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श्रेयान्द्रव्यमयाद्यज्ञा ज्ञानयज्ञः परन्तप  
सर्व कर्माखिलं पार्थ ज्ञाने परिसमाप्यते॥

Shrimad Bhagawad Gita, Chapter 4 (33)

"Attaining knowledge is superior to  
accumulation of all sumptuous substances.  
As all acts finally conclude into wisdom."

# VIMARSH

An Endeavour to Share Knowledge  
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# From the Editorial Team

**D**ear Reader,

It seems that we are going to be in this cliffhanger for a long time as the COVID-19 just seems to be evolving into its new variants time and again. Marking the beginning of this year by raining havoc with the Delta variant and ending with the uncertain and unseen danger of Omicron variant.

But of course we always keep finding our little rays of hope, living through each day, looking forward to a better tomorrow. One such thing is the pleasant experience of receiving newer and better manuscripts for each of our Issue from not just national but internationally acclaimed authors.

We thank all the parties concerned who have directly or indirectly contributed, in any way, to put together another issue of Vimarsh.

In case of any queries or comments, we would be happy to hear from you at [vimarsh@iftmuniversity.ac.in](mailto:vimarsh@iftmuniversity.ac.in).

Happy Reading...!!!

**Team Vimarsh**





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# Decoding National Culture Organizational Culture and Trust in a Digital Age

Saba Hussain\*

## ABSTRACT

*With increasing globalization, technological advancement, shift from physical to the virtual workplace, and the emergence of multicultural workplaces and markets, it has become essential to understand the impact and link between national culture, organizational culture, and trust. Businesses are going beyond integrating newer technologies to adapt to this new world – the need is to understand the national culture; assess and revamp organizational culture to digitally transform. Researchers from a variety of business disciplines are finding that trust facilitates inter-organizational relationships, change, agility, and enhance leader-subordinate relationships. The paper reviews the concepts of national culture (NC), organizational culture (OC), and the process of building trust, and also looks at some relevant specific cultural perceptions on the part of Indian Managers. The study proposed a conceptual framework to assess the relationship between national culture, organizational culture, and trust in today's digital scenario.*

**Keywords:** National Culture, Organizational Culture, Trust, Digitalization.

## INTRODUCTION

The study helps to identify what role does culture play in managing trust and how can organizations create a culture that emphasizes the importance of trust, and how it is different in the digital age. As there is no good or bad culture but the focus should be on getting the culture right. When a strategy is vital, businesses are delicate, the environment is dynamic you need a conducive culture for the successful execution of strategies. With the change in ways of doing business and organization structures, trust constructs are shifting from in-person relationships to digital connections and, this shift in the environment may instigate insecurity, fear, and hunch from many.

The objective of this paper is two-fold, one is to underline the need to assess national and organizational culture to successfully align with the digital shifts and the other is to focus on the trust between management and employees, partners, investors, traders, customers, etc. The study highlights the possible value, assumptions, and their impact on developing trust.

With the increasing level of globalization among major multinational companies, and the increasing use of host country nationals as managers, this type of study can be of great benefit.

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\*Ph.D.

Culture has been recognized as one of the most influential factors when developing trust that impacts an organization in various contexts. The managers and subordinates of the same nationality make choices that lead to implementing different cultures at different work setups and so with the different degrees of trust.

Studies repeatedly emphasized that national cultural systems, as well as individual values, greatly affect the corporate cultural system in many ways. For instance, national culture influence how the decisions are made, leadership styles, and human resource management practices. Likewise, it affects the managerial functions in an organizational setting, especially the communication, motivation, organizational design, and people's expectations of work design, and reward systems. Not only technology and market shape culture but also the cultural preferences of management, employees, and the society in which they operate posed an impact on people's apprehension and assessment of those with whom they work. "Thus it's crucial to study culture and to understand its influence on an organization as a value differentiator, if not assessed and appreciated well, can lead to failures in business".

A corporate's culture, tradition, and values are vital to stability and continuity. Organizations, like all open systems, must cope with two paramount universal challenges: adapting to the external environment and integrating their internal system. In response to these challenges, organizations develop, often unintentionally, the set of preferences that form their value culture.

Hence, it is appropriate to assert that national norms and values have an impact on organizational culture as well. Hofstede, in his extensive work on national culture, introduced this notion well, he states that "behavior at work is a continuation of behaviour learned earlier.". "Ultimately, what holds a distributed and virtual workplace together is the trust, patience, and support employees have for one another?"

Keeping these relationships in mind, the paper staged some concepts and measurement scales to assess NC, OC, and Trust based on relevant concepts and theories.

## LITERATURE REVIEW

One of the central challenges in the current social sciences studies is to re-think how the rapid progress of technology has impacted constructs such as trust. This impact is not limited to the micro-level but can be observed clearly at the macro-level too.

Assessing cultures and building trust are imperative in this environment. We can see a macro reflection of broken trust in today's politics. When it comes to the global market, business relations, and integration, trust is the key.

The highly cited definition of culture in culture literature belongs to Edgar H. Schein, who described culture... as "a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that had worked well enough to be considered valid, and therefore, to be taught to new members as the correct way to perceive, think and feel about those problems."

Geert Hofstede work posited culture essentially concerning how people are expected to behave, draws the limitations which certain personalities would drive people, and reveals itself through practices such as rituals, heroes, and symbols. It could be conceptualized as an independent variable, an input in an organization or person that occurs through membership of external groups (e.g. nationality and affiliations, such as to professional or religious communities). Culture is a variable that exerts influence on group activities. Culture works as a sense-making device that can guide and shape behaviour, it can also be an internal variable that expresses the values or social ideas and the beliefs that organizational members come to share...conveys as a sense of identity and results into commitment.

Culture is considered a multi-level, multi-layer construct. Individuals and organizations have multiple cultural identities that arise from diverse social identities, geographic and demographic differences do also impact the cultural identities. Culture 'Mosaic' model categorizes multiple identities into three groups; the demographic tiles include physical innate attributes such as age, gender, race, ethnicity, and nationality.

Geographic tiles preach that a person's cultural identity may be shaped by the place where they live, which includes natural or human-made aspects of a local, such as tropical/ temperature, urban/rural, coastal/inland.

Finally, associative tiles include those groups that individuals choose to be involved with, such as family, religion, and political affiliations.

People who belong to a particular background or culture make choices that lead to implementing different cultures in different types of work setups. An organization may have a "culture" differs from the culture of the ambient society in which it operates. Society itself is pluralistic, supportive of a broad array of different values to which an organization may legitimately subscribe. Any organization has several departments; an IT Department, an HR department, a Finance department, a Marketing department, and research cell, etc., maybe thousands of employees from different departments and hundreds of leaders/ managers and different managerial levels. The question arises here: do they all have the same culture? Should they? Can they? And how they place trust within the organization as well as with customers and partners.

Organizations are committed to their own goals, purposes, value systems, and culture; nevertheless, they negotiate and develop support for their existence by appropriate strategies directed at critical segments of society at large. The employee could be trained to navigate their different cultural expressions (national or functional) or adapt to the technological shift under diverse environments if there is trust within the organization.

#### **A. National Culture**

The society in which an organization is nested affects the cultural values of the organization. It exerts pressure on the culture of an organization. Thus, there must be some similarity between values at the society level and of the organization.

There are distinct levels of culture, and national culture is the highest level since it determines the primary socialization.

As described by Hofstede "National cultures differ mostly at the level of values, while organization cultures differ mostly at the level of the more superficial practices: symbols, heroes, and rituals". The business (industrial) environment that an organization operates within will influence its culture. It will also be affected by the geographical region, which relates to Hofstede's (1991) work on the effects of national culture. National culture is the ideas, set of beliefs, and norms followed by the people of a certain country; the country's history, religion, and traditions make up for the national culture. However, sometimes, the national culture clashes with the organizational culture and can create challenges for leadership.

Societal culture not only has implications concerning shaping organizational culture but can also have a major influence on managerial values, decision making, and organizational effectiveness. National cultures influence managerial functions such as communication, motivation, organizational design, people's expectations of work design, and reward systems.

## HOFSTEDE NATIONAL CULTURAL DIMENSIONS SPECIFIC TO INDIA

### **Power Distance:**

Power distance (PD) expresses the attitude of the culture towards the inequalities measured in terms of the distribution of power, knowledge, wealth, resource, information, authority and the relationship between the boss and subordinates. In low-power distance societies, individuals feel equal to their peers (especially to superiors or subordinates). In high-power distance societies, individuals feel unequal to their peers (superiors or subordinates). In cultures with low Power Distance, bosses are not autocratic, subordinates and superiors consider equal, and subordinate easily approach and contradict their bosses. Organizations may be decentralized, while the gap in salaries might be low and there is a preference for consultation. Opposite to this in large Power Distance cultures, organizations centralize the power, and subordinates expect to be told what to do. There is a wide gap in salaries, while the superiors have privileges.

"India has Power Distance (PDI) as the highest Hofstede Dimension for the culture, with a ranking of 77 compared to a world average of 56.5".

### **Time Concept:**

This dimension of the national cultural system describes how individuals in a particular cultural approach time. In cultures with short-term orientations, quick results are expected. Those with long-term orientations prefer patience and steady progression toward long-term goals. In a long-term-oriented work setting, persistence and perseverance are important. People work to solve a problem for the long term rather than giving a quick temporary fix to it. If people have a sense of shame, they become upset with themselves if they do not work hard and if they do not contribute to group efforts. The time concept includes feeling, perception, and the use of time. Time management influences every aspect of an individual's life, including work life, family life, social and private life. As reported by Hofstede with an intermediate score of 61 in this dimension, a dominant preference for perseverant and parsimonious.

### **Collectivist-Individualistic:**

Individualistic societies are inclined to be more self-oriented, where individual performance contributes to individual outcomes. It has to do with whether people's self-image is defined in terms of "I" or "We". In Individualist societies, people are supposed to look after themselves and their direct family only. In a collectivist society, people belong to 'in groups' that take care of them in exchange for loyalty. In less individualistic cultures, people are integrated into strong united groups, and economic life is organized by collectivistic interests. In collectivist societies, training, physical conditions, and the use of skills is important. India has a high preference for belonging to a larger social framework. Employers might hire a person who belongs to a group. Individuals are expected to act in accordance to the greater good of one's defined in-group(s).

### **Masculinity-Femininity:**

This dimension refers to the degree to which values are associated with stereotypes of masculinity (such as aggressiveness and dominance) and femininity (such as compassion, empathy, and emotional openness). This assesses the degree of how much (high/low) individuals in a particular culture are prompted by competition, personal achievement, and success. Individuals in masculine societies are likely to prefer individual competition and achievement, unlike feminine societies, which tend to care for others and want a quality life for all. Masculinity implies a society's orientation for assertiveness, heroism, achievement, and material reward for attaining success. On the contrary, femininity represents a predilection for modesty, cooperation, quality of life, and caring for the weak. India is considered a masculine country, the Indian culture values assertiveness, competitiveness, and ambition.

### **Uncertainty Avoidance:**

This attribute measures how much individuals in a particular society are at ease with ambiguity and uncertainty, how much they risk when making decisions or taking action in an unsure position. Individual who



tries to avoid risk may need more time, information, planning, and support before they make any decisions about the future. " In other words, leaders are not visionary and transformational; change and future uncertainty are ignored. Adaptation, commitment to experiment, and risk-taking are seen as a threat ." India has a medium to a low preference for uncertainty avoidance . People in cultures with a medium to low uncertainty avoidance level tend to value risk-taking, seek change instead of avoiding it, and demonstrate a high tolerance for difference or error .

#### **Indulgence vs. Restraint:**

Indulgent cultures place more importance on freedom of speech and personal control, while in restrained cultures there is a greater sense of helplessness about personal destiny. "As represented by the "indulgence" point on the continuum, relative to a society that "controls gratification of needs and regulates utilizing strict social norms."

#### **Universalism vs Particularism:**

"Universalism means that everybody is treated as subject to the same rules. Particularism, on the contrary, means that some people are more equal than others ".

### **B. Organizational Culture**

The term was adopted by the anthropologist in the late 1800s, by the 1950s there were over 100 definitions of the word and that was before organizations started using the term.

In the 1980s, Edgar Schein's research expanded the scope of the world to modern organizations and the way we talk about companies has never been the same. "The organizational culture concepts help to understand and analyze the triggers that make an organization get structured, develop, and perform. Today's generation of Indian young people is growing up in a period of economic, technological, political, and cultural transition. Thus, the culture could be a supporting as well as an inhibiting factor of the economic, commercial, and social development which means that "specific norms and collective habits can, behind the façade of formal institutions, make a mockery of the market and democratic competition ".

A corporate is a mix of so many shareholders. This mix is the constant interactions between department heads, staff and of course, customers. Instead of one uniform culture across the organization, it is more likely that we will find a cultural repertoire, a set of cultural filters or perspectives, related to the social structure that relates to its members. "The pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them with norms for behavior in the organization ".

Several studies have taken place since the idea emerges, and gained popularity. In India, culture studies are conducted to examine the differences between the internal work cultures of public and private sector organizations . Studies revealed that Private sectors have an open and trusting culture as compared to the public sector; and rather an open culture in IT/ITES sectors while manufacturing units are high in collaboration .

High-power distance, collectivism, and affective reciprocity are identified as major cultural values of Indian managers . "Indian employees can embrace global work values while retaining a deep connection to their societal culture " "It is a culture that is able to respond to the changes in the environment in which people are willing to take the risk, trust each other, work as teamwork to identify opportunities and problems, be proactive ." "Culture can support linkages between technology adoption and organization growth; it can be a critical success factor in implementing manufacturing strategy and can play a crucial role in determining the success or failure of mergers and acquisitions ".

Scale	Developers	Summery
OCI	Cooke & Lafferty (1989)	Focus on measurement of behaviors, using 12 subscales: 1) humanistic/helpful, 7) dependence, 2) affiliation, 8) avoidance, 3) achievement, 9) oppositional, 4) self-actualization, 10) power, 5) approval, 11) competitive and 6) conventionality, 12) perfectionism
CGS	Kilmann& Saxton (1983)	Focus on measurement of behavioral norms, using 4 subscales: 1) task support, 3) social relations and 2) task innovation, 4) personal freedom
OBQ	Sashkin (1984)	Focus on measurement of organizational values, (n/a) using 10 subscales: 1) work should be fun, 6) quality, 2) being the best, 7) communication, 3) innovation, 8) growth/profit orientation, 4) attention to detail,9) hands-on management and 5) value of people, 10) shared philosophy
CCS	Glaser (1983)	Focus on measurement of organizational values, using 4 subscales: 1) values, 3) rituals and 2) heroes/heroines, 4) network

**Table 2: 1**Obtained from Xenikou and Furnham (1996)

The scope of OC has been defined differently across disciplines and industries, which has led to the development of various scales for measuring OC. Moreover, previously developed OC scales may also not be fully applicable to the changing definition of work, workplace, technology, market, and innovation.

This work particularly proposed how Schein's work can be applied to the companies starting with his very definition of culture in dealing with the digital shift.

Schein stated culture as a pattern of shared basic assumptions people learned while solving the problems of external adaptation and internal integration. "That has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems."

Artifacts and behavior are the most obvious signs of organizational culture. Artifacts can be visible through the things like job titles used, posters, dress codes, structure, and process at the workspaces .

The assessment of artifacts may give some view into what an organization's culture is like, though they won't furnish insight details. Likewise, changing artifacts can lead to some level of change in the culture, but the impact wouldn't be significant. The set of Artifacts considered in developing theoretical study model are:

1. **Team Work:** socialization in the workplace, cross-functional corporation is needed to bring desired change, development of new process, structure, to have transparency.
2. **Collaboration:** with the external bodies, financial institutions, startups, partners, joint ventures, etc.
3. **Integration:** between the employees and customers, feedback loop, and so on
4. **Market Activities:** use of online platform, marketing, contents, commitments, etc.
5. **Communication:** open & direct communication

Espoused values are more about what does an organization says and acts. Espoused values are expressed by organizational values and behaviors, company or employee charters, contracts, strategic goals, philosophy, mission statement, and what does a company website, media states. Analyzing these values does provide some insight into an organization's culture, and changing them surely will provide change to organizational culture to some extent, though the effect won't be immense.

In a digital context. The set of values this study proposed:

1. **Distribution of Power:** power equality amongst employees and across the hierarchy.
2. **Staffing Mentality:** diversity, embracing digital & technical skills
3. **Decision Making:** mutual decision making.
4. **Management Orientation:** openness to change, acceptance of failure, new idea generation & integration, assess & acquire new skills, task oriented, and reward.
5. **Ethics & Loyalty:** commitment, fairness, compassion, governing acts & rules.

Underlying Assumption hold by an organization's members are the most cryptic indicators of its culture than either its artifacts or espoused values. Underlying beliefs and assumptions provide the real meaning to the way that the organization really works on the inside, how they deal with each other. Assumptions about time, or what leads to the organization's success. "Basic assumptions are routines and norms in everyday life, neither challenged nor debatable, therefore extremely difficult to change. This is where the culture has real power".

Given the understanding of the problem and the solution, the organization holds a set of assumptions about how best to go about achieving the solution. In close accordance with Edgar Schein's work, the research underlines five types of assumptions shaping the digital organizational culture.

1. **Assumption about time:** the relationship between past, present and future
2. **Assumption about power & Responsibilities:** appropriate ways to distribute power & responsibilities:
3. **Need for Change:** perceived need for change.
4. **Assumption about Digitalization:** increased demand for digitalization.
5. **Assumption about work ethics:** the need to strengthen the ethical foundation of organization/ employees is urgent. Respect for autonomy,

The set of assumptions should be firmly grounded in the assumptions about digitalization and change in global markets.

### C. National and Organizational Culture

Speaking of national culture, it systematically influences organizational cultures through the firm's administrative heritage — the historical management practices that have been used by organizations within a nation. Moreover, national culture does not determine a monolithic organizational culture for all firms within a country; instead, these firms adopt organizational cultures that vary around certain broad assumptions.

The behavior of the employees is shaped by its organizational culture is somehow influenced by the respective national culture. Researchers confirmed that national culture is associated with attitudes that affect professional activities; nations with low power distance, weak uncertainty avoidance, and high individualism had higher rates of innovation. Cultural differences stemming from national, organizational, and professional cultures have an influence on international alliance performance. The national culture differences between alliance partners can challenge the development of successful relationships. The lack of common understanding may undermine the partners' interpretation of each other's strategic intent, which is crucial in global markets alliances and partnerships. A lack of shared norms and values may reduce trust, effective communication, and knowledge sharing in a joint venture.

