregular migrants entered Hungary decreased to only 315 in November and to 270 in December 2015.

After these above-mentioned antecedents, Act CXL of 2015 was adopted by the Hungarian Parliament on 04 September 2015. This Act has introduced significant changes in several areas of the Hungarian law from 15 September 2015. The reason of the amendments had several directions. On the one hand, logistical and other social tasks related to immigrants crossing the borders of Hungary were a significant economic burden for the country, which had to be remedied. On the other hand, the protection of state sovereignty has been formulated as a legal policy goal, which means is the development of a definite border protection policy, and the widening of the state's self-defense function, which – according to the Hungarian Government's opinion -, is partly possible by installing and building defense equipment. Thirdly, the need for action against the accompanying phenomena concerning the irregular migration – for example: trafficking in human beings or terrorism -, has also justified the adoption of the above-mentioned legislation. To ensure the border security by preventing asylum seekers and immigrants from entering and enabling the option to enter through official points and claim asylum in Hungary in accordance the Hungarian, and the European law was also a policy goal of the Hungarian Government.

One of the important elements of the defense system, known as the "physical and legal boundary lock", was the development of criminal law solutions to the problem. The criminal reform introduced to curb illegal migration has had two pillars, one on criminal law and one on criminal procedural law. The essence of the former is partly the creation of new sui generis statutory definitions in the Hungarian Criminal Code with reference to the border barrier. Furthermore to ensure that criminal procedures in connection with the referred crimes can be finished rapidly, the Hungarian Act on Criminal Procedure¹ was amended as well. A new procedural legal frame was inserted into the Chapter titled „Special criminal procedures”. In this chapter many special procedural rules are regulated by the legislator, where the reason of the special regulations is either the special character of the defendant, or the special character of the concrete criminal case. In connection with our paper the latter one is of importance. Namely, the mentioned special rules can be applied only for the sake of the crimes against the border barrier. Creating of the new special procedural rules enabled for the authorities to conduct the procedure started because of a crime against the border barrier very rapidly. Although the amendments concerned the General Part of the Hungarian Criminal Code as well, in our paper we deal only with the new statutory definitions mentioned above.

3. The new crimes concerning the irregular migration in the Hungarian Criminal Code

After the mentioned antecedents three new crimes has been inserted by the Act CXL of 2015 into the Hungarian Criminal Code (Act C of 2012): unlawful crossing of the border barrier (Sec. 352/A.), damaging the border barrier (Sec. 352/B.), and the obstruction of the construction work on the border barrier (Sec. 352/C.).

According to the Section 325/A of the Hungarian Criminal Code *any person who enters unlawful the territory of Hungary across the border barrier commits the crime titled the unlawful crossing of the border barrier*. The mentioned crime can be considered as a „*delictum commune*”, therefore its perpetrator can be anyone. However, if we look at the reason of creation on this statutory definition, it is quite clear that the Hungarian legislator drafted it specifically in order to curb the irregular migration. The mentioned fact is confirmed by the Hungarian criminal-statistic as well because the most of the perpetrators had the following nationality: Afghan, Iraqui, Syrian, Pakistani, Iranian and Kosovo². In this context, several scientific articles³ have dealt with the accordance between the Hungarian regulation and the provision of Article 31 Par. (1) of the

¹ The mentioned amendment connected to the former Act on Criminal Procedure (Act XIX of 1998 Chapter XXVII/A.), but the special criminal procedural regulation has been kept by the legislator in the system of the new Act on Criminal Procedure as well (Act XC of 2017 Chapter CVII.).

² Based on the data of the Unified Hungarian Criminal Statistic of the Investigation Authorities and Prosecution

³ In the mentioned topic in the Hungarian literature see: Zoltán, Hautzinger (2018): *A migráció és a külföldiek büntetőjogi megjelenése*. AndAnn, Pécs pp. 152-158.; Judit, Tóth (2015): „... a hazájukat elhagyó kényszerülők emberi jogainak és alapvető szabadságainak védelmére. Fundamentum Vol. 19. Nbr. 4. pp. 63-64.; Zolt, Kopasz (2018): *Úgyészeti tapasztalatok az államhatár rendjét érintő bűncselekményekkel összefüggő büntetőeljárásokról*. Kriminológiai Tanulmányok Vol. 55. p. 37., Anna Terézia, Bartos (2017): *A határzár tiltott átlépésének megítélése a joggyakorlatban*. Pécsi Határőr. Tudományos Közlemények 19. szám, pp. 314-315.; Norbert, Tóth (2016): *„Államarcú” nemzetközi jog, avagy a 2015 őszén módosított magyar Büntető Törvénykönyv a menekültek jogállásáról* szöveg

Geneva Convention and its Protocol. According to the mentioned regulation of the Geneva Convention: „*the contracting states shall not impose penalties, on account of illegal entry or presence, on refugees who coming directly from the territory where their life or freedom was threatened in the sense of article 1, enter or are present in their territory without authorization, provided they present themselves without delay to the authorities and show good cause for their illegal entry or presence*”¹. However, in this context hereby we shall cite the provision of the Article XIV Par. (4) of the Hungarian Constitution: „*any person has not Hungarian citizenship arrived in Hungary through a country where he was not exposed to the persecution or its direct threat is not entitled to asylum*”.

The correct interpretation of the Convention and its mentioned Protocol with respect to the crimes against the border barrier – especially to the unlawful crossing of the border barrier - is also interesting because in a significant number of criminal cases the defense has been argued before the court with the permission of the law as ground for the preclusion of the punishability. However, the mentioned argument was refused by the courts. Namely, the mentioned argument could have been used before the court in case of existence of the following conditions: (a) the fact of the unlawful border-crossing; (b) the direct geographical link between the State affected by the unlawful entry and the State of persecution; (c) immediate application to the authorities; (d) the consistency of the grounds for unlawful entry with the values to be protected by the Convention; (e) the fact of refugee status. First of all, we would like to point out that the fundamental right to refugee status, which would result in a kind of automatism in asylum procedures, cannot be deduced from the text of the Convention and its mentioned Protocol. For this reason, we disagree with the view expressed in the Hungarian literature² that the fact of refugee status precedes the formal decision of the authority concerning it and therefore, it is very problematic to accuse these persons with the mentioned crime. Such an interpretation would make the asylum procedure completely formal, without giving it any discretion in deciding on the application. However, if such a person immediately applies to the authorities and submits his application, the decision on his refugee status is considered as a preliminary question in the criminal procedure, which must precede the judicial decision of the criminal proceedings. However, it shall be emphasized that based on the mentioned article of the Hungarian Constitution and the Hungarian Act on Asylum (Act LXXX of 2007) Hungary has continuously developed the so-called “safe third state concept”³. According to the Decree 191/2015 of the Hungarian Government that states from which the migrants can enter directly the territory of Hungary can be considered as a safe country. Therefore, the above-mentioned principle on “*condition of directness*” which is relevant for the application of the Geneva Convention and its mentioned Protocol, is not applicable concerning that defendants who are accused with a crime against the border barrier. That is why we agree with Norbert Tóth’s view⁴ that the condition of directness should be used in geographical meaning for the application of the mentioned conventional provision. On the basis of the above mentioned facts, it can be stated that it is not permissible in itself to create statutory definitions for the protection of border barrier and to treat them under special

1951. évi genfi egyezmény 31. Cikk (1) bekezdése fényében. In: Zoltán, Hautzinger (edit.): A migráció bünyügyi hatásai. Magyar Rendészettudományi Társaság Migrációs Tagozat, Budapest, pp. 240-243.; The overall of Hungarian Helsinki Committee (16 September 2015): <https://www.helsinki.hu/az-1951-evi-genfi-egyezmény-31-1-cikkének-alkalmazásáról/>.

¹ Article 31. Par. (1) of the Geneva Convention (1951) and Protocol (1967) Relating to the Status of Refugees

² Anna Terézia, Bartos (2017): *ibid* p. 314.

³ Kjaerum, Morten (1992): *The Concept of Country of First Asylum*. International Journal of Refugee Law. Vol. 4. Nbr. 4., pp. 513-514.

⁴ Norbert, Tóth (2016): *ibid*. p. 242.

procedural rules, however, the legislator has to take into account that cases where the defendant has applied for refugee status under the criminal procedure¹.

In the following table we summarize the registered unlawful crossings of the border barrier based on the unified Hungarian criminal statistic mentioned above:

	2015	2016	2017
unlawful crossing of border barrier (Sec. 352/A. of the Hungarian Criminal Code)	914	2843	22

Table 2: The detected unlawful crossings of border barrier in Hungary between 2015 and 2017 (Source: the Unified Hungarian Criminal Statistic of the Investigation Authorities and Prosecution)

According to the Sec. 352/B. of the Hungarian Criminal Code *any person who damages or destroys the border barrier and its devices commits the damaging of the border barrier, insofar as the act did not result in a more serious criminal offence*. Following the mentioned definition it shall be underlined that this crime can be considered as a *subsidiary statutory definition*. The legal object protected by the legislator is not only the territorial integrity of Hungary, but also the protection of the border barrier as well. The reason of creating the mentioned crime is that it is required to punish that perpetrator who endangers with his conduct the protection function of the border barrier built by the state². Nevertheless, it shall be emphasized that the border barrier built in 2015 at the Serbian-Hungarian and the Croatian-Hungarian border is protected not only by the above-mentioned statutory definition, but also by the crime regulated under the Sec. 352/C of the Hungarian Criminal Code. According to the mentioned Section *any person who obstructs the construction or the maintaining work of the border barrier commits a crime titled obstruction of construction work on the border barrier*. This crime is also a *subsidiary statutory definition*, because the perpetrator can be punished for this crime only that case if the act committed by the perpetrator did not result in a more serious criminal offence. Any conduct by which the perpetrator can obstruct the works on the border closure may constitute according to the mentioned Section³. In the past few years the crime titled damaging of border barrier occurred in the judicial practice, however, the obstruction of construction works on border barrier is not. In the following table we summarize the relevant data of the Hungarian criminal statistic according to the mentioned two criminal offences:

	2015	2016	2017
damaging of border barrier (Sec. 352/B. of the Hungarian Criminal Code)	22	1543	863

¹ It should be noted that in most of the criminal proceedings conducted in Hungary due to unlawful crossing of border barrier, the defendants entered the territory of the country in violation of the border barrier, furthermore, they did not register with the authorities without delay, and in many cases - as the country of destination was not our country - they did not apply for asylum. It shall be underlined that the mentioned conditions without examining exclude the applicability of Article 31 of the Geneva Convention and its Protocol.

² Zoltán, Hautzinger: *Büntetőjogi tényállások a külföldiség és a migráció vonzásában*. In: Zoltán, Hautzinger (edit): *A migráció büntügyi hatásai*. Magyar Rendészettudományi Társaság Migrációs Tagozat, Budapest, pp. 191-192.

³ Sándor, Madai: „A tömeges bevándorlás okozta válsághelyzet” kezelésének büntető anyagi jogi eszközei hazánkban. In: Zoltán, Hautzinger (edit): *A migráció büntügyi hatásai*. Magyar Rendészettudományi Társaság Migrációs Tagozat, Budapest, p. 253.

Obstruction of construction work on border barrier (Sec. 352/C. of the Hungarian Criminal Code)	0	0	0
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Table 3: Registered crimes concerning the damaging of border barrier and obstruction of construction work on border barrier in Hungary between 2015 and 2017 (Source: the Unified Hungarian Criminal Statistic of the Investigation Authorities and Prosecution)

Common characteristics of the above-mentioned crimes against the border barrier that each crime can be committed only with intent. Furthermore, several qualified cases were linked by the legislator to the statutory definition of damaging of border barrier and to the unlawful crossing of border barrier. These are the followings: perpetration by displaying a deadly weapon, or by carrying a deadly weapon, and perpetration as a member of a mass riot. The most serious qualified case by the both above-mentioned crimes is if the perpetration results in death. If the defendant is sentenced for a crime against the border barrier for fixed-term imprisonment, according to the Sec. 60. Par. (2a) of the Hungarian Criminal Code, the defendant shall be expelled from the territory of Hungary. Namely, in the mentioned cases the application of expulsion is compulsory¹.

4. Final Remarks

Based on the data already described above, it can be clearly seen that due to obstruction of construction work on border barrier regulated under the Sec. 352/C. of the Hungarian Criminal Code, no criminal proceedings were conducted. This in itself calls into question the legitimacy of the existence of the mentioned statutory definition. Nevertheless, there has been a massive decrease in cases of the other crimes against the border barrier in recent times as well. In 2015 the number of the registered unlawful crossings of border barrier was 914, in 2016 2843, and in 2017 - due to the changings in connection with the migration routes – was already only 22. The same tendency can be seen with regard to the crime damaging of border barrier as well. Namely, in 2015 the number of this criminal cases was 22, in 2016 1543, and in 2017 “only” 863. However, the number of cases is not the same as the number of criminal procedures conducted due to the mentioned crimes. An interesting data that in 2017 the authorities have already taken action against only 20 defendants in only 10 criminal procedures². These data show that the political decision on building the border barrier made by the Hungarian Government in 2015 was well-founded because it resulted on the one hand the relief of the migratory pressure and the cease of the chaotic situations made by the migratory flow in Hungary in 2015, and the other hand the changing of the Western-Balkan migratory route. The fact mentioned latter is confirmed by the reports concerning from the year of 2015 till 2018 announced by the FRONTEX which underline that the migratory pressure decreased in the Western-Balkan migratory route. If we look at the data with regard the mentioned route we can see the significant changings. Until in 2015 – before the finishing of the construction works on the border barrier at the Serbian-Hungarian, and at the Croatian-Hungarian border – a number of 764.038

¹ Nevertheless, someone who has been granted asylum in Hungary, according to the Sec. 59. Par. (2) of the Hungarian Criminal Code, can not expel from the territory of Hungary, therefore in that criminal procedures which object is an crime against the border barrier, the court shall take into account if the defendant was granted asylum.

² The mentioned data is based on the Unified Hungarian Criminal Statistic of the Investigation Authorities and Prosecution

migrants entered the territory of EU – and the Central-European countries -, from the year of 2016 a continuous decline can be experienced regarding to the mentioned route. In 2017 only a number of 12.178, in 2018 only a number of 5869 migrants tried to enter unlawful the EU. In this context, the Hungarian solution is not objectionable with regard to the international and European commitments of Hungary, and its results are undisputed. Although Hungary has suffered many political attacks due to the border barrier built in 2015, from the aspect of the international, European, and the constitutional law the Hungarian solution is not objectionable. Of course, the amendment of the Hungarian Criminal Code, and the new statutory definitions created by the legislator can be criticized from dogmatic aspects, however, we are sure that the necessary modifications will be adopted by the Hungarian legislator in the near future. For example, - among others – the repeal of the statutory definition on obstruction of construction work on border barrier shall be considered by the legislator with regard to the fact that no criminal procedure was conducted by the authorities due to the mentioned crime between 2015 and 2018. In summary, therefore, according to our opinion it is not a refugee law question, but also a task has to be solved by the internal criminal law. Hungary is a state of rule of law and we can be sure that – apart from the political aim to protect the sovereignty of Hungary – Hungary will work together with the European institutions towards a more efficient and fairer European migration and asylum policy.

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Towards Critical Thinking and Its Perception in Georgia (Tbilisi Open Teaching University Case)

Sophia Moralishvili

Professor, Tbilisi Open Teaching University

Khatia Shevardnadze

Professor, Tbilisi Open Teaching University

Rusudan Tkeshelashvili

Professor, Tbilisi Open Teaching University

Abstract

Critical thinking, as the highest expression of thought, has become a subject of major concern in recent years in the Georgian educational field. Although advanced technologies are replacing humans in many spheres of life, people still possess the skills which can never be substituted by machines. One such skill is critical thinking. Therefore, the main purpose of education is to develop and advance this ability. Within the frames of the presented study, we aimed to investigate students' perception of their critical thinking at Tbilisi Open Teaching University. We also aimed to determine if students saw the necessity of mastering critical thinking skills and which teaching methods they considered as more effective. Up to 500 undergraduate and postgraduate students completed the survey. Findings indicate that students perceive critical thinking skills as the most significant and essential component in their education, but see different barriers while acquiring them. It is also noteworthy to note that students' awareness of critical thinking skills and methods has considerably increased recently.

Keywords: critical thinking, bachelor students, master students, teaching methods

Introduction

It is an axiom that thinking is a rule of human cognitive activity and a vital need. It is related to the needs of independence and freedom, creativity and personality.

People constantly try to expand the area of thinking, but this does not mean an increase in the quantity of knowledge. The literacy level is not limited to the number of books read. We are all well aware of the fact that technologies are changing rapidly and are becoming more and more sophisticated; state of the art technology is introduced to us every day. In all spheres of life, a storm of information is overwhelming which does not simplify our thought, but on the contrary, makes it more complicated and often obscure.

For the 21st century people, it is not essential to know much about the different fields of science and culture, but we should be able to analyze any situation, process information, understand and make choice in the fastest changing environment. The choice often involves making a hard decision, which will necessarily result in the conflict of values. Therefore, we must be prepared to face these challenges when we have to make a correlation between material-success oriented actions, personal freedom and mutual-understanding oriented actions.

Diane F. Halpern an American psychologist and former president of the American Psychological Association says that most people finish official education from ages 18 to 22. "Let us assume that the average life expectancy of today's youth is the greatest in human history, most of them will probably live more than 70 years. It is difficult to imagine what the reality will be in 2080-2090. One we can say with certainty: Most of those who are young today will have to perform the work and use technologies that do not even make sense to modern science fiction. Thus, what kind of knowledge do you need in the first stage of life to feel calm for the next 50 years?"

As the world is entering the new phase of civilization educators need to take into account new paradigms. Alex Gray, in his article *"The 10 skills you need to thrive in the Fourth Industrial Revolution"* states: "Five years from now, over one-third of skills (35%) that are considered important in today's workforce will have changed. By 2020, the Fourth Industrial Revolution will have brought us advanced robotics and autonomous transport, artificial intelligence and machine learning, advanced materials, biotechnology and genomics. These developments will transform the way we live, and the way we work."¹ As the World Economic Forum survey suggests critical thinking will become one of the top three skills workers will need in near futures.

The scientists agree that the solution is in the perspective education which should be the basis of the two principles: 1. Ability to orientate swiftly in the vast information flow and to find the necessary material; 2. Ability to understand correctly and apply received information. First, it is necessary to sift the information, to organize it, to distinguish between secondary and main information, to analyze, interpret and accept. If we do not have the ability to look into the diversity of issues, then we may find answers to questions, but we can not reflect them.

Thus, critical thinking involves analyzing ideas in a skillful way and then applying them in a useful one. To do this well, a person needs to be able to observe, reflect, synthesize, and imagine concepts and information and to communicate the results. In short, critical thinking is the desired end product of much of what we do in education.

Joseph Aoun states in his article "Machines are getting better at many of the elements that fall under the umbrella of critical thinking, including observation and communication. But they have not grasped all of them. Thus, when a lawyer mulls a thorny contract dispute and figures out how to position a client for a victory and when a marketer crafts the content of a website that keeps eyes on the screen, they are using cognitive capacities that are exclusively human. Critical thinking will therefore remain a cornerstone of human work in the digital age."²

Educational Policy Framework in Georgia

Heated debates on the issues of education and thinking are taking place around the world. Critical thinking is one of the main directions of education in the modern world. It also defines the education policy in Georgia, which aims not only to study and memorize the collected and analyzed data, but also to develop independent thinking skills which is a sign of personal development. That is the continuous process of life.

In this regard, it is interesting to note that the important initiatives have been recently announced by the Minister of Science, Culture and Sport, Mikheil Batiashvili.³ The new reform concerns pre-school education, secondary education, vocational education, higher education and science. He noted that today's model is mainly based on remembering something and then conveying its meaning. In other words, how much information we can remember and render. Nowadays we have quite new challenges and approaches towards learning. The example of the Finnish schools and other successful educational systems prove that the main focus should be on the child's thinking and developing these skills. Of course, knowledge is an important component, but with knowledge it is important to develop thinking, discussion, problem solving and other creative and critical skills which will guarantee their success in the modern world. Accordingly, the model implies a significant update.

It can be said that any change to the education system, requires time, persistence and learning from mistakes.

We agree with the Minister of Education and would like to add that such changes could be implemented at any stage of life and at any age. To accomplish this goal the suitable curriculum and appropriate teaching are essential. Unfortunately, we can not agree with those who think that the critical thinking should be thought only at the higher educational institutions and not at the school level. We assume this to be the wrong and harmful assumption and consider intellectual autonomy to be not only teachers' priority but the pupils' as well.

¹ <https://www.weforum.org/agenda/2016/01/the-10-skills-you-need-to-thrive-in-the-fourth-industrial-revolution/>

² <https://medium.com/cxo-magazine/in-an-age-of-machines-critical-thinking-gives-people-the-edge-e2b80d0ff439>

³ <https://mes.gov.ge/content.php?id=8926&lang=eng>

At Tbilisi Open University we see things not as they are, but as they could be. Established in 2002, Tbilisi Open University (TOU) is highly ranked institution offering bachelors, masters and one-step medical programs through its four schools and multiple degree courses.¹

The aim of the university is to equip students with the practical, intellectual, creative and critical skills that are in accordance with the latest trends of the international labor market by providing newest teaching methodologies, favorable research conditions and assistance in development of practical skills. We try to accomplish these goals through the innovative curriculum and courses.

Our survey perused an objective to investigate students' perception of their critical thinking at Tbilisi Open Teaching University. We also aimed to determine if students saw the necessity of mastering critical thinking skills and which teaching methods they considered as more effective.

What is Critical Thinking?

It is impossible to answer this question within the frames of the given article. Though it is obvious that critical thinking is a skill, which is as important as speaking, reading, listening, writing, arithmetic and the development of these basic skills need to be given the profound attention. Without critical thinking, it is almost impossible to perform any work. It allows people to realize their own self and contribute to the development of a better society.

David Klooster's (2000) defines five arguments of critical thinking. The very first part of his broad definition highlights the fact that critical thinking is an independent thinking. What it means is that each student has to think for himself / herself; students have to be capable of self-contained opinions and convictions. Attention should be paid not to make the mistake of understanding this independent thinking as something necessarily original. A critical thinker does not always have to be original; there is obviously the possibility of coming to the same conclusions as others, but even in such a situation there is still an inner relationship between the student's values, opinions, convictions, and the thought.

The second component of critical thinking discussed by Klooster (2000) is the importance of seeing information as a starting point, not as a goal of education. Before students can reach the point of applying critical thinking, they need to gain quite a voluminous amount of information. In other words, application of critical thinking must be established on good knowledge of a particular issue, possibly facts conveyed by teachers.

The third aspect of the definition of critical thinking is problem solving. A human being is naturally curious, but as many other experts on education, Klooster also briefly comments on the fact that the older the students are the lower is their curiosity. Similarly Lipman (2003) mentions this decline in correspondence with Klooster. Lipman (2003) discusses possible reasons for this decline of students' activity and interest during their school years and as a major factor of this decline he considers the school environment, which he describes as uniformed, uninspiring and often not thought-provoking. One way of improving this unfavourable situation is making the teaching process more personal for the students. It is the teachers' role then to try to encourage students to take interest in things and problems around them, because only when students see a personal profit and practical application of the topic, then they are really learning and thinking. Problem solving supports critical thinking once students are really engrossed in the problem, when they need to think of various factors, conditions, and points of view.

The forth part of Klooster's definition considers arguments. Critical thinking involves approaching a question, a problem or an issue from various angles. As there is not a singular solution to a problem, critical thinkers use arguments to support their opinion. An argument then consists of three parts. The first one is an assertion; this is the base for the argument. Arguments are supported by reasons, and reasons are supported by proofs, for example reference to particular places of a text. Critical thinker is supposed to accept that there are other possible approaches towards a given problem which he / she can either adopt or disprove. Such decision making is seen as a core definition of critical thinking by many authors; thinking about the world around us and drawing our own conclusions instead of accepting them blindly.

¹ <https://old.tou.edu.ge/lang/en>

The fifth approach speaks about a relationship between critical thinking and thinking in society. In the process of reaching perfection in our thoughts we need opinions and ideas of other people. Exchanging arguments, reading, or debating is what improves our thoughts and thinking abilities (Klooster, 2000).

Brookfield (2012) describes critical thinking as a process composed of four stages. The first stage is called "hunting assumptions." Assumptions are principles, often adopted uncritically, on which we base our judgements and actions. In critical thinking it is essential to realize what the particular assumptions influencing our actions are. Once we are aware of them, it is time to evaluate their relevance and accuracy. Instead of simply accepting unthinkingly the assumption, a critical thinker considers the evidence for the assumption. It may be something we have experienced, or something which is presented to us by trustworthy authorities, or something on which we performed our own research. The third step of the critical thinking process is about problem solving; looking at things from different points of view. Applying different viewpoints helps us to realize whether the assumption we hold is or is not relevant and appropriate considering a particular situation. All the steps described above: hunting assumptions, checking assumptions, and looking at things from different viewpoints lead to the main objective of critical thinking "taking informed actions". From what has been written above, it can be said that informed action is not just an action performed based on our feelings or unsupported evidence, but on the contrary, it is an action based on reliable evidence, evidence which when questioned by others we are able to justify and give good reasons for.

John Dewey, an outstanding representative of critical thinking movement, defines critical thinking as "Active, persistent, and careful consideration of a belief or supposed form of knowledge in the light of the grounds which support it and the further conclusions to which it tends" (Dewey, 1909).

Robert Ennis defines critical thinking as reasonable and reflective thinking focused on deciding what to believe or do. "This definition I believe captures the core of the way the term is used in the critical thinking movement. In deciding what to believe or do, one is helped by the employment of a set of critical thinking dispositions and abilities that I shall outline. These can serve as a set of comprehensive goals for a critical thinking curriculum and its assessment. Usefulness in curriculum decisions, teaching, and assessment, not elegance or mutual exclusiveness, is the purpose of this outline. For the sake of brevity, clarification in the form of examples, qualifications, and more detail, including more criteria, are omitted, but can be found in sources listed below, but most fully in my *Critical Thinking* (1997)".¹

Paul believes that, because critical thinking allows us to overcome the sway of our egocentric and sociocentric beliefs, it is "essential to our role as moral agents and as potential shapers of our own nature and destiny" (Paul 1990).

Kuhn (1999) declared that critical thinking is directly related to metacognitive competencies or higher-order thinking skills which help the individuals to know about their knowing and that of others which is in contrast to lower order thinking. Kuhn's meta-knowing entails metastrategic skills which are closely related to the procedural knowledge, metacognitive which is closely associated with the declarative knowledge and epistemological which is related to the broader understanding of knowledge.

Research Methodology

The research was carried out using qualitative and quantitative methods. It should be noted that quantitative method was supportive. The views presented in the study are mainly based on the information obtained from qualitative methods.

The study was anonymous. The survey was sent to the students in the educational electronic database (<http://emis.openuni.edu.ge>). Bachelor and Master students of the Schools of Law, Business and Social Sciences participated in the study. Data collection lasted for 3 weeks. The total number of participants was 498.

The key issues of the research were

Which thinking ability is critical thinking and why should it be taught?

How is critical thinking understood in Georgian reality (in general and on the example of TOU)

¹ https://education.illinois.edu/docs/default-source/faculty-documents/robertennis/thenatureofcriticalthinking_51711_000.pdf?sfvrsn=7bb51288_2

What are the effective methods of teaching critical thinking?

What kind of person can be considered critical thinker?

The main components of the survey were:

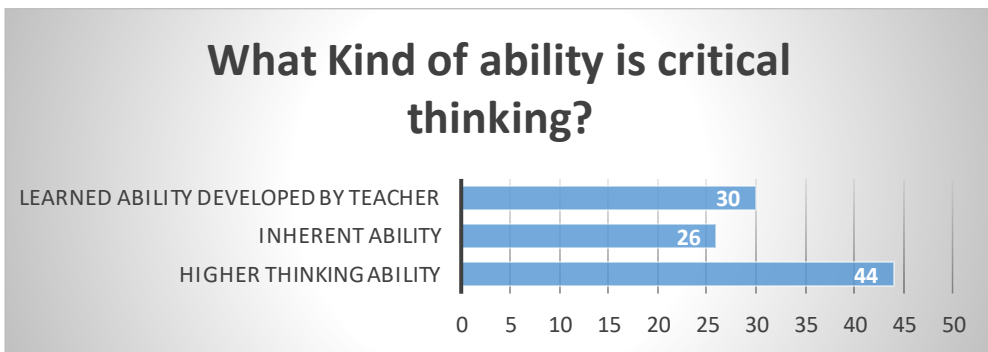
- to study of opinion and attitude of students interested in critical thinking.
- to evaluate critical thinking at the present stage

Research Results and Findings

From 498 students who were involved in the survey, the majority were between the age of 19 to 24 (87.7%).

The first question was intended to check students' general perception of critical thinking.

Figure 1



With the next question (figure 2), we wanted to find out if students considered critical thinking as something negative, as it is often mistakenly defined by some people. They could mark two answers. The results were quite pleasant as our students' awareness regarding critical thinking is quite correct.