However, some evidence suggests that differences in national culture can be beneficial. Because managers tend to be more aware of the potential challenges when working with global partners. Generally, the similarity of partners' organizational culture increases partner learning, satisfaction, and effectiveness of interactions, whereas differences in organizational culture decrease these positive outcomes. Dissimilarities in organizational cultures decrease cooperation and increase negative attitudes toward the partnership and merger.

Cultural studies advocate that therepugnance in the organization's culture and national culture values held by the managers has an adverse impact on the performance of the managers.

#### **D. Culture and Digitalization**

Digital transformation is termed as a new management journey by recent researchers into organizational practices. It's about adopting new technologies, advanced ways of working, and new mindsets to deliver recent business values.

Work from home is recent, but rather a more permanent concept. Though allocation and collaboration are one of the key issues, across and inside teams and projects. The focus is needed on the aspects of the design of work norms, work contracts, trust-building, and team-building, amongst others. Data collection, sharing of data, online payments, breach of privacy, and many issues such as trust, measurement of performance, communication effectiveness, and collaboration are associated with digitalization.

The latest studies are mostly focused on OC and digitalization, OC and trust, NC and trust, and very few specific to India, we need more work on cross-sectional perspective and identify constituents of a digital organizational culture.

Organizational culture, sub-culture/professional cultures can help or hinder the vision of an ideal digital workplace. If one is experiencing that, the culture of their organization is restraining change and innovative efforts. Or the culture has become characterized by mistrust in leadership? Or the company heavily regulated or risk-averse? Such experiences direct attention towards the organizational culture and trust factor. The digital workplace can mirror your organization's culture. Organizations need to consider what impact does culture has on a leader's attempt to meet its vision, or there could be many cultures (subculture) side by side.

The traditional way of doing business is quickly becoming outdated. Digital advancement is changing the way markets, enterprises & employees work. The vertically integrated model of operating eight to nine hours from the company's office, campus, or factory is being replaced by the mobile and agile workforce.

However, this new digital workplace also creates its own challenges, starting from security, productivity, employee expectations, experience, and work culture. Companies must be proactive in creating new systems and policies, and re-interpreting their corporate culture. Technology is continuously re-engineering the work, redesigning and creating new jobs, providing access to data, new markets, open-source talent, and making communication and collaboration way easier.

"Supporting a digital culture provides a layer of flexibility and adaptability enterprises often lack. Industries including areas of government, legal, financial services, healthcare, logistic, manufacturing, insurance, and utilities face challenges not in getting access to the technology but instead implementing a more digital workplace and culture, due to a web of local, state, or federal regulations".

A successful digital supportive culture sets the stage for innovation by breaking down barriers and empower the workforce. It provides a more open work environment with increased information transparency and trust in expertise by changing the default content and process working mechanisms from private to public.

### **E. Why Trust is Essential?**

Trust certainly seems to be a key component to the organization. It provides the foundation for creativity, innovation, teamwork, collaboration, and change, a phenomenon well researched by industrial/organizational psychologists. Moreover, the issues of trust and confidence differ across countries and sectors. Trust is more driven by shared values, performance, absence of corruption; high to above-average levels of economic equality, and through continued positive feedback.

Who can ignore the Great Recession, the fall of the mortgage industry that nearly took down the world economy, now, employees of any company, believe there's some fishy business going on somewhere. To adapt effectively in an era of technology and speed, a business must focus on creating strong, effective workplace relationships between people across the business, and between hierarchies. We all know the essential ingredient in any effective relationship is Trust – not just in one's character, but in their competency, and their communication.

Studies confirm that people do admire cultures that invest in their employees, are supportive, trustworthy, and show they value their employees. Also, trust has been found to be an important ingredient in consumer's intention and behavior towards future relationships with vendors and suppliers.

"In today's corporates, the idea of "togetherness" can take on different forms, especially with the increase in virtual collaboration and remote work. Building strong collaborative teams can be crafty when some of your employees are not physically there. That's when trust has a major role to play. Having trust means higher empathy, timely support, reduced stress, and reduction and simplification of forms and procedures."

### **F. Culture and Trust**

Culture is a source of the script of social interaction that guides everyday behavior. Culture depicts shared beliefs and values; it conveys a sense of identity and facilitates commitment to a group. Culture as a sense-making device, defines what to pay attention to, what things mean, how to react emotionally to what is going on and what actions to take in diverse situations; to reduce the anxiety of dealing with unpredictable and uncertain environments. Since the culture shapes our thinking and influences our actions including, what we understand as fundamental to trust.

Developing and exerting trust between national and organizational culture is a formidable challenge; different beliefs, assumptions, and alien values, "peculiar" behaviors prevent successful interactions and fruitful collaborations.

Trust operates at various levels and has multifaceted implications; the empirical literature contribution focuses on the following constructs: trust, trustworthiness beliefs, propensity to trust, and trusting behavior to inform our understanding of the influence of Culture on trust. The basis of trust could be the quality of evidence gathered, and their interpretation; whether they are first-hand or presumptive, obligations, responsibilities, institutions and regulations, code of conduct, acceptable or unacceptable behavior, and party's responsibilities. Moreover, it could be based on relational bonds include international interaction, national culture, and political opinions; internalization of nation-level cultural values and norms, including a readiness



to engage in cooperation and to trust others. The values guiding people's behavior influence the trust-building process. The political persuasion: "an employee with strong socialist opinions may be rather less trusting of managers than someone with more right-wing, business-oriented sympathies.

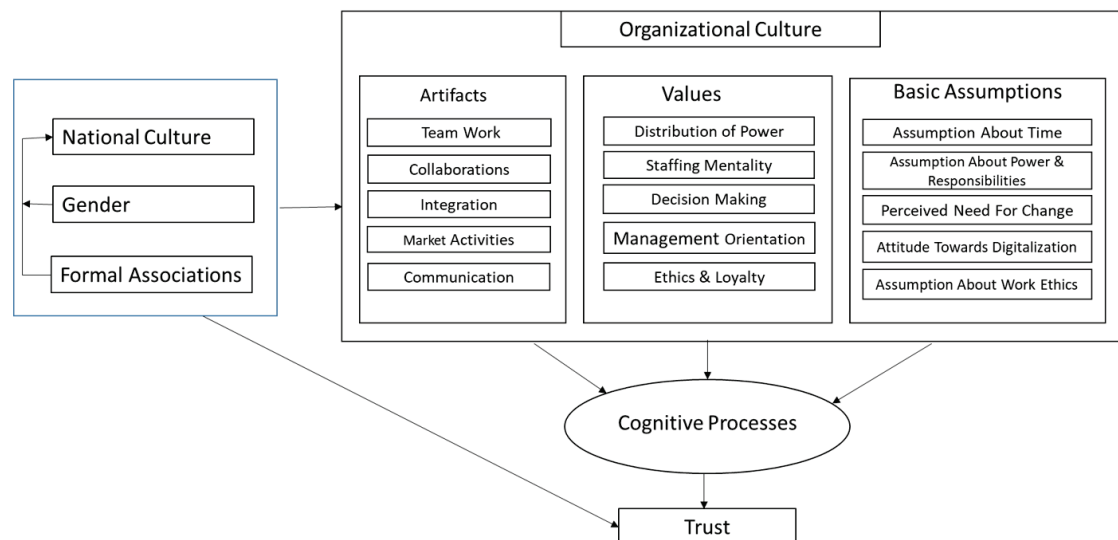
This study has taken the cognitive model of trust-building from Doney and Canon (1997) in developing the conceptual study framework. They argue that each dimension of national culture influences the use of different cognitive processes in forming the trust. The scientific literature describes five distinct cognitive patterns called cognitive trust-building processes (CTBPs). Culture shapes the preference for certain CTBPs over others. Trust across cultures is particularly problematic, as cultures differ significantly when it comes to how the trust should be established and maintained.

- **Calculative:** People would stay in a relationship if the costs and/or rewards of staying within the relationship doesn't outweigh the costs/benefits of cheating on a partner .
- **Prediction:** Prediction is the ability to forecast the behaviour of another party while developing trust.
- **Intentionality:** this process engages the trustor to estimate the trustee's motivation. E.g. when asked by the leader of the department to undergo a certain evaluation process, the employee trusts the leader to do so because he/she thinks the leader is interested in the employee's personal development and not in the profit of the firm performing the evaluation .
- **Capability:** Is being able to deliver on the promises, being ethically and socially responsible. Moreover, "capability can be proven through the abilities of front-line employees. Front-line employees have an important role in building consumer trust ."
- **Transference:** since reputation continues, this process engages the trustor in transferring trust from a known entity (proof source) to an unknown one. The proof source can be a person (e.g. friends, family) or an institution (e.g. the government). E.g. the government advises citizens to stay indoors during the pandemic. Citizens highly trust the government, therefore they will follow the instruction.

However, there is no dedicated work has done in India focusing on national culture, firms' OC, and trust-building with the recent digital shifts in working and interacting. Hence, the motivation behind conceptualizing the concept is promising and also needed when digitalization and innovation is not a concept or department but a true business creator that has considerable contemporary significance.

### Conceptual Framework:

Figure 1: Conceptual framework-Culture and Trust



## CONCLUDING REMARK:

This paper lays out a review of concepts and measurement methods of national culture, organizational culture, and trust. In addition to designing organizational culture scales with the context-specific focus, as addressed above.

The knowledge of culture enables practitioners and scholars to appreciate the implications of culture on various organizational development processes such as change management ; strategic management , and new technology implementation .

The development of conceptual framework found having based on culture scales which are usually adopted in the assessment of culture. Nonetheless, this paper also spotlights the invisible part of the culture, such as a basis of trust and rationality in the organization which are not adequately covered previously especially in the Indian context.

The measurement of organizational culture using quantitative techniques still require further development. The measurement of culture is a challenging task; particularly to measure the invisible part of organizational culture and get the acceptable reliability of scales .

There are limited studies to identify the facets of NC & OC in digitalizing firms. If culture is to become a practical functional concept, the practitioner will have to learn how to assess one as part of any change program. Vocalizing structural changes, visions, and new values is a waste of time if not aligned with the existing assumptions and values.

Hence, there is further scope to investigate the relationship between national culture, organizational culture, and trust-building so that firms are able to consciously shape 'Digital Organizational Culture'.

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# Determining the Purchasing Power of Leader Tomato Exporter Countries

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## ABSTRACT

*Tomato is one of the most produced, consumed and traded agricultural products in the world. In an area of 4.84 million hectares in the world; 182.30 million tons of tomatoes are produced. World fresh vegetable production is 1.1 billion tons and tomato has a 16% share. Tomato trade in the world is increasing both in quantity and value. 7.45 million tons, which constitutes only 4.60% of the tomatoes produced in the world, are subject to international trade. China ranks first in the world tomato cultivation area and production amount, and Mexico ranks first in the world tomato export. In the research, it was aimed to determine the amount of input they could buy in the 2014-2019 period for 1 kg amount of tomato produced. For this purpose, 5 countries including Turkey, Netherlands, Mexico, Spain and Morocco were examined within the scope of the research. The competitiveness of the countries examined during the research period was compared with Turkey. Effective implementation of export-based government incentive policies and input support is very important in order to increase the competitiveness of the tomato sector in Turkey.*

**Keywords:** Tomato, Export, Parity, Purchasing Power

## INTRODUCTION

The homeland of tomatoes is the mountainous regions of Peru, Ecuador and Chile, which are South American countries. It was first cultivated by the Mexicans and spread to the world from there (Celikyurt and Zengin, 2014).

Tomato has a positive impact on human health, containing rich vitamins and minerals. 100 g fresh tomato 6 gmdry matter, 25 mg C vitamin, 1600 I.E.A vitamin, 0.08 mg B1, 0.04 mg B2, 0.3 Niacin, 0.40 mg carotene, 0.70 gm. cellulose, 30 mg calcium and 0.20 mg iron (Kacar and Katkat, 1999).

According to FAO (2017) data, the tomato has a 16% share with 182 million tons in world fresh vegetable production, which is 1.1 billion tons. In the world tomato production as of 2017, China ranks first with a production of 59.6 million tons, India ranks second with 20.7 million tons, Turkey ranks third with 12.75 million tons and the USA ranks fourth with a production of 12.6 million tons. Being the leader in the world, China meets 32% of the total world tomato production.

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Mexico ranks first in world tomato exports, while the Netherlands ranks second and Spain third. Ranking fifth, Turkey's share in exports increased by 1% from 525 thousand tons to 530 thousand tons in 2018. In tomato imports, with 1.8 million tons of imports, the USA ranked first with a share of 25.4% in world imports, while Germany ranked second with 731 thousand tons of imports, and Russia ranked third with 577 thousand tons of imports. Turkey's imports increased by 88% compared to the previous year and increased from 553 tons to 1041 tons.

Turkey, which does not take an important place in the world ranking in the amount of tomato imports, ranks fifth in the world with its share in the amount of exports (FAO, 2020). Tomato ranks first among the vegetable types produced under greenhouses in Turkey. In Turkey, greenhouse agriculture is carried out on a total area of 75,217 hectares. 47.21% of this area consists of plastic greenhouses, 25.45% of low tunnels, 15.94% of high tunnels and 11.40% of glass greenhouses. 3.82 million tons of tomatoes were produced under greenhouse in 2017. 62% of Turkey's greenhouse tomato production was obtained from Antalya and 14% from Muğla (Oztürk and Engindeniz, 2019).

According to 2017 data, more than 30 million tons of vegetables were produced in Turkey. Tomatoes constitute approximately 40-45% of the total vegetable production. 7.2% of the world's tomato production is produced in Turkey. About 4% of the total vegetable production amount is used for export. Turkey's total export of fresh vegetables is approximately 1.1 million tons. About 4% of Turkey's total vegetable production is exported (Guvenc, 2018).

In the research, it was aimed to determine the amount of input, which the producers in the leading countries in the tomato product market could buy, in the 2010-2020 period for 1kg tomato produced. For this purpose, 5 countries including Turkey, Netherlands, Mexico, Spain and Morocco were examined within the scope of the research.

## MATERIAL AND METHOD

In the study, to compare the leading countries in tomato export, secondary data covering the period of 2014-2019 were used. The main material of the study is the data from this period. Data were obtained from the Turkish Statistical Institute (TUIK) and FAO. Comparison of leading countries in export was compared with indexes. In the classification of the indices, more emphasis will be placed on the indices according to the number of covered items. These indices form the basis of the calculation of the domestic and foreign terms of trade. In the research, calculations were made by using simple indexes in the comparison of the countries. Simple indexes are ratios that measure relative changes in the price, quantity or value of a single good over time. The interpretation of simple indexes is based on a single variable. A simple index is a ratio that measures relative changes in the price, quantity, or value of a single good over time. (Gursakal, 2012).

## FINDINGS

The study is aimed at comparing the purchasing power of the leading countries in export. Tomato exports by country are given in Figure 1 (TEPGE, 2020). According to the data in 2018, the leading countries in the world are Mexico, Netherlands, Spain, Morocco and Turkey. Turkey has 7%, Morocco 7.1%, Spain 10.7%, Netherlands 14.3% and Mexico 24.2% export share.

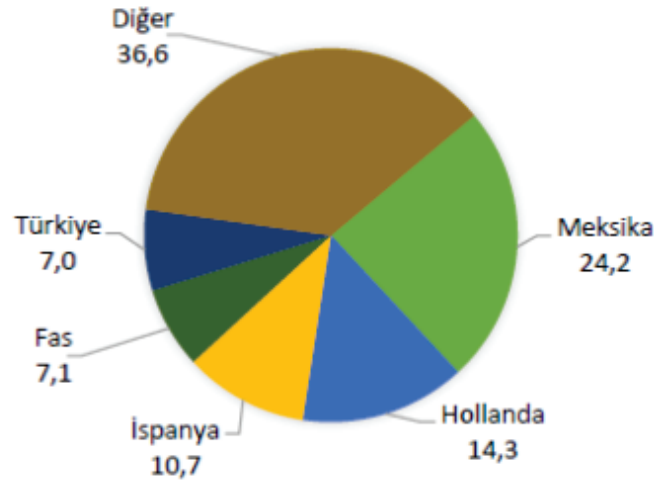


Figure1. Tomato export ratio by country (TEPGE, 2020)

The production amounts of Turkey, Mexico, Netherlands and Spain between 2014-2019 are given in Figure 1. A simple index was created based on the production quantities given in 2014. Compared to the index values created and 2014, the highest increase occurred in Mexico in 2018. The decrease in the amount of tomato production was experienced in Turkey in 2018. While Spain ranks first in tomato production in 2019, Turkey ranks second.

Table 1. Production Quantity (Tonnes)

Production	Turkey		Mexico		Netherlands		Spain	
2014	11850000	100,00	3536305	100,00	900000	100	4888880	100,00
2015	12615000	106,45	3782314	106,95	890000	98,88	4832700	98,85
2016	12600000	99,88	4047171	114,44	900000	100,00	5233542	107,04
2017	12750000	101,19	4243058	119,98	910000	101,11	5163466	105,61
2018	12150000	95,29	4559375	128,93	910000	101,11	4768600	97,53
2019	12841990	105,69	4271914	120,80	910000	101,11	5000560	102,28

Source: FAO (2020)

There has been a continuous decrease in the tomato harvest area in Mexico during the examined period. Compared to 2014, the highest increase in tomato harvested area occurred in 2018 in China (Table 1).



**Table 2. Area harvested by countries (ha)**

Area harvested	Turkey		Mexico		China		Netherlands		Spain	
2014	183029	100	95207	100	1003388	100	1780	100	54750	100
2015	193572	105,76	91989	96,61	1029608	102,61	1755	98,59	58134	106,18
2016	189371	97,82	93376	98,07	1039187	103,56	1775	99,71	62715	114,54
2017	187406	98,96	92993	97,67	1055326	105,17	1790	100,56	60852	111,14
2018	175137	93,45	90323	94,87	1071339	106,77	1790	100,56	56130	102,52
2019	181488	103,62	87917	92,34	1086771	108,31	1800	101,12	56940	104,00

**Source: FAO ( 2020)**

Tomato export values of Turkey, Mexico, Netherlands, Spain and Morocco are given in Table 3. The index was calculated based on the change in export values given in 2014. While Turkey's exports lost value in 2015, 2016 and 2018 compared to 2014, there was an increase of 20% in 2017 and 4% in 2019. Mexico experienced an increase in other years compared to 2014. Among the benchmarked countries, the highest increase in export value occurred in Morocco in 2019. Despite the decrease in export value in the 2014-2019 period, Spain ranks third among the countries compared to 2019.

**Table 3. Export value (1000 US)**

Export Value	Turkey		Mexico		Morocco		Netherlands		Spain	
2014	426490	100	1794332	100	481422	100	1833614	100	1283581	100
2015	365279	85,64	1833864	102,20	437762	90,93	1674870	91,34	1070026	83,36
2016	239875	65,66	2105265	117,32	512007	106,35	1620560	88,38	1070517	83,40
2017	289219	120,57	19433161	1083,03	580522	120,58	1960552	106,92	1141347	88,91
2018	288349	99,69	2260996	126,00	685165	142,32	1932271	105,38	1097550	85,50
2019	301649	104,61	2163383	120,56	764876	158,87	1914152	104,39	1032690	80,45

**Source: FAO ( 2020)**

In Table 4, the yield of selected countries is given as hg/ha. While tomato yield increased in Turkey and Mexico in 2019 compared to 2014, it decreased in the Netherlands and Spain. Although there was a decrease in 2018 in Turkey compared to the previous year, there was no decrease in productivity in other countries.

**Table 4. Tomato yield (hg/ha)**

Yield	Turkey		-		Netherlands		Spain	
2014	647438	100	371433	100	5056180	100	892946	100
2015	651695	100,65	411170	110,69	5071225	100,29	831304	93,09
2016	665361	102,09	433427	116,69	5070423	100,28	834496	93,45
2017	680341	102,25	456277	122,84	5083799	100,54	848529	95,02
2018	693743	101,96	504786	135,90	5083799	100,54	849564	95,14
2019	707594	101,99	485903	130,81	5055556	99,98	878216	98,35

**Source: FAO ( 2020)**

Tomato producer prices (USD/tonnes) in the leading exporting countries are given in table 5, from 2014 through 2019. According to the tomato producer price index given, a decrease of 12.1% in Turkey, 1.72% in the Netherlands, 48.71% in Spain and 11.62% in Morocco was experienced in 2019 compared to 2014. Despite the decrease in the price index experienced in these countries, which are pioneers in exports, an increase of 9.44% occurred in the tomato price index in Mexico compared to 2014. While the price decrease in Turkey was the most in 2017, there was an increase in the price index in other countries in the same year. The highest price increase in Turkey occurred in 2016, with a value of 28.73%. Despite the price increase in Turkey in 2016, decreases in the value of the tomato price index occurred in other countries, except for Morocco.

**Table 5. Producer price (2014-2019) (USD/tonnes- Annual value)**

Producer price	Turkey		Mexico		Netherlands		Spain		Morocco	
2014	480,1	100,00	411,7	100,00	808,3	100,00	689,3	100,00	271,2	100,00
2015	395,7	82,42	420,3	102,08	804,7	99,55	361,1	52,38	172,1	63,45
2016	509,4	128,73	381,9	92,76	669,6	82,84	311,1	45,13	198,8	73,30
2017	299	58,69	388,1	94,26	827	102,31	439,2	63,71	209,5	77,24
2018	312,3	104,44	428,1	103,98	739,9	91,53	372,6	54,05	216,9	79,97
2019	274,8	87,99	450,6	109,44	794,4	98,28	353,6	51,29	239,7	88,38

Source: FAO (2020)

The 2015 base year consumer price index values, which occurred between 2014 and 2019 in Turkey, Mexico, Netherlands, Spain and Morocco, which are the leading countries in tomato exports, are given in Table x. The given index values have been converted using a simple index, taking 2014 as the base year, in order to enable comparison with other data. In Turkey and Mexico, there was an increase of more than 20% in the general consumer price index in 2019 compared to 2014. There was also an increase in other countries, but this increase remained below 10%.

While the highest increase in the price index was experienced in Turkey, Mexico, the Netherlands, and Spain in 2019, the highest increase was experienced in Morocco in 2018. No country fell below the index base value of "100" between 2014 and 2019 (except Spain/2015-2016). According to the index values obtained from FAO, the country with the highest consumer index is Turkey, while the lowest country is Spain (Table 6).

**Table 6. Prices General Indices (2015=100//January)**

Consumer Prices	Turkey		Mexico		Netherlands		Spain		Morocco	
2014	89,6	100	96,4228	100	98,15	100,00	99,959	100,00	98,293085	100,00
2015	96,1	107,24	99,378	103,06	98,15	100,00	98,64068	98,68	99,85605	101,59
2016	105	109,57	101,9757	105,75	98,71	100,57	98,35625	98,39	100,116544	101,85
2017	115	109,21	106,7872	110,74	100,35	102,24	101,2823	101,32	102,200496	103,97
2018	127	110,34	112,7095	116,89	101,82	103,73	101,8641	101,90	104,396486	106,20
2019	153	120,35	117,6299	121,99	104,05	106,01	102,8621	102,90	103,76346	105,56

Source: FAO (2020)

The ratio of the producer price index of the leading exporting countries to the general index is given in Table 7. The given rate is an indicator of the amount of goods and services that producers operating in leading countries can purchase with a unit of product they produce. In all benchmarked countries, in 2014, a producer can purchase more than one unit of goods and services with a unit of product, while in 2019, the producer can purchase less than one unit of product with a unit of product in all countries.

Producers were able to purchase more than one unit of goods and services in Turkey in 2014 and 2016, in Mexico in 2014 and 2015, in the Netherlands in 2014, 2015 and 2017, in Spain and Morocco in 2014, with a unit of product they produced.

**Table 7. Producer Price Indices/Prices General Indices**

Producer price /prices indices	Turkey	Mexico	Netherlands	Spain	Morocco
2014	1,11607143	1,03709911	1,0188487	1,00041017	1,017366
2015	0,85764828	1,02718912	1,01426388	0,53101824	0,635415
2016	1,226	0,90962847	0,83922602	0,45884222	0,732147
2017	0,51034783	0,88269006	1,01953164	0,6290339	0,755769
2018	0,8223622	0,92254868	0,8989393	0,53060892	0,766022
2019	0,57509804	0,9303757	0,94454589	0,49862875	0,851745

**Source: FAO (2020)**

Purchase of parity, which is one of the indicators of welfare, decreased at most in Turkey and Mexico in 2017, in the Netherlands in 2016, in Spain in 2019 and Morocco in 2015.

## RESULT

The study is aimed at determining the purchasing power of the producers by comparing the data of Turkey, Mexico, Netherlands, Spain and Morocco, which are the leading countries in tomato export. Another aim of the study is to reveal the tomato export competitiveness and current situation of these countries with Turkey.

Mexico is the country with the largest share in tomato exports. Mexico is behind Turkey in terms of tomato production amount, yield and planted area. The tomato producer price index in Mexico is 63.97% higher than in Turkey. The general consumer price index is 45.29% higher in Turkey than in Mexico. The high price index in Turkey also affected the purchasing power of the producers. While a producer in Mexico can purchase 0.93 units of goods and services with one unit of product produced in 2019, this rate is 0.57 in Turkey.

According to the 2019 value of tomato producer price index, Spain comes first, followed by Turkey. According to the general consumer price index value, Turkey ranks first. In all benchmarked countries, in 2014, a producer can purchase more than one unit of goods and services with a unit of product, while in 2019, the producer can purchase less than one unit of product with a unit of product in all countries. The purchasing power of the producers in the leading countries in tomato export compared to 2019, respectively; Netherlands, Mexico, Morocco, Turkey and Spain.

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# Brief Overview of the Current Situation of Youth Unemployment, with a Special Focus on Hungary's Status

Szegediné Takács Emese\*

## ABSTRACT

*The aim of this paper is to illustrate the current status of youth employment, education and training in Europe with a special focus on Hungary as it is set to be the 8.6 target of the UN Sustainable Development Goals. The possible target date to reach this goal has been seriously affected by the latest pandemic situation, which indicates that we need to overview the possibilities of how and when can we get closer to the desired outcome. After analysing the present situation with the help of available statistics and data the study illustrates the reasons behind youth unemployment in Hungary explaining the effects of early school leaving, the disadvantageous position of the minority and the territorial disparities as well as some possible country-specific reasons providing a brief assessment of the underlying causes and the current level of youth unemployment.*

**Keywords:** youth unemployment, COVID-19, early school leaving, International Labour Organization (ILO), not in employment, education or training (NEET)

**JEL Classification:** E24

## INTRODUCTION

UN Sustainable Development Goals are equally important but obviously, they do not require equal attention from each country. In certain countries one goal is more easily achievable than others, some areas are not so affected by hunger than less fortunate regions, and some might not be so concerned about life below water than those countries that are directly affected by pollution of the oceans, but everywhere in the world one of the key factors of economic growth, stability, and the sense of security can largely depend on how much effort has been taken into the youth of a nation. Younger generations are the future of humankind; their education is the key to prosperity and the future of the world lies in their hands. We can do a lot now if we join our forces to make the world a better place, but the question is how wisely we treat the upcoming generations and how capable will they be to continue this work. In Hungary, youth unemployment can be attributed to different reasons such as the long-lasting effects of the change of regime, early school leaving or the situation of the seriously underprivileged minority. The question is how can we handle this problem at a state, municipality and local level and what can be done to balance the massive disparities between people, regions and chances to become educated citizens. The job crisis of youth had existed long before the pandemic hit but with the restrictions, lockdowns and increasing insecurity young workforce has been compelled to undertake less attractive part-time jobs or unstable, sometimes underpaid positions. But many of them have been forced into temporary

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unemployment, and without reskilling and training opportunities they have little hope to change. We can see how complex this problem might be and if no urgent action is taken, young people are likely to suffer severe and long-lasting impacts from the pandemic.

## LITERATURE REVIEW

### The “history” of youth unemployment

Youth unemployment is not a new concern for the world's societies, but one of the most alarming issues related to the labour force. After World War I, alongside the foundation of many organizations to serve international peace, justice, and long-awaited stability, the International Labour Organization (ILO) was established in 1919. The newly founded body aimed to bring governments, employers and workers together to ensure the fair regulation of labour supply, the prevention of unemployment and protection of workers, children, young persons and women as well as the promotion of decent work<sup>1</sup>. Later, in 1946, the ILO became a specialized agency of the newly formed United Nations. The ILO has had a long-standing concern for the problems faced by young people. The Organization's work in the first two decades after its foundation was to put a great emphasis on setting standards to protect the welfare of young workers. The General Conference of the International Labour Organization held the latest major discussion on the concerns about youth employment in 2005 highlighting the fact that “there are too many young people who do not have access to decent work” and “face challenges in the labour market”.<sup>2</sup>

At that time it became clear that the youth unemployment crisis has already started and this recognition led to defined goals and programs to reach them. The main motivator of this mission can be derived from the realization of how vulnerable this generation might be due to several factors like insufficient education and training or the sensitive age group they belong to. The labour market has been badly impacted by several economic crises all around the world during the last decades and young workers are the most likely to suffer from the consequences. During the 2008 crisis, 10 % of jobs in Europe held by young workers were lost. In Spain, Greece and Ireland, half of working young people lost their jobs between 2007 and 2014.<sup>3</sup>

The youth employment crisis is a global challenge, although its social and economic characteristics vary considerably in size and nature from one country to another since the distribution of the young population is disparate and greatly affected by various economic and social factors. Data show a growing trend in the number of young people aged 15-24. While in 2019 it was about 1.2 billion youth in the world, accounting for 15 per cent of the global population experts estimate the world's youth population by 2065 to reach its peak, at around 1.4 billion persons (13%)<sup>4</sup>. According to ILO, just under half a billion (429 million), young workers worldwide are employed; three-quarters in informal work; one quarter in formal work. And of these young workers, 126 million already live in extreme (13%) or in moderate poverty (17%)<sup>5</sup>. Here, it is essential to clarify the definition of informal work, since the majority of young workers must take this form of occupation if they want to earn a living. An informal work situation means that there is little or no job security, no contract, and workers might not have the same employer for more than a few weeks or months. The Joseph Rowntree Foundation cites three main identifiers of informal working: low wages, few benefits and limited hours.<sup>6</sup> The share of young people not in employment, education or training (the NEET rate) has risen in many countries and probably will never recover to pre-2008 crisis levels. (see Hiba! A hivatkozási forrás nem található. )

<sup>1</sup><https://www.ilo.org/global/about-the-ilo/history/lang-en/index.htm>

<sup>2</sup>ILO: Resolution concerning youth employment, International Labour Conference, 93rd Session, Geneva, 2005

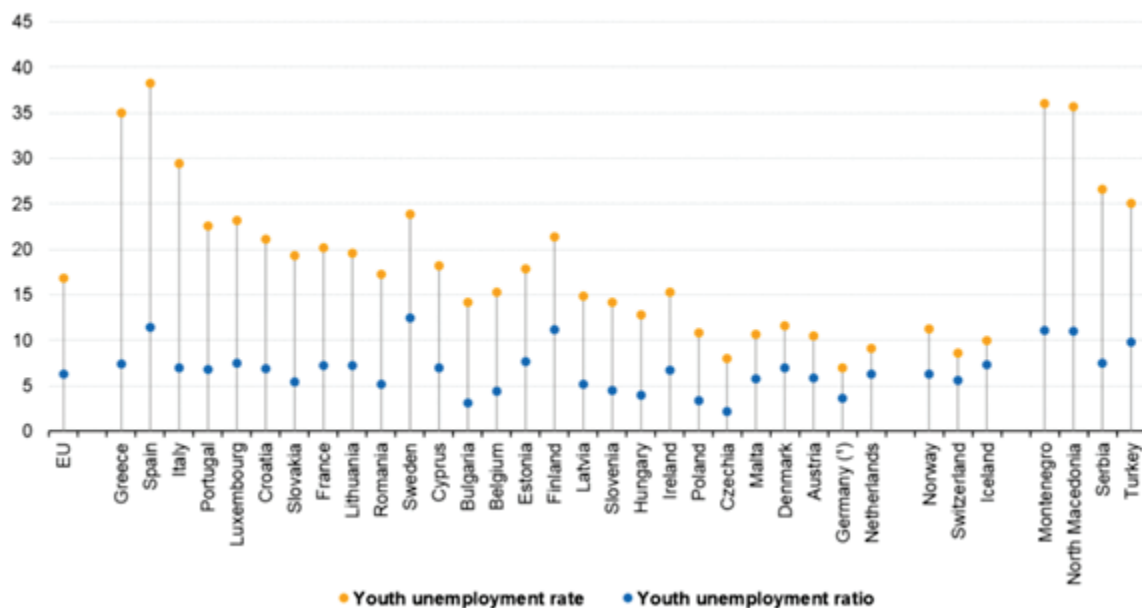
<sup>3</sup><https://www.worldfuturecouncil.org/covid19-what-about-us/>

<sup>4</sup>The United Nations, for statistical purposes, defines persons between the ages of 15 and 24 as a youth. Report of the Advisory Committee for the International Youth Year.A/36/215, annex.

<sup>5</sup>Global Employment Trends for Youth 2020: Technology and the future of jobs International Labour Office—Geneva: ILO, 2020

<sup>6</sup>The Joseph Rowntree Foundation is an independent social change organisation working to solve UK poverty.



**Table 1 : Youth unemployment rates and ratios, 2020 (in%, people aged 15-24)**

Source: Eurostat, 2020

Since 2009, little progress has been made in reducing youth unemployment in the Developed Economies and European Union as a whole. Between 2008 and 2012, the number of unemployed young people increased by more than 2 million in advanced economies, growing by almost 25 per cent. In the second quarter, the youth unemployment rate exceeded 15 per cent in two-thirds of advanced countries. However, there are significant variations across countries and some countries are showing positive results.<sup>7</sup> In 2011, four out of ten unemployed persons were young women or men. Globally, youth were three times as likely as adults to be unemployed. Before the crisis, inequalities among youth in terms of access to decent work, as well as inequalities between youth and adults, were already a source of concern. A prolonged youth employment crisis can only intensify these inequalities.

### The Result of the Pandemic

Now it has become obvious that the pandemic has a critical impact on many young workers. This is not just because fewer jobs are available, but also the serious disruption in every level of education might cause poorer opportunities in the workforce.

As a result of the crisis, young workers experienced a 2.5 times greater decline in employment than adults. Young workers who lost their job have been more likely than their adult counterparts to become inactive, which further weakens their labour market prospects. In fact, though the number of young unemployed has remained essentially unchanged between 2019 and 2020 worldwide, this is only because many young people without a job stopped looking for one or have delayed their entry into the labour market.<sup>8</sup>

It raises the question of what the young people who have lost their jobs are doing. Global estimates reveal that the employment loss for young people in 2020 (-8.7 per cent) translated into a similar increase in inactivity and very little change in global unemployment. This indicates that the unemployment rate provides only a very partial insight into the impact of the COVID-19 crisis on young people and the need for broader monitoring of

<sup>7</sup>Global Employment Trends for Youth 2013: A generation at risk / International Labour Office—Geneva: ILO, 2013

<sup>8</sup>World Employment and Social Outlook: Trends 2021 International Labour Office—Geneva: ILO, 2021



labour market outcomes.<sup>9</sup> In Hungary, the crisis' impact is clearly experienced, as figures show below (Table 2) representing the steady rise from October 2020 to July 2021.

**Table 1 : Youth unemployment in Hungary 2020-2021 (% , aged 15-24)**



Source: Eurostat

#### Has recovery been started?

Looking at trends in the course of 2020, we can experience a certain extent of recovery in some countries, however, it is neither a stable upward trend nor a predictable perspective for the future. There is no reason to anticipate any significant improvement since then, and indeed, the economic situation has worsened in a number of countries. Overall, most youth labour markets have not yet come close to recovering to their pre-COVID youth employment levels, apart from France and Switzerland, where youth employment hovers at or close to the pre-crisis level.<sup>10</sup>

Based on the analysis of these trends, we can conclude that the situation remains highly uncertain and fragile and for this reason, continued monitoring of the situation of young people is critical, particularly in terms of whether they are benefiting from the recovery. A key issue is the desired shift from inactivity, which requires a specific focus in monitoring and policy responses to ensure that young people, especially the most vulnerable, do not become further discouraged and distanced from the labour market.