Figure 2

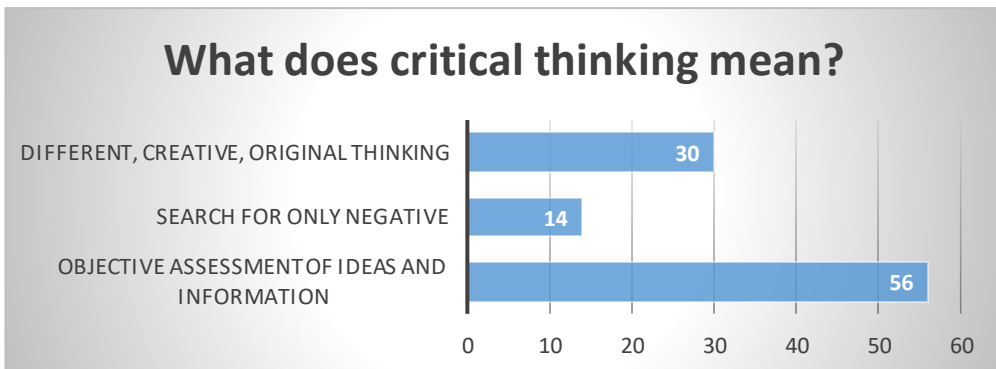
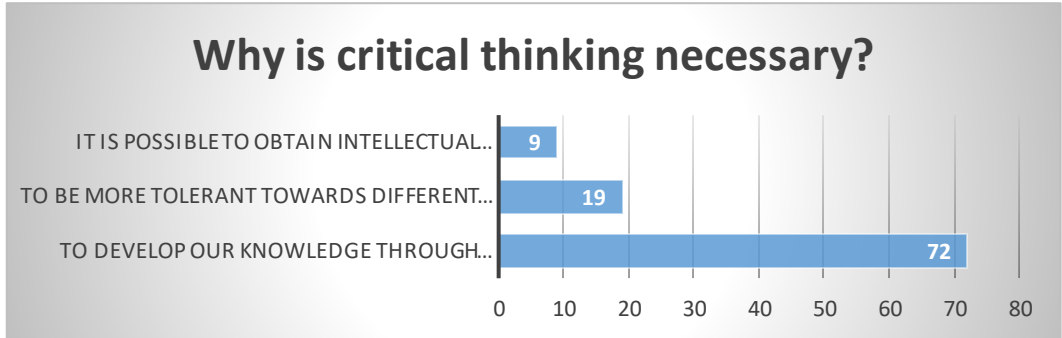


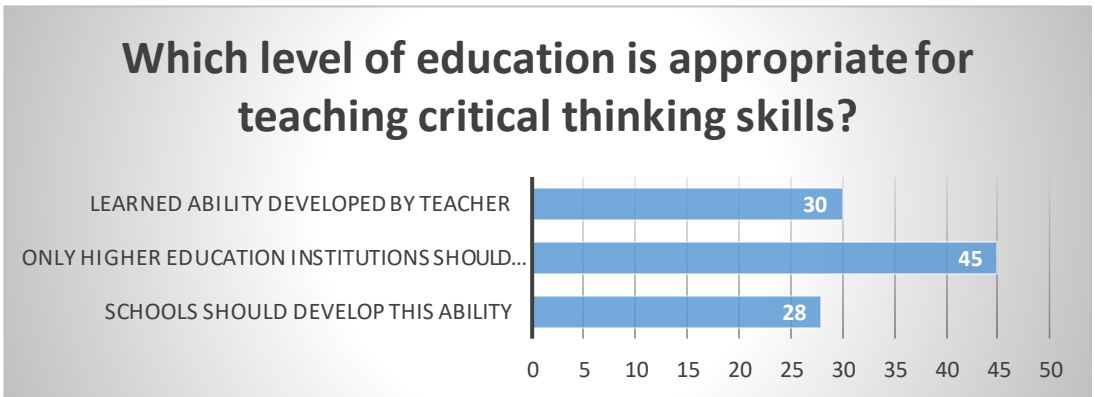
Figure 3 demonstrates how our students see the necessity of acquiring critical thinking skill. Majority of them consider critical thinking crucial while developing their knowledge.

Figure 3



According to students' answers, critical thinking is a skill, which should be taught by higher education institutions. Unfortunately, we can not agree with them as we are sure that preschool is the right place to introduce critical thinking methods.

Figure 4



As we see from Figure 5 professors encourage students to express ideas and opinions frequently, but there are some barriers hindering students. There are several reasons: lack of confidence, knowledge, courage, ability. It is noteworthy that students avoid issues which cause controversy, debate, opposition from peers.

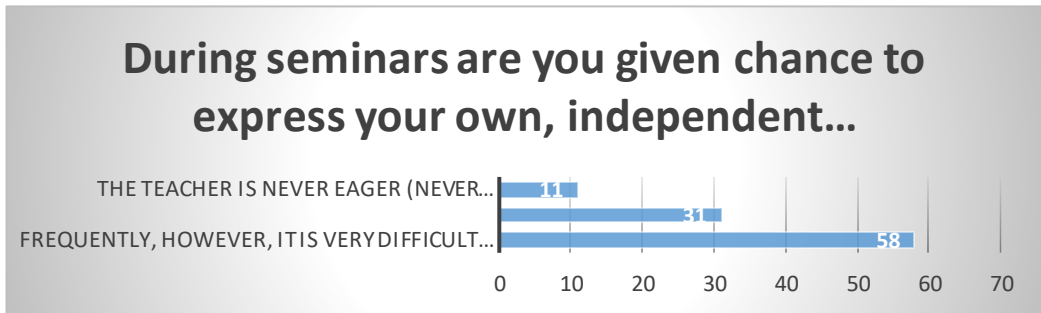
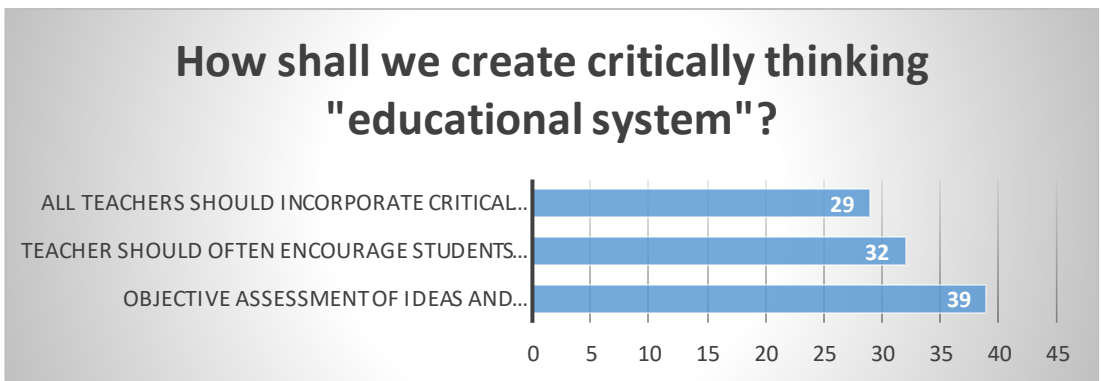


Figure 5

For creating a system which promotes critical thinking and facilitates the development of this skill all factors are equally important. It is essential to teach critical thinking, not as a separate subject, but it should be incorporated in every course.

Figure 6



Conclusions

Critical thinking is correct thinking to obtain correct knowledge about the world. In other words, it can be described as reasonable, reflective, responsible, and skillful thinking that is focused on deciding what to believe or do. People who think critically ask appropriate questions, obtain relevant information, efficiently sort through this information, make logical judgments, reliable and trustworthy conclusions about the world that enable one to live and act successfully in it.

Critical thinking is higher-level thinking, enabling a person to responsibly judge about world issues. It enables us to be a responsible citizen who contributes to society. Children are not born with the power to think critically, nor do they develop this ability naturally beyond. It is a learned ability that must be taught and it must be taught by trained and knowledgeable teachers.

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Analyses of the Sustainable Patterns and Behaviours: the Case of the Residents in the Mediterranean Region of Slovenia

Špela Verovšek

Univerza v Ljubljani, Fakulteta za arhitekturo, Ljubljana, Slovenia

Matevž Juvančič

Tadeja Zupančič

Abstract

The proposed paper discusses the sustainable efficiency and quality of Slovenian neighbourhoods in the Mediterranean region of Karst¹ with the focus to the sustainability awareness and travel habits of their residents. The empirical study was carried out as an empirical pilot of the broader theoretical research project dealing with the modular urban renewal. The empirical survey (n = 112) refers to the typical patterns of behaviour, convictions and habits in relation to everyday activities condensed around the notion of dwelling and their impact on the social and natural environment. This article focuses on certain, geo-locally and thematically-referenced results brought about by the survey, with highlighted attention to the residents of the Komen municipality and their mobility patterns. The results of the survey contribute to the repository of knowledge, enlightening current trends and tendencies regarding sustainable behaviour of the residents of specific Mediterranean regions and coastal regions. From the perspective of the existing available data at the level of neighbourhoods (or similar spatial scales), the results, although thematically selective, represent a welcome contribution, not only for the evaluation of sustainable efficiency, but also in terms of the perceived quality of living by the residents of this region, their attitudes and opinions towards some of the contemporary issues in the local and temporal context.

Keywords: sustainable behaviour, neighbourhood, Karst, built environments, mobility patterns.

1 Introduction

Characteristics of built environment are important factors or make an important contribution to users' sustainable or unsustainable responses and behaviour (Williams & Dair, 2007; Shove, 2014). By the more sustainable environment we consider the environment that encourages more sustainable behavioural patterns, such as selection of the means of transport; patterns related to household provisioning and consumption; patterns related to the use of resources; attitude toward the natural and cultural living environment, and last but not least, attitude toward the neighbourhood community and participation in the broad range of its activities.

The question of behaviour of a specific community is very complex as it involves shared responsibility and actions (Niedderer et al., 2017; Lilley, 2009) that can be researched from the perspective of the individual, small communities, local authorities or different initiatives. All behaviours to some respect always reflect its socio-economic, regulative and geospatial context. This adds to the equation many variables that determine more or less beneficial final outcomes for the individual or the community; this to a large extent contributes to shaping the methods and the level of sustainable behaviour

¹ The Karst Plateau or the Karst region (Slovene: Kras, Italian: Carso), also locally called Karst, is a karst plateau region extending across the border of south western Slovenia and northeastern Italy. Karst in general is a special type of landscape that is formed by the dissolution of soluble rocks, including limestone and dolomite. Karst regions contain aquifers that are capable of providing large supplies of water (The Karst Waters Institute, 2019). Johann Weikhard von Valvasor, a pioneer of the study of karst in Slovenia and a fellow of the Royal Society for Improving Natural Knowledge, London, introduced the word karst to European scholars in 1689, describing the phenomenon of underground flows of rivers in his account of Lake Cerknica.

The proposed paper discusses the sustainable efficiency and quality of Slovenian neighbourhoods in the Mediterranean region of Karst with the focus to the sustainability awareness and behaviours of their inhabitants. The empirical study was carried out as an empirical pilot of the research project dealing with the modular urban renewal. The empirical survey (n = 112) refers to the typical patterns of behaviour, convictions and habits in relation to everyday activities condensed around the notion of dwelling and their impact on the social and natural environment. This paper focuses on certain, geo-locally and thematically-referenced results brought about by the survey, with highlighted attention to the residents of the Komen municipality and their travel behaviour.

The Municipality of Komen extends on 103 square kilometres in the Karst region of Slovenia from its border with Italy and the Municipality of Duino-Aurisina up to the Branica Valley on the north edges of the region which then falls into the Vipava Valley. The area of Slovenian Karst which gave the name to the entire karst landscape is defined by the specific landscape with topographic depressions (sinkholes and caves), caused by underground solution of limestone bedrock. Profound limestone, bora wind, cave systems, poor red soil, and decreasing population are the common denominators which form the highly subtle characteristics of this area.

The highly expressed permeability of grounds results in high pollution potential. The environmental pressures of households, traffic, farming or industry are critical factors in karst terrain and the reduced opportunity for contaminants to be filtered. Together with the water, pollution – the consequence of various human activities in the sensitive karst environment – can also spread quickly and represents an increasing threat to the quality of karst waters; karst water sources represents practically the only source of drinking water (80–90%) in the area (Petric and Rubinic, 2017). Moreover, the unique combination of geomorphology, thin soil, Mediterranean and continental climate as well as historic human intervention in this area (wider area is the typical Karst terraced landscape) also represent an essential habitat for flora and fauna; the Karst region is one of Europe's richest areas in animal and vegetable species and one of the world's biotic diversity "hotspots". The described characteristics of the area make the Karst exceptionally vulnerable to human intervention and pressures; a profound awareness about the importance of the Karst natural and cultural heritage (traditional shepherds' huts, drystone walls and ponds; traditional terraces) and preservation is of huge significance including the awareness among the residents and its visitors.

2 Methodology

The empirical study of assessing sustainability awareness and behaviour of the population in Slovene towns and villages has been devised as a survey conducted in a number of Slovene neighbourhoods. The main goal was to gain insights against our hypotheses about sustainability awareness and behaviour of population in neighbourhoods in dependence of different types of living environments, geo-local context and demographic characteristics of individual researched population. In this article we focus to the population of Komen. In the analysis we look at the results against the results gained in other pilot neighbourhoods across Slovenia (referential values) where the survey was conducted. We were interested to find whether there are statistically important differences in sustainability behaviour, beliefs and habits of populations in Komen against the mean values in other Slovenian neighbourhoods.

The selection of pilot neighbourhoods was based on four key factors that ensured higher diversity of researched forms and consequently higher universality of the final instrument for evaluation of neighbourhoods in Slovenia (Verovsek et al., 2016). All neighbourhoods were selected on the basis of spatial districts and by grouping them together. Due to restrictions posed by the Statistical Office of the Republic of Slovenia (SURS) to provide probability sampling, addresses and existing data, all neighbourhoods are groupings of spatial districts that include at least 500 permanent inhabitants. In the case of Komen this means the borders of the whole settlement, hence we joined the initially split neighbourhoods into one group. Other residential neighbourhoods we use as referential values in this article for comparison are more urbanised and more densely populated. They are located within the central and western part of Slovenia respectively.

The target population of the survey were individuals older than 15 years with permanent residence in the selected neighbourhoods or settlements. In the case of Komen the sample includes all inhabitants of this settlement over the age of 15. Sampling was made on the basis of the Population Register by SURS. Our application to obtain stratified probability sampling and addresses of the target population was approved by the Data Protection Committee. The sample included 40% of randomly selected units of the target population in each neighbourhood.

The final realized sample included 321 valid units of the population above the age of 15 years with the average age of 48 years (in Komen, the average age of respondents was 43 years). At the time of participation, completed high school was the level of education for 48% of our respondents, short cycle higher education for 15% and higher education or higher for 22% of our respondents. In the population of Komen, the share of the population with high school education was somewhat lower (43%) while the share of the population with higher education or higher was slightly higher (25%). From the employment perspective, the majority of the population was employed (47%), followed by retirees (37%) and students (10%). In the case of Komen, the number of students was a bit higher (16%) and the number of retirees was lower (31%). There was a balance among the respondents in terms of gender, both in the total group and in the Komen group. Demographic-social characteristics of the collected (realised) sample show a fairly good balance in comparison with the values obtained in the target population (data by SURS, 2017). There are no statistically significant differences at the regular degree of risk or the limit of statistical characteristic between the population and the realised sample in terms of gender representation, the average age of respondents, the type of household and the average household size. Higher deviance, both in the total group and in the Komen group, was found in the age structure (Figure 1) and in the educational structure. In the final group of Komen respondents, we interviewed a disproportionally high share of the older population (aged 54-65 years) and the youngest population (under 20 years). There is a poorer representation also in the educational structure: both in Komen and in other researched neighbourhoods, the educational structure is higher than in the structure of the target population. In our case the mitigating circumstance is the fact that the same discrepancy can also be found in all other researched neighbourhoods, therefore a comparative analysis does not produce any related differences.

We conducted the survey using two methods, that is, by mail (printed copy) and online (application Enka) and kept a clear separation line between the stage of contacting the sampling population and the data collection stage (Lyberg et al., 1997). Our sampling was conducted exclusively on the basis of address database in a specific geographical unit (selected neighbourhoods). In this way we obtained a quality probability sample. Each physical copy of the questionnaire sent included an invitation to provide responses online should the respondents wish to answer the questions in this way.

The questionnaire's theme is interdisciplinary, devised by the members of our project group in accordance with outcomes from a series of panel meetings. The questionnaire which includes 50 questions in five sections addresses the realisation of sustainability outcomes on different levels. The questions were restricted to a few goals only as the study of higher number of variables in one survey becomes harder due to execution restrictions, such as the questionnaire length, time needed to answer the questions, influence of participation in previous tasks, technical limitations, etc. Questions from individual sections were goal-oriented and directly or indirectly looked at the realisation of a specific goal of sustainability development. Most questions are closed-ended with the ordinal scale of values that allow for quantitative statistical analysis. There is a minor part that includes open-ended questions, either independently or as an appendix to the ordinal variables or questions.

In this article we limited the study of habits, beliefs and awareness of the population only to the selected aspects of mobility. The parameters under consideration were statistically analysed. To confirm the significance of differences among the groups we used some relevant nonparametric tests, most frequently the statistical test for homogeneity of variance (Levene's test) and two-tailed dependent t-test (characteristics level $\alpha=0.05$).

3 Results and discussion

3.1 Mobility and patterns of travel

In the Mobility section of the survey we observed some aspects of sustainability patterns in the population and their views or satisfaction with services and the situation in the local environment. Sustainable mobility has some well-known objectives, such as a decrease in individualised means of transport; a balanced structure of means of transport; reduced use of fossil fuels; a combination of different means of transport; use of modern technology to manage mobility (Marshall, 2007; Holden, 2016) mainly with the aim of a better flow and access to goods, people and services; mitigation of the negative impact of transport on the environment; more energy and time efficient routes; increased safety of all members, and generally higher quality of living. Targeting strategies include direct and short-term measures to manage mobility (through built infrastructure, new transport services, regulated transport cost, etc.) as well as measures that are indirect and long-term (spatial planning of services and activities, changing the population's habits, subsidies for public transport, etc.). Related to the targets are indicators or criteria for following the progress of these strategies.

Thus, we studied some aspects of sustainable mobility patterns of the population and their views on or satisfaction with services and the situation in the local environment. They include: the number of vehicles in the respondent's household; selection of the means of transport to work/school; selection of the means of transport for errands and leisure; general level of satisfaction with conditions on the way to work/school; most disruptive elements of travel to work/school, and the amount of time spent on travel to work/school. Simultaneously we checked the actual distance between the respondent's place of residence and his workplace/school.

Hypotheses: We speculated that in smaller, less urbanised settlements outside the larger agglomerations the public transport infrastructure and services will be less developed, therefore the sustainability patterns of the population (from the mobility perspective) would be less advantageous. The second assumption revolves around Komen's geographic position and the importance of other larger settlements in its vicinity to which its inhabitants are bound. We assumed that its inhabitants are more dependent (as in the case of referential neighbourhoods) on the gravitational towns in the vicinity and thus more reliant on a larger number of trips by car while at the same time provided with fewer opportunities for walking and cycling (we took an average range that is still comfortable for the majority of the population – 1 km for walking and 5 km for cycling). Our third assumption linked the satisfaction of the population with the transport infrastructure, including stationary traffic and the sense of traffic safety. We hypothesised that neighbourhoods in more urbanised environments have better conditions for dedicated cycling routes, walkways, parking spaces (and cars in general) due to the higher critical mass of the population (Huétink et al., 2010), therefore the sense of safety would be higher. On the other hand, in smaller and less urbanised settlements with predominantly single-family housing (such as in Karst region and Komen Municipality) roads tend to be less busy and there are fewer problems with parking and general lower saturation with stagnant traffic.

The results to some extent confirmed our hypotheses. They revealed that Komen inhabitants are actually more dependent on their private means of transport. According to the Municipal Planning Document of the Komen Municipality (MPD Komen, 2018), the number of public transport lines that connect the settlement with the nearby centres is modest and the connections are not frequent. The collected data also recorded very strong employment and educational ties to places that are not in its immediate vicinity – a quarter of the population travels every day to work or school in a place that is more than 30 km away (in the case of referential neighbourhoods, only 8% of the population) while another two quarters travel to a place that is at least 15 km away (in the case of referential neighbourhoods, it is only one fifth). These results in a high level of registered vehicle ownership: on average, Komen households own at least two cars while as much as 37% of households have three cars (there are only 2% of such households in referential neighbourhoods) and only 2% of respondents said they didn't own a car (10% of the households in referential neighbourhoods). In all mentioned variables it is possible to confirm the statistically significant difference between the two groups. Thus it is not surprising that as many as three quarters (more than 74%) of Komen respondents go to work or school every day by their own car and as many as three quarters of these are the only passenger in the car. In comparison and as expected, a considerable number of commuters in referential Slovenian neighbourhoods travel to work by bus or train as there are reasonably good infrastructure and services available. Nevertheless, even here the passenger vehicle dominates: 47% of the respondents travel to work or school by car and most of them (85% of all travelling by car) are the only passenger which is, from the perspective of environment and infrastructure congestion, a typically non-sustainable pattern.

In the segment where we looked at the selected means of transport, it is interesting to compare travel to work/school with travel for the purposes of provisioning, leisure and errands (leisure travel). For Komen inhabitants there is not much difference in their selection of means of transport for trips to work/school or for leisure travel. For both types of travel they most frequently select their car (64% for trips that are not related to work/study), of these 80% are the only passenger in the vehicle. For inhabitants of referential Slovene neighbourhoods the difference in the selected means of transport for the two purposes is larger and also shows a higher occupancy of the car for leisure trips. In other Slovene neighbourhoods, non-travel/work related trips are undertaken by only 39% of the population in average; of these, nearly half carry another passenger, which generally significantly reduces traffic congestion and its effects on the environment. From this perspective Komen is less sustainably oriented. Its inhabitants very much depend on the car also in their free time and for seeking provisions. Additionally, people's habits generally contribute to higher numbers of car trips in comparison with other means of transport even when there is no rational reason for this selection. Their habits tend to change more slowly than external factors (Neal et al., 2012).

At least for car owners, Komen is relatively well connected to towns in its vicinity (MPD Komen, 2018). This explains why the level of satisfaction with road conditions is relatively high, while the main issue with travelling to work are, according to

respondents' statements, poor connections between different means of public transport or low level of intermodality. In referential neighbourhoods, on the other hand, the main cause of unhappiness are traffic jams on the roads which is well illustrated by the comparison of travel distances and the time needed to cover it. Komen inhabitants daily travel to work or school to places that are on average 31 km away and spend on average around 34 minutes on travel. The inhabitants of referential Slovene neighbourhoods, on the other hand, travel only 16 km but spend on this trip only a few minutes less than Komen inhabitants. Thus, they proportionally travel twice as slowly. The general level of satisfaction with daily trips to work/school is higher in Komen despite less choice in means of transport. This is most likely the result of the fact that, at least for car owners, Komen provides quick and good connections to towns in its vicinity and also to the capital.

Perceptions of traffic safety in the local environments were tested on the respondents who walk and cycle. Well-being and the feeling of safety while walking or cycling strongly influences the decision to use these more sustainable means of transport for shorter distances (Kerr et al., 2015) and is often linked to better conditions of the infrastructure equipment (higher number of dedicated cycling paths, higher number of pavers, higher number of roads with slowed-down traffic, etc.) The respondents returned positive feelings about their sense of safety – only 16% did not feel safe enough to walk around the settlement (looking at traffic safety only). Somewhat higher is the proportion of dissatisfaction in the case of cycling (22% of respondents dissatisfied). In comparison with averages obtained in the referential neighbourhoods, the sense of safety among non-motorised traffic participants is quite comparable, therefore this hypothesis cannot be confirmed (there are no statistically significant differences between the groups ($t(204) = .26, p > .05$). Even though the cycling and walking infrastructure in Komen is much worse equipped than in the referential neighbourhoods (MPD Komen, 2018) this does not seem to affect the sense of safety. The reasons for this can perhaps be found in the relatively low numbers of cyclists and walkers in Komen, and perhaps also in generally lower traffic congestion by motorised vehicles. According to the information provided by The Slovene Infrastructure Agency (2018), the values for the mean daily road traffic for specific categories per annum in Komen are at least twice lower than comparable road categories in other parts of Slovenia in general.

These results can additionally be linked to the level of satisfaction with stationary traffic. Parking in Komen neighbourhoods is not a problem according to the majority of respondents, neither from the perspective of those who park cars nor from the perspective of those who may be affected by parked cars. In comparison with more densely populated neighbourhoods of reference, Komen inhabitants are more satisfied with parking capacities, either close to home ($t(267) = 10.42, p < .05$) or close to services (kindergarten, school, shops, etc.) in the neighbourhood ($t(267) = -.607, p < .05$). In Komen 22% are not satisfied with parking arrangements close to home (in referential neighbourhoods as many as 57%) and 13% are dissatisfied with parking arrangements close to services (in referential neighbourhoods 37%). Such results, at least in relation to parking close to home, are understandable considering that most Komen inhabitants live in single-family homes and provide for their own parking facilities. Over two thirds (67%) of Komen inhabitants park their car in their courtyard or in their private garage, and a further 23% in a provided car park close to home. Living in apartments and generally in more congested circumstances in referential neighbourhoods doesn't allow for such parking, therefore there is more unregulated parking (on green surfaces, on the roads, on pavers) and parking in free public areas in such neighbourhoods. Consequently, in neighbourhoods where this problem is not addressed this means lower quality of living and devaluation of free public surfaces. Hence, inhabitants of Komen are less sustainability oriented due to the higher number of passenger cars they possess, nevertheless, this is not reflected in potential traffic congestion in open public spaces.

4 Conclusion

The patterns of behaviour, peoples' habits and attitudes towards various issues condensed within the notion of dwelling are an important part of the sustainability assessment in terms of neighbourhoods and communities. The pilot study, which we have carried out and which is partly discussed in this paper, was primarily aimed at identifying the possibilities for obtaining missing data at the level of neighbourhoods and to identify the possible obstacles that are occurring in the process of assessment. From this point of view, the study was carried out on the population of spatially and socially diverse neighbourhoods in Slovenia, which further provides us with the necessary modifications in the structure of indicators in the evaluation model. In this paper, we presented some of the results of the survey study, with an emphasis on the Karst population in relation to the reference average values of the other neighbourhoods in Slovenia. The outcomes are thus a contribution to the knowledge of sustainable sustainability trends within the Karst and Coastal Region population and in relation to some of the more urbanized neighbourhoods of central Slovenia. From the perspective of existing available data at the level of neighbourhoods, the results, although thematically selective, are a welcome contribution, not only for the evaluation of sustainable efficiency, but also in terms of the quality of living of the inhabitants of these neighbourhoods.

However, the study is a pilot, which brings limitations in terms of generalizing the final results or making uncritical inferences about the impacts of the neighbourhoods' characteristics on the behaviour of its inhabitants. Despite the random character of the sample and the sufficient size of the sample population, the results do not allow for major generalizations due to insignificant number of neighbourhoods involved in the study and insufficient regional coverage within the Slovenian territory. Individual regions in Slovenia show specific characteristics which, regardless of the age, the urbanization and population density or renewal stage of the neighbourhoods, could influence the results of the behaviour patterns of their residents.

Regardless of the mentioned reservations, the results of the study give us a good track record for creating customized forms of sustainability and quality evaluation indicators, and above all a good framework for searching for their relevance. Some aspects of sustainability are more relevant in certain types of neighbourhoods, while for other types it may be completely insignificant and, in the evaluation structure, unnecessary. We are aware that both rationalization and the standardization of instruments for the assessment of neighbourhoods are essential for their operability and actual feasibility. The problem of the current assessment frameworks is not to exclude individual aspects of sustainability, rather in the inability to actually create indicators and obtain applicable input data to explain particular dimensions of sustainability. With the described pilot study we are patching this gap and, at least partly, overcoming these problems.

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Analysis of Team Work Efficiency with a Special View of Kosova

Driton Fetahu

PhD. Candidate at European University of Tirana, Albania

Abstract

Recently, modern organizations have seen everything the introduction of team work to increase the efficiency of the entire organization. These work was attempted to contribute to the understanding of the team work efficiency phenomena the factor influencing her and checking the ways of her measurement. The test was carried out at the bank in Kosova, the four-member team of the Service Department companies and their clients. By analyzing the work efficiency of these four teams statistically determined teams do not differ by self-assessments work efficiency as well as satisfaction ratings of their clients' service which were taken as measures of operational efficiency by these four teams. Also, tall and consistent the results of self-assessment of efficiency and customer service satisfaction estimates are provided to high work efficiency for all four teams. In this paper efficiency is defined in the terms of productivity, the satisfaction of workers and clients, and the managers' rating as well it recommends monitoring all these criteria in order to get as complete a picture of the work as possible efficiency of teams in organizations.

Keywords: teams, efficiency of timal work, landscape, clients with usage.

1. Introduction

1.1 Teams in Organizations

Still in 1911, American engineer Taylor first tries to rationalize human work

achieving the maximum workflow in as short a time. Taylor's is the foundation the idea that better organization of work and management can increase efficiency. People should be considered part of the organization and should be treated accordingly as to how much are useful for organization (Rot, 1983). Taking the best and most enjoyable way to work workers, raise the rational organization of movement and production tools to maximum Taylor managed to reduce the required number of workers and increase productivity.

What he has been justifiably criticized today is too much to take into account the role of a man in work, and as much as he took, was far less in favor of the worker, and much more the benefit of the employer. There has been a rise in unemployment, for workers who are the rest of the business earnings increased at a minimum compared to the increase in productivity and used for the employer (Petz, 1985).

The turn of the man's role in the organization took place after the so- Hawthorne experiment. Between 1924 and 1930 Elton Mayo and Fritz Roethlisberger made the Hawthorne plants from Western Electric from Chicago a series of studies aimed at answering questions about how physical activity works worker environment. The results showed that the work force of the workers included in the experiments have grown steadily regardless of the favorable or unfavorable conditions of the physical

environment. Intense interviews with workers have shown behavior and feelings

worker in close relationship, that groups have a strong influence on individual behavior and are grouped the standards are very effective in setting up a workforce. It was found that money in to a lesser extent it determines work performance in relation to group standards and individual a sense of worker safety (Robbins, 1992). One of the most important benefits of this he experimented with what he - albeit unintentionally - pointed to the role the groups have in organizations. It has also stimulated the avalanche of later research in this area they focused on studying an individual in a group and a group of organizations (Petz, 1985).

Psychological characteristics of working organizations and its parts, working groups, in detail have been studied as the main area of social psychology at work, within the framework psychology of work and organizational psychology.

The working group represents a structure with special characteristics and not just a sum individuals. According to the definition of a working group provided by Schein (1965) "a psychological group there are a number of people who are in mutual interaction, aware of each other and themselves they perceive themselves as a group "(according to Petz, 1985, p. 195).

It is characteristic for small workgroups in organizations that their goal is there is the production of social goods. The interaction of the members is based on a co-operation in activities that are aimed at task execution and production. Along with orientation towards the goal goes to the need to meet the social-emotional ties and needs of members. These are, among other things, the need for affiliation, achievement, self-confirmation making. Social relations are linked to the goal of work, but they can develop and maintain after working time. These small working groups are formal groups with certain and established obligations and defined rights of members. They always have a formal leader who has a certain mo- and rights to other workers. Standards are relate exclusively to the task of the group and relate to how and how much to work and at what pace. Integrated systems from multiple workgroups organization.