## HUNGARY IN THE FACE OF YOUTH EMPLOYMENT

### Overview

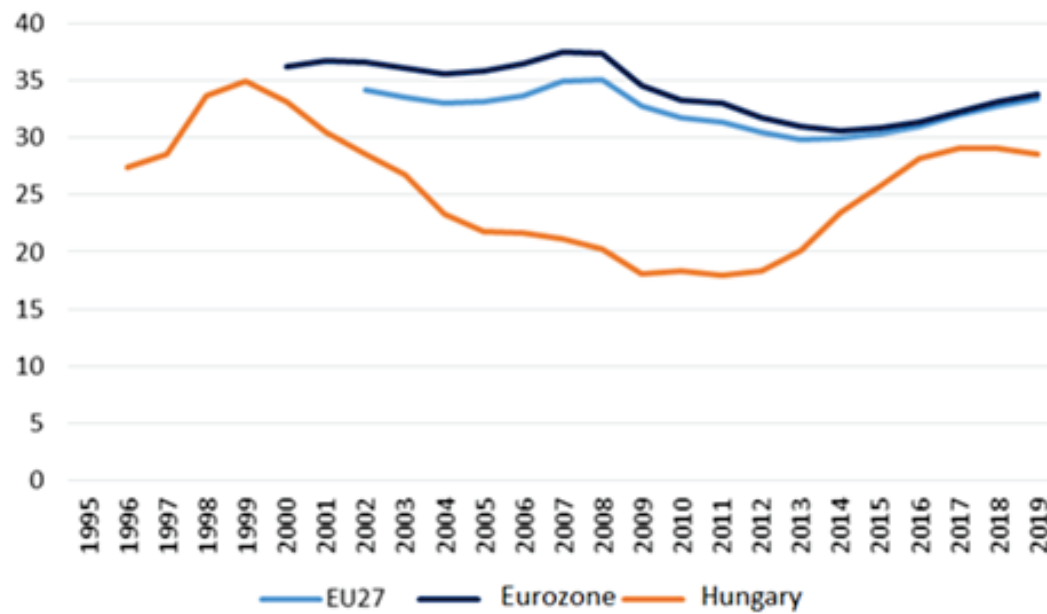
Workers under the age of 25 are a special group in terms of the labour market. In general, labour market socialization takes place in this age group, i.e. getting to know and integrating into the world of work. The employment situation of this group is fragile, exposed to seasonality and crises. At the same time, the labour market situation of those under 25 varies considerably: it is related to the time spent in higher education (or in education at all) work-experience, and in Hungary location is also a factor. The domestic youth employment rate peaked in 1999 at almost 35%. After 2000, there was a continuous and drastic decrease in Hungary until 2010, when the proportion of employed young people dropped from around 35% to 18%. This means that a drastic decline had already taken place before the 2008 crisis, and then the situation was further exacerbated by the crisis. After 2012, youth employment began to gradually improve. By 2017, the rate was approaching 30%,

<sup>9</sup> See ILO. 2021. World Employment and Social Outlook – Trends 2021; ILO. 2020. ILO Monitor: COVID-19 and the world of work. Seventh Edition.

<sup>10</sup> One year into COVID-19 education disruption: Where do we stand? (unesco.org)

followed by stagnation around 28-30%.<sup>11</sup> The employment rate of Hungarian youth compared to the average of the European Union and the Eurozone shows significant differences between 2000-2012, but the ratios are gradually converging after 2012. (Table 2)

**Table 2 : Youth employment rate (% , aged 15-24)**



Source: Eurostat 2021

### The reasons behind youth unemployment

Considering Hungary's political and socio-economic transformation at the end of the 20th century one possible reason behind the current amount of youth unemployment can be that people's professional knowledge gained in the years before the change of regime depreciated after 1989 due to changed market conditions. The transition to a liberal market economy has posed new challenges to Eastern European countries with closed markets. Added to this, the "baby boom" erupted in the 1970s, causing a sudden multiplication of birth rates. As a result, the number of people entering the labour market was higher in the late 1980s, making it more difficult for young people to find employment.

One of the major reasons for becoming unemployed is the negative consequences of a job search, the prolonged inactivity, and the ineffectiveness that can easily lead to a sense of failure. The state of long-term unemployment can make job seekers passive and thus exclude them from the labour market. Before the pandemic the proportion of those who have been looking for work for less than a year, (long-term unemployed), was very high in Hungary, almost half of all unemployed (46.1%) belonged to this category. The proportion of young people aged 15-29 affected by long-term unemployment was over 40%. According to statistics, 41.3% of unemployed young people aged 15-29 have had a job search period of at least one year, but only one in ten young people in employment has been able to find a job without looking for one.

The third possible reason is the extended time spent in higher education. Although more and more students start working while still in education, the proportion of those who did work alongside with their studies increased significantly only between 2009 and 2016. According to Eurostat, in 2009 the proportion of young people who had studied exclusively during their years in higher education was 80%, while in 2016 the figure halved to less than 40%. The indicator is in line with European trends. Taking jobs while studying is becoming

<sup>11</sup> EUROSTAT: Employment and activity by sex and age—annual data. 2021.02.08. [https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsi\\_emp\\_a&lang=en](https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsi_emp_a&lang=en)

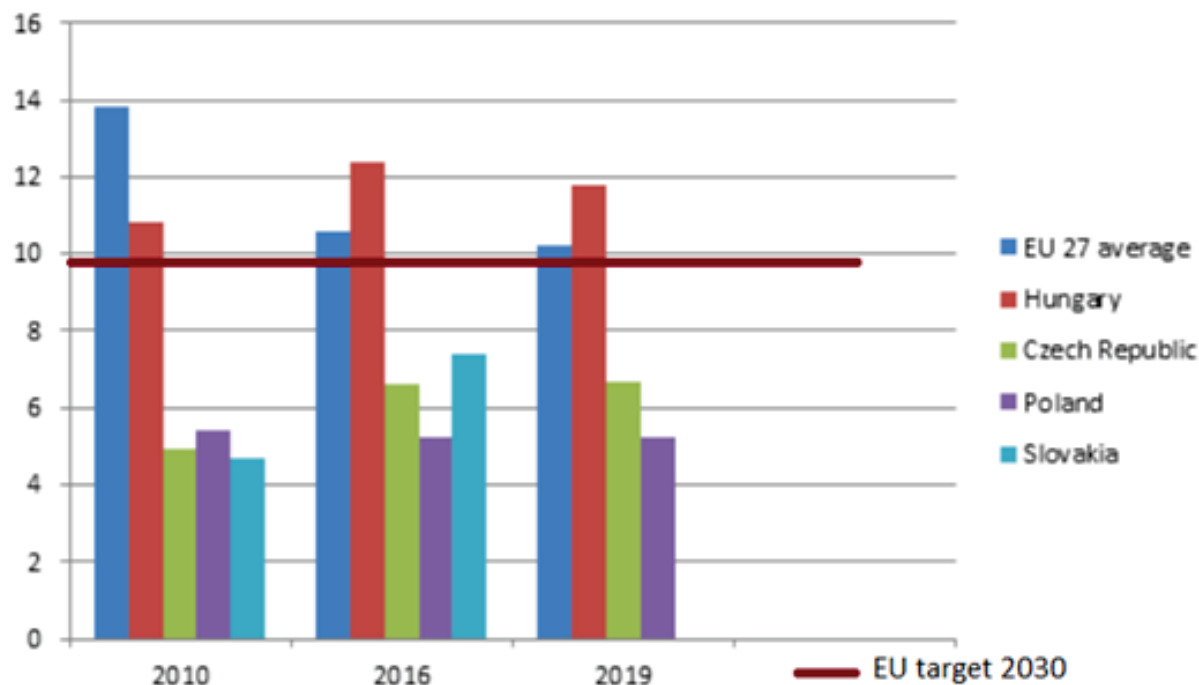
more common in Europe, rising from 54% in 2009 to 64% in 2016. Eurostat survey also showed that in countries where young people start working during their studies, they are less likely to become unemployed. There is also a difference in whether young people have paid or unpaid (traineeship) work experience. In Europe, after Lithuania, Hungary (31%) and Romania have a higher proportion of people with only unpaid work experience.<sup>12</sup>

Young people with lower education have more difficulties in finding workplaces. One of the main reasons for low employment among primary vocational school graduates can be traced back to the lack of basic competencies. Despite the efforts to make the education system more practice-oriented, these already existing shortcomings in basic competencies will not be eliminated. (Matheika, 2013). It should be noted, however, that there are some - 0.8% of the population aged 15-29 (14 thousand people) - who have not completed primary school and are no longer studying. It is also noteworthy that 26% of primary school graduates do not study any further. A recent Hay Group<sup>13</sup> study looked at the causes of youth unemployment from a different perspective. It pointed out that only a very small percentage of companies pay special attention to the salaries of new entrants, which means that new entrants do not suffer a disadvantage in their salaries, but on the other hand they compete directly with those who have one or two years of experience, and companies are not willing to pay the same salary for less work experience.

### Early school leaving

One of the EU's education priorities is to reduce the number of early school leavers across the EU to below 10% by 2030. The graph below (Table 3) demonstrates the current status of the Visegrad countries compared to the EU average.

**Table 3 : Early leavers from education and training (% of population aged 18-24)**



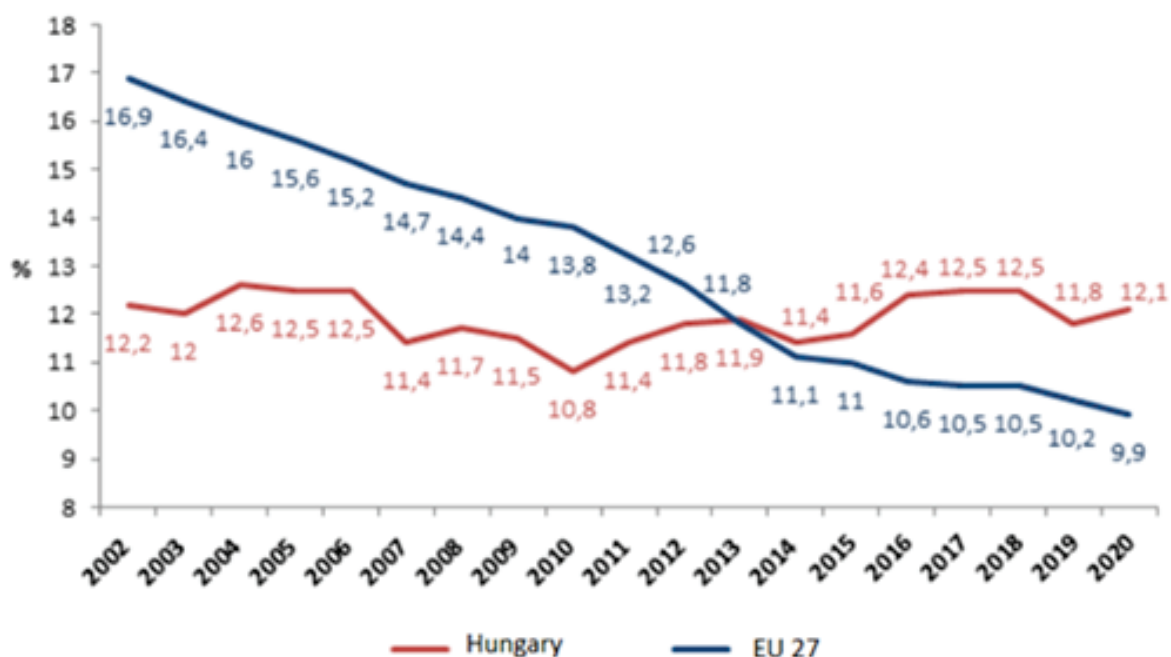
Source: Eurostat

<sup>12</sup> EUROSTAT: Young people in the EU: education and employment. Eurostat 2017.08.11. <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/EDN-20170811-1> Retrieved: 12 September 2021.

<sup>13</sup> Hay Group is a global management consulting firm providing surveys and researches in various fields.

Considering the location of these countries within the European Union it is interesting to see the differences in terms of school dropouts. Hungary is the only one country from the Visegrad Group which is above the EU average and above the EU target for 2030. The development of the rate of early school leavers (See Table 4) is special because Hungary started with a very significant advantage at the turn of the millennium compared to most European countries, and our data improved by almost two per cent between 2006 and 2010. After that, however, they deteriorated again, hovering around 12 per cent since the middle of the decade, which was already a worse performance than the EU's steadily improving average, falling below 10 per cent by 2020. There is an unquestionable link between early school leaving and unemployment, social exclusion, poverty, and poor health. There are many reasons why some young people drop out of school. Personal and family problems, learning difficulties and socio-economic problems can all play a role in early school leaving. In addition to the above, the structure of the education system, the non-supporting atmosphere in certain schools and the relations between teachers and students are important factors.

**Table 4 : Changes in the proportion of early school leavers in the EU27 average and in Hungary between 2002 and 2020.**



Source: Eurostat, 2020

### Minority

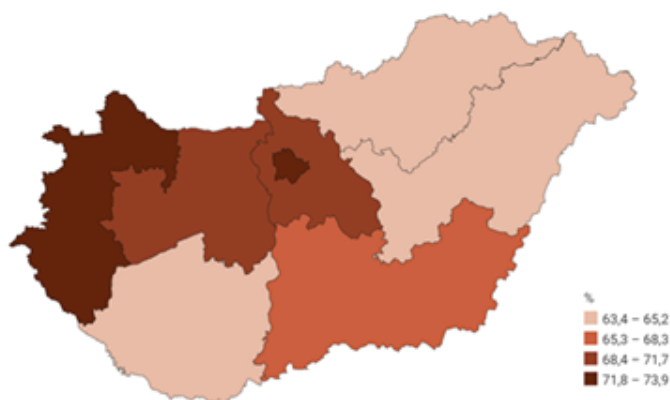
According to the 2011 Hungarian census, 644,524 people, i.e. 6.5% of the population, declared themselves as members of one of the officially recognized nationalities. However, it is estimated that the real number (national and ethnic minorities) is much higher than this: it accounts for approximately 8-10% of the country's 10 million population, and the majority belongs to the Roma population (315.583 persons). From the aspect of youth unemployment, it is essential to study the status of Roma since the population can be considered as highly underprivileged from several points of view. Non-participation in early childhood education and care, difficulties in accessing high-quality education, not least as a result of socio-economic segregation, lack of parental support and insufficient basic competencies all play a significant role in the economic activity of the Roma. The unemployment among the Roma has a long history starting from the change of the regime in 1989 when raising unemployment affected the Roma en masse in the first place, but in general it can be said that they were excluded from the labour market in the largest numbers and had (and still have) the biggest difficulties in

adapting to the new market conditions. Naturally, this all relates to the well-known fact that after the change of regime, those workplaces were dissolved, which could be filled with a low level of education where the majority of the unskilled Roma population worked. Today, primary school graduation has no value in the labour market, although the majority of Roma families have no higher level of education. Thus, it is very easy for Roma children to fall victim to the vicious circle of low education – unemployment – poverty and – low education, and social mobility becomes impossible for almost the entire Roma population. Experts in this field explain the disadvantageous status of the Roma community in the labour market for educational reasons. According to this, the main reason for the lack of opportunities for the Roma in the labour market is the low level of education. Insufficient level of skills and low work culture (Ágó, 1997) According to a study (Kertesi, 1970) two-thirds of non-Roma children achieved a higher school grade than Roma children where the percentage is only 6. Non-Roma has a six-fold better chance of completing vocational training and is fifty times more likely to complete high school. Thus, according to Kertesi, inequalities of opportunity arise in further education after the 8th grade of primary school. Considering the drop-out rates, we can see that 50% of Roma complete their studies in the first grade compared to 77% of non-Roma. In the total population, 97.7% of 8th graders continue their education, compared to 51.2% of Roma (Kemény, 1995, 1999). In conclusion, it is safe to say that one of the most important factors that has an impact on labour market opportunities is educational attainment. So it is obvious that the situation of the Roma minority is very disadvantageous in this respect and that in order to improve their chances on the labour market, it is essential to promote higher participation in school education, especially in secondary and higher education institutions.

### Territorial disparities

In Hungary, the regional differences in economic performance, employment, unemployment and wages have increased steadily since the 1990s. It is a great concern that even years after the change of regime, it is no sign of a territorial balance of labour market activity. On the contrary, at the level of counties and micro-regions, disparities are growing between regions and a definite polarization is observed. The possible reason behind this phenomenon is that the territorial concentration of new jobs created after the job destruction during the change of regime exceeded the territorial concentration of job losses. The new jobs have been created mainly in the country's urbanized areas with a relatively educated population and concentrated in the central and western regions with developed infrastructure. The graph below (Table 5) shows the current division of employment rate by county, indicating the total amount of employment since data is not available regarding the youth employment but considering the correlation between them we can conclude that youth employment is even more unequally distributed.

**Table 5 : Employment rate by county (population aged 15-24)**



Source: KSH Munkaerőpiaci folyamatok, 2020



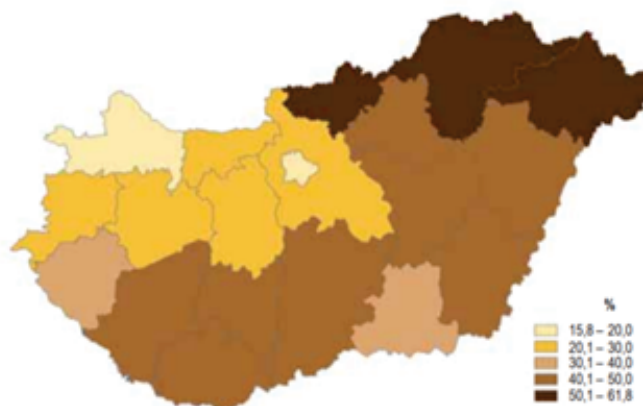
The graph shows that Budapest and the western counties are characterised by the highest employment rates, whereas the Eastern part and the southwestern counties have the lowest employment rate. This characteristic polarization persisted in the years after the turn of the millennium, and Southern Transdanubia, Northern Hungary and the Northern Great Plain can be characterized by a remarkably higher unemployment rate. Obviously, the level of urbanization and state of infrastructure influence greatly the creation of jobs, hence the level of unemployment. But the possibility of later unemployment formulates in early childhood as social, educational, financial background all have a severe impact on future perspectives. We can see that from all these aspects Hungary is very divided regionally, showing the very disadvantageous position of North-East Hungary, the Northern Great Plain and the southwestern counties. Table 6 illustrates the proportion of underprivileged children in kindergarten, which shows the exact same regional division. The proportion of disadvantaged or cumulatively disadvantaged children (due to their family background) participating in primary education is even higher than in kindergarten. In the case of schoolchildren, these statistics are kept by the counties of Eastern Hungary, including the Northern Great Plain and Northern Hungary (Table 7).

**Table 6 : Proportion of underprivileged children in kindergarten, 2010**



Source: KSH<sup>14</sup>

**Table 7 : Proportion of underprivileged children in primary education, 2010**



<sup>14</sup> The Hungarian Central Statistical Office

The same division appears among the most educated: the proportion of people with higher education in the capital is remarkably high (39 percent), almost twice the national average. The proportion of graduates is 28 per cent in county capitals, 18 per cent in other cities and 11 per cent in villages.<sup>15</sup>

Despite the fact that education seems to be a determining factor in the labour market, public expenditure spent on education is very low in Hungary. In 2011, only 4.4% of GDP was spent on educational institutions, which fell to 3,9% in 2019, showing a decreasing trend. Along with Turkey and the Slovak Republic, it is one of the three lowest rates among OECD countries.<sup>16</sup> Regarding some possible steps in order to decrease serious regional disparities, the following suggestions are made.

## SUGGESTIONS

Considering the country's current status in youth unemployment we can say that the most urgent problem is to tackle the serious disparities that exist between certain regions and also between urbanized and rural areas. As the study reveals, the roots of youth unemployment are to be found in childhood, which suggests that early interventions are needed to prevent young people from becoming unemployed. One possible solution is to reform the education system, providing training and education programs to improve the quality of education, organizing training in line with the needs of the labour market. Secondly, social network regulation is necessary with the clear definition of the level of social benefits taking equity and activity incentives into account.

## CONCLUSION

Based on the above-mentioned facts, and data we can conclude that the global situation of youth unemployment is on the rise and threatens with prolonged and serious consequences if not treated effectively. In the European Union, there are remarkable differences among the member states where Greece, Spain and the Balkan countries suffer the most from this problem. There are numerous factors contributing to the higher level of difficulties young people need to face in the labour market, some are country-specific reasons and there are others formulating by the socio-economic situation of a society, but we can highlight the effects of COVID-19 as it has had an impact all around the world. We can see that this recent crisis worsened further the position of young people trying to enter the labour market, but it also affects youth economic and financial status and their social and mental well-being as well. Hungary stands in the middle of the European ranking in terms of youth unemployment, but inside the country, we can experience severe disparities. Among the causes, some can be traced back to historical roots, such as the aftermath of the change of the regime, but there are more recent ones, like the far-reaching effects of COVID-19. From this respect, we can distinguish direct and indirect effects as the crises obviously generated job losses and an unstable economic environment, but also influenced people's sensation of reality in a depressing way. The prolonged inactivity and uncertainty concerning the future can easily lead to a sense of hopelessness and passive attitude. The study explains the effects of early school leaving, minority issues, and territorial inequalities since they all have a provable impact on the development of the adverse situation. The results show that in Hungary, the most urgent problem is to tackle serious disparities between certain regions, where youth unemployment can be derived from the disadvantageous socio-economic background. On the other hand, educational questions are more complex, thus the study examines them from different angles. Finally, the paper suggests some possible directions to alleviate the serious inequalities within the country. All in all, considering youth unemployment, Hungary is not among the most affected countries, but certainly, we must be aware of the problem and find ways to help young people to be productive members of society.

<sup>15</sup> KSH, <https://www.ksh.hu/education> Retrieved 16 Oct 2021

<sup>16</sup> Education at a Glance: OECD Indicators, 2014

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# Environmental Policies Applied in Turkey

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## ABSTRACT

*Environmental policies created to ensure sustainable development are based on four basic principles. These principles are; "precautionary principle", "polluter pays principle", "integration principle" and in the form of "preventive principle". It has been taken as a basis for many agreements and regulations on the environment, regardless of whether they are global or regional (Dağdeviren, 2019).*

*One of the most important factors in the correct and effective functioning of an environmental policy is the use of policy-appropriate tools. (Keleş et al., 2009:383). Tools used in environmental policy implementation; financial instruments are administrative and legal instruments. All kinds of laws and regulations for the solution of environmental problems are included in the scope of legal and administrative instruments (Ulucak, 2013).*

*"Taxes" form the basis of financial instruments of environmental policies. Financial instruments can be listed as environmental taxes, emission fees, user fees, emissions trading, product taxes, refundable deposit system, subsidies, funds and taxes (Şahinöz, 2016: 67).*

*Environmental policies are "fundamental policies" and "problem-solving policies" in terms of content. We can consider them as the "environmental policies" aimed at, while policies for problem-solving suggest a reduction of environmental pollution and efficient use of resources, the radical approach; some argue that radical change policies that will prevent environmental destruction should be implemented and that this can be achieved by changing the existing production relations.*

*In terms of method, environmental policies can be divided into two. Restorative policies aim to eliminate and reduce adverse environmental impacts when they occur. It accepts the occurring environmental pollution as a result of production and only ensures to keep the damage at a certain level or to control it. Preventive policies, on the other hand, enable solving the negative effects that may occur before harming the environment from the source. (Keleş et al., 2009).*

**Keywords:** Environment Conservation, Policy, TURKEY

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## ENVIRONMENTAL POLICIES APPLICATION AREAS

### Alternative Energy Resources and Waste Management

In the Sustainable Development Goals, the relationship between energy and sustainability, which is defined as "To Guarantee Access to Accessible, Reliable, Sustainable and Modern Energy for All" under the title of "Goal 7", has been supported (<http://www.tr.undp.org/content/turkey/tr/home/sustainable-development-goals/goal-7-affordable-and-clean-energy.html>).

The orientation of energy resources to clean and renewable energy and the provision of energy diversity is one of the most important points under the heading of "Target 7". In addition to the diversity of energy sources, the issue of energy efficiency is also emphasised, and it is aimed at doubling it. It is aimed to focus on research and development studies for energy efficiency and diversity, cleaner fossil-fuel technology and to develop technologies that will increase clean energy production.

Waste management has an effective place in terms of sustainable development and environmental policies. While protecting nature and resources with waste management and recycling, significant savings are also achieved in raw material and production costs. A properly planned waste management, when implemented with effective methods, can be very effective in realizing both the economic and environmental dimensions of sustainable development. In the 1970s, methods such as incineration were used to dispose off waste. In the 1980s, it was understood that such methods cause the emergence of harmful substances, and different techniques were studied in order to reduce the output of harmful substances in the disposal of wastes. In the 1990s, various methods, such as waste reduction, recycling and energy recovery were used in the field of waste management. When it comes to the 2000s, preventing waste generation has become a priority step rather than eliminating wastes (Dağdeviren, 2019).

### Global Warming and Preventing Climate Change

One of the most important causes of climate change, which poses a threat to all living things in the ecosystem, is the waste of energy resources. According to the Intergovernmental Panel on Climate Change (IPCC), the increase in carbon dioxide is primarily due to the use of fossil fuels. Another important factor is the change in land use, especially deforestation. The Intergovernmental Panel on Climate Change has revealed that there is an increase in global average temperatures as a result of the impact of human activities on the atmosphere. The IPCC revealed that the main cause of global climate change is the increase in greenhouse gas emissions as a result of human activities. The burning of fossil fuels, especially coal, is responsible for the increase in carbon dioxide in the atmosphere. According to the IPCC, 53.5% of anthropogenic greenhouse gas emissions in 2017 belong to carbon dioxide from fossil fuel use (IPCC, 2018).

Reducing greenhouse gases resulting from human activities is of great importance in ensuring environmental sustainability. In the process that started with the Kyoto Protocol and continued with the Paris Agreement, countries were to set limits for greenhouse gas emissions, and economic instruments such as "carbon tax" and "emissions trade" were proposed.

Carbon trade, one of the flexibility mechanisms introduced by the Kyoto Protocol, can also be shown as an indicator of environmental inequality. According to the protocol, countries that have set emission targets may engage in "emissions trade" with non-industrialized, developing and countries that are below the targeted emission value, in order not to exceed the CO<sub>2</sub> value they have committed. Carbon trading can be done between countries as well as between businesses.

Carbon tax and carbon trading may be preferred after the analysis of gains and losses. While carbon tax aims to prevent the use of fossil fuels by increasing the cost, carbon trading tries to ensure control by setting an upper limit from the beginning. While the carbon tax is an option where it is difficult to adjust the emission amount over a certain price, carbon trading sets an upper limit and leaves the price to the market to determine. If carbon



tax and carbon trade are used as a complement rather than interchangeably, an effective application will emerge to reduce emissions (Karakaya, Özçağ, 2004).

### **Conservation of Biodiversity**

Biodiversity; human health; air, water and soil quality; environmental sustainability is also included in protecting animal and plant life. Biodiversity; ecological diversity, species diversity and gene diversity are examined under three headings (Benn, 2010). Conservation of biodiversity has been determined as one of the global goals under the Sustainable Development Goals, with "Goal 15 (sustainable use of forests, combating desertification and preventing biodiversity loss)".

The most widely used tool for protecting biodiversity is Environmental Impact Assessment (EIA) and Strategic Environmental Impact Assessment (SEIA) studies developed in recent years. The EIA application ensures that all the effects that the planned project may cause on the environment are investigated and the project is implemented or cancelled with the necessary regulations and/or inspections. SEA, on the other hand, is applied at the macro level as an advanced stage of EIA (Sivri et al., 2008).

In order to prevent the loss of biodiversity, international conventions were signed, endangered species were identified and protected, natural life protection areas were created, but most of them fell short in the face of increasing pressure. The 2018 Living Planet Report published by WWF drew three ways to prevent biodiversity loss after 2020. The first is to clearly define the target for the conservation of biodiversity, the second is to develop a set of measurable indicators to evaluate the progress made in this regard, and the third is to agree on a series of actions that will enable to reach the target together within a certain time (WWF, 2018).

## **ENVIRONMENTAL PROTECTION POLICIES IN TURKEY**

While creating an environmental policy, different objectives can be targeted according to the countries. However; The common goal is "sustainable development". sustainable development; While progress is made in economic and social areas, it also advocates the effective use of limited natural resources.

Turkey has been a party to many conventions for the solution of environmental problems and made commitments. Economic instruments have also been used for the solution of environmental problems at the national level. However, it is not possible to say that serious progress has been made in solving environmental problems due to political concerns and neoliberal policies (Dağdeviren, 2019).

Major Environmental Problems in Turkey; Social Problems can be listed as Nutrition and Food Safety, Housing, Energy, Transportation, Solid Wastes, Noise Pollution, Air Pollution, Water Resources Pollution, Erosion and Soil Pollution, Marine Pollution, Forests and Biodiversity, Accidents and Disasters, Pests.

The first legal regulation regarding the environment in Turkey is Article 661 of the Civil Code, which entered into force in 1926. In essence, this article regulating the right of neighbour; it obliges to "avoid any behavior that will harm neighbours and surroundings in using property right". Later, many direct or indirect regulations related to the environment were included in many laws and regulations, especially the Village Law, Forest Law, Fisheries Law, Zoning Law, Municipal Law, Public Health Law. One of the first official texts talking about environmental problems is "III. Five-Year Plan (1974-1978).

After the 1980s, the number of legal regulations related to the environment has increased rapidly. On the other hand, as a result of the rapid growth in energy, industry, transportation and tourism sectors and the acceleration of migration from rural areas to cities, environmental problems have both aggravated and become widespread.

The 1982 Constitution gave citizens the right to live in a healthy and balanced environment and defined the development of the environment, the protection of environmental health, and the prevention of pollution as the duty of the state and citizens. With the "Environmental Law" enacted in 1983, the general framework of environmental management and environmental legislation was determined. Many of these regulations are based on regulations and standards in Germany.

In Article 56 of the 1982 Constitution, under the title of "Social and Economic Rights and Duties"; By saying "everyone has the right to live in a healthy and balanced environment", a constitutional regulation with an environmental axis/approach was introduced for the first time and a new dimension was brought to environmental protection "on the level of environmental right". Moreover, in the 1982 Constitution; 41 (Protection of the family), 43 (Use of the coasts), 44 (Land ownership), 45 (Protection of agriculture, animal husbandry and workers in these production branches), 56 (Protection of health services and the environment), 57 (Right to housing), 63 (Preservation of historical, cultural and natural assets), 166 (Planning), 168 (Exploration and exploitation of natural wealth and resources), and 169 (Forests and forest villager). substances are directly related to environmental protection.

According to the Constitution of the Republic of Turkey; Although the duty of "improving the environment, protecting environmental health and preventing environmental pollution" is a duty given to both the state and citizens; From the practices so far, it cannot be said that both the authorized units and a significant part of the society have a sufficient environmental awareness or sensitivity. The fact that the institutions responsible for environmental protection are not adequately equipped in terms of both qualified manpower and equipment is the clearest indicator of this. In addition, the task of protecting the environment is one task that can be postponed for the improvement of current economic conditions or compromised for economic stability. Starting from here; With the Constitution of the Republic of Turkey, the duty given to the state and citizens on environmental protection; It can be said that it is a very limited and human-centered assignment. Therefore, it does not fully correspond to and is not compatible with the basic regulations on environmental protection in the primary laws of the European Union. In other words, there is a need for some changes or rearrangements in the Constitution of the Republic of Turkey in order to achieve full harmonization with the EU. In this reorganization, the environmental right should be removed from the title of "social and economic rights and duties" and regulated as a separate section, the regulations on environmental protection should be brought together in one section and the environmental protection approach should be purged from the mentioned limitations (Akdur,2005).

### **Environmental Law**

Environmental protection policy in Turkey mainly consists of the "Environmental Law" numbered 2872, which was put into effect in 1983, and the statutes, regulations and communiqués prepared according to this law. For this reason, Law No. 2872 is accepted both as the beginning of rooted and direct legal studies on the environment and as the basic framework of environmental protection policy in Turkey.

The third article of the "Environmental Law" numbered 2872 regulates the basic principles of the environmental protection policy to be implemented/being implemented in Turkey. According to this article; The general principles regarding environmental protection and prevention of environmental pollution are as follows:

- a) Protection of the environment and prevention of environmental pollution is the duty of natural and legal persons and citizens, and they are obliged to comply with the measures to be taken and the principles determined in this regard.
- b) In taking and implementing decisions and measures regarding environmental protection and pollution; It is essential to make short and long-term evaluations by taking into account the protection of the health of humans and other living beings, the positive and negative effects of the measures to be taken on development efforts, and their benefits and costs.

- c) Authorized institutions, which make land and resource use decisions and make project evaluations, take into account the goal of protecting the environment and not polluting it, taking into account not to adversely affect development efforts.
- d) The most suitable technology and methods are selected and applied in order to prevent and limit environmental problems in economic activities and determination of production methods.
- e) It is essential that the expenses made for the prevention and limitation of pollution and the struggle are covered by the polluter. Necessary expenditures made by public institutions and organizations due to the fact that the polluter does not take the necessary measures to stop, eliminate and reduce the pollution, or that these measures are taken directly by the competent authorities, are collected from the polluter in accordance with the provisions of the Law No. 6183 on the Collection of Public Claims.

However, polluters can be relieved of the obligation to pay the expenses incurred for the prevention and limitation of pollution, provided that they prove that they have taken all necessary measures to prevent the pollution in question.

- f) Based on the lowest level of pollution that can be descended, the fees determined in subparagraph (i) of Article 18 of this Law are additionally charged for pollution that may occur above this level.
- g) It is essential that the measures to be taken for the protection of the environment and the prevention of pollution are determined and implemented in integrity.

These principles are largely similar to the general principles of the European Union Environmental Policy. On the other hand, it is an important deficiency that the principles of "care for the environment, prudence" and "prevention and prevention at source" are not explicitly included among the listed basic principles.

The principle of "polluter pays" in article 3 of the "Environmental Law" is also one of the basic principles of the European Union Environmental Policy.

This principle is stated in Article 28 of the Law titled "Responsibility of the Polluter"; "Those who pollute the environment and those who harm the environment are responsible for the damage caused by the pollution and deterioration they cause, without any fault condition. The responsibility of the polluter for compensation for the damages caused is also reserved according to the general provisions". It was supported by expressing it as "the polluter should be held responsible even if it is not at fault. Thus, the only way for the polluter to get rid of the payment obligation is to prove that the polluter has taken all necessary measures to prevent the pollution in question.

In Article 8 of the Environmental Law, the measures taken regarding "environmental pollution" are specified under the name of "prohibition of pollution". Pursuant to this article" it is forbidden to directly or indirectly deliver, store, transport, remove and carry out all kinds of waste and residues to the receiving environment, in violation of the standards and methods determined in the relevant regulations, in a way that will harm the environment. In such cases, the polluter is obliged to take the necessary measures to stop the pollution, to eliminate and reduce the effects of pollution.

In order to prevent the violation of the standards and methods determined in the legislation through activities that are deemed objectionable to be carried out, the obligations of those who "pollute" and those who "possible to pollute" are listed in this article; they were asked to take the necessary measures to stop the pollution or to eliminate its effects. Thus, the principle of "polluter pays" is also mentioned in this article.

Within the framework of subparagraphs (b), (c) and (d) of Article 3 of the Environmental Law, the economic development and environmental protection objectives of the Turkish Environmental Policy are evaluated together and in a balanced manner. As it is known, in the basic principles of the EU Environmental Policy, the protection of the environment is shown as the first and priority target.

On the other hand, pursuant to the regulation brought in subparagraph (g) of Article 3 of the Environmental Law; "It is essential to determine and implement the measures to be taken in order to protect the environment and prevent pollution".

Within the framework of this regulation, it has been determined that it is essential to determine and implement the measures to be taken in order to protect the environment and prevent pollution.

Moreover, in the Seventh Five-Year Development Plan and the National Environment Action Plan, the principle of addressing environmental policies with an integrated approach with all other policies has been adopted. In this way, the regulation in our national legislation is compatible with the "integrated environmental protection approach" developed by the EU.

The environmental impact assessment system introduced by Article 10 of the Environmental Law and the provisions regarding the right of people who are aware of environmental pollution brought by Article 30 to file a complaint with the competent authorities are also in harmony with the basic principles of the EU Environmental Policy.

The "sustainable development principle" is included in the Sixth and Seventh Five-Year Development Plans and the National Environment Action Plan. In this context, it is seen that the Environmental Law and related regulations also contain regulations in line with this principle. However, the principles envisaged in this framework are not sufficient on their own, and it cannot be said that they are effectively implemented considering the situation in practice.

What needs to be done in this area is to review the environmental legislation in Turkey in line with both sustainable development and other principles of the European Union Environmental Policy, and an activity in this direction has been initiated with the Environmental Law Amendment Draft.

When both the general principles listed in the third article and its other parts are examined, it is stated that the Environmental Law No. 2872; it is understood that it does not explicitly refer to the principles of care, prevention and prevention at the source, and that it is a law based on the "restorative environmental protection model".

In other words, many articles of the law are mainly regulated to intervene after pollution occurs. However, the essence of environmental policy/legislation in the EU is based on the preventive model and is based on the principles of "care, prevention, prevention at source, polluter pays". In this respect, the law numbered 2872 should be harmonized with the EU laws (Akdur, 2005).