By conducting an organization with a psychological, as well as other approaches, it is necessary to guide the case that the organization consists of working groups and that the members of the organization always and members of smaller working groups. As small group relationships depend on the characteristics organization, and the characteristics of the organization as a whole depend on the situation and the atmosphere in small groups (Rot, 1982). Organization of companies today is no longer pyramidal, vertical, ve? is horizontal and "flattened". Until now, organizations are, in particular, big enterprises, had a "narrower range of control" and "deeper organizational pyramid", by contrast of the latest trends favored by computerization of companies and organizations all "fold" and with a wider range of controls. The organization is transformed from that vertical in horizontal. In the horizontal organization there is no class hierarchy, knows? there are expert teams for specific jobs (Sikavica and Novak, 1999).

In such circumstances, the working group model becomes overwhelming and inadequate requires switching from group model to team work model. The reason for moving to a new one model is not operational developmental, creative nature. Transforming a group into a team It is part of the process of learning in organizations and, more appropriately, the result of organizational development (according to Storge, 2002). While working groups are clearly defined obligations and defined roles of members from the "top", with teams already larger emphasizes the individual characteristics of the members and their creativity. Real the team would be a jazz orchestra. Everyone improves creatively on their instrument, but the whole thing sounds harmoniously. The enjoyment of such a play (or work in the top team) starts from finds self-control rather than "command" coming from a conductor or someone outside team.

There are many benefits of introducing teams to organizations. Teams can make it easier expanding the company and enabling faster information flow, leading to an increase flexibility (Mohrman, Choen and Mohrman, 1995; Yancey, 1998). That's it is achieved through the increase of communication and through the involvement of employees in making decision. Horizontal communication is increased relative to the vertical. Also, productivity gains, job absenteeism, and increase are reduced quality of service, safety and employee satisfaction (Yency, 1998).

Guzzo (1986, according to Yancey, 1998) defines the team as a group of individuals to be seen they are seen from the environment as a social entity, who are excited about the work they are doing as members of the group. They are included in the larger social system and perform tasks that affecting others, within and beyond that social system. The key is to be independent and this differentiates them from workgroups. Team members are many times over members of the group. The ability of a team's staff is intense and constantly evolving, and he has them opportunity to show and prove. The working group is denying it because of the clearly defined roles and small opportunities to change in a predefined structure. This results so that team members recognize their share in the team result while the team member is working I can mostly see only what I'm doing. Also, in teams it is, unlike working groups, the role of leader is reduced to the minimum. Executives and managers cease be separated by a hierarchical gap between the worker and the knowledge of the manager complement the knowledge of specialists and referents (Tudor & Sri, 1998). Basically every one, team is a working group, and the working group becomes the team when it is organized so successfully fulfills the purpose of existence. So this is a better edition of a working group. When your group work with the necessary features - identifying members with purpose, comfortable working motivation, motivation, creativity, participation in leadership jobs, etc. - becomes a team.

Most of the managers in a good team look like the paddles in the eighth. To accomplish goal, everyone must be "as one". No one should chew myself or lower, faster or slower than others not to endanger the overall success. Oscar is perhaps a good metaphor for a group of people who does some well-planned job, but in the team members are different mutually complement. Instead of a homogeneity similar to that, that government a difference that enables flexibility and heterogeneity, but also a quality performance joint work. They are more like a racket that will win if everyone is well-off but not all of them must do the same. The team is being watched by individuals who possess three basic groups of knowledge and skills. The first are technical (functional) knowledge which are based on education and profession. It is desirable to team different individuals a profession that can act interdisciplinary and so every common problem to look at is to handle a variety of different angles. The following are the problem solving skills and making decisions and social skills (listening, verbal and nonverbal speech, assertiveness, conflict resolution and the like) (Tudor and Sri Lanka 1998). Teamwork, therefore, represents a form of coordinated activity performed by a deliberately organized group people so the division of labor is based on immediate cooperation and competence different experts, and not in their position in the formal hierarchy (according to Petz, 1992).

We differentiate between two types of teams: an administrative and an entrepreneurial team. Administrative the team is also called bureaucratic and represents a transition from the working group to the team. It's here formal selection of members still exists, authoritarian leadership, non-respectable organizational rules and distribution of jobs by specialized units, but the team open to innovations and gives its members, albeit cautiously, the ability to develop and of learning. The entrepreneurial team aims to develop, members of the problem approach the research and creative, leadership is a liberal and democratic, multi - disciplinary discipline in member organizations, organizational rules are flexible and dynamic, the team is open for the environment and innovation. However, to make the team enterprising, with all this the systematic work of the manager and his associates, members, is required to establish a quality foundation for joint work. Team Building Requires systematic approach in all team development periods: from the concept through decision to the next the first team meeting. Each of the procedures that will take place at the earliest stage later • Irrevocably, positively or negatively, affect the overall work of the team. If it is from the start does not lead to the knowledge required by the team, its size, representation and balance of team and private roles of individuals, differences in team, the desirable characteristics of the membership of the members, their appropriate inclusion in the team tasks, structuring team roles, decreasing the ability to achieve an effective, efficient and pleasant team - efficient team (Tudor & Sri, 1998).

1.2 Factors Affecting Teamwork Efficiency

Organizations are constantly looking for ways to help them compete with the competition complex in new ways of working. Increased dynamics in economic and social Sociological circles have influenced many organizations to analyze work strategies as well there are new ways of improving the quality of work (Ingram et al., 1997). Never before in the history of the work process The team work model was no longer important for functioning successful organizations like today. Research results show that the introduction of teams the organizational structure leads to an increase in efficiency and quality of work (Applebaum and Batt, 1994; Macy and Izumi, 1993; Levine and D'Andreas-Tyson, 1990; according to West et al., 1998). Hence, there is a great deal of interest in identifying factors that Impact on teamwork efficiency.

What do we mean by the term efficiency? In Business Solution Efficiency is a strategic concept related to the research of profitable potentials in organization. Hofer and Schendal (1986, according to Ingram, 1997) argue that efficiency is important because it represents the determinant of organizational success and refers to satisfaction organizational environment. They start from the fact that efficiency is the degree of connectivity between actual and desired results. Drucker (1974, according to Ingram, 1997) defines efficiency as "the degree to which the desired result is achieved". Blake and Mouton (1964, according to Ingram, 1997) emphasize that organizational efficiency is most prominent when Management at the same time succeeds in orienting both production and people.

There is no single measure to determine the effectiveness of teamwork. According to a model suggested by Schermerhorn (1995, according to Ingram, 1997) can be measured through individual and group results that are the product of the process of formation and internal processes in groups that lead to results. The process of forming the most are influenced by team-building managers, while in-house processes one of the most influential determinants of greater timely efficiency. They belong to them orientation to the common goal, cohesion, communication, decision-making, work tasks and conflict resolution. According to Hackman (1987) and Sundstrom (1990, cf Guzzo and Dickson, 1996) Efficiency can be traced through: team results (qualitative or quantitative, speed, customer satisfaction, etc.), through the influence of the group on

it or through the ability to make progress in the team's efficiency in the future. A similar definition and Guzzo et al. (1993), which puts a special emphasis on the motivational factor which called the potency, but more about it later.

Sundstorm (1990, according to Draft, 2000) emphasizes the effectiveness of teamwork based on the ultimate result of the work and satisfaction of the team members. The end result is determined through a qualitative and quantitative achievement team defined through teams goals. Satisfaction is based on the team's ability to meet the personal needs of the members and to increase the loyalty of the team. Factors such as types of teams, structure, composition, then homogeneity or team heterogeneity in with respect to age, gender, skills, knowledge and attitudes, influences on internal processes in teams that ultimately determine the satisfaction of the members and the end result.

Employee attitudes and customer perception of service quality have been shown significantly associated with profitability organizations (Schneider, 1990; Jonson, 1996, Rucc et al., 1998; according to Newman, 2001), and according to Campion, Mederser and Higgsu (1993, according to Yancey, 1998) Efficiency is defined in terms productivity, employee and client satisfaction, and manager ratings. According to this to authors of the nature of work, the perseverance of members, team composition, organizational context and the processes in the team are linked to the stated efficiency criteria. Teams should have a common goal that members only work together and combine knowledge with capabilities from different areas can be achieved. Each member will also have the opportunity to give your contribution to solving the problem. Feedback on common successes, or failures, knowledge of the common outcome and the rewarding system that evaluates the team, not the individuals in it, encourages motivation for common work, that's important.

The role has the support of their manager who provides feedback on the results work the whole team. He also encourages communication between teams and so on the development of a competitive spirit within them. Processes in teams such as conflict, developing group norms, cohesion, and belief in the team's efficiency as well have a great impact on the team's efficiency (Yancey, 1998). In accordance with the criteria efficiency mentioned by Champion et al. (1993, according to Yancey, 1998) in this paper.

The criteria for testing the team's work efficiency were their manager's estimate financial performance indicators of teams, their self - assessment of efficiency and their customers satisfaction ratings service. In the introductory part, the review is on some of the most important factors influencing the effectiveness of teamwork, which are the size teams, team roles, team development stages, cohesiveness, team standards and potentials.

The size of the team

Since researching the characteristics of small groups in the organizational environment it was found that the group is most effective when it has 7 members. Teams have the most 3 to 20 members. Increasing the number of members reduces the possibility of interaction and with a mutual influence. We differentiate small teams (2-4) and big teams (12+). Small teams are more comfortable, members ask questions and exchange more experiences. In a little the team is more satisfied with the satisfaction of the members, before the relations are established.

Members are much more trying to be in good relationships, more difficult informal relationship and having minimum requirements for the manager. Misunderstanding and dissenting opinions arise will be in teams that have more than 12 members. A large number of members favor forming a subgroup and making conflicts easier. It is also characteristic of leaving the team and absenteeism. Poor communication and reduced access to work lead to low satisfaction of members (Draft, 2000). So, small teams from 4 to 12 people are optimum for a quality and efficient teamwork.

The ranks of the team

Many experts have been watching organizations trying to answer why some the teams succeed, and others fail. Studies in this area instruct you to teams work much more efficiently if the correct combination of team roles is present. "The role is a set of exemplary types of behavior attributed to someone who takes the days position in a social unit "(Robbins, 1992, p. 93) It is known that team members they should have adequate skills and ability to do the job. Besides, Torrington (1985, according to Prichard and Stanton, 1999) emphasizes that it is efficient team functioning requires the team to be equally oriented to the task as well as on social emotional behavior of members. There is a need for each team different team roles. A team of people who are different to each other, if they are affected to deal with such a mark, will always give better results than the team they are in all members likewise. The team certainly needs roles that care for the team task, but also the roles which cares about people. Belbin (Belbin 1981, according to Tudor and Sri, 1998) differs 8 team roles: creator,

researcher, promoter, coordinator, evaluator, developer, builder and builder of the team. A compelling sum of all team roles is provided by an ideal team, ie a team that It really does have great prospects for success. Everyone hides more traits and tendencies, me where two or three prevail. That is why the composition of only four can be cover all eight roles. Each member, in accordance with their own characteristics and preferences, will be taken in such a case and in several roles (Tudor and Sri, 1998). Although best known, Belbin's questionnaire for established roles in the team is unsuccessful psychometric validity. Also, it is not a fully certified model by which

Efficiency depends on the proper timing of these 8 team roles (West et al., 1998).

In addition to the combination of various roles, Guzzo (1996) states that team work efficiency is high positively influences and heterogeneity with respect to the line of personality, sex, attitudes, and attitudes previous experience.

However, these differences also threaten the problems. People are by their nature is closer to those who are similar to them, rather they co-operate with the same people. How to code teams are valid for the versatility of members, interdisciplinary and diverse, it is big the likelihood of subgroup emergence and misunderstandings and conflicts appear (Tudor et al Sri, 1998). It is therefore important to conclude that efficient teams must have people oriented, as well as those with social-emotional roles. With proper the balance of these types of role team will be successful, and the team members happy (Draft, 2000).

Team development stages

Team development is a dynamic process. Most teams are in constant state change. To make the team as efficient as possible, it must first become a team. Still in 1970 Tuckman is identified the 4 stages through which the team must work to be successful. These are the formation, orientation, growth and the final stage in which the team is developed. Each stage is the same worthwhile, as part of the planned path to team maturity, and only the one in which it is bad is bad the team develops insufficiently or holds too long (Tudor and Sri, 1998).

The first stage of team development is **formation**. Members are also introduced to each other they are trying to get close, but also for the right place in the group structure, while they are the leader try to present and explain team goals and try to determine individual work roles in the team. Group cohesion is just in the making. The comrades have determined that the interlocutors in the first team period listen to each other very superficially are lacking in interest in the moods and inner states of their colleagues. Therefore the team it works scattered. The joint work of specialists of various professions has not yet begun.

Different knowledge does not intertwine and no new com- munity is created. Work is not yet effective, and internal team relations are underdeveloped.

The second stage is **orientation**. After gathering, dating and dating on work together, the group of individuals begins to gradually take on the team's features. Group it is more efficient to work and invest more in yourself. At this stage of the majority trying to engage in joint activities, more care for associates, and so on group connectivity. But most people still feel that the results are severely and slowly.

The first semi-rigging gun appears due to inefficiency. As a result, it will be reported

mood swings, frustration and helplessness. Negative reactions can also occur - members of the manager and colleagues. The final group completes the second stage of formation internal hierarchy. Find out who's in the group. Tim enters his second phase with more ambition. Only when the head and members simply decide to consider theirs of the current methods of work and to improve them, a crucial second phase of the team begins work.

The third stage is **growing**. After a successfully overdue period of working crisis had to lose due to the lack of expected results, by forming a hierarchy, the team is happy and in a harmonious whole. Communication is much more effective and there is a strong cooperation to the members. The team's standards are high, high connectivity and growing use a number of different new skills and methods of work. The working group is undergoing its third phase (normative), trying to complete "agreements" about the roles they belong to, o status, norms of behavior. Team Building Begins When Creating Communication And constructive criticisms are primarily given meaning in team atmosphere. Word is about a period in which the methods of teamwork are improved, but also different characteristics

The fourth stage is the **stage of a team developed**. Common goals become the most important ones the goals of each thread. The moral team is very high, the members are satisfied, they turn to work because their interrelationships stabilized in the right way. Everyone fills its team role, the individual debts are well-integrated into the team, the work of everyone with each one is harmonized, the whole team is facing a common business goal, The members express themselves with confidence, they are all aware of team strength, everyone is satisfied because his work in the team provides a multitude of ways and opportunities for satisfying both personal and collective need. At this stage, the team is highly efficient with minimum and discrete support Leader (Tudor & Sri, 1998).

These stages describe the processes in the development of each small group and, although highly criticized, the Tuckman model depicted until today (Rot, 1983).

Cohesiveness

Cohesiveness Team cohesion is defined as the cohesiveness of each group so it represents "the complex dimension of the group expressed as the attractiveness of the group of members and their mutual attraction, group connectivity, and disengagement resistance, loyalty and affection of members of the group, goals and ideals of the group" (Petz, 1992).

Cohesion of some authors such as Newcomb (1965) or Cartwright (1968, according to Rot, 1983) they also give an important and central place in explaining the functioning of the group. They emphasize that cohesion is the result of the action of numerous factors and represents The basis for many phenomena important for the functioning of the group. Cartwright (1968) (according to Rot, 1983) distinguishes 4 groups of conditions that are justified to be considered sources cohesiveness. These are

- (1) motives, ie the motivational basis of the group member;
- (2) characteristics Groups such as group goals, action, reputation, and others;
- (3) expectations of members and estimates that this expectation is realized;
- (4) comparing satisfaction and the benefits that can be gained in the assessment group can benefit from membership in others identical groups. Coach team will regularly be consistent with the way it is experienced by its members. If they are attracted to team work and people in it whether they feel attached to the group and its goals, and if they are experiencing group "with your", the degree of cohesion will be high. If people are in the mood Conversely, we say that cohesion is low and as such disrupts the team's actions and can lead to its collapse (Tudor and Sri, 1998).

The result of team cohesion we can look through morale and team efficiency. It is known that morality is already in highly cohesive teams due to increased communication among members, friendly climate in the team, loyalty to the team and the participation of members in decision making and activities. Hence, high cohesiveness positively affects pleasure and morality team member. As far as efficiency is concerned, research results show that it is cohesive Teams have the potential to be more productive, but the degree of effectiveness depends on more

factor (Draft, 2000). In Seashore research (1954, according to Rot, 1982) has been established is that the efficiency of some cohesive groups was significantly less than efficiency nonkoheziv. The explanation finds that in cohesive groups efficiency depend on the standard agreed upon by the members of the group. They can adopt either High or Low Efficiency Standards and Depends on High or Low Efficiency. The latest finds in Mullen and Copper (1994, by, West and sur., 1998) point to a significant link between team efficiency and cohesion and that direction of influence is good when it comes from we conclude on the results of cohesion but when it comes from cohesion we conclude the efficiency. Therefore, cohesion does not necessarily lead to greater efficiency the team, and to bring it, it is necessary to monitor and work on it orientation (Tudor & Sri, 1998).

Conflict

According to Robbins (1974), conflict is antagonistic interaction in which one the stranger tries to block the intentions or goals of the other. Competition for team members, according to some authors, it can have a healthy effect because it gives the energy to the members for to achieve better results. Conflicts within the team can improve decision-making because leading to multiple opinions. Research shows that the level is low conflicts with top management teams associated with bad decisions. Likewise too the conflict is destructive, destroys relationships and interferes with the exchange of information and ideas (Koehler, 1984). According to the Draft (1992) there are several factors that lead to conflict:

limitation of material for work, undefined team role and work tasks, noise in communication, interpersonal disagreement, differences in power and status of members, and other goals set (according to Draft, 2000). We are watching conflicts from the point of view their impact on team success, we share them with constructive and destructive ones helping work and those who move away from the work and life of the team. Like you already? conflict, conflict helping to see problems from all sides, to explore all the possibilities solutions and eventually apply it better. After a positive solution, one sometimes feels an increase in mutual understanding and openness among the members. They're fixed relationships with us, growing trust and team cohesion. The end result of the positive conflict solutions are to increase team creativity, enhance organizational stability, faster fixing and problem solving, encouraging change instead of stagnation and profiling the identity of a group and an individual. Negative influences of conflict will still be about? more obvious. The appearance of negative emotions - anger, aggression, non-operability, absurdity, dissatisfaction - and overcoming them in team atmosphere soon block any successful action. Characteristic is the rapid decline of group and individual motives, weakening of inner connection, disabling effective communication, lack of willingness to cooperate, animosity growth, dissatisfaction.

Since every conflict arises under special circumstances and on a regular basis reflects the peculiar situation in which the team at a particular time found, even two we must not solve the simplest conflicts by the same pattern and by equal means (Tudor & Sri, 1998). Draft (2000) suggests several techniques for resolving conflicts

I'm in people in teams and in teams. The first is setting up a superior goal There are some other important factors influencing the effectiveness of teamwork As the last feature of a team that influences its efficiency, we are announcing it the aspect of motivation quoted by Guzzo et al. (1993) in recent group theories efficiency, which is of key importance for understanding the design of this research.

Many of the experts were concerned with the study of human motivation. But no theory did not give a simple answer to the question of how to motivate a team (Tudor and Sri, 1998). Recently, more research into motivation in the group approaches more theoretically rather than empirically. Guzzo et al. (1993, according to Guzzo and Dickson, 1996) introduce the concept of the potency of a group that represents a common belief in efficiency team. The power structure represents, unique, measurable and significant (practical and theoretically), a psychosocial phenomenon that is not contained in existing motivational group-related models. They state the power of this motivational conviction may be a significant predictor of efficiency (Sayies, 1958; Hackman, 1990; Larson et al LaFasto, 1989; according to Guzzo et al., 1993) in service activities and others area? them. Guzzo (1993) defines efficiency as measurable results of group work, the influence the group has on its members and the opportunities that the group has to do well in the future. He cites the potential of the group as one of the most important efficiencies team. Potency is a belief group that can be efficient and describes it through the conviction of members to be able to cope with their abilities (Guzzo et al., 1993). Potential influences feedback on team work results, indoor and outdoor external group factors. The feedback on performance results refers to the criteria evaluation of the workflow (managers' ratings, customer satisfaction, satisfaction other members of the organization working with the team). Internal group factors are linked for knowledge, skills and abilities of members, size groups, fatigue and stress. External factors include the available work material, linking the team's goals with the goal of organization, the influence of the manager and the reputation that the team has in the organization. Guzzo and Champbell (1990, according to Guzzo et al., 1996) indicate that those groups exhibit strong sense of potential their groups are more difficult and more efficient. If teams receive feedback about the results of the joint work and the control of internal and external group factors, levels Team Team Potential can be a good predictor of Teamwork Efficiency (Guzzo i sur., 1993).

2. OBJECT OF THE INVESTIGATION

The growth of organization and the increasing complexity of the organizational structure occurs there is a need to introduce teams in which people work together to achieve the common goal of the organization. There are many reasons for this. One has established connectivity between teamwork and the overall performance of the organization. So, changes in efficiency teams have consequences and changes to a much larger system because when they grow up team efficiency, increase efficiency and the entire organizational system. Therefore in Contemporary organizations see the increased efforts of the executives in creation competent teams, necessary for developing new business solutions, motivating motivation people for the desired work environments and increasing the efficiency of work in general. Accordingly, The purpose of this research was to contribute to the understanding of team work phenomena efficiency, factors that influence it and check some of its measurement methods.

3. PROBLEM OF RESEARCH

Investigate the differences in work efficiency -four compliant team of Privredna banka u Kosova, based on self-assessment of the team's efficiency and performance measures.

HYPOTHESES

Before the survey, at the request of the author, senior team manager rated it each team according to the objective financial measures of the workplace. Criteria for assessment The efficiency of the teams was the benefit the Bank has of the contracts that have been concluded by each individual team. It should be emphasized that it has only been taken as an efficiency measure the value of the individual contracts and the number of clients with whom contracts have been concluded. The analysis The senior team manager ranked the teams and gave a qualitative description each team with respect to business results. The ranking of teams is shown in Table 1.

Table 1.- Rank the ranking of teams according to the senior manager score

Rank	Tim
1	A
2	B
3	C
4	D

These senior team assessments were taken as the basis for the posting the following hypothesis:

Teams are differentiated by self-assessments of work efficiency and estimates of their customers about service satisfaction. The results of earlier research have shown that there is a high correlation between attitudes of employees and their clients (Bowen, Schneider, 1988, 1980, 1985, according to Adist et al., 1996) and is expected to: There is compliance in self-assessment of the work efficiency of team members and satisfaction ratings of their clients' service.

4. METHODOLOGY

4.1 Respondents

Two groups of respondents participated in this study. The first group employees of the Business Services Department of Privredna banka * in Zagreb and the other their clients are grouped.

There are 16 people in the Department of Business Administration who are deployed in four generations team. In each team there are two client relationship managers, one credit analyst and a person in charge of credit administration. Relation Managers clients contact customers and, depending on their requirements, offer products Bank. They formulate a loan proposal that along with the required Documentation on the business of a legal person (enterprise) analyzes credit analysts ar Once it is determined whether the legal entity is creditworthy, the loan is granted or granted the request refuses. If the loan is approved, the person from the credit administration is preparing final, administrative part of the job related to the submission of reports, preparation of contracts etc.

This job in three stages before the team was introduced was performed by one person, most likely client relationship manager and senior managers decide to restructure this sector by introducing team work. Each team should be covered by an expert knowledge for these three levels of work. The City of Prizren is then divided into four parts and it is each team got its part of the city that it covers. This distribution was made to be made it easier for managers to choose clients and to make clearer differences me in teams. All four teams are formed by the same criteria, they have the same individual goals, work in equal conditions, and work experience are valued at the same way. It can be said that members are in line with some basic characteristics (age, sex, education). In this research team we named teams A, B, C and D.

Literature often states that customer satisfaction with the service can be good the predictor of the success of the service activity and as a measure of the work of everybody Each team took their customers' assessment of service satisfaction.

Clients in This research was the people who represent companies and are in contact with to your team's representatives. The condition for completing the questionnaire was to make a person longer

4.2 Instruments

Teamwork Efficiency Questionnaire

To measure self-assessment of team work efficiency, the Questionnaire was used to analyze the efficiency of team work. This questionnaire was compiled by Bateman, Wilson and Bingham (2002) to determine the needs of teams working in service activities.

The questionnaire in the original version consists of six categories of questions related to the team teams evaluated by team members. The results show the efficiency of each category as well can be used to improve teamwork as well as to compare teams.

The categories in the questionnaire are:

1. Team synergy - sense of belonging shared by team members.
2. A common goal - the existence of clearly defined goals set team and whose execution is constantly monitored.
- Skills - training of team members, competence in performing their own part of the job and flexibility within the workplace.
- Use of working material - all work materials, including buildings and equipment, are used to maximize the power of the plug.
5. Innovations - Finding ways to improve productivity and ways work.
6. Quality - degree of familiarity with client needs and standards listening to their satisfaction.

The authors of the questionnaire indicate that when analyzing the internal consistency of the questionnaires reliability ranges from 0.97 to 0.98. Cronbach's alpha coefficient for all estates of the questionnaire is 0.98, which indicates a high internal consistency of response respondents. The sample consisted of 400 participants deployed in 37 teams. All these teams working in service activities related to health care and social care in the Down Lisburn H & SS Trust from Lisburn (UK) and consists of members of various vocabulary (from managers, psychologists, therapists, senior managers, information staff, staff companies, etc.). The research involved only teams that are at least six months old.

Prior to the research itself, a pilot -research was carried out on a group of managers and staff working in the company. Evaluation of pilot studies has shown that it is necessary clearer and more specific use of some terms to ensure the applicability of this questionnaires for teams working in different working conditions.

In this paper, the categories are combined with the common goal and the use of working materials because it was estimated that given the nature of the work carried out by the members of the examination teams of these categories would not be discriminatory. Questions from other categories were translated with the expert translator (APPENDIX 1). In the final version, the questionnaire is questioned consisted of 32 questions, 8 questions in each of the categories. The questionnaire consists of a scale Likert type responses and subjects on scales 1 to 5 indicate the degree concordance or disagreement with a particular statement (1 - I strongly disagree, 5 - very explicit

I agree). Claims in the questionnaire were formulated so that the team evaluated the efficiency your team, not personal efficiency. On a sample of 16 respondents of respondents in 4 teams Reliability by Question Categories, expressed as Crombach's Inner Coefficient consistency, ranging from 0.77 to 0.87, and for all questionnaires, = 0.876.

Customer satisfaction survey service

The customer satisfaction survey questionnaire was drawn up on the basis of the analysis jobs are team members for all three levels of work and in accordance with the categories Teamwork Teamwork Questionnaire. The questionnaire consists of 16 questions put together according to predefined categories. The categories are: communication, skills, trust and quality. These categories in the literature are some of the criteria forevaluation of service quality (Peter and Donnelly, 1991,

according to Churchill, 1995). And in this questionnaire of the response scale is Likert's type and the respondents give grade estimates stacking with a single statement on a scale of 1 to 5 (from 1 - I strongly disagree with 5- I strongly agree). Cronbach coefficient of internal consistency by categories The questionnaire applied to 83 clients ranges from 0.511 to 0.776 and for all Questionnaire amounts? = 0.884.

4.3 Procedure

September 2002, the Management Board of the Privredna banka in Kosova approved the authorship conducting research in the Business Services Department. The research was conducted in October 2002. Team members are divided into questionnaires at the beginning of the worktime and are asked to pause them. The instructions pointed out that it was a test anonymously and you only need to write the name of the team to which they belong. Also, it has been emphasized that the estimates relate to the efficiency of the team they belong to, and not to their personal efficiency. Client statements were collected at the client reception office. After meeting with his manager, the client was asked to fill out the questionnaire in the waiting room. In the note emphasized that the satisfaction of the Service in the Department of Labor was assessed enterprise has. Clients filled out the questionnaire anonymously and were just supposed to write who are contacted by a person in the Business Services Department

5. RESULTS AND DISCONTINUES

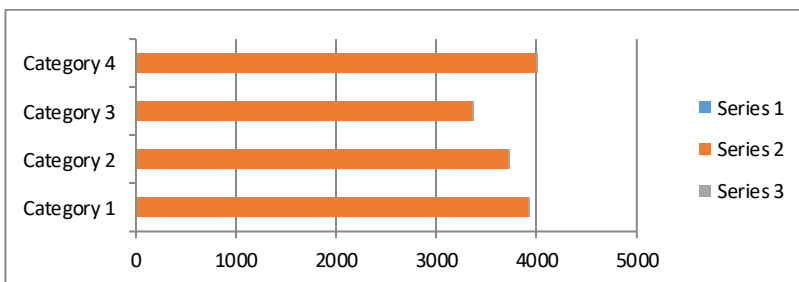
5.1 Examining Teamwork Efficiency

Within the context of the problem we are concerned, what kind of relationship is between us to work efficiency teams based on self-assessment of efficiency and measures of the workmanship.

First of all, we have to look at the team's estimates given by their senior manager, which were used as a basis for the research hypothesis of this paper. From Table 1. it can be seen that the most efficient team on the score of senior manager team B is the second place occupied Team A, Team 3, while Team D is the worst team. How is Team Senior Team evaluated the teams differently according to the quantitative criteria of the job, interesting whether the teams are different from self-assessments of efficiency. The results that were obtained using the Teamwork Efficiency Questionnaire are presented in Arithmetic mean estimates and standard deviations for results in Team Team Efficiency Questionnaire for 4 Teams

Table 2 and Figure 1.

	N	M	SD
Team A	4	3.096	0.287
Team B	4	3.703	0.774
Team C	4	3.352	0.454
Team D	4	3.984	0.538



The overall score for each team is shown as the arithmetic mean of the estimate of a particular team. The results are also presented graphically for easier reading of the relationship between the mouse teams.

Table 2 - Arithmetic mean estimates and standard deviations for results in

Team Team Efficiency Questionnaire for 4 Teams

Rang	Tim	Average sumrankings
1	D	10.50
2	A	9.50
3	B	9.25
4	C	4.75

Due to the small number of groups and the small number of respondents in the groups (N = 4), for determining differences between teams was inappropriate to use the Variant Analysis that is most likely to be used when analyzing relationships between groups. In cases where it is like this small N, it is recommended to use nonparametric tests. Adequate replacement for the analysis of variance in nonparametric statistics is the Kruskal-Wallis test. By testing the significance of the difference in the rank of rank, it has been determined that the teams are statistically do not differ significantly in the overall result in the questionnaire ($\chi^2 = 3.473$, $df = 3$, $p > 0.05$).

As can be seen from Table 2, Figure 1 and Table 3 of the teams' order according to self-assessments of efficiency differ from the ranking of their superior managers. According to the manager's assessment Team B is most effective while Team D is rated as worst. According to self-assessments of teams it is apparent that Team D is evaluated as most efficient, while Team B is only three times self-assessed. Different direction of the manager's rating and self-assessment of efficiency can be attributed to the different aspects that were taken as efficiency measure. A Senior Quality Manager is based only on objective quantitative team performance results, while team members evaluated the effectiveness of the teams related to the characteristics of team work.

There is no difference between the teams in the overall result of the Efficiency Questionnaire Teamwork can be explained through the same aspect of motivation as a team member Guzzo (1993) calls the potency. Champion and associates state that the potency group belief that it can be efficient (according to Yancey, 1998). From the results in the Table 3. It is obvious that the average estimates range from 3.35 to 3.98 on a scale of 1-5, which is shows that members of all teams of teams evaluate their teams as overlapping efficient in all examined aspects. The authors state that the potency is influenced management support, knowledge of past achievements of the team (feedback on results of work), perceptions of members of the knowledge and skills of colleagues. How is it the introduction of teams in this Service has led to many positive changes the Bank's management even closer to the employees themselves, the assumption is that they are the teams had their support. Also, this survey was conducted in October, and The annual report on the work of teams is at the end of the year, so the teams are not they had insight into the final business results and the work of their team was evaluated on the basis subjective business estimates. How Power Is Influenced by Knowledge of the Past achievements can make the results different than the survey was made after reviewing the team's results in the results. Furthermore, all four teams were formed by highly qualified people who have a long-standing experience in working with credit so it is the assumption that the members of the team are perceived to be competent, that is high value the knowledge and skills of other team members.

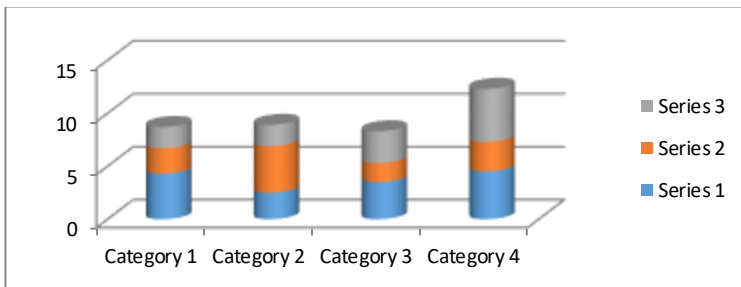
Continuous work on education and development existing teams are greatly influenced by increasing their efficiency. That is why it is important to recognize the area to which it is more emphasis needs to be placed on team development. Results displayed by questionnaires (synergy, skills, innovation, and quality) give insight into functioning of the teams by the mentioned categories and enable interventions on areas are key to improving organizational efficiency. The results are shown in table 4.

	SYNERGY	SKILLS	INNOVATION	QUALITY
M	3.945	3.555	3.7266	3.719
SD	0.593	0.584	0.614	0.756

Wilcoxon's test of equivalent pairs tested mixed differences Estimates by N = 16 Classes of Teamwork Efficiency Questionnaire, and not a statistically significant difference between the estimates of team members by categories was found questionnaire. This shows that employees of the Service Department work with companies that work in these the teams evaluate all four categories of questionnaires equally. How mediocre the estimates for each of the overproduction

categories (as can be seen in Table 4) it can be said that team members highly evaluate the efficiency for each of the categories Teamwork Questionnaire. Further, we were interested in how the relationship between teams was by category questionnaire. Results of basic statistical parameters for each team by category of the questionnaires are presented in Table 5 and in Figure 2.

Category		SYNERGY		SKILLS		INNOVATION		QUALITY	
Team	N	M	SD	M	SD	M	SD	M	SD
A	4	4.063	0.564	3.969	0.157	3.781	0.373	3.813	0.297
B	4	4.094	0.695	3.344	0.976	3.719	0.695	3.656	0.780
C	4	3.656	0.563	3.156	0.329	3.469	0.695	3.125	0.974
D	4	3.696	.695	4.750	0.270	3.938	0.793	4.281	0.524



View self-assessment of Teamwork Efficiency for Four Teams by question categories

Hence, these results show that the teams do not differ statistically by category of questionnaire, but from the results presented in Tables 5 and 6 and in Figure 2, we see that Team C in all question categories had the lowest score. If it does Let's look at both Figure 1 and Table 2. We can see that according to the overall result the team has lowest result by self-assessments. How is the statistical analysis of the obtained results?

CATEGORY	TEAM	Average sum rankings	X ²	df	p
SYNERGY	B	10.38	2.062	3	0.560
	A	9.13			
	D	8.75			
	C	5.75			
SKILLS	A	12	5.843	3	0.120
	D	9.63			
	B	8.25			
	C	4.13			
INNOVATION	D	11.13	2.300	3	0.512
	B	8.75			
	A	8			
	C	6.13			
QUALITY	D	12.5	4.669	3	0.189
	A	8.38			
	B	7.75			
	C	5.38			

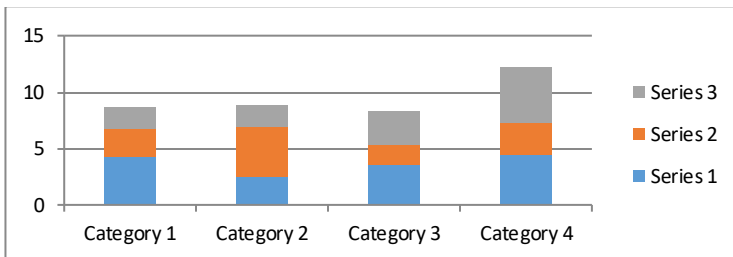
It showed that teams can not be distinguished, it is not justified to make conclusions about it that Team C is the worst of these teams, but we can see the trend of the results obtained which suggests that perhaps more attention could be paid to monitoring the work and processes in team C.

The results of this questionnaire can be used by team managers as valuable feedback from team members about processes in a team that is sometimes due to scale jobs are put in another plan. Also, using this questionnaire members of the team had an opportunity to analyze your current functioning and eventually identify the domain which should be done more.

5.2 Customer Satisfaction Testing Service.

As a measure of the efficiency of team work in this paper, the client's estimate was taken satisfaction with the service they receive from a particular team and we were curious about where they were relationship teams with regard to their clients' estimates. By simple analysis variants tested differences in overall client evaluation score and were not found statistically significant difference between teams according to client estimates ($F = 2.424, df = 3/79, p > 0.05$). Table 7 and Figure 3 show the results obtained. Table 7. - Overview of basic statistical customer evaluation parameters on the Questionnaire

	N	M	SD
TEAM A		4.312	0.394
TEAM B	23	3.991	0.589
TEAM C	17	3.094	0.627
TEAM D	24	4.198	0.967



Thus, statistical analysis of results has shown that teams do not differ statistically notably by self-assessments, but not by customer reviews. However, they are analyzing graphs (Figure 1, Figure 3) and Tables 2 and 7 can be seen in this the questionnaire team C has the worst result, team A and team D have high scores while team B takes the third place. Though Team A has a self-assessment score of 0.08 lower than the team's score D, while at client estimate A has the highest score, there is a similar trend the relationship between team results. This trend of results is consistent with the findings in where the same is true of the perception of employees coincides with the real perception of quality of service by their clients (Newman, 2001). In research related to banking services it was established that there is a high correlation between employee attitudes and their clients (Bowen,

Schneider, 1988, 1980, 1985; according to Adist et al., 1996). From Table 7 it is seen that the service satisfaction estimates ranged from 3.094 to 4.312 (on a scale of 1 to 5) which shows that clients are generally satisfied with the service. How are the members of the team Assessing your team's work very efficiently, we can conclude that they are in this case Employee attitudes are consistent with the perception of their clients' services. It signals it the conclusion that team clients in the Sector of Business recognize the efforts of team members for by providing quality services.

Results displayed by categories of Service Satisfaction Quiz (skills, communication, trust, and quality) provide an insight into what aspects of the service you are providing are received from a particular team, clients are more or less satisfied with the Service enterprise has. They are shown in Table 8.

CATEGORY		SKILLS		COMUNICATION		CREDENCE		QUALITY	
TEAM	N	N	SD	M	SD	M	SD	M	SD
A	19	4.445	0.445	4.513	0.460	3.961	0.522	4.329	0.486

B	23	4.010	0.759	4.152	0.730	3.761	0.596	4.044	0.660
C	17	3.397	0.749	3.794	0.686	3.735	0.693	4.118	0.606
D	24	4.260	0.597	4.322	0.583	3.896	0.466	4.313	0.613
TOT	83	4.175	0.666	4.211	0.662	3.840	0.564	4.202	0.602

5.3 Final Considerations

More and more, the importance of systematic analysis has become increasingly apparent lately trained and educated employees in the skills and knowledge needed to make the most effective the way it works. For this reason, many companies are introducing ongoing training that is meaningful they increase employee satisfaction, and thus their effectiveness. Training staff combined with corresponding changes in attitudes increases self-esteem company staff, increase their membership of the organization and improve their knowledge and skills skills. Likewise, it ensures the shared sharing of knowledge and experience, it helps the same level of professionalism and the achievement of a high level of organizational culture.

Also, in the organizations involved in monitoring service activities Customer Satisfaction is a great way to determine the quality of the service you are doing the organization provides in relation to its clients' expectations. That way they get information that can be used as a means to determine how to improve processes in the organization, as a means of motivating workers and as a means controls for performance evaluation.

The results of the questionnaires used in this research may be helpful in returning Information to managers about some of the most labor-efficient aspects are put in another plan, and the emphasis is placed on quantitative monitoring performance indicators. If we compare rankings of teams ranked, ranked by senior manager according to the quantitative criterion of work efficiency, we see that he is not in consistent with the results obtained by examining other aspects of operational efficiency. How is it efficiency defined in terms of productivity, satisfaction of workers and clients and rating of managers, it is recommended to follow all of these criteria in order to get what more complete picture of worker's work efficiency.

Finally, it is important to emphasize the importance of co-operation between managers and organizational psychologists in the identification of problems and factors that affect the efficiency of team work. For unlike class working groups, teams "require" work on ongoing education of members, the development of potential members, maximum use of the full range of their knowledge and skills, developing creativity and, ultimately, critical approach to teamwork and processes in him. Knowledge of organizational psychologists (theoretical and methodological) and possibilities managers to apply this knowledge are the best way to contribute to understanding the phenomenon of the team's mode of operation and thus improves the efficiency of the whole organisations.

6. CRITERIA AFFECT THE IMPLEMENTED RESEARCH

The limitations of this research arise from the characteristics of the questionnaires used customer satisfaction and the time period in which the survey was conducted.

The first limitation is related to the Customer Satisfaction Questionnaire that is the author the same formed and there are no data to compare the results obtained. How is it the questionnaire used for the first time in this research is re-applied to validate this questionnaire and examine its content, criterion and constructive validity. It is also necessary to combine the direction of the claim because it is all claims in the questionnaire positively directed, which leads to the respondents (clients) are more satisfying than in the case when questions are asked in the same way ratio - satisfaction / dissatisfaction.

The authors of Teamwork Efficiency Questionnaires constructed a questionnaire for purpose recognizing the needs of team members working in their organization and work on their improvement. The article in which the questionnaire is attached is not theoretical the model on which a questionnaire was prepared, so it was decided before applying the questionnaire in this to explore two categories of questionnaire (common goal and use of the job) material). These two categories were excluded because it was considered, based on work analysis places, it would be non-discriminatory, ie, that these four teams do not differ by that categories. After studying literature related to team effectiveness checks the work has shown that the results in these two categories are useful information in the analysis team work efficiency. In APPENDIX2 there is

a translation of the original version of the questionnaire and it is recommended that future research be included in these two categories analysis.

Given that self-assessment of teamwork efficiency is reversed information managers and clients, the assumption is that the examination is self-assessment should be done once the team members receive annual business reports. Insight the objective indicators of the work force would have influenced the more criticality of team members when analyzing teamwork.

7. CONCLUSION?

By analyzing the work efficiency of the compliant teams of the Service Department the companies of the Privredna banka in Zagreb found that the teams did not differ statistically significant in the overall outcome of the Teamwork Efficiency Questionnaire ($F = 3.473$, $df = 3$, $p > 0.05$) as well as by categories of questionnaire ($F = 2.062$, $df = 3$, $p < 0.05$; $F = 5.843$, $df = 3$, $p > 0.05$; $F = 2.300$, $df = 3$, $p > 0.05$; $F = 4.669$, $df = 3$, $p > 0.05$) and there is no confirmed hypothesis that teams will differ in self-assessments. According to the overall result self-assessment is seen to be average the ratings of the members of each team ranged from 3.35 to 3.98, which indicates that the members of the team are their teams are evaluated more efficiently.

As a measure of the work of these teams, the evaluation of their clients was taken about the satisfaction of the service they receive from a particular team. Determined difference between the two to the teams according to the overall result of service satisfaction estimates did not show statistically significant ($F = 2.424$, $df = 3/79$, $p > 0.05$), so no hypothesis that Teams will differentiate according to their clients' estimates. Estimates of individual clients Teams ranging from 3.094 to 4.312 show a high level of satisfaction with the service earned by teams in Privredna banka, and hence high work efficiency evaluated teams. Teams are equally evaluated by their clients and by categories of customer satisfaction survey questions. It is determined that the clients statistically significant lower ratings are given in the "trust" questionnaire category relative to other categories of questionnaire.

Based on the results of previous research, it was thought to be self-assessment

The team's work efficiency efficiency will be consistent with service satisfaction estimates of their clients, which partially and confirmed. The statistical analysis of the results showed is that teams statistically do not differ by self-assessments of work efficiency as well as their clients' estimates (which were taken as a measure of their work) efficiency), but comparing Figure 1 and Figure 3 there is a similar trend in the relationship between the mouse team results so that team C in both questionnaires has the lowest score, while teams A and D they have high scores both in self-assessment and in customer evaluation. This is considered it is justified to confirm the hypothesis that there will be conformity self-assessment work teams' effectiveness and the evaluation of their clients.

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Industry Leader Premium

Ja Ryong Kim

Dr. University of Nottingham, UK

B07, Si Yuan Building, University of Nottingham, Jubilee Campus, Wollaton Road, Nottingham, NG8 1BB, UK

Abstract

The advantage of becoming an industry leader is widely studied. However, how can we measure it? This paper measures how much premium an industry leader has in its valuation through a P/E ratio. The findings suggest industry leaders have significantly higher P/E ratios by 0.65 than their peers. The analysis of earnings forecasts suggests this is not due to their high earnings growth potentials but from other sources. However, in stock recommendations, the premium is not recognised by analysts but interpreted as the sign of over-valuation. The paper contributes the new structure of a P/E ratio by identifying the industry leader premium.

Keywords: industry, leader, premium, price-earnings, valuation

Introduction

Most companies strive to become the number one company in the industry and customers remember who they are. The advantages of becoming an industry leader are widely studied including the economies of scale, high bargaining power to suppliers and customers, customers' brand awareness and loyalty, and transition cost to other brands. Obviously, such advantages add value to an industry leader. How can we quantify this value? Do we even recognize it when valuing an industry leader? This paper addresses these questions from the perspective of shareholders (owners) using a price/earnings (P/E) ratio and measures a premium an industry leader has in its stock price.

In regard to a P/E ratio, there are three plausible but conflicting hypotheses. Firstly, as P/E ratios represent the earnings growth potentials of companies (Penman, 1996), small companies tend to have high earnings growth potentials and P/E ratios. Secondly, companies in the same industry tend to have the same P/E ratios as they also represent the degree of over/under-valuation of stock prices. Finally, industry leaders, companies with the largest market shares, tend to have high P/E ratios because they take advantage of premiums they have. The first two hypotheses imply there is no industry leader premium, while the third one indicates so. This paper investigates which hypothesis dominates and measures the industry leader premium if it exists.

The research starts with analysing the general trend of P/E ratios along company ranks and how the trend changes as companies are divided into large-three, large-medium and small companies. Afterwards, the analyses of analyst earnings forecasts, target prices and recommendations are conducted to investigate how analysts consider industry leaders.

The main finding is all three hypotheses coexist in an industry. In general, smaller companies tend to have higher P/E ratios consistent with the first hypothesis. However, when companies are divided into large and small companies, the positive increase in P/E ratios appears to be due to a structural difference in P/E ratios between large and small companies and, within each group, the increase is minimal supporting the second hypothesis. When large companies are subdivided into the three largest and other large companies, the three largest companies have higher P/E ratios than other large companies both economically and statistically, supporting the industry leader premium hypothesis. Overall, the low P/E ratios of large companies mainly relate to other large companies and, in fact, the three largest companies have P/E ratios as high as small companies. The results indicate industry leaders have a premium of 0.65 of their P/E ratios compared to their peers. However, when analyst forecasts are examined, the industry leader premium is not recognised by analysts but instead regarded as the sign of over-valuation.

The paper contributes to the current knowledge of a P/E ratio by identifying the distinctive characteristics of industry leaders. Although the current understanding of a P/E ratio generally prevails, industry leaders experience higher P/E ratios than

their peers due to the industry leader premium. The practical implication for analysts is to recognise the industry leader premium when valuing industry leaders before concluding that their high P/E ratios mean they are over-valued.

The paper proceeds in the following order: hypotheses and models are built up in a methodology part in section 2; data are explained in section 3; and section 4 explains findings, followed by conclusion in section 5.

Methodology

The research first studies the general trend of P/E ratios along company ranks, followed by changes in trend when companies are divided into large-three, large-medium and small companies. Based on the market definition of an industry leader - a company with the largest market share - companies are ranked based on their sales. A company with the largest sales is considered an industry leader and ranks first, followed by a company with the second largest sales ranks second, and so on. Because the ranks of companies are changing year-on-year depending on their performances, the research conducts the cross-sectional analysis based on ranks, instead of the panel-data analysis based on companies.

The general trend of P/E ratios along ranks is measured by model (1) as,

$$P/E = \alpha + \beta_1 Rank + \gamma Leverage + \delta DivPayout + \varepsilon \quad (1)$$

where *Leverage* and *DivPayout* are added as control variables due to their impact on P/E ratios (R.S. Bower and D.H. Bower, 1969; Leibowitz, 2002; Malkiel, 1970).

Companies are afterwards divided equally into large and small companies and their P/E ratios are measured by model (2) as,

$$P/E = \alpha + \beta_1 Rank + \beta_2 Large + \gamma Leverage + \delta DivPayout + \varepsilon \quad (2)$$

where *Large* is a binomial variable of 1 if a company is in the large group, and 0 in the small group.

To measure the industry leader premium, large companies are subdivided into large-three (i.e., three largest) and large-medium companies (i.e., other large companies). Therefore, Model (3) is measured as,

$$P/E = \alpha + \beta_1 Rank + \beta_3 Large3 + \beta_4 LargeMed + \gamma Leverage + \delta DivPayout + \varepsilon \quad (3)$$

where *Large3* is a binomial variable of 1 if a company is one of the three largest companies, and 0 otherwise. *LargeMed* is also a binomial variable of 1 if a company is one of the other large companies, and 0 otherwise.

Model (4) is identical to model (3) only different in a baseline intercept. Whilst model (1) – (3) use small companies as a baseline intercept, model (4) uses large-medium companies as a base. The reason for the change is to examine the statistical significance of the industry leader premium directly between large-three and large-medium companies.

$$P/E = \alpha + \beta_1 Rank + \beta_3 Large3 + \beta_5 Small + \gamma Leverage + \delta DivPayout + \varepsilon \quad (4)$$

where *Small* is a binomial variable of 1 if a company is in the small group, and 0 otherwise.

For analyst forecasts, the same model (1) – (4) are used but replacing *P/E* with one-year ahead earnings forecasts, two-year ahead earnings forecasts, target prices and recommendations, respectively. Moreover, the two control variables are omitted because the analysis is a forecast analysis of a dependent variable when ranks change, instead of a causality analysis.

Three hypotheses are tested in this paper. Firstly, if a P/E ratio is an indicator of earnings growth potential as the current knowledge suggests, smaller companies would have higher earnings growth potentials and therefore higher P/E ratios.

H1: P/E ratios increase as ranks increase.

On the other hand, the second hypothesis views a P/E ratio from a valuation perspective: identical companies should have the identical P/E ratios, and similar companies should have similar P/E ratios. As peer companies are often found from the same industry, the second hypothesis suggests companies in the same industry would have similar or same P/E ratios, especially between similar companies, otherwise arbitrageurs will take advantage of the deviations equalising the levels.

H2: P/E ratios stay the same notwithstanding the increase in ranks especially between similar ranks.

Finally, the third hypothesis indicates industry leaders enjoy premiums that other companies do not, such as the economies of scale functioning as the entry barrier, high bargaining power and customers' brand awareness. Although such benefits may not directly link to their future earnings, they clearly add value as either a protection mechanism against competition or a building block for future growth. The third hypothesis suggests such additional benefits would be reflected in company valuation as premiums and, therefore, industry leaders would have higher P/E ratios than their peers.

H3: P/E ratios of industry leaders are higher than those of their peers.

Data

The research studies European companies covered by Thomson One Banker between 2002 and 2011. All accounting data, except the GICS sub-industry classification, are obtained from Datastream (Worldscope). The GICS sub-industry classification is obtained from Thomson One Banker due to the unavailability in Datastream. Analyst forecasts (i.e., current earnings-per-share, one/two-year ahead earnings forecasts, target prices and recommendations) are acquired from I/B/E/S. For the selection of industry classification, I have considered ICB, ISIC, SIC, GICS and I/B/E/S SIG code. Visual inspection confirms the GICS sub-industry classification is the most appropriate to identify homogeneous companies and, therefore, industry classification in this paper is based on the GICS sub-industry classification.

Variables are calculated as follows. Rank is measured based on company's market share, calculated as company's sales divided by the total sales of the industry in which a company belongs in the year. A company with the largest market share ranks first and the second largest ranks second, and so on. Leverage is measured as total debt to equity. For earnings forecasts and target prices, relative forecasts are used instead of absolute forecasts to eliminate the scale effect. Therefore, relative one-year ahead earnings forecasts are measured as one-year ahead earnings forecasts (EPS1) divided by current earnings (EPS). The same applies for two-year ahead earnings forecasts. Relative target prices are calculated as target prices divided by current prices. Recommendations scale from 1 (strong buy) through 3 (hold) to 5 (strong sell).

One important factor in dealing with P/E ratios and forecast variables is how to handle outliers. Two stage measures are implemented to mitigate the impact of outliers. In the variable level, P/E ratios of top and bottom 5% are truncated to remove outliers. For one-year ahead earnings forecasts, EPS1 and EPS are each truncated at top and bottom 1%, followed by a further top and bottom 1% truncation in relative earnings forecasts (EPS1/EPS). The same applies for two-year ahead earnings forecasts and target prices. In the general level, median is used to average variables instead of mean.

10 years' figures are averaged using median and these averaged variables are used in the analysis. Although the averaging appears to be a loss of data, this research is based on the cross-sectional analysis that does not require the panel-data set. This is because the research is based on the ranks of companies, not companies themselves, and the ranks of companies change year-on-year depending on companies' performances. Instead of conducting 10 separate cross-sectional analyses for each year, an industry cross-sectional analysis using the averaged variables is performed to mitigate the impact of outliers in each year. I require there are at least 20 companies in an industry to make a meaningful interpretation from the analysis. As a result, the research covers 67 industries with 69 companies on average in an industry.

Results

Descriptive Statistics

The different numbers of observations are used for the analyses of P/E ratios, earnings forecasts, target prices and recommendations to preserve the maximum numbers of data. This is because the purpose of the research is to draw a general conclusion of the industry leader premium given available data rather than to design a forecasting model using all variables. Descriptive statistics are explained in table 1.

<Table 1 here>

Sample is categorised in the GICS group-level, instead of the sub-industry level, due to the limitation in space. For the analysis of P/E ratios, 26,315 observations are used, followed by 21,376 observations for recommendations, 13,987 for target prices and 13,057 for earnings forecasts. The biggest group is capital goods accounting for 19% of observations. The capital goods group includes industries of aerospace and defence, building products, construction and engineering, electrical components and equipment, industrial machinery, and trading companies and distributors. The numbers of companies in industries (not reported) range from 20 for paper products to 167 for industrial machinery. The average

number of companies in an industry is 69. As widely reported in the literature of analyst forecasts, analyst recommendations have bias toward a buy signal with 2.36 on average, considering the scale of 1 (strong buy), 3 (hold) and 5 (strong sell). Target prices and earnings forecasts also have upward bias as their means are above 1 in the relative measures (Chan et al., 2003; Dugar and Nathan, 1995; Hutton and McEwen, 1997; Lin and McNichols, 1998; McNichols and O'Brien, 1997).

Industry Leader Premium

Panel A of table 2 describes how P/E ratios change along ranks. Model 1 supports the current knowledge of P/E ratios and the hypothesis 1 that smaller companies tend to have higher P/E ratios in general (Cheng, 2005; Frankel and Lee, 1998). However, when companies are divided into large and small companies in model 2, large companies have structurally lower P/E ratios than small companies. Interestingly, the positive slope observed in model 1 disappears in model 2 indicating the positive trend is mainly due to a structural difference in P/E ratios between the two groups and, within each group, the increase is minimal. Model 3 further divides large companies into large-three and large-medium companies. Although large-medium companies have significantly lower P/E ratios than small companies, the P/E ratios of large-three companies are not significantly different from those of small companies. This is in contrast to the general knowledge that larger companies tend to have lower P/E ratios. Although the coefficient on rank in model 3 is statistically significant, I believe its economic significance is limited. For example, given the fact that there are 69 companies on average in an industry, the difference of P/E ratios between the largest and smallest company would become only 0.21. This suggests P/E ratios are determined more by in which group companies belong than their ranks. Model 4 is identical to model 3 only changing a baseline intercept from small companies to large-medium companies. The result supports the industry leader premium hypothesis that industry leaders have significantly higher P/E ratios by 0.65 than their peers.

Panel B is a supplementary analysis to examine the robustness of the results in panel A by controlling the earnings growth potentials of companies. The result of model 1 indicates the generally positive slope observed in panel A is indeed due to the high earnings growth potentials of small companies. When growth potentials are controlled, the positive slope disappears and in fact turns into the negative. The negative effect of large companies observed in model 2 of panel A also disappears, suggesting there is no significant difference in P/E ratios between large and small companies when their earnings potentials are controlled. However, the largest three companies still have significantly high P/E ratios and, when earnings potentials are controlled, their P/E ratios are even higher than those of small companies. Model 4 suggests industry leaders have significantly higher P/E ratios by 0.75 compared to their peers when earnings potentials are controlled, indicating the high P/E ratios of industry leaders are not due to their high earnings growth potentials but from other sources. Figure 1, 2 and 3 depict the result of model 1, 2 and 3 of panel A, respectively. Figure 1 and 2 describe what we currently know about P/E ratios and figure 3 modifies that perspective by identifying the industry leader premium.

<Table 2 here>

<Figure 1, 2 & 3 here>

To examine how analysts consider industry leaders, table 3 reports the results of relative earnings forecasts along ranks. In panel A, for one-year ahead earnings forecasts, model 1 indicates smaller companies generally have higher earnings growth potentials. When the sample is divided into two groups, large companies have significantly lower earnings growth potentials than small companies. Interestingly, large-three companies have even lower earnings growth potentials than large-medium companies. Similar results are observed for two-year ahead earnings forecasts in panel B, except difference in earnings forecasts between large-three and large-medium companies is insignificant. The results support the findings in table 2 that the significantly higher P/E ratios of industry leaders are not from their high earnings growth potentials.

<Table 3 here>

Table 4 illustrates the results of relative target prices. Consistent with earnings forecasts, smaller companies tend to have higher target prices. When the sample is divided into two groups in model 2, large companies have significantly lower target prices than small companies. The difference between large-three and large-medium companies is insignificant, indicating analysts do not treat them separately in forecasting their target prices.

<Table 4 here>

The results of recommendations in table 5 are expected to be similar to those of target prices because they are the two different formats of the same opinion. Model 1 and 2 indicate large companies are more likely to receive sell

recommendations than small companies. When large companies are further divided, large-three companies have significantly higher tendency to receive sell recommendations than their peers. Overall, the results suggest analysts do not differentiate industry leaders in their forecasting but follow the general perception that large companies are more mature than they have lower earnings growth potentials, followed by more negative outlook in their stock performances.

<Table 5 here>

Why does a discrepancy occur between the results of P/E ratios and analyst forecasts? An exact answer is difficult to know. However, I suspect this is due to either analysts recommend shares only based on their earnings growth potentials (Abarbanell and Bushee, 1997; Elliot et al., 1995; Loh and Mian, 2006) or analysts interpret the high P/E ratios of industry leaders as they are over-valued. In either case, the findings suggest the industry leader premium, observed in the market, is not recognised by analysts.

Conclusion

What are the benefits of being an industry leader? This research aims to answer this question by taking the perspective of shareholders and measure how much premium an industry leader has in its valuation. In regard to a P/E ratio, there are three plausible but conflicting hypotheses. The first hypothesis suggests a P/E ratio is an indicator of earnings growth potential and, therefore, smaller companies tend to have higher P/E ratios. The second hypothesis suggests a P/E ratio is an indicator of over/under-valuation and, therefore, companies in the same industry would have similar or same P/E ratios. These two hypotheses represent the current knowledge of a P/E ratio. The third hypothesis suggests industry leaders would have higher P/E ratios than their peers due to premiums they enjoy.

The findings indicate all three hypotheses coexist in an industry. In general, hypothesis 1 prevails. However, when companies are divided into different groups, hypothesis 2 exists within each group. Between the three largest and other large companies, the three largest companies have significantly higher P/E ratios than their peers, indicating the industry leader premium. The study of earnings forecasts suggests this is not due to their high earnings growth potentials but from other sources. However, the results of target prices and recommendations demonstrate that analysts do not know or recognise the industry leader premium yet and interpret their high P/E ratios as the sign of over-valuation.