#### **Other Regulations Regarding Environmental Protection**

There are many legal regulations for environmental protection in Turkey. The main ones can be listed as follows;

1593 Public Health Law

1580 Municipalities Law

6831 Forest Law

775 Slum Law

1380 Fisheries Law

167 Law on Groundwater

2863 Law on Conservation of Cultural and Natural Assets

2873 National Park Law

2960 Bosphorus Law

3194 Zoning Law

3621 Coastal Law



3030 Law on Management of Metropolitan Municipalities  
 2634 Tourism Incentive Law  
 Decree on the Establishment and Duties of the Ministry of Environment  
 Decree on the Establishment of the Special Environmental Protection Agency  
 Air Quality Protection Regulation  
 Noise Control Regulation  
 Water Pollution Control Regulation  
 Solid Waste Control Regulation  
 Regulation on Control of Medical Wastes  
 Regulation on Control of Dangerous Substances  
 Regulation on Control of Harmful Chemical Substances and Products  
 Environmental Impact Assessment Regulation  
 Environmental Pollution Prevention Fund Regulation  
 Special Environmental Protection Fund Regulation

### Audit of Environmental Protection Services in Turkey

#### Legal Liability

Pursuant to Article 28 of the Environmental Law with the title "Responsibility of the Polluter"; "Those who pollute the environment and those who harm the environment are responsible for the damages arising from the pollution and deterioration they cause, without any fault condition. The liability of the polluter for damages is also reserved, according to the general provisions, for the damages caused".

Thus, it has been stated that the person who pollutes or degrades the environment with this article will be responsible for the damages caused without fault.

The conditions of legal liability are determined as the pollution or deterioration of the environment, the damage to the person concerned, the existence of an appropriate causal link between the effects that cause environmental pollution and the damage.

The consequences of the responsibility, the elements of which are determined in this way, are the claim for compensation pursuant to Article 28/2 of the Environmental Law, or the restitution and recovery of the danger based on Article 656 of the Civil Code or within the framework of the "right of neighbourliness" in Article 661 of the Civil Code. arises as a request for rectification.

According to Article 656 of the Civil Code, titled "Owner's Liability"; In the event that the immovable property exceeds the owner's right and causes harm to someone else, the injured person has the right to demand the restitution of the former state, removal of the danger, taking the necessary measures and compensation for the damage;

In accordance with the "right of neighbours" regulated in article 661, a person is obliged to refrain from all kinds of exuberance that may harm his neighbours while using his property and especially while engaging in industrial activities, and in this context, noise, vibration, smoke, soot and other disturbing dust, mist and noise exceeding the level that can be tolerated. It has been decreed that odour extraction is prohibited. Furthermore, according to Article 58 of the Code of Obligations, "The owner of a building or any product produced will be held liable for the bad construction of that product or its defect in its preservation"; Again, according to Article 59 of the same Law, in the event that another person is damaged by a building or manufactured product, the injured person will have the right to demand from the owner to take the necessary measures to eliminate the danger.



Therefore, these provisions offer individuals the opportunity to apply and litigate in the field of private law (Akdur, 2005).

## CONCLUSION AND RECOMMENDATIONS

As in the rest of the world, the beginning of interest in environmental problems in Turkey dates back to the 1970s. One of the first official texts mentioning environmental problems in Turkey is III. It is the Five-Year Plan (1974-1978). After the 1980s, the number of legal regulations related to the environment has increased rapidly. In other words, it has been observed that there have been important developments in the last 20 years in reducing and controlling environmental problems in Turkey. On the other hand, as a result of the rapid growth in energy, industry, transportation and tourism sectors and the acceleration of migration from rural areas to cities, environmental problems have both aggravated and become widespread.

On the implementation of environmental protection laws in Turkey;

1. Criticisms that "existing provisions are not strictly followed in practice, some of these provisions are not even applicable, and therefore institutions and organizations assigned by law are in distress" are very common.
2. It is argued that "if the existing regulations are tried to be fully implemented, the number of facilities that can get permission will be extremely low".
3. Many investors "often leave the permits for later, arguing that the bureaucratic procedures take too much time"; For this reason, it is said by the authorized units that "EIA reports are requested from the facilities that have been established and have started production".

All these discourses are a clear indication that environmental awareness has not yet been formed on the parties of the issue (industrial-controller and practitioner) (Akdur, 2005).

When development plans, legal regulations and action plans are examined, sustainable development policies, which we can say started after 1990 in Turkey, were insufficient. Development plans have not been implemented. Therefore, these plans are considered as works that cannot go beyond the promises on paper. Legislators, practitioners, public and private sector institutions have not been able to make a radical and effective change to solve environmental problems.

Environmental taxes, fees and incentives applied in Turkey are important steps taken to prevent environmental pollution. However, the tax policy that Turkey needs cannot be implemented. In order to prevent environmental damage, it is inevitable to establish a tax system independent of profit expectation and to implement green tax reform.

Environmental problems have often remained in the background in the development plans organized by Turkey. Environmental regulations were included in the development plans, but many of the targeted applications could not be realized like the others. As can be seen from the progress reports in the EU harmonization process, even though relatively progress has been made in the energy chapter, sufficient levels have not been reached. It is clearly seen that Turkey needs reform in the field of environment and energy (Dağdeviren, 2019).

Solution of environmental problem; depends on raising awareness of all relevant parties / society. For this, it is necessary to attach importance to education in this field and to conduct inspections in a guiding way rather than punitive. In the protection of the environment, the government, workers and employers should cooperate and everyone should fulfill their duties and responsibilities. While trying to provide "sustainable development" by eliminating the negative effects of investor organizations on the environment, care should be taken to ensure that the burden of protecting the environment on these organizations is portable (Akdur, 2015)

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# Work from Home in COVID times –boon or bane?

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## ABSTRACT

*The advent of COVID-19 has changed the way we perceive every aspect of our lives. If we especially investigate the business world, it has redefined our working styles. While this paper began as an attempt to understand the employee pulse in the aviation industry during COVID times – issues faced, aid from management, further expectations from both the parties, some interesting observations were made which led to a gap due to the trend of working from home. Online platforms opened up new avenues, easing work from home. In this paper we will discuss the repercussions, work from home has on the employees in terms of ease of working, advantages and disadvantages, and how the HR team can strategically work with the management to enhance work from experience for employees in the aviation industry in India. Preparedness for the future in case of recurrence of similar pandemics would also be discussed.*

**Keywords:** COVID-19 pandemic, HR practices, aviation industry, new normal, next normal, work from home, management, humanresources

**JEL classification:** M10,M51,M52,M53,M54

## INTRODUCTION-THE GENESIS OF “NEW NORMAL”-

COVID-19 has been the buzzword for 2020. It brought a lot of chaos and angst into our lives. Many unfortunate lives paid ransom to this deadly virus. Emerged from Wuhan, China in December 2019, it spread like wildfire across Europe, U.S. and other Asian countries in mere months. The virus predominantly spreads through droplets of saliva and affects the respiratory system, most common symptoms being cold, dry cough, pneumonia, shortness of breath and loss of taste. People exposed to these symptoms are put under mandatory quarantine – at home or at a designated COVID facility. Those diagnosed with symptoms are to be isolate data facility or home for 10-14 days and 3 days without symptoms. On 30 Jan 2020, W.H.O. declared corona virus as a public health emergency of international concern, the highest level of alarm (W.H.O., Timeline: WHO's COVID-19 response, 2020). A lot of safety precautions such as the use of sanitizers, masks, coughing and sneezing etiquettes, washing hands frequently, sanitizing food such as fruits, vegetables, etc. were reiterated time and again so that they reach all masses and are followed to contain the virus. While the safety measures have slowed down the virus, there were still a lot of casualties. According to the latest update from (W.H.O., WHO Coronavirus (COVID-19) Dashboard, 2021) as on 7th June 2021, there have been 173,005,553 confirmed cases and 3,727,605 deaths across the world and specifically, in India, there have been 28,909,975 confirmed cases and 349,186 deaths.

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The entire world went into a state of lockdown –businesses were temporarily halted or working remotely, food and resources were stocked up by citizens, curfew began whilst providing meagre hours to restock on necessities. International and national travel were restricted due to which many migrant workers were stuck homeless. There were many schemes introduced by the government, such as Pradhan Mantri Gharib Kalyan Yojana (PMGKY) or Aatma nirbhar Bharat (Self-reliant India) to aid these workers. Many voluntary organisations emerged and did their part to help these workers sustain themselves during the lockdown and reach their homes in sound health. Since the onset of lockdown on 25 March 2020 till 1st May 2020, a non-government voluntary organisation, SWAN – Stranded Workers Action Network has reported that 82% of the workers who reached out to them have not received any kind of support from various COVID relief funds (SWAN, 2020). This is just one of the many formal and informal organisations that stood by the community in times of need.

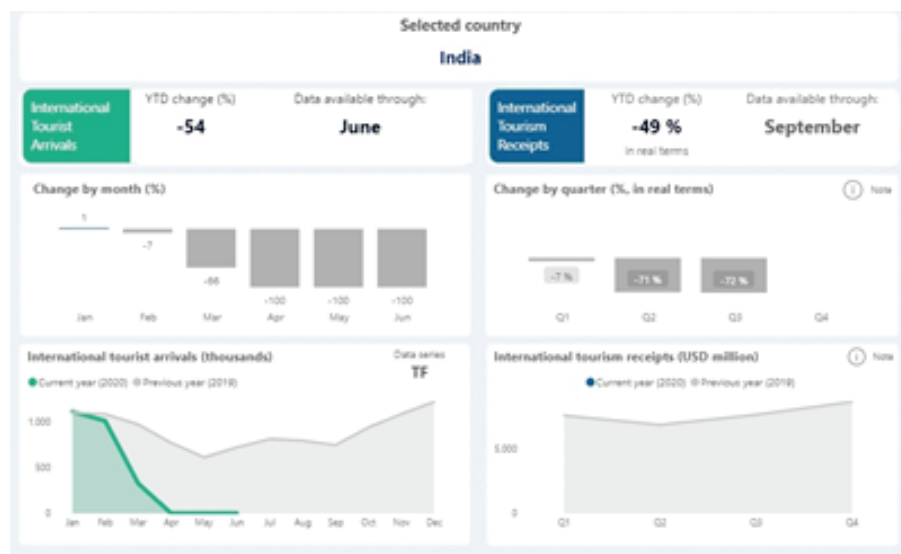
After the Ministry of Home Affairs released an order to permit inter-state travel towards the end of the second phase of lockdown, there was a huge rush to travel back to their homeland. Workers resorted to travelling in lorries, cycles and there was also a mass exodus of workers who set to travel on foot. On 9 May 2020, 16 people were crushed by a train in Aurangabad as they fainted on railway tracks. (SWAN, 2020). Such scarring incidents, some stated above, have changed every aspect of our lives in ways more than we can contemplate.

Despite all this, there is an upside to this – nature started healing itself. The Himalayan Dhauladar ranges could be seen from Jalandhar after 30 years due to reduced air pollution. (Thacker, 2020). There were sightings of animals prowling on the roads, sharks and dolphins on the shore without the noise of land and sea traffic across the world. These changes made us ponder on the power of nature around us and made us question if we should slow down to co-exist with our mother nature.

### Challenges of the Business World due to COVID-19–

While an outline of how COVID-19 has impacted the people and nature has been painted in the above segment, let us dwell further and look at its effect on the world of business. Indian economy took a massive hit, regressing years, costing millions of people their jobs. The tourism industry took a plunge of 54% in terms of the international tourist arrivals which in turn impacted the aviation industry. (UNWTO, 2020).

**Figure 1 : Plunge in tourism industry w.r.t. international arrivals**



Source: (UNWTO, 2020)

The pandemic crisis has also impacted the inflow of western capital markets owing to up heavals in the stock market. As per the NSDL data, Foreign Portfolio Investors (FPIs) with drew from India, ₹247.76 billion from equity markets and ₹140.50 billion from debt markets in a short span of 13 days, that is, from 1 to 13 of March 2020. Oil prices have hit an all-time low in 18 years in March 2020. (Chaudhary, Sodani, & Das, 2020).

According to the (Economic Survey, 2020), if we look at the 8 core industries (coal, crude oil, natural gas, refinery products, fertilizers, steel, cement, and electricity) and their Index of Industrial Production (IIP), though the industries registered very low growth in April 2020 (-37.9%), they gradually picked up (-2.6 % in November 2020) during the “Unlock” process as shown in the below figure.

**Figure2 – Growth tracking of 8 core & IIP**



Source: Survey calculations based on MoSPI and Office of Economic Adviser's data.

To recuperate from the losses caused by the lockdown during the pandemic, the world sought the support of the internet and online communication thereby repairing to an extent the dire state of the world and national economics. Most of the small-medium scale businesses (SMBs) in Asia would have perished had it not been for digitalisation. Nearly 75% of them concurred that switching to digital platforms revived their business in a survey conducted by HP. (Money Control, 2020). Work from home has become the norm of this game. Out of the 2000 people surveyed in the US, there has been an increase from 8.2% in February 2020 to 35.2% in May 2020 in terms of the number of people working from home based on a survey conducted by (Bick, Blandin, & Mertens, 2020). A survey conducted by Lenovo for 20,262 workers across the world showed that 74% of the respondents from India said they'd continue working from home post-pandemic. (CRN, 2020). The hugely positive response towards work from home is not without its reasons. An Indian employee saves 2 hours of travel time, on average, and Rs.5520/ month according to the survey by Awf is during June and July 2020. (Haider, 2020). Techgiants like Facebook, Twitter and Microsoft have cut down on a huge chunk of their expenses by allowing work from home that they decided to continue after the pandemic as well. (Page,2020).

### Challenges of HR due to COVID-19–

With all the upheavals in revenues across every industry, it has become a gruelling task for the HR teams to strategize to keep up with the times. The primary concern is to ensure all the employees are healthy and safe. Sanitizers, multi-vitamins, PPE kits, masks have been supplied to the employees free-of-charge and in abundance.

Referring to the survey conducted by Lenovo for 20,262 workers across the world, 43% of there spondents suggested additional time and money need to be invested in technical training for smoother work from home. (CRN, 2020).



While productivity has increased due to the decreased travel time and those subsequently invested in working. About 27% of respondents feel isolated and 23% of respondents said work-life balance is the biggest challenge while working from home. (Haider, 2020). The HR team needs to take specific action to neither wipe out the fading line between work-life balance nor add reasons to caused epression among their employees.

The decreased revenues have severely impacted the benefits basket offered to the employees. Many companies had to right-size themselves to break even in spite of the government urging public and private enterprises to not do so.(Dhingra, 2020).

### Aviation Industry Amidst COVID-19–

With a strictcurfew, decreased commercial activities and fear psychosis, there venue of the aviation industry hit a massive low (Agrawal, 2020). Indigo had net losses worth ₹2,884 croresa nd ₹1,194 crores in Q1 and Q2 of this fiscal, respectively. Spice Jet incurred losses of ₹600crores and ₹112 crores in Q1 and Q2, respectively. CAPA India projected in October that the Indian aviation industry will lose a combined USD 6-6.5 billion in FY21, of which airlines will account for USD 4-4.5 billion. (Mintnews, COVID-19 had a massive impact on the Indian aviation sector in 2020, 2020). The government is planning on selling its residual stake in the already privatized Delhi, Mumbai, Bangalore and Hyderabad airports as a part of a 2.5 lakh crore asset monetization pipeline. Additionally, 13 AAI airports have been identified to be privatized.(PTI,2021).

Despite anticipated losses, the aviation industry in India took a step forward and suspended all flights on 23rd March 2020. For those working abroad i.e., Indian citizens/passport holders, Overseas Citizens of India (OCI), special services namely Vandemataram flights have been initiated on 7th May 2020. Over 7.88 lakh Indians have been returning to their homeland since inception till 22nd July 2020. The flights of companies Indigo, SpiceJet, Air India group and GoAir have covered 29 countries and reached 34 airports in India. (Mint news, Vande Bharat Mission: Phase 5 to start from August 1, 2020) Passengers who travelled thus were put under institutional isolation until they aretested negative for the virus.

### DATA INTERPRETATION AND ANALYSIS –

A survey was conducted across select units of the aviation industry in India during March 2021 to get insights on the major issues faced during the pandemic times, come up with recovering techniques and the expectations of the employees from the organisation. A combination of interviews and questionnaire was used to collect responses. This has given us some scintillating insights and one of the topmost priorities among them, besides health care, was aid while working from home. While working from home has its own advantages, such as time and money saved while travelling, working at the comfort of one's home and not missing work in pandemic times, the employees tend to face certain issues in this process. To understand the exact concern, the following aspects were considered for the questionnaire based on interviews conducted during the pilot study.

Figure 3 – Aspects affecting WFH stress



Based on responses received and some quantitative analysis techniques mentioned ahead in the paper, key actionable aspects would be identified and a frame work would be developed to cope with those issues.

The first quantitative technique used on the data is correlation which is an effective tool that can be used to understand the degree of association between two variables. This technique will now be used to correlate WFH stress and the impacting aspects mentioned in Figure 3. The correlation was run on SPSS to understand the most relevant of these aspects and the following were the results –

**Table1 : Correlation between WFH stress, Tech issues and Job security**

		WFH stress	Tech issues	Job security
WFH stress	Pearson Correlation	1	.318*	-.279*
	Sig.(2-tailed)		.020	.043
	N	53	53	53
Tech issues	Pearson Correlation	.318*	1	-.001
	Sig.(2-tailed)	.020		.994
	N	53	53	53
Job security	Pearson Correlation	-.279*	-.001	1
	Sig.(2-tailed)	.043	.994	
	N	53	53	53

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

From correlation results, technical issues faced and job security emerged as the issues which correlated the most with stress caused in work from home (WFH stress). One can observe that WFH stress and technical issues are positively correlated, i.e., as technical issues increase while working virtually, stress caused due to work from home also increases. Whereas job security and work from home stress are negatively correlated i.e., as job security decreases, stress caused while working from home increases.

Using stress caused due to work from home (WFH stress) as dependent variable and job security and technical issues faced during work as independent variables, we further refine the data to test the following hypotheses –

#### **Hypothesis 1–**

- Ho –Stress caused due to work from home does not increase as technical issues faced during virtual interaction increases.
- H1 - Stress caused due to work from home increases as technical issues faced during virtual interaction increases.