The paper contributes new knowledge to the behaviour of a P/E ratio. By identifying the industry leader premium, the research discovers the new structure of a P/E ratio, figure 3, from the current understanding of figure 1 and 2. The practical implication for analysts is to recognise the industry leader premium before concluding that their high P/E ratios mean they are over-valued.

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TABLE 1

DESCRIPTIVE STATISTICS

Sample is displayed in the GICS group level instead of the sub-industry level. 22 groups and 67 sub-industries are covered in the research. The different numbers of observations are used for the analyses of P/E ratios, recommendations, target prices and earnings forecasts to draw a general conclusion from maximum available data. For the analyses of target prices and earnings forecasts, relative forecasts are used instead of absolute forecasts to eliminate the scale effect. EPS represents current earnings-per-share, EPS1 is one-year ahead earnings-per-share forecasts and EPS2 is two-year ahead earnings-per-share forecasts.

Group	Observations	Frequency	No. Companies	Market Value (mil)	Sales (mil)	P/E	Recommendation (5: strong sell; 1: strong buy)	Target Price/Current Price	EPS1/ EPS	EPS2/ EPS
Energy	645	2%	29	2,602	1,679	18.39	2.22	0.96	1.26	1.65
Materials	1,702	6%	33	3,346	4,442	17.26	2.40	1.27	1.31	1.54
Capital Goods	5,060	19%	104	2,195	3,594	17.22	2.37	1.28	1.24	1.50
Commercial & Professional Services	1,365	5%	34	649	873	19.61	2.13	1.32	1.27	1.58
Transportation	277	1%	38	5,052	9,111	14.91	2.46	0.98	1.28	1.67
Automobiles & Components	292	1%	34	673	1,561	16.60	2.37	1.28		
Consumer Durables & Apparel	2,235	8%	36	1,369	1,251	19.81	2.35	1.29	1.28	1.56
Media	1,144	4%	49	1,085	785	22.13	2.34	1.30	1.28	1.57
Retailing	203	1%	25	353	1,002	20.92				
Food & Staples Retailing	241	1%	24	4,033	10,176	18.45	2.55	1.16	1.13	1.32
Food, Beverage & Tobacco	1,851	7%	82	3,203	2,825	19.07	2.43	1.24	1.24	1.46

Household & Personal Products	591	2%	35	3,772	1,646	22.93	2.32	1.19	1.30	1.75
Pharmaceuticals, Biotechnology & Life Sciences	439	2%	51	38,128	14,402	21.67	2.28	1.47	1.19	1.42
Banks	1,906	7%	101	17,668	12,741	15.51	2.77	1.20	1.13	1.33
Diversified Financials	1,907	7%	91	1,246	766	19.54	2.27	1.38	1.21	1.44
Insurance	287	1%	30	9,406	18,731	16.09	2.49	1.20	1.26	1.46
Real Estate	1,692	6%	76	870	223	19.52	2.39	1.28	1.11	1.22
Software & Services	2,214	8%	94	577	438	22.30	2.26	1.35	1.38	1.87
Technology Hardware & Equipment	1,094	4%	53	4,467	2,521	20.52	2.40	1.26	1.35	1.76
Semiconductors & Semiconductor Equipment	189	1%	27	1,546	617	25.53	2.44	1.21	1.54	2.38
Telecommunication Services	312	1%	37	60,641	39,933	17.78	2.45	1.23	1.20	1.47
Utilities	741	3%	30	14,082	13,664	19.44	2.42	1.34	1.12	1.28
Mean	2,210	5%	69	4,835	4,088	19.02	2.36	1.28	1.26	1.55
N	26,315	100%		26,315	26,315	26,315	21,376	13,987	13,057	13,057

TABLE 2

P/E RATIOS OF INDUSTRY LEADERS

The industry leader premium is measured as difference between the P/E ratios of the three largest companies and their peers. Model 1 represents the general trend of P/E ratios along ranks. Model 2 separates the sample equally into large and small companies. Model 3 further divides large companies into the three largest and other large companies. Model 4 is identical to model 3 except a baseline intercept. Model 4 uses large-medium companies as a base intercept, instead of small companies, to measure the significance of the industry leader premium directly. A company with the largest sales ranks first, followed by the second largest ranks second, and so on. Panel B is a supplementary analysis controlling the earnings growth potentials of companies to examine the robustness of the results in panel A. *, ** and *** represent significance at 10% , 5% and 1% level, respectively.

Panel A

Model 1	Model 2	Model 3	Model 4
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Intercept	16.090 (0.081)	***	16.629 (0.102)	***	16.561 (0.103)	***	15.845 (0.084)	***
Rank	0.007 (0.001)	***	0.001 (0.001)		0.003 (0.001)	**	0.003 (0.001)	**
Large			-0.680 (0.079)	***				
Large3					-0.068 (0.135)		0.649 (0.117)	***
LargeMed					-0.717 (0.079)	***		
Small							0.717 (0.079)	***
Leverage	-0.005 (0.000)	***	-0.005 (0.000)	***	-0.005 (0.000)	***	-0.005 (0.000)	***
Div Payout	-0.008 (0.002)	***	-0.007 (0.002)	***	-0.007 (0.002)	***	-0.007 (0.002)	***
R ²	0.026		0.028		0.029		0.029	
N	26,315		26,315		26,315		26,315	

Panel B

	Model 1		Model 2		Model 3		Model 4	
Intercept	14.242 (0.260)	***	14.360 (0.282)	***	14.165 (0.283)	***	14.025 (0.261)	***
Rank	-0.010 (0.002)	***	-0.011 (0.002)	***	-0.007 (0.002)	***	-0.007 (0.002)	***
Large			-0.117 (0.108)					
Large3					0.611 (0.154)	***	0.752 (0.114)	***
LargeMed					-0.141 (0.108)			
Small							0.141 (0.108)	
Leverage	-0.005 (0.000)	***	-0.005 (0.000)	***	-0.005 (0.000)	***	-0.005 (0.000)	***
Div Payout	0.004 (0.003)		0.004 (0.003)	*	0.004 (0.003)		0.004 (0.003)	
EPS1/EPS	-4.309 (0.342)	***	-4.311 (0.342)	***	-4.256 (0.342)	***	-4.256 (0.342)	***
EPS2/EPS	5.017 (0.226)	***	5.008 (0.226)	***	5.001 (0.225)	***	5.001 (0.225)	***
R ²	0.080		0.080		0.083		0.083	
N	13,488		13,488		13,488		13,488	

FIGURE 1

The result of model 1 of panel A in table 2. It represents the general trend of P/E ratios along ranks. A higher rank means a smaller company.

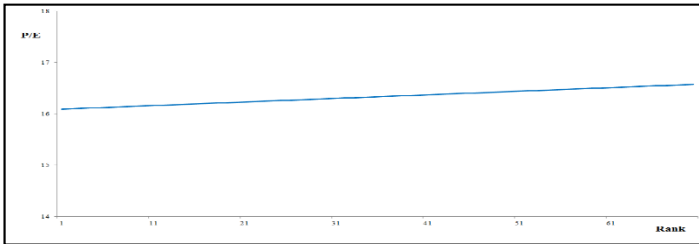


FIGURE 2

The result of model 2 of panel A in table 2. It represents the structure of P/E ratios when companies are equally divided into large and small companies. A higher rank means a smaller company.

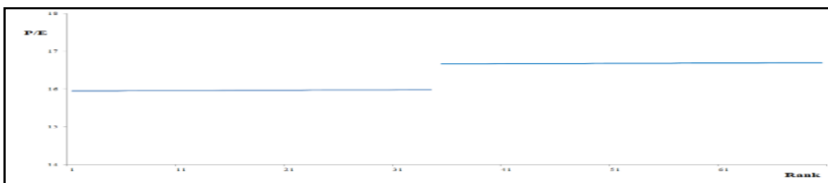


FIGURE 3

The result of model 3 and 4 of panel A in table 2. It represents the structure of P/E ratios when large companies are further divided into the three largest and other large companies. A higher rank means a smaller company.

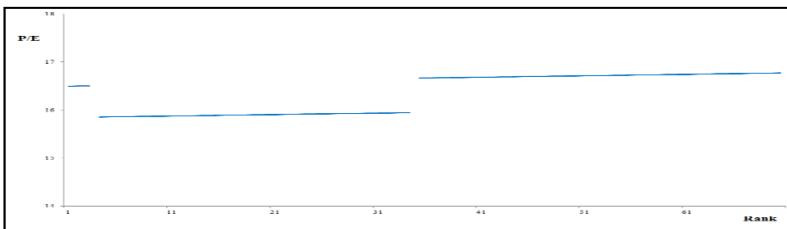


TABLE 3

EARNINGS FORECASTS OF INDUSTRY LEADERS

Panel A and B measure the impact of ranks on one- and two-year ahead earnings forecasts, respectively. Earnings forecasts in a dependent variable are relative earnings forecasts measured as EPS forecasts divided by current EPS. Model 1 represents the general trend of earnings forecasts along ranks. Model 2 separates the sample equally into large and small companies. Model 3 further divides large companies into the three largest and other large companies. Model 4 is identical to model 3 except a baseline intercept. Model 4 uses large-medium companies as a base intercept, instead of small companies, to measure the significance for industry leaders directly. *, ** and *** represent significance at 10%, 5% and 1% level, respectively.

Panel A: One-Year Ahead Earnings Forecast

Model 1	Model 2	Model 3	Model 4
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Intercept	1.106 (0.003)	***	1.124 (0.005)	***	1.127 (0.005)	***	1.109 (0.003)	***
Rank	0.001 (0.000)	***	0.000 (0.000)	***	0.000 (0.000)	**	0.000 (0.000)	**
Large			-0.018 (0.005)	***				
Large3					-0.032 (0.007)	***	-0.014 (0.006)	**
LargeMed					-0.017 (0.005)	***		
Small							0.017 (0.005)	***
R ²	0.003		0.004		0.005		0.005	
N	13,057		13,057		13,057		13,057	

Panel B: Two-Year Ahead Earnings Forecast

	Model 1		Model 2		Model 3		Model 4	
Intercept	1.266 (0.004)	***	1.305 (0.008)	***	1.308 (0.008)	***	1.269 (0.005)	***
Rank	0.002 (0.000)	***	0.001 (0.000)	***	0.001 (0.000)	***	0.001 (0.000)	***
Large			-0.040 (0.007)	***				
Large3					-0.054 (0.011)	***	-0.015 (0.009)	
LargeMed					-0.039 (0.007)	***		
Small							0.039 (0.007)	***
R ²	0.011		0.014		0.014		0.014	
N	13,057		13,057		13,057		13,057	

TABLE 4

TARGET PRICES OF INDUSTRY LEADERS

Target prices in a dependent variable are relative target prices measured as target prices divided by current prices. Model 1 represents the general trend of target prices along ranks. Model 2 separates the sample equally into large and small companies. Model 3 further divides large companies into the three largest and other large companies. Model 4 is identical to model 3 except a baseline intercept. Model 4 uses large-medium companies as a base intercept, instead of small companies, to measure the significance for industry leaders directly. *, ** and *** represent significance at 10%, 5% and 1% level, respectively.

	Model 1		Model 2		Model 3		Model 4	
Intercept	1.104 (0.004)	***	1.223 (0.007)	***	1.222 (0.007)	***	1.097 (0.004)	***

Rank	0.004 (0.000)	***	0.002 (0.000)	***	0.002 (0.000)	***	0.002 (0.000)	***
Large			-0.125 (0.006)	***				
Large3					-0.123 (0.010)	***	0.002 (0.008)	
LargeMed					-0.125 (0.006)	***		
Small							0.125 (0.006)	***
R ²	0.067		0.091		0.091		0.091	
N	13,987		13,987		13,987		13,987	

TABLE 5

RECOMMENDATIONS OF INDUSTRY LEADERS

Recommendations scale from 1 (strong buy) through 3 (hold) to 5 (strong sell). Model 1 represents the general trend of recommendations along ranks. Model 2 separates the sample equally into large and small companies. Model 3 further divides large companies into the three largest and other large companies. Model 4 is identical to model 3 except a baseline intercept. Model 4 uses large-medium companies as a base intercept, instead of small companies, to measure the significance for industry leaders directly. *, ** and *** represent significance at 10%, 5% and 1% level, respectively.

	Model 1		Model 2		Model 3		Model 4	
Intercept	2.419 (0.005)	***	2.169 (0.009)	***	2.163 (0.009)	***	2.425 (0.005)	***
Rank	-0.005 (0.000)	***	-0.002 (0.000)	***	-0.001 (0.000)	***	-0.001 (0.000)	***
Large			0.263 (0.008)	***				
Large3					0.293 (0.013)	***	0.032 (0.011)	***
LargeMed					0.261 (0.008)	***		
Small							-0.261 (0.008)	***
R ²	0.055		0.103		0.104		0.104	
N	21,376		21,376		21,376		21,376	

The Scope and Limitations of Legal Protection of Chinese Foreign Investments in Lusophone Markets and the Role of Macau Society

M. P. Ramaswamy

Faculty of Law, University of Macau

Abstract

The paper examines the significance of legal protection of Chinese Foreign Investments in Lusophone markets with a specific reference to Bilateral Investment Treaties (BITs) with Cape Verde and Portugal and assesses how Macau SAR as a Lusophone society could play a positive role in facilitation of foreign investments. With the keen Chinese interest on Lusophone markets and its official designation of Macau as a facilitator, most studies have been focused on broader economic relations with them as a group and the present paper investigates the scope of legal protection in certain specific bilateral investment relations. The paper comparatively examines the scope of legal protection of Chinese investments in two sets of Lusophone markets namely those which have no BITs with China and those which have successfully concluded the BITs (particularly Cape Verde and Portugal). Based on the analysis, key limitations and some potential barriers to bilateral investment flows are highlighted. The final part of the paper scrutinizes how Macau SAR could contribute to enhance investment flows between China and Lusophone markets, especially in the light of its legal system with a Portuguese influence. The paper concludes with a discussion on the need and viability of a regional investment protection and facilitation agreement under the auspices of the Forum Macau to address the identified challenges and promote the utility of related legal and other allied services Macau society could offer.¹

Keywords: China-Lusophone bilateral investments, treatment of investments, scope of legal protection, role of Macau society

Introduction

Lusophone countries or Portuguese Speaking Countries have been markets of keen interest for foreign investors. Although the degree of attraction of individual markets differ from each other and the level of foreign investments in each of these markets vary in different years, the general attraction of the group of Lusophone countries as an investment destination is robust. China is no exception and it has indeed demonstrated a conspicuous interest in Lusophone markets as a part of its strong drive towards international economic engagement (Macau Hub, 2018). This is clearly evidenced by two concrete initiatives introduced by China, namely the creation of a permanent ministerial forum to facilitate economic and trade cooperation with Lusophone countries and the creation of a development fund exclusively targeting the Lusophone economies. However, despite the attractiveness of the Lusophone markets and the concrete initiatives made to promote trade and economic relations with them, the efforts to secure legal protection of bilateral investments between China and Lusophone markets have been quite limited. Out of the eight prominent Lusophone economies, China has only successfully concluded bilateral investment treaties (BITs) with only three of them and the potential effectiveness of those instruments requires a systematic assessment (Salacuse, 2007). The resulting limitations of legal governance of bilateral investments between China and Lusophone markets could create various barriers in tapping the full investment potential offered by these markets for each other (Poulsen, 2010). In the light of this concern, the present paper seeks to identify the scope and limitations of legal protection of China-Lusophone bilateral investments to urge the need to develop relevant

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remedial measures to promote mutual investments. The paper also briefly explores the potential role Macau SAR could play in facilitating the bilateral investments, as it has been officially designated with such a responsibility by China.

Legal Governance of Chinese Investments in Lusophone Markets

According to the data relating to International Investment agreements provided by the United Nations Commission on Trade and Development (UNCTAD), out of 234 listed economies in the world, China has the second highest number of concluded bilateral investment treaties as well as the third highest number of those treaties in force. As of April 2019, China has signed a total number of 127 bilateral investment treaties, and out of which 109 treaties are in force. Only Germany has a higher number of signed BITs with a total of 131 treaties and Germany as well as Switzerland having a higher number of such treaties in force which are at 128 and 112 respectively (UNCTAD, IIAs by Economy, 2019). Since 1998 China's BIT practice is said to have been "marked by a gradual yet decisive shift towards stronger substantive and procedural protection of FDI". (Berger, 2008 October, p.21). These clearly evidences the fact that China attaches a great importance to the legal protection of foreign investments despite being a developing country. Therefore, it is important to assess the Chinese foreign investment relations with any country in the light of this fundamental premise. However, the review of the bilateral legal measures governing investment relations with lusophone economies reveals an unsatisfactory situation. Out of the eight prominent Lusophone economies, China has signed bilateral investment treaties only with three of them. (UNCTAD, China BITs, 2019). While BITs have been signed with Cape Verde, Mozambique and Portugal, China is yet to have such treaties with the remaining five Lusophone economies.

Evidence suggests that the five Lusophone economies, which do not have any BITs with the China generally tend to be reluctant in entering in to BITs with foreign countries. All five of these economies have entered into BITs only with a handful of foreign states and even most of those signed BITs are yet to enter into force. Angola having entered into 13 BITs with different foreign countries, has only 5 of them in force. The experience of Brazil reveals a much worse situation as out of the 22 BITs signed by Brazil only one has entered into force (Campello & Lemos, 2015). Guinea Bissau has 2 BITs to its credit with one enjoying Force. San Tome and Principe, on the other hand, draws a blanc with no BITs in force albeit having two of them signed. Finally, East Timor has 3 BITs with one already entered into force.

Inspite of the general grim picture emerging, a closer introspection of the limited number of BITs concluded by these five economies reveals an interesting finding which signifies the specific importance they attach for establishing legal framework governing foreign investment with other Lusophone economies. All these five countries have signed BITs with atleast one or more Lusophone countries. Angola has signed BITs with Brazil, Cape Verde, Mozambique and Portugal. Out of the four concluded Angolan BITs with Lusophone economies, only two of them have entered into force namely the Angola-Brazil BIT and the Angola-Cape Verde BIT. It is important to note that the Angola-Cape Verde BIT stands out for its most rapid entry into force, which was within a span of four months since it was concluded in September 1997 (emphasis added). However, it is relevant to note that Angola has attempted two BITs with Portugal in 1997 and 2008 respectively but none have entered into force. Similarly, the Angola-Mozambique BIT concluded in 2015 is yet to enter into force.

Brazil has signed BITs with three of the Lusophone economies that includes Angola, Mozambique and Portugal. It is interesting to note that in case of Brazil, the first and the only BIT that has entered into force in its long list of 22 concluded BITs is with a Lusophone economy namely Angola. Out of the two BITs signed by Guinea Bissau, one of them is concluded with Portugal. It is significant to note that the Guinea Bissau-Portugal BIT has already entered into force since 1996. Similarly, San Tome and Principe has signed a BIT with Portugal, which is one of the two total BITs it has signed with foreign countries. However, unlike the earlier example of Guinea Bissau, the San Tome and Principe's BIT with Portugal has not entered force yet, inspite of being concluded way back in 1995. Finally, East Timor has, out of its three BITs concluded, one signed with Portugal. Interestingly, it is the only BIT that has entered into force for Timor. The East Timor-Portugal BIT was signed in May 2002 and entered into force in April 2004.

The number of Chinese BITs signed with Lusophone countries, inspite of being limited, reveals a striking positive feature that all those BITs have already successfully entered into force. Among the three Chinese BITs concluded with Lusophone economies, the China-Mozambique BIT signed in July 2001 was the quickest to enter into force within a span of eight months. In contrast, the China-Cape Verde BIT concluded in April 1998 as well as the China-Portugal BIT concluded in December 2005 took more than two and a half years to enter into force. Although the entering into force of a BIT is crucial, it is important to closely examine the normative characteristics of the individual BITs in order to understand scope and limitation of the legal protection they offer as well as their potential to facilitate and promote bilateral investment flows between contracting states (Salacuse & Sullivan, 2005). To carry out such an assessment in the context of China-Lusophone bilateral investment relations, the next sections closely examines the China-Cape Verde BIT 1998 and the China-Portugal BIT 2005 as they are representative of not only two different periods but also Lusophone economies in two different continents and levels of development. The periodic perspective is particularly relevant as scholars studying Chinese BITs have argued that they have evolved over different periods and possess typical characteristics. Classifying Chinese BITs into different generations of 80s, 90s, and subsequent decades in the 21st century are common and is useful a guide to compare and assess the characteristics of individual BITs involving China (Berger, 2008) and (Kidane, 2016).

Assessment of the Legal Regime Governing China-Cape Verde Bilateral Investments

The China-Cape Verde BIT 1998 in its very title has incorporated the key terms of 'encouragement and reciprocal protection of investment', which signifies the dual objectives of investment promotion and protection. Its Preamble, however, uses the terms 'encouragement and promotion' separately, which arguably could be seen distinctively due to the possibility of tracing specific obligations stemming from these two objectives in the subsequent parts of the BIT. The intention of concluding the BIT is aimed at developing favourable conditions for mutual investments. The Preamble expresses the belief that the encouragement, promotion and protection of reciprocal investments will create conducive environment to stimulate business initiatives by investors, which in turn will result in mutual prosperity of both countries. Finally, the Preamble proclaims that the principles of 'equality' and 'mutual benefits' as the fundamental basis upon which the desire for the investment cooperation is built and the norms constituting the BIT have been agreed. The scope of the investments covered in the BIT is broad. Although the indicative forms of investment are listed, the BIT for all practical purposes includes every kind of asset legally invested in the host country¹.

Unlike some BITs that narrowly define investments or exclude some specific forms of investments from the definition, the broad narrative of investment in the China-Cape Verde BIT could help avert any potential disputes regarding its scope of application to protect specific forms of investment between the two countries. The definition of the term investor refers to natural and legal persons with certain qualifications. While natural persons could qualify as investors by possessing the nationality of either of the contracting states, the qualification for economic entities requires establishment in accordance with the laws of a contracting state and domicile therein.

The obligations emanating from certain objectives of the BIT discussed earlier includes the obligation to 'encourage' investors from the other contracting state, obligation to admit resulting investments, obligation to provide constant protection and security for such investments, obligation to refrain from taking any unreasonable or discriminatory measures against those investments as well as a specific obligation to facilitate the obtaining of visas and working permit to each other's nationals necessary for relevant investment activities².

¹ Interestingly, the indicative list includes investments in the forms of shares, stocks and other company participations as well as certain intellectual properties including know-how and related processes. It is equally important to underscore the fact that the list explicitly includes concessions, particularly "concessions to search for exploit natural resources". See Article 1 (e) of China-Cape Verde BIT, 1998.

² See Article 2, China-Cape Verde BIT, 1998.

The treaty mandates a fair and equitable treatment of investments along with their protection on a most favoured nation (MFN)¹ basis. However, the MFN obligation does not apply to any preferential treatment accorded to the investors of a third State due to obligations arising from regional free trade agreements or avoidance of double taxation agreements. The BIT generally prohibits expropriation, nationalization or similar measures unless they are introduced for the purpose of securing public interest. Even when those acts of the state are justified, they should be carried out according to the established legal procedures and in a non-discriminatory manner. In addition, a payment of fair compensation for the above acts is mandatory. Such compensation should be made in a timely manner and be convertible and freely transferrable by the investor. Moreover, the contracting states are obliged to guarantee the investors, the freedom to repatriate relevant investments and returns at the prevailing exchange rate on the date of transfer². If a contracting state or its agency makes any payment to an investor on the basis of a guarantee granted to an investment made in the territory of the other contracting state, the treaty interestingly obliges the other contracting state to recognize the right of subrogation of the former state (which made the payment)³.

Finally, different means of settling disputes arising out of the treaty are recognized. Two categories of dispute settlement are foreseen, namely disputes between the contracting states to the BIT and dispute between an investor protected under the treaty and a contracting state. Firstly, the disputes between the contracting states related to the interpretation or application of the BIT are required to be settled using consultation through diplomatic channels. Ad hoc arbitration is prescribed as a method if such disputes could not be settled within six months using the diplomatic means⁴.

Secondly, the treaty prescribes a separate set of dispute settlement provisions for investment disputes between an investor and a contracting state. After prescribing negotiations as the preliminary method to be tried for a period of six months for all types of investment disputes, the treaty recognizes two distinct methods for general investment disputes and investment disputes concerning the amount of compensation for expropriation respectively. For general investment disputes between the investor and the host state, the treaty recognizes the entitlement of the investor to submit the disputes to the competent court of the host state. But if such disputes are related to the amount of compensation for expropriation, the treaty recognizes the right of either of the party to the dispute to resort to ad-hoc arbitration⁵.

While the parties to the dispute could nominate their respective arbitrators⁶, either of them could request the Secretary General of the International Center for Settlement of Investment Disputes (ICSID) to make the necessary appointments, if the arbitration panel could not be constituted within a prescribed period. Similarly, the treaty recognizes the freedom of the arbitration tribunal to take guidance from the ICSID Arbitration Rules in determining its own arbitration procedure to resolve the dispute. Moreover the treaty mandates the arbitration tribunal to decide the dispute in accordance with an explicit set of 'sources of law' recognized in the treaty which includes a) the law of host state including its rules on the conflict of laws

¹ The treaty also obliges the contracting states to afford treatment on an MFN basis, whenever they introduce any measures impacting investors who suffer losses owing to war, national emergency, insurrection, riot or other similar events. See Article 5, China-Cape Verde BIT, 1998.

² Investments and returns under this obligation cover a broad range of items explicitly enlisted in the treaty, which not only includes the profits but also various forms of earnings, types of payments and other legitimate income.

³ This arises because of a mandate that the other contracting state must recognize 'the transfer of any right or claim of the investor' (who was paid) to the former contracting state or its agency.

⁴ The BIT also prescribes the procedure for appointment of the arbitrators and how the tribunal could determine the arbitrations procedure. In this context, the possibility of seeking the assistance of a judge of the International Court of Justice to nominate an arbitrator in certain circumstances is also recognized.

⁵ However, these provisions do not apply in cases where the disputing investor has already resorted to the national courts of the host state to resolve the dispute relating to the amount of compensation subsequent to the failure of relevant negotiations mandated by the treaty.

⁶ While the power to select the Chairman of the arbitration panel is jointly conferred on the two arbitrators nominated by the parties to the dispute, the treaty requires the choice of the Chairman to be a national of a third state that has diplomatic relations with both the China and Cape Verde.

(private international law rules of the host state) b) the provisions of the BIT and c) the general principles of (public) international law accepted by both contracting states to the treaty.

Interestingly, the treaty adds that in case of the treatment to be accorded to the relevant investments under the domestic law of a contracting state is more favourable than the treatment recognized in the BIT, the more favourable treatment under the domestic law shall become applicable. This is particularly useful when the domestic law evolves to offer a better protection than a BIT that was concluded quite some time ago. For example, the Chinese investors could seek the benefits offered by the new Investment Code Law of Cape Verde (Law 13/VIII/2012) by virtue of this provision enshrined in the China-Cape Verde BIT (Johnson, 2012). Finally, the BIT obliges the contracting states to hold regular meetings to review its implementation, exchange legal information and investment opportunities, resolve investment disputes, forward proposals on investment promotions and study other investment related issues. This obligation for continuous consultation between the parties to promote the fundamental objectives of the BIT is crucial to keep the investment cooperation alive and meaningful in the long run.

The Distinctive Legal Characteristics of China-Portugal BIT and Perceived Limitations

After the identification of the major scope of Chinese BIT with Cape Verde, it is relevant to discuss the key features of the China-Portugal BIT in order to understand whether there is any distinctive approach in protecting and promoting Chinese investment. This curiosity arises not only because Portugal is a Lusophone state outside Africa and is at a different level of economic development but also because of the succession of a new generation investment treaty replacing the older BIT between the two states. The original BIT signed between China and Portugal in 1992 was replaced by a new generation BIT signed in December 2005 that came into effect in July 2008. Analysing the key distinctive features of this new BIT is crucial to assess the scope of the legal protection afforded to the bilateral investments between the two states.

In comparison with the China-Cape Verde BIT 1998, the title and preamble of the China-Portuguese BIT is similar except the later does not refer to the 'principles of equality and mutual benefit' explicitly in the preamble as the former does. However, the China-Portuguese BIT 2005 provides an expanded definition of key terms. The term investment is defined to include assets that are invested directly or indirectly, and specific types of investments enlisted in the definition also have expanded provisions¹. For example, patents and trade-marks, trade/business secrets and even good will are recognized a part of investments. Similarly, the category of concessions granted by administrative act and concession to cultivate and extract natural resources are added to the definition. Moreover, a new category involving goods under a leasing agreement placed at the disposal of a lessee is also recognized as an investment. The definition of the term investment also clarifies that any change in the form of the invested assets does not affect their character as investments.

In defining the term 'investor', the China-Portuguese BIT takes an interesting approach as it provides a separate definition for investors emanating from each of the two contracting states. While the investors of the both states include natural and legal persons, the latter category is defined differently for the two states. Certain distinctive features, and specific requirements and characteristics could be noted. Especially the investor in the context of China is defined as 'economic entities' not only incorporated and constituted under the Chinese law but also have their seats China. Moreover, such entities could either be for profit or non-profit and with or without limited liability.

In defining the term 'return', the China-Portuguese BIT adds that any income arising from reinvested returns of the original investments should also be treated as the income related to the original investment. Finally, an additional term namely 'territory' is defined, which interestingly enumerates various spaces that typically fall within the sovereign control of state under international and national laws. This includes the area of sea bed and subsoil adjacent to the outer limit of the territorial sea of the home state. This attempt to add an explicit definition of territory could be seen as an evolution of the modern BITs to

¹ However, some categories have a more restricted definition like the 'claims to performance having an economic value' is now specifically limited to such claims associated with an investment. See Article 1 (1) (c), China-Portugal BIT 2005.

comprehend potential investments in various territorial parts of a home state, where foreign investments were not typical in the past. However, in a more globalized and technologically advanced contemporary world, any part of a state territory could trigger foreign investment interest. Therefore, a comprehensive definition of the term territory is warranted.

With regard to the treatment of investment, the China-Portuguese BIT while containing similar provisions like the China-Cape Verde BIT adds a new principle of national treatment, which mandates the home state to afford treatment no less favourable than it accords to investments and associated activities by its own domestic investors¹. Although the provisions restricting expropriation are prescribed in a similar manner in both BITs, the rules governing compensation arising out of any expropriation are more specific and detailed in China-Portuguese BIT. Firstly, it requires that the compensation should be equivalent to the market value of the expropriated investment at the time immediately before the act of expropriation or at the time when the plan for expropriation become public knowledge, whichever is earlier. It also dictates that generally recognized principles of valuation shall be employed in determining the market value.

In addition, the new BIT also obligates the payment of interest at commercial rates for the period between the expropriation and the payment of compensation. Strikingly, the China-Portuguese BIT recognizes a distinct right of the investor to seek prompt review of its case (including the issue of valuation and payment of compensation) by a judicial or other independent authority of expropriating state based on the relevant principles of the BIT².

On the issue of repatriation of investment and returns, the explicit list of investment and returns to which the host state is required to provide a guarantee of repatriation is different from the parallel provisions in the China-Cape Verde BIT. Moreover, the repatriation should be permitted at the prevailing market rate of exchange applicable in the host state on the date of transfer and the BIT also prescribes the method of determining the rate of exchange in the event if the market rate of exchange does not exist. While providing similar provisions governing the 'right of subrogation' of a contracting state to the treaty, the China-Portuguese BIT adds that any payment received by virtue of the subrogated claims shall also enjoy the right of repatriation according to the relevant principles recognized in the BIT.

The dispute settlement provisions related to disputes between the contracting parties to the treaty are prescribed similarly by the China-Portuguese BIT. However, it provides a fundamentally different set of provisions governing investor-state disputes arising from the BIT. First, the distinction between general investment disputes and the specific dispute relating to the amount of compensation for expropriation found in the China-Cape Verde BIT is done away with. Secondly, the provisions prescribing the obligation to seek amicable settlement between the disputing parties does not explicitly refer to the use of negotiations, which implies an intention to encourage the use of alternative means like conciliation or mediation to reach the desired solution (UNCTAD, 2010). Finally, and most importantly, the China-Portuguese BIT now provides the investor with an exclusive freedom to choose three effective channels of dispute settlement. The dispute could be submitted to either the competent court of the contracting state involved in the investment dispute or the ICSID Arbitration or an ad-hoc arbitral tribunal³. The China-Portuguese BIT also limits the application of its provisions only to those 'disputes' arising subsequent to the entry into force of the BIT albeit recognizing the possibility of its application to 'investments' made prior to the said entry into force of the BIT.

The obligation to hold periodical meetings between the contracting states to promote specific purposes recognized under the China-Cape Verde BIT is found to have been quite diluted under the China-Portuguese BIT. It only recognizes the

¹ In addition, similar national treatment is also warranted in the context when investors suffer losses in the host state due to war or other armed conflict, revolution, national emergency or revolt. See Article 5 of the China-Portugal BIT 2005.

² See Article 4 (3) of the China-Portugal BIT 2005.

³ Such ad-hoc arbitration tribunal could be established either under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) or other arbitration rules. See Article 9 (2) (c) of the China-Portugal BIT 2005.

possibility of a state party making a proposal to request consultation for a limited set of purposes¹ and recommends that such a proposal be accorded sympathetic consideration by the other state party.

Apart from various limitations identified while comparatively analysing the China-Portuguese BIT in the above paragraphs, it is important to note that China and Portugal have added a separate protocol attached to the BIT, which further qualifies and narrows the scope of application of the provisions of the BIT². Although the space limits the possibility to discuss the provisions of the protocol one by one, some of the key limitations arising from such provisions must be noted in order to assess the true scope of the China-Portuguese BIT.

The limitations are mainly recognized with regard to the obligations arising for China under the BIT and are specifically related to provisions of the BIT governing potential measures against the management, maintenance, use, enjoyment and disposal of the investments under its Article 2, national treatment to foreign investments under Article 3, repatriation of investments and returns under Article 6 and the right of a Portuguese investor in China to resort to Arbitration under Article 9. As these restrictions mainly pertain to China as a host state, it evidences the growing strength of China to successfully negotiate required carve out provisions with a developed contracting state like Portugal. More importantly, it should also be considered as a sign of positive cooperation between the two contracting states that are willing to recognize domestic sensitivities and providing for necessary flexibilities to ensure the success of the BIT³.

Macau SAR as a Facilitator of Economic Relations between China and Lusophone markets and its Potential Role in Investment Facilitation

Macau is a Special Administrative Region (SAR) of China. Macau enjoys legislative, judicial and other forms of autonomy under the 'one country-two systems' principle and is governed by a distinctive legal system. As a territory, which was under the Portuguese administration for a long period of history, its legal system has a strong influence of Portuguese legal tradition and characteristics. Due to this distinct advantage, China has officially designated Macau with the responsibility of promoting China's economic relations with the Lusophone countries. Macau has traditionally maintained strong ties with different Lusophone territories around the world. To provide a strong impetus to this mission, a Permanent Ministerial Forum for Promoting Trade and Economic Relations between China and Portuguese Speaking Countries (Forum Macau) has been established in Macau SAR since 2003. The Forum Macau has regularly held ministerial level conferences over the years resulting in different strategic planning to promote bilateral trade and economic cooperation in various frontiers including investment and development. Macau has also established strong legal ties with China including a Common Economic Partnership Arrangement (CEPA), an Arrangement on Reciprocal Recognition and Enforcement of Arbitration Awards, a Framework Agreement of Co-operation with Guangdong and an Arrangement on the Mutual Recognition and Enforcement of Civil and Commercial Judgments.

It is important to note that Macau by virtue of its freedom to enter into economic relations with other foreign markets has entered into a BIT with Portugal in 2000, which is in force since May 2002⁴. However, this freedom to independently enter into BITs with foreign markets, could arguably be seen as a cause for the limitation of application or extension of China's BITs to the SAR. In the case of *Sanum Investments Limited v. Government of The Lao People's Democratic Republic*⁵, an investor from Macau SAR who made investment in Laos sought protection under the China-Laos BIT 1993. When the case

¹ The request can be made for the purposes of interpretation, application and implementation of the BIT. See Article 13 of the China-Portugal BIT 2005.

² It is equally relevant to note that some of the provisions of the Protocol clarifying the provisions of the BIT further could be seen as a positive element, which have the effect of facilitating the application of the provisions of the BIT to specific situations that have the potential to avert some related disputes. See for example, Article 1 and Article 3 of the Protocol to the China-Portugal BIT 2005.

³ In this context, it is important to note that many of the restrictions recognized under the Protocol are to be gradually phased out by China.

⁴ Macau has also been an independent member of the World Trade Organization (WTO) distinct from the membership of China.

⁵ [2016] SGCA 57

was litigated in Singapore, a question arose whether China's BITs are applicable to the territory of Macau SAR. Although, the Singapore Court of Appeal decided that the BIT is applicable to Macau¹, it was categorically denied by China through diplomatic notes (Mohan & Aziz, 2018). It clearly explained the reasons for the non-application of such treaties based on the legal position enumerated under the Basic Law of Macau SAR as well as other relevant legal instruments and declarations governing the international legal status of the SAR. This recognized limitation should be noted in any assessment of the potential role of Macau SAR as a facilitator of economic relations between China and Lusophone countries. At the same time, the freedom Macau enjoys in entering into international economic relations as a distinct special administrative region of China should be given due credit in such assessments.

Due to the limitation of space in this paper, the specific advantages of Macau SAR that could potentially facilitate promotion of investments between China and Lusophone countries, especially in providing various legal services, could be taken up for discussion during the conference deliberations. However, one key development adding to the potential of Macau to effectively serve in that position merits a special mention. Apart from establishment of the Forum Macau that could serve as a primary platform for investment promotions, China has established the China-Portuguese Speaking Countries Cooperation and Development Fund, which not only serves as a large funding source but also provides for a well developed management system for project development, investment evaluation as well as legal compliance and risk control related to those investments. (CPD Fund, 2013). The Fund provides opportunities for companies from the member states to set up joint venture investments in the Lusophone markets. The Fund also contemplates the inclusion of the process of negotiating and concluding of relevant legal documents with investment partners specifying pertinent investment terms related to the supported investments. Interestingly, the fund that was originally setup in China has been moved to Macau SAR since 2017, which further enhances the potential role of Macau in promoting investments between China and Lusophone economies. This specific advantage of the location of the fund in Macau and related legal issues should also serve as one of the major considerations in any assessment of the investment promotion role of Macau.

Conclusion and Recommendations

The analysis in the paper is aimed at serving as a reference for the deliberations of a range of legal issues relating to investment promotion and protection between China and Lusophone countries. The underlying concerns and potential solutions for improvement resulting from the findings of this paper should be a subject of consideration in the conference deliberations. However, some preliminary concluding remarks and observations could be made here. As evidenced from the discussion, China has not established legal agreements governing bilateral investments with all Lusophone countries. It leaves some key Lusophone states like Brazil and Angola, which should be of a concern. Moreover, given the wider interest of China to establish cooperation with Lusophone states in general, initiatives to establish specific legal framework governing investments with smaller Lusophone economies is also needed to achieve a comprehensive cooperation contemplated under the Forum Macau. The closer analysis in this paper of the scope and limitations of the legal regime governing bilateral instrument between China and Cape Verde as well as China and Portugal clearly indicates the wide range of legal obligations and guarantees that are crucial to ensure smooth and profitable mutual investments. The conspicuous absence of specific agreement on such obligation and guarantees leaves a big lacuna that can raise barriers to investment growth with the five Lusophone states that do not have BITs with China. The resulting situation creates the need to rely on the legal sources of domestic law of the five member states or general principles of international law. (Mouzinho, 2016). But these non exclusive sources may not effectively cater to the future promotion and protection of investment interest of China and other relevant Lusophone states. Even if the lack of initiatives to conclude BITs with the remaining five Lusophone countries in the past could be attributed to some justified reasons, constant review of the need and feasibility of conclusion of missing BITs should be carried out.

¹ However, it is relevant to note that the Singapore High Court previously came to the opposite conclusion before its decision was challenged at the Court of Appeal.

In the absence of the establishment of any concrete legal regime governing investments with the five Lusophone countries, potential solutions could be seen with the Macau SAR assuming an active role. First of all, Macau's advantage of its legal system influenced by the Portuguese legal tradition could be effectively utilized to liaise with the situation of having to rely on the domestic law of the five Lusophone countries for purpose of investment protection. This could range from the possibility of using Macau as a platform to arbitrate investment disputes to more substantial use of Macau legal services. Moreover, the feasibility of concluding a comprehensive regional investment agreement involving all the Lusophone countries based on a set of common minimum standards agreeable to all members could be explored. Such instrument could also be designed to serve as a framework agreement for potential future BITs specifically with the five Lusophone countries. Finally, from the findings of this paper related to the advantages of the second-generation BIT concluded between China and Portugal, it is essential to revisit the need to upgrade the China-Cape Verde BIT (Huang, 2018). Moreover, the measures to address the limitations arising from the Protocol to the China-Portuguese BIT is also required, not only to serve the bilateral investments between the two contracting states better but also to use it as a potential model BIT for concluding investment promotion and protection agreements with other Lusophone countries.

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A Comparison of Equity Valuation Models: Empirical Evidence from a Sample of UK Companies

Ja Ryong Kim

Dr. University of Nottingham, UK

B07, Si Yuan Building, University of Nottingham, Jubilee Campus, Wollaton Road, NG8 1BB, UK

Abstract

This paper aims to answer one main question: can the superior models in accounting field be superior in finance field? That is, can models that generate a better approximation to stock price also generate higher returns in the future? To answer this question, I conduct pricing errors analysis and time-series returns analysis. The most important finding is models that approximate stock price better tend to produce higher returns in the future; implying findings in accounting literature have practical implications to analysts and investors. The consistent rankings of models are observed throughout the research: forward earnings multiples perform the best, followed by fundamental valuation models and historical earnings multiples, and book value and sales multiples worst. However, multiples are ranked rather as a group in the UK. Interestingly, residual income models produce similar returns to forward earnings multiples, but the accuracy of their estimates varies depending on their terminal value assumptions.

Keywords: comparison, equity, valuation, models, empirical, evidence, sample, UK companies

Introduction

Estimating the intrinsic value of stocks is one of the most intriguing and important questions in accounting and finance. Many valuation models have been developed to measure the intrinsic price of stocks assuming the stock price will eventually converge to its fundamental value. However, some argue that this effort is pointless because current market price is already the intrinsic price, reflecting all valuable information (Fama (1970) and Firth (1976)). One thing they all share in common is that the intrinsic value equals the sum of present values of all future payoffs to stockholders, although methodologies and assumptions they employ are not agreed upon.

In accounting literature, it is common to adopt the efficient market hypothesis (EMH) as the starting point, and assume model estimations to be equal to market prices. To measure the usefulness of models, academics compare the model estimation with the market price and observe how close they are: the closer they are, the better the model it is considered. Although not everyone agrees, more and more research reveals that fundamental valuation models, especially residual income model (RIM), produce a closer approximation to the market price than simple price multiples.

In contrast, most of researchers and practitioners in finance believe the market price is biased and will converge to the intrinsic value eventually in the future. They regard a better model as the one that generates more returns to investors in the future, rather than the one that better approximates the market price. Contrary to accounting researchers, analysts and fund managers believe fundamental valuation models are too sensitive to the assumptions they employ. As a result, survey results reveal that practitioners prefer simple price multiples such as price-to-earnings ratio (P/E) or dividend yield (D/Y) to fundamental valuation models because they are easier to use and communicate to their clients.

This paper aims to answer one main question: can the superior models in accounting research field be superior in finance field? That is, can models that generate a better approximation to stock price also generate higher returns in the future if they are used? To answer this question, I conduct two different analyses – pricing errors analysis and time-series returns analysis – and compare the performance of models in both analyses.

This paper uses a sample of UK firms and compares the results with those for US firms. This is because not many studies have been carried out in the UK compared to the US, where a lot of researches are performed.

For the models selection, I mainly refer to Liu et al. (2002) because: (1) Liu et al. cover most of the valuation models widely used in practice or studied in academic papers under the same methodology. This fact is important because most other papers cover only a subset of models with a different methodology, making direct comparison between them hard; (2) different types of models are tested such as accruals, cash flows, forward-looking information and fundamental valuation models, providing a panoramic view about the performances of various models; (3) instead of comparing models in terms of their explanatory power (i.e., R^2) to the stock price, they use pricing errors to evaluate the performance of models. The pricing errors measured in the first stage analysis are used later in the second stage time-series returns analysis in this paper; and (4) Liu et al. compare performances of models in different industries, providing detailed insights to model users in different areas.

To enable the direct comparison between UK and US results, this paper tries to use the same methods that Liu et al. (2002) use. However, I release some criteria to maintain a certain number of samples, given the limited data availability compared to the US. Besides that, this paper makes other differences from Liu et al. (2002). In the first stage, pricing errors analysis, I did not use the intercept adjusted method. This is because this method produces similar results to those of the no-intercept adjusted method, but in a much difficult way. Considering the perspectives of model users who prefer simple and easy to use method, I only use the no-intercept adjusted method. Instead, this paper employs a regression methodology that is broadly used in practice and academics. In the second stage, time-series returns analysis, I depart from the EMH assumption and measure the annual and cumulative returns of models for up to five years' time horizon (i.e., from T+1 to T+5). Buy-and-hold returns – buying top quintile (undervalued) stocks and short-selling bottom quintile (overvalued) stocks – based on the pricing errors are used to measure the time-series returns. The first stage analysis aims to evaluate the superiority of models in terms of pricing errors that accounting researchers regard as important, and the second stage analysis focuses on the performance of models in terms of returns generation ability that financial practitioners consider important. If the rankings of models between the two analyses are similar, I can conclude that the findings in accounting literature have useful as well as practical implications to model users in finance.

This paper finds a number of interesting results that are useful to both accounting and finance researchers: (1) in the pricing errors analysis, the rankings of models between the UK and the US are almost identical: Forward earnings multiples outperform historical earnings multiples, followed by book value multiples, and sales multiples in descending order. However, two distinctive patterns are observed in the UK. Firstly, models are ranked as a group rather than as an individual model, and the differences of pricing errors for multiples within the group are minimal. Secondly, one of the residual income model (RIM) is consistently included in the first group in performance with forward earnings multiples, in contrast to the results in the US where all RIMs underperform forward earnings multiples; (2) despite its popular usage in practice, a regression methodology generates larger pricing errors than those of the harmonic mean methodology; (3) similar to Liu et al. (2002), the rankings of models are generally consistent across sectors. However, they are again ranked as a group rather than an individual model; and (4) most importantly, the rankings of models in the pricing errors analysis and the time-series returns analysis are generally identical indicating the findings in accounting literature have useful implications to financial practitioners. Additionally, two interesting results are found from the time-series returns analysis. First, other RIMs, once excluded from the first performance group in the pricing errors analysis, are now included in the group. This implies, on average, RIMs perform similar to forward earnings multiples in terms of returns generation, but the accuracy of their estimations varies depending on the terminal value assumptions they employ. Second, buy-and-hold returns, especially short-selling returns, are largely affected by a relatively few extreme values.

Methodology

Value Drivers

The types of models and methodologies are primarily determined based on Liu et al. (2002) for the direct comparison between UK and US results. However, some models are deleted because of data unavailability in the UK, and some are added, reflecting their popularity in practice. To measure multiples, two simple and popular methods – the harmonic mean method and a regression method – are adopted considering model users' perspectives.

Models are broadly grouped into three categories: price multiples using historical data, price multiples using forecasted data, and fundamental valuation model multiples. For the price multiples using historical data, four value drivers are chosen: book value of equity (BV), actual earnings per share from I/B/E/S (IAC), earnings before interest, taxes, depreciation and amortization (EBITDA), and sales.

Fundamental valuation model multiples include four RIMs and three DDMs with different assumptions. RIM is theoretically the same as DDM given clean surplus accounting¹. However, RIM is developed to overcome the disadvantages of DDM that (1) dividends are the indicator of value distribution, not value creation, and (2) a large number of companies, especially growth companies, do not actually pay dividends making DDM inappropriate.

DDM explains equity value is the sum of the present values of expected dividends:

$$Equity\ Value = \frac{DIV_1}{(1+r)} + \frac{DIV_2}{(1+r)^2} + \frac{DIV_3}{(1+r)^3} \dots \quad (1)$$

where DIV_t is forecasted dividend for year t and r is the cost of equity. According to clean surplus accounting, dividend can be expressed as:

$$DIV_t = EA_t + BV_{t-1} - BV_t \quad (2)$$

where EA_t means earnings and BV_t means book value for year t .

Substituting (2) into (1),

$$\begin{aligned} Equity\ Value &= \frac{EA_1 + BV_0 - BV_1}{(1+r)} + \frac{EA_2 + BV_1 - BV_2}{(1+r)^2} \dots \\ &= \frac{EA_1 - rBV_0 + (1+r)BV_0 - BV_1}{(1+r)} + \frac{EA_2 - rBV_1 + (1+r)BV_1 - BV_2}{(1+r)^2} \dots \\ &= BV_0 + \frac{EA_1 - rBV_0}{(1+r)} + \frac{EA_2 - rBV_1}{(1+r)^2} + \frac{EA_3 - rBV_2}{(1+r)^3} \dots \end{aligned} \quad (3)$$

Equation (3) is RIM estimating stock value as the current book value of equity plus the sum of the present values of abnormal earnings. Gode and Ohlson (2006) argue that the usefulness of RIM varies across sectors depending on how close firm's book value approximates its market value; therefore, RIM is expected to perform well in finance sector where financial instruments are marked to market, whereas it is not in technology sector where intangible assets – off-balance sheet item – account for a large part of market value. This argument will be verified in the sector rankings analysis later in this paper.

Three popular methods for the terminal value calculation are employed in the paper. The first model (P1) forecasts future earnings over the next five years and then assumes abnormal earnings to be maintained constant afterwards:

$$P1_t = BV_t + \sum_{\tau=1}^5 \left[\frac{E_t(EA_{t+\tau} - r_t BV_{t+\tau-1})}{(1+r_t)^\tau} \right] + \frac{E_t(EA_{t+5} - r_t BV_{t+4})}{r_t(1+r_t)^5} \quad (4)$$

The second model (P2) covers a five-year forecast horizon similar to P1, but assumes abnormal earnings will be eliminated after the horizon:

$$P2_t = BV_t + \sum_{\tau=1}^5 \left[\frac{E_t(EA_{t+\tau} - r_t BV_{t+\tau-1})}{(1+r_t)^\tau} \right] \quad (5)$$

¹ All changes in equity are reflected in income statement. Exceptions are transactions such as dividends, repurchases or offerings. Thus, year-end book value of equity is the beginning book value of equity plus earnings minus dividends:

$$BV_t = BV_{t-1} + EA_t - DIV_t$$

where BV_t is book value, EA_t is earnings, and DIV_t means dividend for year t .

The third model (P3) covers two-year forecast horizon and then presumes firm's return on equity (ROE) will linearly converge to its sector median ROE in the next nine years, followed by the constant abnormal earnings at that level:

$$P3_t = BV_t + \sum_{\tau=1}^2 \left[\frac{E_t(EA_{t+\tau} - r_t BV_{t+\tau-1})}{(1+r_t)^\tau} \right] + \sum_{\tau=3}^{11} \left[\frac{\{E_t(ROE_{t+\tau}) - r_t\} BV_{t+\tau-1}}{(1+r_t)^\tau} \right] + \frac{\{E_t(ROE_{t+12}) - r_t\} BV_{t+11}}{r_t(1+r_t)^{11}} \quad (6)$$

This pattern is proved by the empirical evidences for European firms over time that firm's ROE converges to the median ROE in the next ten years (Palepu et al. (2007)). P1, P2 and P3 are also mentioned in Liu et al. (2002), whereas the next models are not. The fourth model (P4) is basically same as P3 but assumes firm's ROE to be linearly converge to the sector median ROE in the next five years:

$$P4_t = BV_t + \sum_{\tau=1}^2 \left[\frac{E_t(EA_{t+\tau} - r_t BV_{t+\tau-1})}{(1+r_t)^\tau} \right] + \sum_{\tau=3}^7 \left[\frac{\{E_t(ROE_{t+\tau}) - r_t\} BV_{t+\tau-1}}{(1+r_t)^\tau} \right] + \frac{\{E_t(ROE_{t+8}) - r_t\} BV_{t+7}}{r_t(1+r_t)^7} \quad (7)$$

The pattern of P4 is based on the empirical findings in Nissim and Penman (2001) that earnings measures (e.g., residual earnings, residual operating income, return on common equity, and return on net operating assets) have a tendency to converge to their median value over the next five years.

Three different DDMs are additionally examined in this paper to compare the performances with those of RIMs. Despite their theoretical equivalence, DDM and RIM use different value drivers with different characteristics, so they normally produce inconsistent estimates. The first two DDMs use similar assumptions to P1 and P2 to make direct comparisons between them.

The first DDM (D1) includes a five-year forecast horizon and presumes constant dividend payouts after the horizon:

$$D1_t = \sum_{\tau=1}^5 \left[\frac{E_t(DIV_\tau)}{(1+r_t)^\tau} \right] + \frac{E_t(DIV_{t+5})}{r_t(1+r_t)^5} \quad (8)$$

The second DDM (D2) only uses five years' dividend forecasts with no terminal value:

$$D2_t = \sum_{\tau=1}^5 \left[\frac{E_t(DIV_\tau)}{(1+r_t)^\tau} \right] \quad (9)$$

However, the third model (D3) reflects the unique characteristic of dividends that dividend payoffs are unlikely to decrease, but likely to increase when constant dividend payout ratio is assumed. The survey results in Brav et al. (2004) indicate financial executives are reluctant to change the current dividend payout ratio because increase in dividend payout ratio can be a burden in the future when the firm's performance deteriorates, while decrease in dividend payouts can cause investors' dissatisfaction. Therefore, D3 uses 3.5% constant long-term growth rate in dividends considering historical UK GDP growth rates. Therefore, D3 is expressed as:

$$D3_t = \sum_{\tau=1}^5 \left[\frac{E_t(DIV_\tau)}{(1+r_t)^\tau} \right] + \frac{E_t(DIV_{t+5})(1+0.035)}{(r_t - 0.035)(1+r_t)^5} \quad (10)$$

Pricing Errors Analysis

By definition, the multiple is the price of a single unit of firm's performance. For example, P/BV is the price of a single unit of book values. Therefore, if the volume of firm's performance and its multiple are known, the price of a firm can be estimated by multiplying them. However, because the multiple of a firm is hard to estimate directly, an indirect method that uses the multiple of comparable firms is widely used in practice. This indirect methodology is based on the fundamental economic

principle: the law of one price. It states every identical product should have one same price, or arbitrageurs will buy the product in the cheaper market and sell it at the higher price in the different market, eliminating the price difference. The same rule applies to equity valuation: companies with same features should have one identical price. Specifically, if the multiple of a comparable firm is known, it can be used for that of a target firm. This can be expressed as:

$$\text{Equity Value } (p_i) = \beta x_i + \varepsilon_i \quad (11)$$

where β is the multiple of a comparable firm, x_i is the value driver of a firm and ε_i means the error for firm i .

To select comparable firms to estimate β , three methods are normally used in practice: (1) analysts often choose a small number of, but most similar, comparable firms for each individual case (Goedhart (2005)); (2) firms in the same sector are chosen as comparable firms. This method is most widely used in academic research to estimate the generalised β ; and (3) entire firms across sectors are selected as comparable firms. Because the first method is not suitable for the research that aims to draw a generalised conclusion, I employ methods (2) and (3) that are widely used in academic research.

In addition to the selection of comparable firms, there are also a number of measures to calculate β . Baker and Ruback (1999) use four different measurements (i.e., simple mean, harmonic mean, value-weighted mean and simple median), and find the harmonic mean and the simple median produce the smallest errors. However, considering the simple median measure produces the wider dispersion of errors than the harmonic mean does, the harmonic mean measure is considered most reliable. Kim and Ritter (1999) employ a regression measure to estimate β for their IPO valuations. Although all measures are commonly used in practice, I chose the harmonic mean, the median and a regression measure. The harmonic mean and the median are chosen because they produce more accurate estimates than the other measures. Moreover, they are mainly used in Liu et al. (2002). A regression method is selected because its performances are yet examined in other research. By using the three different measures, this paper expects to check which measure produces the most accurate estimates in the UK.

Harmonic Mean and Simple Median Measures

In the first stage analysis, pricing errors are measured to evaluate the performance of multiples. However, the errors calculated in equation (11) can mislead the conclusion because those errors are measured in value terms, not in percentage terms. In value terms, bigger companies tend to have larger errors than those for smaller companies, making the direct comparison between multiples hard. To estimate the errors in percentage terms, equation (11) are divided by p_i in both sides:

$$1 = \beta \frac{x_i}{p_i} + \frac{\varepsilon_i}{p_i} \quad (12)$$

where ε_i/p_i is the pricing error in percentage terms. For the direct comparison with Liu et al. (2002), this paper assumes that expected pricing errors to be zero,

$$E\left(\frac{\varepsilon_i}{p_i}\right) = 1 - E\left(\beta \frac{x_i}{p_i}\right) = 0$$

then the multiple β is expressed as the inverse of expected x_i/p_i :

$$\beta = \frac{1}{E\left(\frac{x_i}{p_i}\right)} \quad (13)$$

As explained earlier, β is measured using the harmonic mean of p_i/x_i and the inverse of the median of x_i/p_i . After estimating β , pricing error is measured as the gap between the market price and the model estimation divided by the market price:

$$\frac{\varepsilon_i}{p_i} = \frac{p_i - \hat{\beta}x_i}{p_i} \quad (14)$$

To evaluate the performances of multiples, this paper primarily uses the interquartile range of pricing errors consistent with Liu et al. (2002).

A Regression Measure

This paper employs the ordinary least squares (OLS) regression to estimate the linear relationship between the market prices and the value drivers of comparable firms. The OLS regression does not require expected pricing errors to be zero, but it principally calculates a coefficient (i.e., multiple β) that minimises the sum of squared errors. The pricing errors are calculated in the same way as equation (14) to allow direct comparisons between the performances of multiples.

Time-Series Returns Analysis

Time-series returns analysis is a typical methodology used in finance to measure the performance of models or strategies over the time horizon. It estimates the returns that the model would generate if the model strategy were used in the past. A quintile based buy-and-hold strategy is employed to measure the returns consistent with Frankel and Lee (1998): buying top quintile (undervalued) stocks and short-selling bottom quintile (overvalued) stocks based on the pricing errors calculated in the first stage analysis. Both cumulative and annual buy-and-hold returns are estimated across up to five-years' time windows (from T+1 to T+5) based on the findings in Nissim and Penman (2001) that most earnings advantages disappear within the upcoming five years.

Data

Three data sources are used to conduct the research: (1) Compustat Global for accounting information; (2) I/B/E/S for share price, actual EPS, forecasted EPS, and sector classification; and (3) Datastream for 10-year Gilt yields and FTSE 100 index. In contrast to US data where all companies are identified by CUSIP (Committee on Uniform Security Identification Procedures) across different data sources, UK data need an additional effort to match the companies in Compustat Global and I/B/E/S. This is because Compustat Global uses ISIN (International Securities Identifying Number) and SEDOL (Stock Exchange Daily Official List) while I/B/E/S uses CUSIP as a company identification code. To match ISIN (or SEDOL) with CUSIP, the unique six digits consistently observed across the codes are compared (according to the characteristics of the codes). Specifically, the last six digits in CUSIP are the same as the first six digits in SEDOL, and the same as the middle six digits (from 5th to 10th) in ISIN. To ensure the code matching is conducted in a right way, company names (not only current but also historical names) are additionally matched for each case. Finally, 2,531 companies are confirmed as being listed in both Compustat Global and I/B/E/S. The research covers from 1988 to 2008, the full time period available from both Compustat Global and I/B/E/S, to make a general interpretation for UK companies.