In order to test this hypothesis, a one-way ANOVA technique is used. Analysis of Variance(ANOVA) was first proposed by R.A. Fisher. It is a hypothesis-testing technique. It is used to compare means across the population. In order to apply ANOVA to a population sample, there are some rules–

- Population should be normally distributed, i.e., equal variance
- Population is randomly drawn and independent of each other
- Independence between and within samples

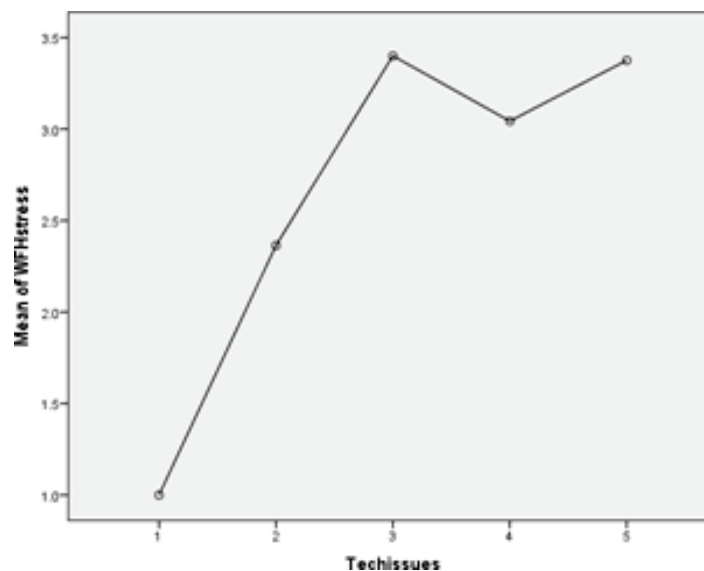
If the p-value is lesser than the level of significance, then the null hypothesis is rejected and alternate hypothesis is accepted.

If the p-value is greater than the level of significance, then the null hypothesis is accepted and alternate hypothesis is rejected.

**Table2 : ANOVA – WFH stress & Techissues**

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	11.204	4	2.801	2.814	.035
Within Groups	47.777	48	.995		
Total	58.981	52			

**Figure 4 : Graph between means of WFH stress and Techissues**



1- Strongly disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree

Since the p-value (0.035) is less than the level of significance (0.05),  $H_0$  is rejected and  $H_1$  is accepted. Hence, WFH stress increases as technical issues faced while working virtually increases. The same can be observed from the graph plotted between WFH stress and technical issues in Figure4.

An increase in stress might be due to a lack of familiarity with the online platform used. This problem would be prevalent especially in employees from the older age group. This needs to be properly addressed by the training and development team. Proper training needs to be arranged to familiarise the employees with the layout of the application used while working virtually.

Some might not have the financial means or connectivity in their locality to get a wi-fi connection that provides an uninterrupted connection. Appropriate aid from the organisation, in this case, can help ease the situation of

the employee in pandemic times when one depends on virtual working completely. The solution will be elaborated in further sections of this paper.

#### Hypothesis 2–

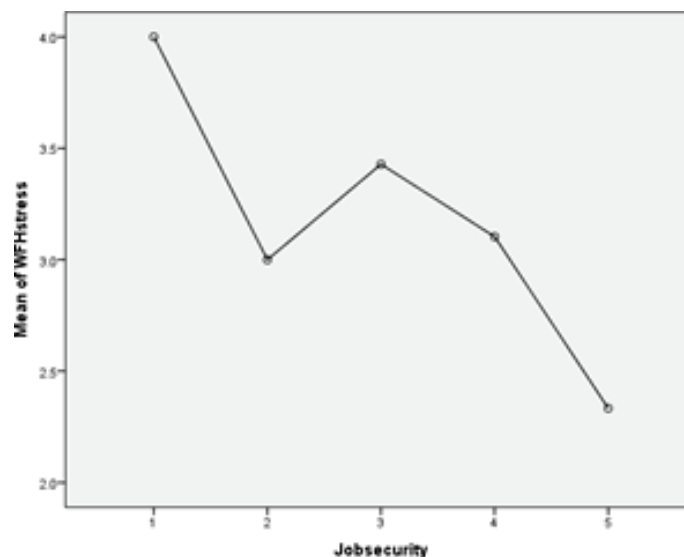
- Ho– Lower job security, higher stress caused due to work from home.
- H1-Lower job security, lower stress caused due to work from home.

**Table3 : ANOVA– WFH stress & Job security**

#### WFH stress

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	7.911	4	1.978	1.859	.133
Within Groups	51.071	48	1.064		
Total	58.981	52			

**Figure 5 : Graph between WFH stress and Job security**



Since p-value (0.133) is higher than the value of significance (0.05), Ho is accepted and H1 is rejected i.e., WFH stress increases with decreasing job security. It can also be observed in the graph plotted between WFH stress and job security in Figure 5.

The fear of losing their job during a pandemic is an inevitable add-on to the stress caused while working from home, according to the results from the questionnaire and interviews. Constantly being surrounded by news about lay-offs due to losses incurred by the overall industry can hamper productivity while working from home, especially since they are socially isolated as against working in an office setup. It would greatly reduce this stress if the supervisors and management keep the employees in loop on the ongoing business decisions made. This will keep them prepared for whatever step the organisation is about to take. In case of a lay-off, it would greatly aid the employees if the HR team helps them out with proper career planning. Being in the field of HR, one is aware of the market landscape and thereby career opportunities provided in the industry. Thus, they can provide apt career guidance to their employees even if the company has to let go of their employees due to their crisis. This will be elaborated further in the upcoming section of this paper.

## **SUGGESTIONS AND PREPAREDNESS–**

As Socrates said, “the secret of change is to focus all of your energy, not on fighting the old, but on building the new. ”Today’s working class bore witness to one of the biggest crises of all times. The current lifestyle and working styles which we have grown accustomed to and rather comfortable are inevitably the “next normal”. (Mc Kinsey, 2020). This experience gives us great understanding on how to deal with such situations in case of an unfortunate recurrence.

### **HR Interventions to reduce Stress caused due to Work From Home–**

In order to reduce caused due to technical issues faced while working from home, a training model needs to be developed to ease the employees into working on the virtual platform that is being used while working from home. This model cannot be a one-time session but should be a step-wise plan spread over periodic intervals so that questions raised in the course of work can also be addressed in these training sessions itself. Having experts available to assist them during all working hours is also an effective way of averting stress during these challenging times.

At times, the issues with the virtual platform could also be due to a lack of proper internet connectivity. In order to address this concern, the HR team has to strategize with the business and consider financially aiding the employees as an investment that would benefit the organisation in the long run. HR has to emphasize to the management that such an investment would have a great impact on the productivity of the employees. Monthly reports have to maintain to track the effectiveness of this venture.

Secondly, worrying about job security while working from home during COVID-19 according to the data interpretation and analyses can be countered by pro-actively updating the employees about the situation of the company. This will also instil a sense of belongingness in the employees towards the company. Employees need to be aware of how the industry is performing as a whole and of how the organisation is performing in particular. If the organisation is doing well, it will give them a sense of safety around their job and employees need not worry unnecessarily. Such information can be spread by updating the website, weekly email updates, or through an intranet used for informal communication between the employees. Word of mouth is the most effective tool, hence have the word spread across by local HR teams and supervisors.

In case the employment cannot be continued, the HR team can assist the employees by referring them to their HR counter parts in other organisations and also by providing career guidance. As the HR team is aware of the current job market in their industry, it would greatly benefit the employees if the HR team can guide them towards vacancies. The local HR person is aware of the strengths and weaknesses of an employee. Thus, they can provide counselling and offer suggestions on the role they would best fit in or any short-term courses that the employees can take up to enhance their skills and apply for a better position. Career planning is a great way of employer branding as well. It would create a positive image about the organisation in the industry by the high quality of employees referred.

These could be some of the effective counter-measures to decrease stress caused due to work from home and increase productivity. The times are challenging and demand innovation on a whole new level. As Warren Buffett once said, "There will be interruptions, and I don't know when they will occur, and I don't know how deep they will occur, I do know they will occur from time to time, and also know that we'll come out better on the other end." Due to the uncertainty of this pandemic, the organization should be prepared on all fronts to be viable and sustainable in the long run and this preparedness is the first of the many steps towards our next normal.



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# The determinants of market outlet choice of smallholder Vegetable and Fruit producers in Ethiopia

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## ABSTRACT

*Market outlet choice is an important farm household-specific decision made by smallholder households to secure high returns. However, the choice among the market alternatives is not mutually exclusive as producers could sell at more than one market outlet and the random error terms of the market outlets may be correlated. Hence, a multivariate probit model was adopted to examine the determinants of market outlet choices. The results of the study showed that the distance from the main roads influenced the decision of the producers in all market outlets. The effect was positive and significant for producers choosing main markets and roadsides as the market outlet of their vegetable and fruits products sale. However, in the case of the local market, the likelihood of choosing this market outlet decreases as the distance from the main road increases. Livestock holding influenced the local market positively and the main market negatively and significantly. Gender influenced the choice of main market outlets negatively. Access to extension service was obtained positively and significantly influencing the decision to choose the main market outlet. Cooperative membership influenced the decision of producers to choose the main market negatively and significantly. Finally, the study recommended important policy measures needed to help producers choose the appropriate market outlets.*

**Keywords:** Market outlet choice, Vegetable, Fruits, Multivariate probit model, Ethiopia.

## INTRODUCTION

Subsistence agricultural production system is the sources of livelihood for a majority of smallholder farmers in developing countries. However, limited access to improved agricultural technologies and practices, inadequate infrastructure, limited access to inputs and finance and non-competitive markets of subsistence smallholder agricultural production system in the developing countries have limited production of marketable surplus (Arias et al., 2013). In this regard, increasing the extent of commercialization among semi-subsistence, low-input, low-productivity smallholder farmers is seen as playing a crucial role in poverty alleviation (Olwande & Smale, 2014). This could be because market access gives players the opportunity to specialize according to comparative advantages of ownership and therefore enjoy the trade earnings (Otekunrin et al., 2019). This showed that subsistence agricultural production cannot improve rural food security and welfare substantially without improving smallholders' access to markets (Otekunrin et al., 2019). Hence, facilitating the expansion of market participation by smallholder farmers can be critical in helping households transition out of food poverty (Barrett, 2008).

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In Ethiopia, the production and marketing of fresh fruits and vegetables, which is a high value and labour-intensive cash crop, can contribute significantly to the well-being of the producers. They have significant importance for domestic consumption, export markets and industrial processing (Sisay, 2018). However, farm households' market participation is limited by factors such as high transaction costs (Arias et al., 2013), limited asset endowments, and limited access to public goods and services (Barrett, 2008). Furthermore, production and marketing of these crops were constrained with marketing problems such as low bargaining power arising from lack of alternative market outlets, low price for the produce specially during the harvesting season, poor infrastructure, poor handling and storage facilities and lack of marketing information (Sisay, 2018). In this regard, farmers with access to adequate assets and infrastructure and faced with appropriate incentives would engage actively in markets, while those who lack one or more of those three essential ingredients largely do not (Barrett, 2008). Hence, commercialization of the smallholders must be built on the establishment of an efficient and well-functioning market and the corresponding infrastructure keeping the transaction costs low and minimizing risk particularly for the poor living in the rural areas with low productivity and weak infrastructure (Otekunrin et al., 2019).

In this case, smallholders' decision to choose an appropriate market outlet is an important farm household-specific decision. However, the smallholders' decision to sell their produce in a different market outlet is made by evaluating the return in expected utility of each market outlet. In addition, accessibility of market outlets also plays an important role in influencing producers' decision to choose and participate in alternative market outlets (Usman et al., 2017). However, the choice among the market alternatives is not mutually exclusive, as producers could sell at more than one market outlet at the same time and the random error terms of the market outlets may be correlated (Arinloye et al., 2015). Hence, there could be a correlation among different market outlets. The model simultaneously capturing the influence of explanatory variable on each set of market outlets and allowing for the potential correlation among unobserved disturbances as well as the relationship between the choices of different market outlets (Arinloye et al., 2015) is an appropriate model. However, most of the previous studies on vegetables and fruits focused on the examination of the determinants of market outlet choices without considering the potential correlation among unobserved disturbances as well as the relationship between the choices of different market outlets (Abera, 2016; Emanu et al., 2015; Hailu & Fana, 2017). Hence, the current study will contribute to the empirical works by adopting the empirical strategy designed to correct this bias. This will have a variety of significance for policy measures aimed at improving the food security and welfare of the smallholder farmers in the country.

The rest of the paper is organized into three sections. The next section describes the estimation problems, data and the description of the variables. The third section presents and discusses the empirical results of the study. Finally, the conclusion and the implication of the results are presented.

## METHODOLOGY OF THE STUDY

### Description of the sampling procedures and data

The study used data from the Ethiopian Socioeconomic Survey (ESS), a nationally representative cross-sectional survey of rural households of Ethiopia in 2018/19. The data was collected under the Living Standards Measurement Study-Integrated Surveys on Agriculture Initiative (LSMS-ISA) in collaboration with the Central Statistical Authority (CSA). In the collection of these data, a two-stage probability sampling technique was used. As the study is interested in the rural farmers in Ethiopia, by excluding the capital and the provincial capital cities and deleting some missing observations, the analysis here is based on a sample of 605 households. The survey questionnaire collected information on basic demographics; education; food and non-food expenditure; household nonfarm income-generating activities; food security and shocks; safety nets; assets; credit; and other sources of household income. The community questionnaire gathered information on access to infrastructure; community organizations. The post-planting and post-harvest agriculture questionnaires

focused on farming activities and solicited information on land ownership and use; crop harvest and utilization. The livestock questionnaire collected information on animal holdings and sales of livestock.

### Method of data analysis

Following the literature on the determinants of market outlets, the producer's market outlet choice can be modelled using a Random Utility Model (RUM). RUM is an indirect utility function where an individual with specific characteristics associate an average utility level with each alternative market outlet choice in a choice set. In this way, the producer's decision to sell in a given market is derived from the maximization of utility expected from these markets (Arinloye et al., 2015). However, conditional to socio-economic, institutional, production and market-related factors, producers to maximize their utility (i.e. profit) are more likely to choose two or more market outlets simultaneously (Arinloye et al., 2015; Fikiru et al., 2017). In this case, the choice decision of market outlet by the producers can be modelled in two different ways.

The first is the multinomial probit model whereby the underlying assumption is the independence of alternatives in which error terms of the choice equations are mutually exclusive (Greene, 2012). Hence, the multinomial probit model is appropriate in the case an individual can choose only one alternative from the set of mutually exclusive alternatives. However, the choice among the market alternatives are not mutually exclusive as producers could sell at more than one market outlet at the same time and the random error terms of the market outlets may be correlated (Arinloye et al., 2015). Hence, the model which allows for the possible correlation of choice among different market outlets is appropriate to examine the determinants of market outlet choices. In this regard, multivariate probit model simultaneously capturing the influence of explanatory variable on each set of market outlets and allowing for the potential correlation among unobserved disturbances as well as the relationship between the choices of different market outlets (Arinloye et al., 2015) is an appropriate model.

Therefore, a multivariate probit model was adopted in this study to determine the set of explanatory variables on each of the different market outlet choices (Greene, 2012). The model was specified using the RUM. In this case, producers make the choice of an appropriate market by comparing the expected utility of market outlets. The market outlet with the highest possible expected utility will be selected by producers. The expected utility difference can stated as follows:

$$U_j = \pi_{ij}^A - \pi_{ij}^0 = X_a^A \beta_a + \varepsilon^A$$

Where  $U_j$  represents the expected utility difference between the utility derived from market  $i$  selected by farmer  $j$  ( $\pi_{ij}^A$ ) and the utility of market  $i$  if not selected ( $\pi_{ij}^0$ ). Influenced by socio-economic and farming characteristics, producers will choose market outlets from which they expected higher utility than otherwise. Then, equation 1 can be modeled as:

$$Y_{ij}^A = \begin{cases} 1 & \text{if } [\pi_{ij}^A - \pi_{ij}^0] \geq 0 \leftrightarrow X_a^A \beta_a \geq -\varepsilon^A \\ 0 & \text{if } [\pi_{ij}^A - \pi_{ij}^0] < 0 \leftrightarrow X_a^A \beta_a < -\varepsilon^A \end{cases}$$

Where:  $Y_{ij}^A$  is a dummy variable which represents the market selection  $i$  by producer  $j$ . The selection equation can be re written as:

$$Y_{ij}^A = \begin{cases} 1 & \text{if } Y_{ij}^A = X_{ij}^A \alpha_{ij} + \varepsilon^A \geq 0 \leftrightarrow X_{ij}^A \alpha_{ij} \geq -\varepsilon^A \\ 0 & \text{if } Y_{ij}^A = X_{ij}^A \alpha_{ij} + \varepsilon^A < 0 \leftrightarrow X_{ij}^A \alpha_{ij} < -\varepsilon^A \end{cases}$$

Where  $Y_{ij}^A$  and  $X_{ij}^A$  represent the dependent and vectors of explanatory variables of the selection equation.  $A$  are the vectors of estimators and error terms, respectively. The error terms are assumed to have a normal distribution.



## DEFINITION OF VARIABLES AND WORKING HYPOTHESIS

### Dependent variable

In the current study, the market outlet choices were considered as the dependent variable of the multivariate probit model. The available set of market outlets includes roadsides, the local market and main market. The producers depending on their farming and socio-economic characteristics will choose an appropriate market outlets maximizing their expected utilities (i.e. profit).

### Independent variables and hypothesis of the study

As there are various factors affecting producers' choice of market outlet, selecting appropriate market outlet to deliver farm products is not an easy task (Emana et al., 2015). In this regard, important variables of interest were selected based on the theoretical and the empirical studies conducted to identify determinants of market outlet choices. Demographic characteristics of the producers including, family size (Hailu & Fana, 2017; Tura & Hamo, 2018), age (Dessie et al., 2018; Nxumalo, et al., 2019), marital status (Nxumalo et al., 2019), gender (Nxumalo et al., 2019) and educational level (Dessie et al., 2018; Nxumalo et al., 2019) of the household head were hypothesized influencing the choices of market outlet in one or another way. Socio-economic characteristics of the producers were also expected to influence the decision of producers' market outlet choices. These include total livestock size owned, access to credit and off-farm income opportunities for the producers (Dessie et al., 2018; Hailu & Fana, 2017; Nxumalo et al., 2019). Access of producers to the extension services as a proxy for marketing information and the physical distance of producers from the main road and market (Arinloye et al., 2015) were also included in the model as the important determinants of market outlet choice. Membership of producers to cooperative was also included in the model to capture the various roles that these farmers organization could play in the selection decision of market outlets. These organization by increasing producers bargaining power could ultimately increase the profits that can accrue to producers rather than intermediaries and buyers (Zhang et al., 2014). The selected determinants and the expected hypothesis of the study were presented in Table 1.