Results

Descriptive Statistics

Table II describes the mean, median, standard deviation and nine different percentile values for the multiples. Due to the relative size difference between value drivers, direct comparison between the multiples is not very meaningful. However, interestingly, when the results are compared to those in Liu et al. (2002), the size of values for multiples are very similar to those in the US implying comparable assumptions and methodologies are employed. Additionally, when the mean and the median are compared within the multiple, the mean is always higher than the median indicating all multiples are skewed to the right. This is probably due to the bounds in multiples: value drivers can go up without limit allowing extremely positive multiples, but cannot go down below zero restricting multiples to stay above zero.

The correlations between multiples are described in Table III. The two interesting findings are: (1) by drawing a vertical line between SALES/TP and EPS1/P, different patterns are clearly observed on each side: the correlations on the left side are considerably low (i.e., mostly smaller than 0.5), whereas those on the right side are significantly high (i.e., mostly larger than 0.5). This implies historical and forecasted data do not share common information to a large extent. More interestingly, multiples using forecasted data, especially earnings forecasts, are highly correlated with each other, but those using historical data are not particularly correlated even between themselves; and (2) models using future dividends (i.e., D*P and three DDMs) are rarely correlated with any multiples using historical data indicating dividend payout forecasts are less relevant to the firm's historical performances.

Pricing Errors Analysis

Harmonic Mean and Simple Median Measures

Table IV displays the main result of the pricing errors analysis. The table consists of three panels according to the methodologies used in multiple calculations: the

Table II

Descriptions of the Multiples

The mean, median, standard deviation and nine percentile values are displayed for the multiples. Horizontal lines are drawn to categorise price multiples with same characteristics: multiples using historical data, multiples using forecasted data and fundamental valuation model multiples.

	Mean	Median	SD	Percentile								
				1%	5%	10%	25%	50%	75%	90%	95%	99%
BV/P	0.626	0.496	0.540	0.043	0.115	0.173	0.301	0.496	0.798	1.193	1.520	2.404
IACT/P	0.080	0.070	0.075	0.007	0.021	0.032	0.049	0.070	0.099	0.136	0.168	0.252
EBITDA/P	0.186	0.156	0.150	0.022	0.054	0.074	0.109	0.156	0.223	0.314	0.396	0.669
SALES/P	1.984	1.301	2.332	0.134	0.289	0.399	0.698	1.301	2.332	4.156	6.061	11.826
EBITDA/TP	0.137	0.126	0.077	0.019	0.047	0.066	0.092	0.126	0.168	0.217	0.257	0.385
SALES/TP	1.450	1.049	1.444	0.120	0.241	0.332	0.576	1.049	1.771	2.896	4.128	7.385
EPS1/P	0.085	0.075	0.045	0.015	0.030	0.041	0.056	0.075	0.103	0.140	0.170	0.246
EPS2/P	0.099	0.087	0.051	0.022	0.040	0.050	0.066	0.087	0.119	0.161	0.196	0.284
EG1/P	0.109	0.096	0.056	0.024	0.044	0.055	0.073	0.096	0.132	0.178	0.217	0.314
EG2/P	0.010	0.009	0.006	0.002	0.003	0.004	0.006	0.009	0.013	0.018	0.022	0.034
ES1/P	0.551	0.484	0.285	0.131	0.231	0.284	0.367	0.484	0.661	0.897	1.094	1.601
ES2/P	0.463	0.404	0.243	0.112	0.196	0.238	0.306	0.404	0.556	0.759	0.925	1.363
D*/P	0.026	0.023	0.020	0.002	0.005	0.007	0.011	0.023	0.036	0.051	0.063	0.093
P1/P	2.128	1.777	1.358	0.484	0.806	0.961	1.267	1.778	2.574	3.711	4.610	7.204
P2/P	0.910	0.776	0.555	0.196	0.320	0.400	0.553	0.776	1.120	1.570	1.913	2.844
P3/P	3.212	2.609	2.371	0.611	0.907	1.116	1.671	2.609	3.989	6.009	7.527	11.888
P4/P	2.559	2.093	1.854	0.475	0.731	0.912	1.341	2.093	3.195	4.735	5.960	9.490
D1/P	0.740	0.596	0.625	0.081	0.140	0.181	0.303	0.596	0.970	1.456	1.883	3.051
D2/P	0.142	0.125	0.104	0.017	0.030	0.038	0.063	0.125	0.190	0.267	0.338	0.516
D3/P	2.820	1.435	5.109	0.179	0.299	0.390	0.681	1.435	3.197	5.459	8.078	27.997

Table III

Correlations between Multiples

	BV/P	IACT/P	EBITDA/P	SALES/P	EBITDA/TP	SALES/TP	EPS1/P	EPS2/P	EG1/P	EG2/P	ES1/P	ES2/P	D*/P	P1/P	P2/P	P3/P	P4/P	D1/P	D2/P	D3/P
BV/P	1																			
IACT/P	0.2	1																		
EBITDA/P	0.6		1																	
SALES/P	0.4	0.27		1																
EBITDA/TP	0.4				1															
SALES/TP	0.3	0.28	0.80	0.39		1														
EPS1/P	0.3						1													
EPS2/P	0.2	0.23	0.34	0.91	0.42			1												
EG1/P									1											
EG2/P										1										
ES1/P											1									
ES2/P												1								
D*/P													1							
P1/P														1						
P2/P															1					
P3/P																1				
P4/P																	1			
D1/P																		1		
D2/P																			1	
D3/P																				1

Table IV

Pricing Errors for Multiples using Harmonic Mean and Simple Median

Comparable firms are based on either the same sector or the entire cross-section. Price estimations are measured as: $p_i = \beta x_i + \varepsilon_i$, multiples are measured as: $\beta = 1/E\left(\frac{x_i}{p_i}\right)$, the harmonic mean is used in Panel A and B, and the simple median is used in Panel C, and pricing error is $\frac{\varepsilon_i}{p_i} = \frac{p_i - \beta x_i}{p_i}$.

Panel A: Multiples using Harmonic Mean of Firms from the Same Sector							
	Mean	Median	SD	Ranges			
				25%-75%	10%-90%	5%-95%	1%-99%
BV/P	0.000	0.177	0.785	0.768	1.564	2.127	3.446
IACT/P	0.000	0.087	0.732	0.545	1.173	1.630	2.801
EBITDA/P	0.000	0.125	0.695	0.564	1.188	1.672	3.185
SALES/P	0.000	0.293	1.008	0.830	1.806	2.716	4.940
EBITDA/TP	-0.291	-0.111	0.955	0.719	1.558	2.204	4.139
SALES/TP	-0.285	0.099	1.320	1.072	2.331	3.475	6.447
EPS1/P	0.000	0.074	0.465	0.487	1.028	1.448	2.412
EPS2/P	0.000	0.083	0.456	0.458	0.986	1.400	2.380
EG1/P	0.000	0.083	0.456	0.458	0.986	1.400	2.380
EG2/P	0.000	0.083	0.456	0.458	0.986	1.400	2.380
ES1/P	0.000	0.085	0.458	0.456	0.982	1.384	2.366
ES2/P	0.000	0.086	0.456	0.455	0.981	1.385	2.351
D*/P	0.000	0.069	0.567	0.631	1.306	1.758	2.733
P1/P	0.000	0.089	0.482	0.457	0.993	1.408	2.447
P2/P	0.000	0.109	0.541	0.560	1.151	1.551	2.547
P3/P	0.000	0.111	0.533	0.520	1.084	1.509	2.519
P4/P	0.000	0.123	0.581	0.595	1.212	1.637	2.669
D1/P	0.000	0.081	0.572	0.593	1.258	1.716	2.855
D2/P	0.000	0.076	0.545	0.586	1.249	1.693	2.692
D3/P	0.000	0.083	0.578	0.594	1.260	1.718	2.865

Panel B: Multiples using Harmonic Mean of Firms from the Entire Cross-Section							
	Mean	Median	SD	Ranges			
				25%-75%	10%-90%	5%-95%	1%-99%
BV/P	0.000	0.186	0.849	0.778	1.606	2.191	3.627
IACT/P	0.000	0.090	0.777	0.570	1.212	1.673	2.854
EBITDA/P	0.000	0.141	0.785	0.593	1.240	1.748	3.295
SALES/P	0.000	0.335	1.143	0.826	1.863	2.860	5.857
EBITDA/TP	-0.332	-0.134	1.060	0.786	1.656	2.339	4.369
SALES/TP	-0.342	0.110	1.544	1.093	2.513	3.856	7.773
EPS1/P	0.000	0.075	0.480	0.509	1.087	1.494	2.490
EPS2/P	0.000	0.086	0.470	0.478	1.033	1.440	2.432
EG1/P	0.000	0.087	0.469	0.479	1.029	1.438	2.435
EG2/P	0.000	0.097	0.500	0.504	1.087	1.532	2.554
ES1/P	0.000	0.089	0.472	0.477	1.027	1.435	2.435

ES2/P	0.000	0.089	0.471	0.477	1.026	1.436	2.432
D*/P	0.000	0.064	0.572	0.691	1.389	1.805	2.719
P1/P	0.000	0.096	0.503	0.480	1.035	1.454	2.532
P2/P	0.000	0.111	0.567	0.588	1.196	1.608	2.637
P3/P	0.000	0.127	0.585	0.557	1.172	1.615	2.733
P4/P	0.000	0.131	0.609	0.609	1.281	1.728	2.808
D1/P	0.000	0.073	0.590	0.638	1.319	1.743	2.793
D2/P	0.000	0.064	0.554	0.641	1.308	1.739	2.679
D3/P	0.000	0.076	0.598	0.638	1.323	1.752	2.823

accurate multiples (e.g., BV/P and SALES/P) have a less steep curve and more observations in the extremes compared to P1, EPS2 and ES2.

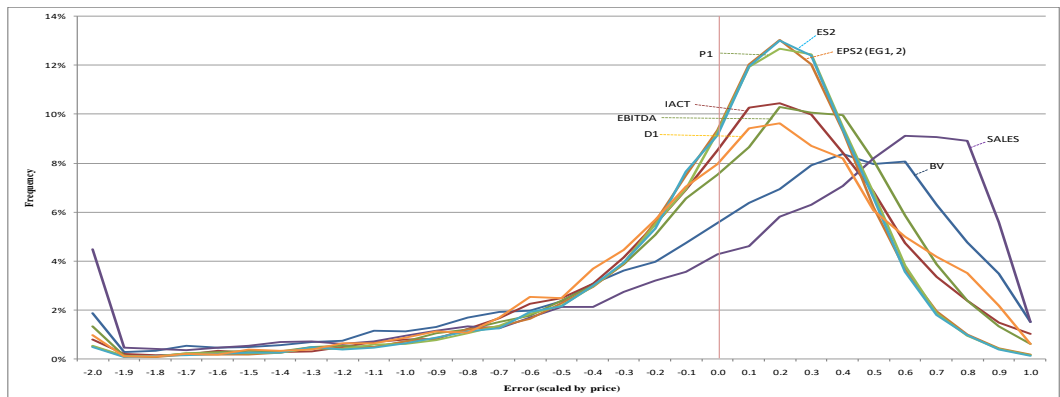


Figure 1. Distribution of pricing errors. The graph demonstrates the distribution of pricing errors for representative multiples. Multiples are estimated using the harmonic mean of firms from the same sector, and pricing errors are pooled across years. The multiples are as described in Table II. The more peaked distribution the multiple has around the zero vertical line, the more accurate it is. Horizontal axis represents pricing errors in every 10% scaled by price, and vertical axis represents the percentage of observations.

Among multiples using historical data, earnings multiples perform the best, followed by book value multiple, and sales multiple in descending order, consistent with Liu et al. (2002). Between earnings multiples, IACT/P that eliminate one-time transitory components outperforms EBITDA/P. Multiples based on enterprise value (i.e., EBITDA/TP and SALES/TP) perform worse than those based on equity value, although enterprise value is theoretically more appropriate for those value drivers.

Panel B of Table IV demonstrates the pricing errors for multiples using the harmonic mean of entire firms. Generally, errors are larger than those reported in Panel A. This is consistent with Alford (1992) and Bhojraj and Lee (2002) that comparable firms selected from the same sector contain better information than those from the cross-section. However, the rankings and patterns are still consistent with those in Panel A, similar to in the US. To be sure, the performances of EPS2, EG1 and EG2 are no longer same because cross-sectional sample is used for the comparable firms in Panel B: EPS2 and EG1 outperform EG2, and the differences between EPS2 and EG1 are negligible. P1 still places in the first group with EPS2, EG1, ES1 and ES2.

Figure 2 demonstrates the trend of interquartile ranges for multiples over time based on the results in Panel A. Consistent with the patterns in Figure 1, multiples are classified into three groups in general and their rankings are surprisingly consistent across the time even though their absolute values fluctuate. Two interesting findings are: (1) the performances of dividend models (i.e., D*/P and DDMs) deteriorate significantly over time: They are considered as one of the most accurate models before 1992, but become one of the least precise models in late 2000s. Surprisingly, this period coincides

with the changes in preferences for D/Y among financial analysts (Block (1999), Demirakos et al. (2004) and Imam et al. (2008)). Block (1999) explains the decreasing popularity of D/Y is due to its decreasing accuracy in estimation when the market is growing rapidly; and (2) when the market is overheated, the accuracy of valuation models decrease sharply. Specifically, the interquartile ranges increase significantly across multiples just before the dot.com boom in 2000, followed by a sharp drop when the boom ended. This pattern is consistent with the findings in Trueman et al. (2000) that traditional valuation models do not work appropriately during the market bubble period.

A Regression Measure

This paper employs a regression methodology whose performances are rarely tested in accounting literature despite its popular usage in practice. The results for multiples using a regression measure are reported in Table V: the overall rankings and patterns are consistent with those reported in Table IV, although there are some differences between them.

Comparing the interquartile ranges in Panel A and B of Table V, I discover some different trends from those observed in Table IV. The interquartile ranges of multiples based on the same sector firms are not always smaller than those of multiples based on the entire firms. This is evident especially for the multiples using historical values. In addition, SALES/P outperforms BV/P in Panel B, and EBITDA/P outperforms IACT/P. Despite these conflicting facts with those observed

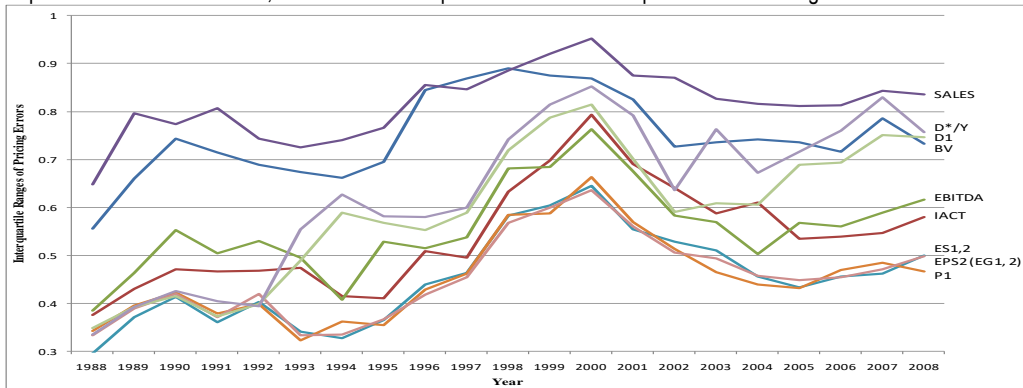


Figure 2. Interquartile ranges across time. Table V

Pricing Errors for Multiples using a Regression

The ordinary least squares (OLS) regression is used to estimate multiples. Comparable firms are based on either the same sector or the entire cross-section. Price estimations are measured as $p_i = \beta x_i + \varepsilon_i$, and pricing error is $\frac{\varepsilon_i}{p_i} = \frac{p_i - \hat{\beta}x_i}{p_i}$.

Panel A: Multiples using Regression based on Firms from the Same Sector							
	Mean	Median	SD	Ranges			
				25%-75%	10%-90%	5%-95%	1%-99%
BV/P	0.094	0.266	0.744	0.694	1.460	2.022	3.258
IACT/P	0.040	0.126	0.591	0.572	1.202	1.686	2.814
EBITDA/P	0.061	0.184	0.666	0.563	1.182	1.670	3.166
SALES/P	0.169	0.420	0.863	0.717	1.532	2.242	4.207
EBITDA/TP	0.061	0.184	0.666	0.563	1.182	1.670	3.166
SALES/TP	0.169	0.420	0.863	0.717	1.532	2.242	4.207
EPS1/P	-0.025	0.059	0.501	0.526	1.105	1.519	2.584
EPS2/P	-0.075	0.028	0.519	0.517	1.094	1.582	2.704
EG1/P	-0.075	0.028	0.519	0.517	1.094	1.582	2.704
EG2/P	-0.075	0.028	0.519	0.517	1.094	1.582	2.704
ES1/P	-0.080	0.027	0.525	0.510	1.109	1.587	2.730
ES2/P	-0.079	0.026	0.523	0.509	1.106	1.574	2.709
D*/P	0.064	0.122	0.534	0.609	1.272	1.700	2.556
P1/P	-0.084	0.028	0.550	0.514	1.124	1.621	2.927

P2/P	-0.050	0.079	0.604	0.611	1.240	1.712	2.849
P3/P	-0.064	0.072	0.611	0.579	1.199	1.700	2.904
P4/P	-0.031	0.112	0.638	0.629	1.288	1.783	2.923
D1/P	0.009	0.080	0.572	0.604	1.307	1.772	2.888
D2/P	0.019	0.081	0.545	0.589	1.276	1.715	2.666
D3/P	0.008	0.080	0.577	0.606	1.312	1.776	2.918

Panel B: Multiples using Regression based on Firms from the Entire Cross-Section

	Mean	Median	SD	Ranges			
				25%-75%	10%-90%	5%-95%	1%-99%
BV/P	0.142	0.317	0.731	0.680	1.404	1.914	3.236
IACT/P	0.096	0.186	0.634	0.543	1.157	1.578	2.702
EBITDA/P	0.138	0.264	0.675	0.537	1.108	1.569	2.989
SALES/P	0.224	0.490	0.904	0.633	1.459	2.232	4.585
EBITDA/TP	0.138	0.264	0.675	0.537	1.108	1.569	2.989
SALES/TP	0.224	0.490	0.904	0.633	1.459	2.232	4.585
EPS1/P	-0.002	0.089	0.501	0.521	1.122	1.556	2.605
EPS2/P	-0.062	0.048	0.522	0.524	1.127	1.604	2.729
EG1/P	-0.063	0.048	0.522	0.524	1.124	1.598	2.736
EG2/P	-0.044	0.074	0.544	0.542	1.167	1.640	2.809
ES1/P	-0.064	0.049	0.524	0.517	1.125	1.580	2.683
ES2/P	-0.064	0.049	0.522	0.517	1.120	1.580	2.680
D*/P	0.080	0.136	0.532	0.624	1.286	1.689	2.574
P1/P	-0.019	0.078	0.554	0.525	1.178	1.665	2.754
P2/P	-0.030	0.102	0.601	0.623	1.262	1.708	2.836
P3/P	-0.020	0.122	0.618	0.582	1.222	1.680	2.896
P4/P	0.005	0.150	0.622	0.619	1.281	1.746	2.874
D1/P	0.072	0.132	0.576	0.645	1.323	1.749	2.789
D2/P	0.035	0.096	0.544	0.609	1.279	1.718	2.654
D3/P	0.075	0.136	0.583	0.650	1.337	1.758	2.824

in Table IV, I still believe these adverse patterns are not significant because the standard deviations of them still follow the consistent trend for most multiples.

Another interesting result from Table V is the rankings of RIMs are different between Panel A and B. Panel A displays the same ranking as that observed in Table IV: P1 performs the best, followed by P3, P2, and P4 in decreasing order. However, the ranking in Panel B is P1, P3, P4, and P2 in descending order, changing the position between P4 and P2. These conflicting rankings show that the appropriateness of terminal values is dependent on circumstances such as methodologies or underlying assumptions, confirming the inference I drew previously.

Overall, multiples using a regression have larger pricing errors than those for multiples using the harmonic mean. Therefore, results in Panel A of Table IV, that have smallest pricing errors, are used for the sector rankings analysis and the time-series returns analysis.

Time-Series Returns Analysis

The second stage analysis employs 9,518 firm-years and covers 892 British firms from 1988 to 2007. Year 2008 prices are not used because I/B/E/S provides prices only up to March of 2008, which are not suitable to estimate year-end based annual returns. To measure the time-series returns for up to forthcoming five years (i.e., from T+1 to T+5), year 2003 to 2007 are not used as the target years.

The summary of buy-and-hold returns is reported in Table VII and the detailed data are contained in appendix B. The most important and surprising result is the rankings of multiples between the pricing errors analysis and the time-series returns analysis are significantly consistent. Forward earnings multiples (including RIMs) performs the best, followed by IACT/P, EBITDA/P and dividend models, placing BV/P third and SALES/P last. However, one interesting finding is that P2, P3 and P4 perform similar to P1 or other forward earnings multiples in the time-series returns analysis, contrary to the results in the pricing errors analysis. This indicates RIM delivers similar performance to that of forward earnings multiples in terms of returns generation, but its accuracy varies depending on its terminal value assumptions. **Table VII**

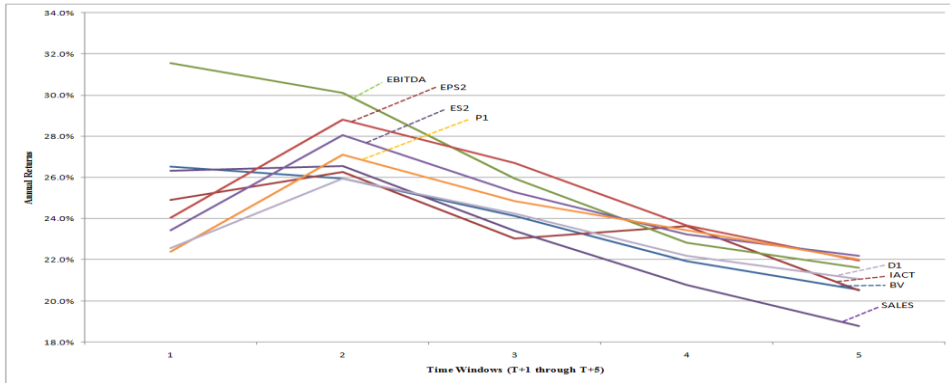
Buy-and-Hold Time-Series Returns

A quintile based buy-and-hold returns are used across up to five years: buying stocks in the top quintile and short-selling stocks in the bottom quintile. Quintiles are generated based on pricing errors for multiples that use the harmonic mean of firms from the same sector.

Panel A: Mean of Buy-and-Hold Returns										
	Annual					Cumulative				
	T+1	T+2	T+3	T+4	T+5	T+1	T+2	T+3	T+4	T+5
BV	26.5%	26.0%	24.1%	21.9%	20.5%	26.5%	55.4%	82.0%	105.8%	130.0%
IACT	24.9%	26.3%	23.0%	23.6%	20.5%	24.9%	56.1%	78.3%	115.3%	130.9%
EBITDA	31.5%	30.1%	25.9%	22.8%	21.6%	31.5%	64.8%	89.5%	111.6%	139.5%
SALES	26.3%	26.6%	23.4%	20.8%	18.8%	26.3%	56.7%	79.7%	100.1%	119.4%
EBITDA/TP	29.6%	29.6%	26.1%	23.5%	22.2%	29.6%	63.7%	89.8%	114.9%	144.2%
SALES/TP	25.7%	26.1%	23.3%	20.7%	18.9%	25.7%	55.7%	79.2%	99.6%	120.5%
EPS1	25.7%	28.0%	25.1%	23.3%	21.6%	25.7%	59.9%	86.3%	113.5%	138.0%
EPS2	24.0%	28.8%	26.7%	23.7%	21.9%	24.0%	61.9%	92.1%	116.3%	141.8%
ES1	22.6%	27.3%	25.1%	23.9%	22.9%	22.6%	58.4%	85.8%	116.8%	147.6%
ES2	23.4%	28.1%	25.3%	23.2%	22.2%	23.4%	60.2%	86.8%	113.7%	143.3%
D*/P	24.1%	26.7%	24.0%	21.7%	20.9%	24.1%	57.0%	81.7%	104.5%	132.3%
P1	22.4%	27.1%	24.9%	23.4%	22.0%	22.4%	58.0%	85.1%	114.8%	142.0%
P2	25.9%	27.5%	26.2%	24.1%	22.6%	25.9%	58.9%	90.1%	118.4%	145.8%
P3	24.9%	27.3%	25.7%	23.7%	22.7%	24.9%	58.5%	88.1%	115.7%	146.8%
P4	25.5%	27.0%	26.3%	23.9%	22.4%	25.5%	57.9%	90.5%	117.2%	144.8%
D1	22.5%	26.0%	24.2%	22.2%	21.1%	22.5%	55.3%	82.6%	107.6%	134.3%
D2	24.0%	26.1%	24.4%	22.8%	21.6%	24.0%	55.7%	83.1%	110.9%	138.2%
D3	22.5%	25.9%	24.2%	22.1%	21.0%	22.5%	55.1%	82.5%	107.1%	133.4%

Panel B: Median of Buy-and-Hold Returns										
	Annual					Cumulative				
	T+1	T+2	T+3	T+4	T+5	T+1	T+2	T+3	T+4	T+5
BV	2.0%	4.5%	5.6%	6.8%	6.5%	2.0%	9.6%	19.4%	32.2%	39.9%
IACT	1.5%	3.8%	7.0%	8.8%	5.7%	1.5%	8.1%	24.0%	41.4%	37.1%
EBITDA	6.1%	6.8%	8.7%	7.7%	6.7%	6.1%	14.4%	29.7%	37.2%	42.8%
SALES	1.7%	4.1%	5.6%	5.2%	5.6%	1.7%	8.8%	19.8%	26.5%	36.9%
EBITDA/TP	5.6%	6.8%	8.6%	8.2%	6.7%	5.6%	14.4%	29.2%	39.5%	42.8%
SALES/TP	1.0%	3.9%	5.6%	5.1%	5.4%	1.0%	8.4%	19.6%	25.7%	35.7%
EPS1	2.2%	5.1%	7.3%	8.2%	7.0%	2.2%	10.7%	25.1%	38.6%	43.1%
EPS2	2.3%	5.5%	8.6%	8.7%	6.9%	2.3%	11.6%	29.3%	41.5%	43.1%
ES1	1.6%	4.4%	7.5%	8.3%	7.9%	1.6%	9.3%	25.0%	38.1%	47.4%
ES2	1.5%	4.3%	7.4%	8.4%	7.3%	1.5%	9.2%	25.3%	39.7%	44.6%
D*/P	-1.3%	2.1%	4.0%	5.6%	4.8%	-1.3%	4.8%	14.3%	26.8%	30.5%
P1	0.8%	3.8%	7.0%	8.5%	7.2%	0.8%	8.2%	23.8%	40.4%	44.3%
P2	2.2%	4.9%	7.1%	8.4%	7.7%	2.2%	10.4%	24.3%	40.4%	48.3%
P3	2.0%	4.3%	7.6%	8.2%	7.1%	2.0%	9.3%	26.1%	39.2%	44.5%
P4	1.6%	5.1%	7.5%	8.0%	7.4%	1.6%	10.9%	25.6%	38.5%	46.7%
D1	-1.0%	1.4%	4.3%	6.2%	5.8%	-1.0%	3.3%	15.3%	29.8%	36.0%
D2	-0.9%	2.4%	4.7%	7.1%	6.1%	-0.9%	5.3%	16.4%	33.7%	38.0%
D3	-1.0%	1.1%	4.1%	6.1%	5.7%	-1.0%	2.6%	14.7%	29.2%	35.9%

Panel A: Annual mean buy-and-hold returns



Panel B: Cumulative mean buy-and-hold returns

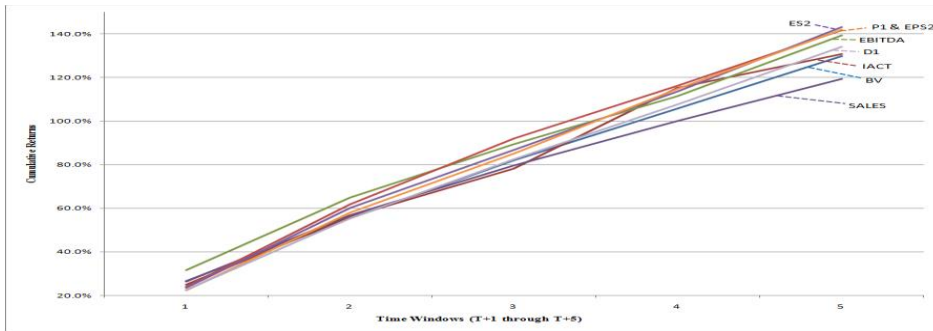
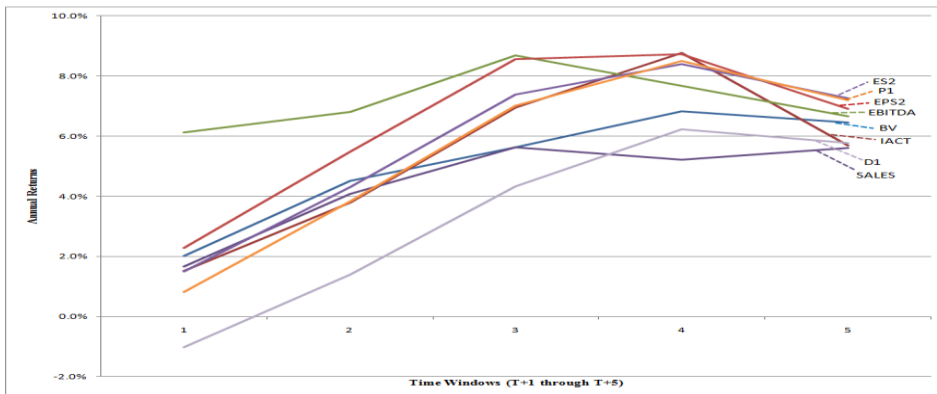


Figure 4. Mean buy-and-hold returns.

Panel A: Annual median buy-and-hold returns



Panel B: Cumulative median buy-and-hold returns

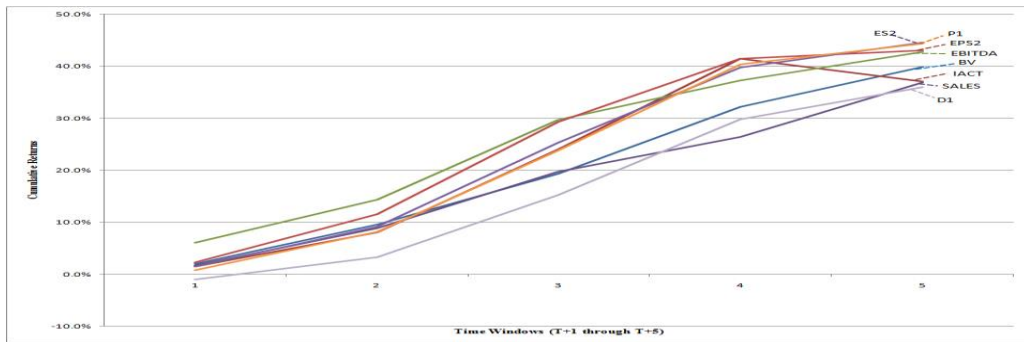


Figure 5. Median buy-and-hold returns.

Conclusions

The research is motivated by the conflicting preferences for equity valuation models in accounting and finance field. It aims to answer one main question: can the superior models in accounting field be superior in finance field? This means whether the rankings of models in pricing errors terms are consistent with those in time-series returns terms. To match the rankings of models in two different terms, I conduct two different analyses – pricing errors analysis and time-series returns analysis – for various multiples.

The most important finding in this paper is the rankings of multiples in both analyses are significantly consistent: Forward earnings multiples including P1/P performs the best, followed by historical earnings multiples, and DDMs for the third, leaving BV/P and SALES/P at the end. The consistent rankings indicate that the findings in accounting research have practical implications to analysts and investors. One exception is the rankings of the other RIMs (i.e., P2, P3 and P4): they perform considerably worse than P1 in the pricing errors analysis, however, their performances are similar to P1 or other forward earnings multiples in the time-series returns analysis. This implies residual income model produces similar performance to that of forward earnings multiples in terms of returns generation, but its accuracy varies depending on its terminal value assumptions. The main difference between the UK and the US in pricing errors analysis is the rankings of multiples are rather grouped than separated individually, even though overall rankings of individual multiples are consistent. This pattern is observed throughout the research for UK firms. In the sector rankings analysis, I find the consistent rankings that forward earnings multiples including P1 dominate the top four places across sectors. However, the specific rankings between those models within the group change depending on sectors so it is hard to say which one is the best.

In the time-series returns analysis, two interesting findings are observed: (1) short-selling strategy tends to rely on a relatively small number of extreme returns, resulting in positive mean returns between 5% and 13% per annum and negative median returns between -0.6% and -6.5%. This indicates more than half of short-selling investments actually generate negative returns so it might be more profitable in general if the strategy is not used; and (2) buy-and-hold returns tend to generate the most reliable annual returns between T+2 and T+4. This time period is exactly identical with the period that value investment strategy produces its highest annual returns, contrary to momentum strategy that generates its highest returns within one year. This corresponding period is reasonable because buy-and-hold strategy is basically the same as value investment strategy. This paper is unable to answer what are the main factors that improve or deteriorate the performances of residual income models. I leave the answer to this question to future research.

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Crafting Sociability in Female Spiritual Practices: The Case of *Boutchichiyyat*

Sarah Hebbouch

Abstract

Research on *sufism* and female spirituality has centered on framing narratives of *sufi* women within individualized practices, constructing thereby *sufi* women as mere individual and assisting players in historical accounts of more famous male scholars. In recent years, academic interest has geared towards the investigation of *sufi* women's collective and ritualistic performance within structured *sufi* circles. Henceforth, this paper explores ways in which the gathering of *sufi* women of *Boutchichiyya*, a Morocco-based *sufi* order, in a *zawiya* mediates not only ritual performances but also promotes the rehearsal of sociability and social relations. The point is made that within a horizon that is viewed as a nexus where the ritualistic performance is what matters in a *zawiya*, *sufi* women's gathering is characterized by a sense of community, and interconnections between spiritual, social capital and socialization. In this 'pri-blic' (private and public) space, namely the *zawiya*, *sufi* women of *Boutchichiyya* enjoy privacy and communal life. Knowing that the *zawiya* is a segregated space, since men and women disciples perform rituals separately, one might surmise that the spatial division sparks gender inequality. However, this spatial segregation is an ideal of emancipation, which subsumes a spatial segregation of rituals, and constructs a realm of privacy, intimacy, and fervent ambiance women aspire to. This paper builds on findings of a qualitative ethnographic research, in which the researcher assumed a participant-observer role to generate a more focused discussion on whether the gender division of space highlights women's spirituality or undermines it. More precisely, this paper approaches the interactive relationship, which engages women's *sufi* experience with prevalent spatial politics in Moroccan society. In such a space where women come to learn and imbibe spiritual knowledge, social relationships are important assets for women's spiritual, social, and personal growth.

Keywords: sociability, *sufi* women, *Boutchichiyya*, *zawiya*, spatial division

Introduction

Zawiya, Sufism, and Female Spirituality: What Implications?

Female spirituality remains a cause of disagreement between those who uphold the fundamentalist character of Islam and deny any feminine aspect to spirituality, and those who snub the possibility of gendering the *sufi* experience. (Cornell, 1998) Gendered spirituality can be considered as the dynamic of cultural, spiritual, and social roles both men and women play towards fulfilling a unanimous goal, which is that of having an ongoing endeavor to grow in their relationship with the Divine. The focus, throughout this study, is to highlight the subtle potential of female spirituality with a unique reference to women's spiritual and social performance. The exclusion of men's performative acts in this study is justified by a number of methodological boundaries. As a female, I have access neither to the realm of *Boutchichi* male gatherings, nor to any male *sufi* space in other *zawiyas*.

A *zawiya*, an edifice where *sufi* rituals take place, generates a conceptual ambiguity. There is a temporal and spatial division in the *zawiya* into a double space and time; one space is devoted for women while the second is for men. The two spaces remain distinct in terms of timing. When women's gathering is finished, women leave, and men's performance starts. It is not legitimate for a woman to violate men's privacy, since the *sufi* experience represents an ethical scheme laden with moral values.

The choice of the *Qadiri Boutchichi sufi order* can be justified by the fact that it embodies all the distinct forms of what a *Tariqa* or *sufi* order is supposed to imply. The order has been developed into a *sufi* organization and has cultivated practices in a way that makes law and *sufism* compatible to each other. The *Boutchichiyya* remains the creation of a moderate asceticism, which "allows the *sufi* to seek God sincerely while remaining involved with his society". (Babou, 2003: 313) A number of features common to the majority of Moroccan *sufi* orders irrespective of their degree of conservatism relate to

the rejection of “extreme mysticism” of the ascetics, who shun social life and place spiritual perfection over formal worship”. (ibid). The final project of most Moroccan *sufi* orders, including *Boutchichiya*, is to endorse a *Sufi* ideology that is called by scholars “minimalist *Sufism*”, which differs greatly in depth and breadth from orthodox rituals and forms of worship.¹

The choice of the *Boutchichiya*, as a case study, stems from the fact that it is the only *Tariqa*, whose spiritual figure is still alive. It, therefore, mirrors the full vision of a complete *sufi order*. In a *sufi* circle, the presence of a living master or *sheikh* is paramount in the life of disciples who are “bound to teachers by ties of respect and affection”. (Malamud, 1994: 432)

More importantly, the significance of this study is predicated upon the premise that contemporary literature and research has neglected Moroccan women’s position in spirituality. A historical study of women’s spirituality attests to the religious and social peculiarities, which prevailed in society, at large. *Sufi* women were not necessarily relegated to the domestic sphere nor were they immensely debarred from religion. Rather, the religious division of labor sparked by fundamentalist Islamic discourse made women’s religious practices more concealed and informal. The fulfillment of women’s performance of everyday spirituality happened outside formal spheres of worship, orthodox, and rigid Islamic practices, as incarnated in the mosque. (Cruise O’Brien and Coulon, 1989)

Adherence to *Sufi* orders and *zawiyas* mediated the institutionalization of the notion of an organized struggle. The once marginalized group (*Sufis*) believed that spirituality could re-orient religion to a more gender sensitive exegesis of the religious texts, and more tolerance to women’s presence in a secluded area in order to engage in a mystical practice. Because of their limited sphere of action, they have battled both “the male-dominated Muslim territory and the mainstream secular culture”. (Galín, 2007: 114)

Sufi women have had it that in order to escape the reality reproducing the prevalent spatial division, they have been required “to carry out their spiritual activities away from the public gaze”. (ibid) In the words of three female *Boutchichi* informants on the spiritual division of rituals, they claim that disciples belonging to this order are undergoing a new mobility and public visibility. This has led to increased potential for empowerment in relation to women’s attitudes, and has altered perceptions, since women, Galín, citing Raudvere, opines, have been able “to get past the public/private dichotomy working against them”. (ibid)

Female Spirituality between Empowerment and Sociability

A close investigation around the concept of empowerment is liable to unravel an ambiguity surrounding the ideology behind it. This was in fact a concept that came from within the feminist movement, but often lacked “a clear definition and consistent usage”. (Bordat et al, 2011: 91) Therefore, the most flagrant definition of empowerment in relation to *Sufi* women is the tendency to embody a grassroots-level mobilization that accounts for a social change and the dynamics of *sufi* women’s roles.

Boutchichi women tend to converge in the advocacy of a spiritual experience that has become a new constructed form of public of private sociability, but it remains impossible to dismiss the religious-cum-spiritual character of women’s spiritual experience. A close examination and observation of *Boutchichi* women inside and outside the *zawiya* reveals that spirituality is more than a religious experience. Rather, it is a panoply of distinct social features, which embody a sociability model. But, what are the social ramifications of female spirituality within the *Qadiri Boutchichi* order?

The word “sociability” displays often the relative disposition to be sociable with somebody, which originates from the works of the Russian social anarchist, Peter Kropotkin. (as cited in Gillespie Cook, 2015) The word, indeed, brings a whole body of connotations; it indicates the ability to be in love with the company of others while it implies as well the propensity to chase social contact with others. Sociability highlights a set of prerequisites for the maintenance of a social group. What characterizes these social groups is social drive, attachment to one another, friendship, affiliative drive, sensation seeking, social support, social interaction, and sociotropy.

The intention behind such lexicalization is to convey a particular point of view about a given social group. It carries an ideological significance that contributes to the understanding of the workings, happenings, and mental generation of a social group. However, at a deeper level, the interpretation of social drive, attachment, and sociotropy, respectively generates psychological implications on the part of adherents to a particular social group. While sociability, sociotropy - a

¹ See Fernand Dumont, *La Pensée religieuse de Amadou Bamba*, (as cited in Babou, 2003 : 313).

person's tendency to place great value on relationships over individual independence that will leave them susceptible to depression because of a loss of a relationship-, and social drive can help fathom the mutual attachment among adherents of a particular social group, they could themselves be strategically sources of depression and frustration to these members.

In the realm of disciples and *sufi* orders, sociability is an idealized version of social activity and "may strengthen the community of the order and so assist in *sufis'* practices. Sometimes, sociability may become the main feature of an order". (Sedgwick, 2003: 59) The first remark we can make about this passage pertains to the significance of the social capital among the community of disciples. The main principle governing relationships in a *sufi* order is the communal life. This communal aspect of *sufi* orders becomes more apparent in cities, where "such social *sufi* orders may blend into each other to produce a sort of general *sufi* milieu inhabited by people who may not even follow a particular *sheikh*, but who attend a variety of *dhikrs* and *mawliids*, listen to chants and music, meet friends, talk, and drink tea". (ibid)

Boutchichi women have outlined a social reform; -not in a literal meaning of the word-, that has reconstructed the realm of the *Tariqa*, in general, and the world of the *zawiya*, in particular. This social reform regulates relationships and guidelines governing members of the *Tariqa*. Nonetheless, they remain tied to the spiritual idea of the order, which seeks to homogenise the spiritual experience among disciples, and allows its accessibility to all social strata. This articulated model of a new form of *sufi* sociability, as manifested in *Boutchichiya*, serves to explain the social aspect of religiosity. *Boutchichiyya* delineates a detailed roadmap towards establishing a social-cum-faith- based order.

The main social and religious activities are carried out inside a *zawiya*, where the *Boutchichiyyat's* social and religious outline manifests. The *zawiya* constitutes a residue of pure sociability, because it is where female disciples feel they need to belong. For female spirituals, the *zawiya* promotes privacy and represents "real world" networks in an enmeshed world of *zawiya*.¹ The words 'social and sociability' are accentuated since the lexicalization serves to convey a certain worldview. The two terms have an ideological significance that derives from the debate of whether or not *sufism* disengages social life. *Sufism* or spirituality was a marginal social phenomenon in Moroccan society for a number of reasons. The first pertains to the unorthodox activities *sufi* orders were defamed for. The second major reason is on par with the negative representation spirituality was associated with because of harboring women. (Derrazi, 2015) In addition to the fact that *sufism* was confined "to the literary and poetic realms". (Golestaeli, 2014: 1)

Indeed, *Sufism* has sought to establish the underlying foundations for the social well-being of its followers. This spiritual institution's primary role was not to help the needy or the homeless only, but to deflect society as a whole into a more balanced ethical, spiritual, and psychological welfare. The reason why spiritual institutions are called orders or *Tariqas* pertains to the establishment of a societal organization characterized by complete conformity to the standards and requirements of a *sufi* order. This is how a forty-two year old informant describes her experience with the *Boutchichiyya*:

I was diagnosed with an ear infection, and was urged by the doctor to proceed with a surgery, which I could not afford because I lacked sufficient healthcare insurance. It was hard for me to pay for the medical services. *Lfaqirat* knew about my financial situation, and so they urged each other to collect money for my surgery. I cannot describe my feelings when I found out about their emotional and financial support. I was only hoping that they would keep me in their supplications. It is such a blessing to have people in your life, who worry about your healthcare, and who would proceed with your billing regulations only because they love you. (Interview, December 2017)

In this testimony, there is a representation of the community of female *Sufis* as one entity, and the way religious sociability spurs a feeling of sympathy and affiliation. The spiritual experience provides women with one of the unique opportunities to enter into rapport with other co-sisters, expand the network of relationships, and strengthen bonds of solidarity among each other. However, *Sufi* women's strategic solidarity and communion is a result of the cultural capital they acquired through 'praxis' and through being socialized within a particular social group, which creates thereby a sense of sociability and solidarity, and group position. In his reflection on the concept of practice, Ortner (2006: 129) as cited in (Kupari, 2016: 10) foregrounds the importance of practice in "human activity which simultaneously constructs both individuals as social being and the social world that surrounds them". It is through such performances as solidarity that individuals "internalize cultural symbols and meanings". (ibid) Through this reading, what makes the process of influencing the spiritual experience and the exposure to its impact is routinization, which in parallel, becomes social reproduction. The experience within a *Sufi* order is impacted by principles of the sacred that female disciples share. There is, indeed, a unanimous agreement among

female disciples about certain forms of cultural capital and the physical embodiment of these symbolic dispositions. The shared cultural capital is a major source of social equality among disciples.

More importantly, what is specific to women's experience in a *sufi* order is the definition they bring to themselves "as keepers of traditional values who wish to live like the pioneers of Islam". (As cited in Galin, 2007: 113) Within the *sufi* tradition, women do participate in the gender-segregated rituals and enjoy the accordance of leadership roles. It is noteworthy that in such rituals, women are more likely to enjoy the comfort of their privacy. In the case of *Boutchichi* women, interviews have unraveled women's satisfaction with the rituals' segregation as many of them envision the woman-only gathering as an encounter in a festive atmosphere of conviviality and love. One of the informants confessed her impression with the fact that in the *zawiya*, which lay people would consider 'a space of seclusion', "we feel happy to have a space for our own, where we can meet, perform our *dhikr*, converse, and debate. We would not have been at ease, had the *dhikr* been comingled".

The *Boutchichi Tariqa* remains distinct by virtue of its potential, which spatially and temporally differentiates women and men's rituals. The inherent tradition in most *sufi* orders is the gender division of rituals. Research informants recognized the segregation as a common practice that does not relegate any gender to any peripheral position. Rather, it is a tactic to escape constraints levelled from men against them. The practice of division puts essentially less control and regulations on women's mobility inside the *zawiya*. The argument comes to confirm suspicions about *Boutchichi* women's attitude towards the patriarchal system. It also elucidates whether or not patriarchal interpretations to religion have been restrictive to them.

Actually, none of the women interviewed for the research, irrespective of their 'educational or career background' have converged in the advocacy of being resistant to a patriarchal system. A female disciple I have addressed the issue with claims that once in the *Tariqa*, and inside the *zawiya*, gender conflicts and segregation fade away:

We are all one community, and one body whose main objective is to bear and respect each other in order to fulfill the reason we are here, which is the love of Divine. I have never thought of spatial division as a suppressing idea, but as a slot for our privacy. If men were with us, we would not have felt at ease.

In the course of this research, *Boutchichi* women have often rebuffed the possibility of sharing rituals with men out of fear that their privacy might be violated. Interestingly, there is a common denominator that links *Boutchichi* men and women; both of them agree to the premise of keeping the tradition intact; that is, not allowing the violation of the ethical regulations of the *Tariqa*.

Furthermore, within the order, the majority are educated, with the exception of a few illiterate women. Illiterate women belonging to the *Boutchichiyya* are mostly old women, who did not have the chance to attend schools. However, the majority is educated with a minimum degree of literacy. Women I interviewed think that it is increasingly evident for girls to be educated because through education, women can redirect society to a healthier life. "With a degree in pockets and open-minded views, everybody will respect me. If you are illiterate, people will look down upon you, derogate you, and consider you an outcast", explains a female disciple. She adds in amusement:

Imagine, "ya lalla" (referring to me as Lalla), if I am illiterate. I will be unable to debate ideas with educated people, would not handle difficult situations where I have to show my academic skills". She laughs and says, "Sidi [referring to the *sheikh*] asked us to learn and educate our children because he knows the value of education, and knows very well that being an educated woman, one can change the world surrounding her".

This narrative, among others, mirrors the intersection of a number of debates around the themes of education, women, and marginality. The objective here is not only that of discussing women's spiritual experience within the *Tariqa* as a display of a culture of sociability, not merely as a site for the production of narratives around the community life and spirituality, but also as a social arena with some interesting cultural and social dimensions. Women of the *Boutchichiyya* embrace a critical perception about the significance of education in women's life. This awareness is further reinforced by Margaret Malamud's sensibility when she notes that *sufi* orders "developed ways of defining and transmitting spiritual knowledge", which has been channeled through education. (1994: 428) This helps understand the heterogeneity surrounding the community of *Boutchichi* women, who embody different forms of social and cultural realities, different modes of binarization, and different narratives, but remain overall in unison.

In fact, there has been an important evolution in Moroccan women's perceptions of and attitudes toward spirituality. Medieval and pre-protectorate hagiographies depict the *sufi* experience as being restricted to a particular social category and a specific age. Nowadays, *sufi* orders in general, and, the *Boutchichiyya*, in particular encompasses a large spectrum of young educated and mostly working women within a context of previously scant number of women. In essence, age in Moroccan culture is a denominator of certain activities and an epitome for several stereotypical continuities. Young and old women spend, in their own capacity within the order and inside the *zawiya*, much or sporadic time with the desire to alter their suboptimal realities through an "episodic celebration" within a structure of a *sufi* order. (ibid) The *zawiya* is a pilgrimage place for literate, highly educated, as well as uneducated women.

Importantly, the archeology of *sufi* women's educational background is largely heterogeneous. *Boutchichi* women, based on field observations, have a panoply of academic backgrounds. The vast majority consists of an educated elite occupying different positions, and are, thus, concomitant with the order's philosophy. This educated category represents a diverse group of positions. Their occupational status may vary from engineers, doctors, teachers, to state officials. They are usually young disciples. On the other hand, the elderly of *Tariqa* constitutes the illiterate minority.

Besides the fact that these women encroach on this space with distinct educational and academic backgrounds, quite a large number of them have been pulled over to the order through a rippling effect of the family network. Many women I have interviewed claimed that their families influenced their attraction to the *Tariqa*, revealing that they discovered mysticism through their relatives and parents. Between family and spirituality, the *sufi* experience is marked by a politics of the family's role. An informant, whose parents constituted the major influence in her spiritual life, claims that being part of the *Tariqa* increased disciples' community and 'emotional harmony':

I am very thankful to my parents who played a crucial role in bringing the order to my life as well as to my siblings'. Since childhood, I witnessed the happenings inside the *zawiya*, the evolution of the love of *Tariqa* inside my parents' mind and mine. When the children spent a considerable time in the neighborhood's streets, I was cherishing moments inside the *zawiya*. The *zawiya* was a playground, a school, and people inside it were my family. We grew up discovering the hidden treasurability (*kenz Imakhfiy*) of the *zawiya* and the *Tariqa*, which is that of *Tarbiyya* (education). My family educated me, and so did the *Tariqa*.

The unequivocal relation between family and the *Tariqa* also reflects the social role they both underline in the socialization and education of children. Sociability inside the *zawiya*, and, thus the order, allows the establishment of a cohesive meridian life, and the support of its adherents in fulfilling their learning goals. More importantly, *Tariqa* is construed in this context as a complementary centre of learning that teaches perseverance, self-respect, and tolerance, and it is a harbor for cooperative ventures among *murids*. The discursive pattern circulating in *Boutchichiyya's* discourse emphasizes the significance of *Tarbiyya* (education) in the life of disciples.

***Tarbiyya* as a Social Pattern in Female *Boutchichiyya's* Spiritual Growth**

Tarbiyya or education is a spiritual life guide, and the ultimate goal any disciple should aspire to reach. *Tarbiyya* is germane to a roadmap of social, cultural, and ethical responsibilities disciples should comply with. *Tarbiyya* is a spiritual training any disciple undergoes to develop knowledge about the psychology of the enemy, which is *nafs* (inner self). In essence, *nafs* is the human's inner self that lures people in favor of their lustful desires and earthly pleasures. *Tarbiyya*, as I have managed to perceive from my informants, is to take pleasure in the skirmishing with one's enemy: the *nafs*. *Tarbiyya* is when a disciple starts learning the tricks and traps of escaping the arduous experience of being a victim of one's *nafs*. When a disciple acquiesces to their *nafs*, good training and proper education respond to crises; thus, every situation becomes a religious situation or a learning situation.

It is necessary to delineate *Tarbiyya* as a blueprint; it is a concept rehearsed within the *zawiya* and, a recurrent discursive leitmotif of the order. When a novice disciple joins the order, it is important to remind him or her of the ultimate goal of the order, which is that of the integration of *Tarbiyya* in the functioning of the *sufi* path. The concept of *Tarbiyya* remains ambiguous by virtue of its broad sense, but it is another facet of socialization. In addition to that, the order "dedicates an entire division to supervise and conduct *Tarbiyya* activities, called *Qism al-Tarbiyya*, or the socialization department". (Al-Anani, 2016: 84) This gives one a clear-cut vision about how the socialization process is undertaken within the order. Inside the *Tariqa*, there are organizational units that collaborate with each other to contribute to the spirit of the community; hence,

the major role here is to move forward and put the vehicle in gear because the more disciples progress, the more they recognize the genius of their life.

The *Tariqa* is committed to a societal and religious reform that seeks to repudiate the aftermaths of westernization and the degeneration of morals and values in today's society. *Tarbiyya* reflects the vision of the *Tariqa's* *sheikh*, Sidi Jamal Qadiri *Boutchichi* and his predecessors, and mirrors his laudable goal to achieve a higher station (مرتبة) of *al ihssane* (spirituality) in the *murid's* journey, which is "marked by a profound knowledge of God".¹ (Flah, 2016: 2)

The *Tariqa* offers an alternative self-learning opportunity for the *sufi* community through the medium of *Tarbiyya*. *Tarbiyya* is outlined in the writings of disciples, is embodied in the manifesto posted on the *Tariqa's* website, in the argumentative discourse of the order, in the lectures of *mqedmin* and *mqedmat*, and is present in the literal use of language. The passage below is a translated excerpt from a lecture I attended in a *zawiya* in Casablanca: "We must wake up, altogether, dear *faqirat*, follow the premises of our *Tariqa* and our spiritual fathers [referring to the *Sheikh* and his late father]. You cannot find *Tarbiyya* in the manuals, but you can only acquire it through learning from the deeds and sayings of the *sheikh*". (November 2017, Casablanca) The use of "must" is a call to reinvigorate the practices of spiritual training. In this sense, *Tarbiyya* is ascribed to the discursive instruction, which is present either in a direct relationship between the *sheikh* and disciple, and through the initiation process that *murids* undergo once they start attending gatherings in the *zawiya*.²

The use of the word "we must" indicates a moral obligation and a tendency towards collaboration among female disciples. The argument here is to shift the direction of disciples towards the performance of spirituality and spiritual training through the acquisition of experiential knowledge from its direct source, which is the discursive instruction and verbalization canalized through the *Tariqa's* ideological and discursive forms. A close investigation of the passage unravels that this kind of discourse aims at making *Boutchichi* disciples acquire *Tarbiyya* neither from *sufi* manuals and texts, nor from academic literature, and sources but from praxis or first-hand experience of spirituality. It is necessary at this point to place this concept (*Tarbiyya*) and other concepts (*mahabba*, purification, *nafs*) within an appropriate framework that comes at the junction of several *discussions* relating to the *Tariqa's* blueprint of education. The *Tariqa's* framework is a style life option and a pattern of life that accounts for the plurality of the *Tariqa's* social and religious fabric, and aims at responding to the needs of the *Sufi*. Such a strategy "can always determine where a disciple is in the journey through the various stages of the mystical path". (ibid: 70)

My observations of the weekly gatherings attest to the fact that women, who occupy societal functions, continue their journey in the *Tariqa* as learners as well. The premise foundations have it that the first teacher of human kind is a mother. It is no wonder to find that women are involved in the *Sufi* experience more than in any area life. They often serve as canals of information to their children and surrounding. Additionally, they assure the continuity of a *Tariqa*, because they are enmeshed in a web of give and take (teaching and learning). If a woman learns the value of spirituality and education, she is likely to contribute to a better re-conceptualization of the enterprise of *Sufism*.

Within the *zawiya*, where most learning takes place, women expose the potential inquiries they have to the attendees, with a usual hope to find answers, which they do. I was a witness to a telling incident in one of the gatherings, where a mother, who is also a disciple, shouted at her daughter who was playing with cushions in the corner of the *zawiya*. When *Imqedma* finished her sermon, she turned to the woman and told her, "please, never shout at your daughter. She is *bnt triq* [the daughter of *Tariqa*] and we are all responsible for educating our children. *Tarbiyya* is to make her love the *Jam'e* (gathering) and not despise it". What was interesting in this incident is how *Tarbiyya* of children, which is a private concern, can be an issue of contention among the community of *sufi* women. *Imqedma* knew that the success of *al jama'* depended in part on the strengthening of the values among women. The word "*bnt triq*" signifies the collective concern of women belonging to the *Boutchichiyya* about the education of their children. By mending a parenting deficiency, *Imqedma* was also instructing the woman on how to behave inside the *zawiya*. Within the *Tariqa*, every disciple is involved in the *Tarbiyya* of other *murids*,

¹ I recall here the concept of *al ihssane*, translated into spirituality, which is reminiscent of *al-Adl Wal Ihsan*" (Justice and Spirituality Group), a semi legal Islamist Group that has been rallying against the monarchy and Moroccan politics. The concept of *Al Ihssane* was utilized by the *Jamaa* to "preserve [its founders] supremacy as a spiritual leader". (Tozy, 1999 cited in Flah, 2016: 2)

² Seesemann (2011: 70) notes that *Tarbiyya* does not relate to the discursive instruction. He notes that "the locus of spiritual training is the master-disciple relationship, not the public or semipublic arena of *Sufi* writings or sermons...[only] [a]ccomplished masters are able to recognize these experiences when they occur".

because the female *murid's* *Tarbiyya* is perceived to be contributive and denotative of the collective identity of the order, and to the spirit of community.

Within the order, there is a deliberate obliteration of the binary of educated and uneducated, and hence, the avoidance of such issues as social positions and academic attainment is due to the religious borderlines of *Tariqa*, which are flexible enough to encompass people hailing from different social and cultural backgrounds. Therefore, it is the ethical, religious, and spiritual identity of the disciple, which is empowered within *Boutchichiyya* and *the zawiya*. The interpretation allows distinct disciples to reconstruct otherwise a new identity irrespective of their former identity markers. The image of a new identity is likened to a doctrine of rebirth associated with repentance in Islamic theology. From an Islamic perspective, a misbeliever is encouraged to repent from the wrong deeds, and, thus, acquire a new identity, as embodied in the rebirth theory, and cultivate an opportunity to experience a true life as outlined in traditional Islamic belief.

While the *Sufi* experience has been reserved in scope and action for the male community, more women have conquered *Boutchichiyya* as a pattern of life because *Tariqa* is open to women's visibility. A striking observation of women's experience inside the *zawiya* reveals a tendency among *Sufi* women to annex mentally the *zawiya* space with the mental construction of home. A female disciple describes the dominant traits of women's experience once they affiliate with *Boutchichiyya* as follows:

While men congregate in the *zawiya* for *dhikr*, our experience differs greatly from theirs. As in my case, I had no other place to learn and practice my spirituality. The *Triq* (referring to the order) was my shelter. It is an experience full of love and a strong desire to meet our beloved sisters. I was spiritually empty, but being part of a whole helped me fill that void inside me.

The testimony depicts the aural change that women have experienced during the ritual of initiation and instruction. It displays the aspects of collectivity, harmony, and *mahabba*. Within the premises of *Tariqa*, women experience indulgence in the love of their co-disciples, through "a participatory ritual to which every [*faqira*] is invited to take part". (Graiouid, 2011: 70) Women's experience within the order remains distinct by virtue of the potential to participate actively in the social and religious life. They go to the *zawiya* to learn about the rituals, and take part in the *dhikr* session, while at the same time engaging in discussions and socializing with other *faqirat*. Therefore, the point is made that the communal aspect is what characterizes women's encounter. Hence, the *zawiya*, as a marginal space is reterritorialized as a fervent hub of spirituality and sociability. It is a space that is fraught with aspirations, symbols, love, sociability, *Tarbiyya*, and communion.

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