**Table 1. Summary of variables and their expected sign in the multivariate probit model**

Variables	Variable types	Roadsides and Friends	Local Market	Main Market
Gender (= 1 if males)	Dummy	-	-	+
Age	Continuous	+	+	-
Marital status (=1 married)	Dummy	-	-	+
Education level	Continuous	-	+	+
Household size	Continuous	+	+	+/-
Extension access (= 1 if it has access)	Dummy	-	+	+
Credit access (= 1 if it has access)	Dummy	-	-	+
Livestock ownership (TLU)	Continuous	-	+	+/-
Nonfarm (= 1 if it has access)	Dummy	-	-	+
Mobile phone ownership	Dummy	-	+	+
Distance roads (in Kilometers)	Continuous	-	-	-
Distance major town (in Kilometers)	Continuous	-	-	-
Distance administration town (in Kilometers)	Continuous	-	-	-
Cooperative membership (= 1 if he/she is a member)	Dummy	-	-	-

Source: Authors computation

## RESULTS AND DISCUSSION

### Descriptive statistics

According to results summarized in Table 2, most of the smallholder farmers choose to supply their vegetables and fruits to main market outlets. Producers choosing to sell their products at the roads sides (5 percent) are



relatively lower than those producers choosing the local (36 percent) and main market outlets (59 percent). The results of descriptive statistics for each market outlet were also presented in Table 3. According to the results in Table 3, most of the surveyed households were headed by male households. It was accounted for about 77, 89 and 85 percent of households choosing the roadsides, the local market and main market outlets, respectively. The average age of the surveyed household head was 46 years old. The result of the marital status indicated that most of the households selecting each market outlet were married households. Relatively, the highest educational level in years was achieved by households selecting the local market outlets. In this case, though households with the highest educational level were expected to choose the main markets, maybe due to the aggregate effect of other farming and households characteristics, they are selecting the local markets to sell their produce. The perishability nature of vegetables and fruits may also matter in the choice of the market that is easily accessible. The average household size was 5 persons per household for both the households selecting the local and main market outlets. In this case, the existence of the highest labor could play an important role in the marketing of agricultural products by making available the labor force required.

Extension contact was an important variable included in this study to capture its role of supplying the necessary marketing information, which in turn would improve households' access to the market. In this regard, 42 percent of households choosing the main market outlet had an access to extension services. According to the descriptive results presented in Table 2, relatively access to extension was higher for the households choosing the main market outlets than the other two market outlets. The choice of market outlets was also expected to be affected by the asset base of the households. In this regard, ownership of livestock is an important asset in the rural area. The ownership of livestock could also affect the selection of market outlet by providing transport for the produce of the households. But, the average livestock owned was low accounting for about 3.31 in tropical livestock units (TLU). Hence, in the rural areas where households are characterized by a low asset base, access to credit is expected to increase the access of households to market. However, according to results presented in Table 3, only 8 percent of the households had access to credit services. This could negatively affect a household's decision to choose an appropriate market outlet.

Mobile phone ownership was the other important variable included in the current study as a proxy for the household's access to marketing information. About 34 percent of the households selling their products in the local and main market had owned a mobile phone. Access to market and choice of the market outlet was also expected to be affected by the distance of the household's location from both the main market and main road. The average distance from the main road of households selling their products on the roadsides was 35 kilometres. But this was 18 and 27 kilometres for households selling in the local and main market, respectively. Added to this, the average distance to the major town was also higher for households selling their product on the roadsides. The constraints of a household to access the main market could be improved by increasing households' access to different rural institutions like cooperatives. In this case, cooperatives by providing marketing information to members or selling on the behalf of the members can improve the gain of market participation for smallholder households. However, cooperative membership was also low accounting for about 10 percent of surveyed households.

**Table 2. The main buyers/outlets and households choice**

The main buyers/outlets	Number of market outlet users	Percentage of users (%)
Roadsides and friends	31	5.1
Local Market	218	36.1
Main Market	355	58.78
Total	604	100

Source: Authors computation from Ethiopian socio-economic sample survey (2018/2019)

**Table 3. Descriptive statistics**

Variables	Roadsides and Friends		Local Market		Main Market		Total	
	Mean	Std. Err.	Mean	Std. Err.	Mean	Std. Err.	Mean	Std. Err.
Gender (= 1 if males)	0.77	0.43	0.89	0.32	0.85	0.36	0.86	0.35
Age	44.45	16.09	45.78	14.29	46.18	14.89	45.92	14.71
Marital status (=1 married)	0.74	0.44	0.85	0.36	0.81	0.39	0.82	0.38
Education level	1.6	3.35	2.20	5.16	1.71	4.56	1.88	4.73
Household size	4.52	2.25	5.13	2.03	4.99	2.20	5.02	2.15
Extension access (= 1 if it has access)	0.36	0.49	0.41	0.49	0.44	0.50	0.42	0.49
Credit access ((= 1 if it has access)	0.10	0.30	0.10	0.30	0.08	0.27	0.08	0.28
Livestock ownership (TLU)	2.09	4.09	3.91	3.26	3.06	3.19	3.31	3.29
Nonfarm ((= 1 if it has access)	0.10	0.30	0.06	0.24	0.05	0.22	0.061	0.23
Mobile phone ownership	0.48	0.51	0.34	0.47	0.34	0.51	0.34	0.50
Distance roads (in Kilometres)	34.48	34.30	17.78	21.02	27.38	26.86	24.19	25.7
Distance major town (in Kilometres)	22.55	17.15	15.47	15.90	19.87	17.93	18.40	17.28
Distance administration town (in Kilometres)	41.39	55.00	50.69	46.07	53.740	55.79	52.07	52.67
Cooperative membership (= 1 if he/she is a member)	0.19	0.40	0.12	0.32	0.09	0.28	0.10	0.30

**Note: Source: Authors computation from Ethiopian socio-economic sample survey (2018/2019)**

#### Determinants of Market Outlet Choices

Table 4 summarizes the model results of different demographic, socio-economic and institutional factors affecting the decision of the producers to choose an appropriate market outlet for their product. The overall significance of these factors was examined by using the Wald-chi-square statistics. The significance of the model's test result (significant at 1 percent) indicated that the explanatory power of the factors included in the model is significant.

The likelihood ratio test was used to test the null hypothesis that the market outlet choices are independent. The result of tests for the independence of market outlet choices ( $p_{21}=p_{23}=p_{31}$ ) was obtained significant at a 1 percent significance level. This suggests that the decision of the producers to choose market outlets is interdependent with each other. Consequently, the model estimation ignoring this interdependency will result in biased estimates. Multivariate probit model taking into account this interdependence was used to determine factors affecting market outlet choices (Table 4.)

Results presented in Table 4 also indicated the degree of correlation between each pair of market outlet choices. This was demonstrated by the individual rho values. Accordingly, the correlation between the choices of local market and roadsides ( $p_{21}$ ) is positive and significant, implying that producers selling their vegetables and fruits at the local market are more likely to participate in the roadside's sale. However, the correlation between the choice of main market and roadside ( $p_{31}$ ) is negative and significant suggesting that producers selling their vegetables and fruits in the main market are less likely to participate in the roadsides. Similarly, the correlation between the choice of the main market and the local market ( $p_{23}$ ) is negative implying that producers selling their vegetables and fruits in the main market are less likely to participate in the local market.

The results presented in Table 4 also summarize the likelihoods of selling in each market outlet choice. The likelihood of selling vegetables and fruits to the roadsides and friends was 20 percent which was low relative to the likelihood of selling in the local (36 percent) and main market (57 percent). This was good evidence that

smallholder farmers would prefer formal markets relative to informal market outlets. However, the likelihood of selecting all markets simultaneously was 0.01 percent suggesting that producers were less unlikely to choose all market outlets at the same time. This could be because accessing all markets simultaneously may be unaffordable. However, the joint probability of not choosing all markets outlets was only 8 percent implying that smallholder farmers were more unlikely to fail.

**Table 4. Results of Multivariate Probit Model**

Variables	Main Market		Local Market		Roadsides and Friends	
	Coef.	(Std. Err.)	Coef.	(Std. Err.)	Coef.	(Std. Err.)
Gender	-0.368*	0.202	0.303	0.221	-0.576	0.436
Age	0.005	0.004	-0.004	0.004	0.006	0.011
Marital status	-0.052	0.059	0.012	0.065	0.075	0.126
Education level	-0.009	0.010	0.016	0.01	-0.036	0.037
Household size	0.012	0.025	-0.015	0.028	-0.095	0.077
Extension access	0.250**	0.107	-0.149	0.114	0.341	0.288
Credit access	-0.069	0.199	0.064	0.206	-0.594	0.711
Livestock owned (TLU)	-0.035**	0.016	0.051***	0.018	-0.002	0.055
Access to non-farm income	0.057	0.221	0.011	0.233	0.154	0.594
Mobile phone ownership	0.048	0.102	-0.111	0.119	0.406	0.289
Distance roads	0.009***	0.002	-0.010***	0.003	0.012**	0.005
Distance major town	-0.001	0.001	0.002	0.001	-0.003	0.004
Distance to administration town	0.006	0.004	-0.009**	0.004	0.006	0.010
Cooperative	-0.409**	0.170	0.242	0.177	0.121	0.524
Constant	0.117	0.355	-0.222	0.383	-2.356***	0.870
Predicted probability	0.57		0.36		0.20	
Joint probability (Success)	0.00126					
Joint probability (Failure)	0.0830					
p21	0.327 *** (0.091)					
p31	-0.463 *** (0.083)					
p32	-0.962 *** (0.009)					
Likelihood chi2(3)	502.532***					
Number of observation	599					
Wald chi2(42)	95.25***					
Log-likelihood	-553.23036***					

Note: \*\*\*, \*\* and \* indicate the level of significance at 1, 5 and 10 percent respectively. Values in the parenthesis represent the standard deviation.

Source: Authors' computation from Ethiopian socio-economic sample survey (2018/2019)

Table 4 also presents the results of the determinants of market outlet choices. According to the results presented in Table 4, the distance from the main roads influenced significantly the decision of the producers in all market outlets. The effect was positive and significant for producers choosing main markets and roadsides. This indicated that as the distance of the household's residence from the main road increases, the likelihood of selling the produce at the roadsides increases. The producers prefer selling at the roadsides to minimize the transportation cost associated with the distance. Similarly, in the case of the main market, though the distance from main roads increases, the producers still prefer selling products in the market. This suggests that, though the distance from the main market increases producers still prefer supplying their products to the main due to the remunerative price they expected in the main market. However, in the case of the local market, the likelihood of choosing this market outlet decreases as the distance from the main road increases. Added to this, the distance to the market affected the decision of household to choose local markets significantly and negatively. A similar result was also obtained by Mgale & Yunxian (2020) which suggested that distance from market can be a barrier for farmers to access better markets. Hence, constructing and improving roads to reduce transportation cost should be an important policy consideration to enable the producers' access to an appropriate market outlet for their products.

Livestock holding influenced local market positively and main market negatively and significantly. This indicated that as herd size owned by producers increases, farmers prefer local market to main market. This could be because an increment in the herd size requires more labor making the local market more accessible. Though the correlation between the choice of market outlets was not considered in the study by Hailu & Fana (2017), the results of their findings confirmed the negative effect of the size of livestock holdings on the choice of better market outlets for major vegetables. The results of the model in Table 4 also indicated that gender influenced the choice of main market outlets negatively. This implies that females prefer selling their vegetables and fruits in the market than their male counterparts. This has an important policy implication in that increasing the participation of females in the main market could decrease the income inequality between males and females. Hence, the promotion of vegetable and fruits production and marketing in the main market will have a significant implication for the gender dimension problems.

As expected, the influence of the variable access to extension service was obtained positively and significantly influencing the decision to choose the main market outlet. This implied that increasing producers' access to extension services increases the likelihood of the producers choosing the main market outlet as their appropriate market outlet. This could be because extension services can provide the required technical assistance and marketing information and can link producers to markets (Rehima et al., 2013) which in turn increases the likelihood of producers choosing the main market outlet. In addition, these services could also help producers to improve their productivity and to produce a marketable surplus. Furthermore, inadequate access to extension is among the hindrance to participation in the market (Ndoro et al., 2014). The results of other studies have also confirmed the importance of access to extension in enabling households' decisions in choosing an appropriate market outlet (Usman et al., 2017).

Cooperative membership influenced the decision of producers to choose the main market negatively and significantly. In this case, the main market may not benefit producers who are cooperative members; because the producers cooperative could help producers generate higher incomes just like main market outlets (Zhang et al., 2014). Farmers would also have the advantage of bulking hence gaining economies of scale through farmers production and marketing organization rather than individually (Mgale & Yunxian, 2020). In this regard, the cooperative has the potential of lowering costs and facilitating the processing and marketing of agricultural commodities for individual producers (Zhang et al., 2014). In addition, market-oriented producers cooperatives can also assist their members to purchase inputs, equipment and to meet the quality standard. Furthermore, organized producers have higher bargaining power than individuals and are better to negotiate with other more powerful market players to ultimately increase the profits that accrue to producers (Zhang et al., 2014). Similar results were also obtained by other researchers (Mgale & Yunxian, 2020; Usman et al., 2017) in which they suggested strengthening collective action through a well-organized farmers group.

## CONCLUSION

In Ethiopia, the production and marketing of fresh fruits and vegetables can contribute significantly to the well-being of the producers. However, production and marketing of these crops were constrained by different marketing problems. In this case, smallholders' decision to choose an appropriate market outlet is an important farm household-specific decision. However, the smallholders' decision to sell their products in a different market outlet is made by evaluating the expected return of each market outlet, whereby the choice among the market alternatives is not mutually exclusive as producers could sell at more than one market outlet. Hence, there could be a correlation among different market outlets. Hence, the model which allows for the possible correlation of choice among different market outlets is appropriate to examine the determinants of market outlet choices. In this regards, a multivariate probit model was adopted to examine the determinants of market outlet choices. The results of the study indicated that the decision of the producers to choose appropriate market outlets for their product is determined by different demographic, socio-economic, and institutional factors. Accordingly, the distance from the main roads influenced the decision of the producers in all market outlets. Though the direction of the effect varies between different market outlets, it was obtained as an



important determinant influencing the decision of households choosing an appropriate market outlet. Hence, the policy measures emphasizing the role of the market should improve access to roads to reduce transportation costs of the smallholder producers.

Livestock holding was also obtained affecting the choice decision significantly. In this case, livestock holding by supplying transport helps the smallholder households' access to the market. As a result, improving the asset base of the household should emphasize helping households build their asset bases in the form of livestock. But, this should be market-oriented which otherwise would have a negative effect on the households effort to access the market. The other important variable with policy implication is the gender of the households. The result indicated that the gender of the household affected the choice of main market outlets negatively. This implied that policy measures aimed at decreasing food insecurity and poverty through the production and marketing of vegetables and fruits should include the gender dimensions.

Access to extension service was obtained positively and significantly influencing the decision to choose the main market outlet. Households who have access to extension services selected the main market outlet to sell their products. This implied that the extension agents should be capacitated to enable the smallholders to access the appropriate market. The other important policy variable is cooperative membership. This could be because cooperative as an important rural farmer's organization has the potential to lower costs and facilitate the processing and marketing of agricultural commodities for individual producers. In this case, they can increase the bargaining power of the individual producer, thereby increasing the gain accruing to the individual producers. Hence, rural organizations should be established and strengthened to enable producers to choose an appropriate market outlet which in turn could help reduction of the problems of food insecurity and poverty in the rural areas.

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## READERS' VIEW



It brings me immense happiness to say that I have been in a regular touch with this organization. Being an alumna, it makes me feel really proud of my association with the School of Business Management as I hold this plethora of research.

I congratulate the team for making constant up gradations to Vimarsh.

**Mudita Sharma**  
*Senior HR Executive*  
*Safe Express Pvt. Ltd.*



Coming from a management background, the research of this domain always attracts me. Holding this Journal reminds me of those fresh minds which are continuously working towards enriching this wonderful field of management sciences and all their effort which deserves a big salute.

**Neelam Yadav**  
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IFTM University, was granted University status by UP government vide Act No. 24 of 2010. It has been the pioneer in bringing technical and professional education to the city of Moradabad. Today, expanded into a huge ~51.74 acres campus, this university is offering courses in various disciplines and programmes. It is located at a distance of 12 km from Moradabad city on Lucknow-Delhi National Highway.

From a humble beginning in 1996 with three courses, as Institute of Foreign Trade and Management, the University has now blossomed into a multi-disciplinary centre for learning that offers quality education in more than 70 programs of Diploma, Undergraduate, Postgraduate and Doctoral level in Engineering, Business Management, Commerce, Hotel Management, Travel & Tourism Management, Pharmacy, Biotechnology, Microbiology, Arts, Sciences, Law, Education, Journalism and Mass Communication, Social Science, Computer Application, etc.

It succeeded in establishing itself as a niche player by becoming a “Centre of Excellence” in various disciplines of professional education providing best in-class education.

IFTM University embarks upon a journey to be the “Trusted Partner of Choice” for Parents, Students, Teachers and Industry Champions. In this attempt, University now boast to house 11000 plus students and more than 400 faculty members till date. Thus with a modest start, IFTM University has traversed a long path to become a NAAC accredited University in 2017-18. It strives to scale new heights and aspires to forge new partnerships with National & International bodies in order to make an indelible mark on the face of higher Education.



## About The School of Business Management

The School of Business Management, formerly known as the Department of Management Studies was established in the year 1996 under the aegis of Institute of Foreign Trade & Management (IFTM) and had been offering the BBA, MBA & MIB programmes of Rohilkhand University, Bareilly, until the year 2000 when MBA programme came under the affiliation of the Uttar Pradesh Technical University, Lucknow. However, in 2010, it has been reorganized as School of Business Management (SBM) after IFTM was granted the University status by U.P. Government vide IFTM University Act No. 24 of 2010.

SBM has become one of the most reputed and sought-after centers of education and offers diverse courses ranging from Diploma in Hotel Management, UG courses such as BBA, B.Com, B.Com (Hons.), BHMCT, PG courses like MBA, M.Com, MTTM and PhD in Management & commerce. Through its research and development outputs, the School has been a constant contributor in the field of management, commerce and hotel, travel and tourism management. It encourages active collaboration with industry as well as other academic institutions. The aim of the school is to continue to excel in its research and training programs, promoting both technical and managerial skills as well as higher ethics and values.

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