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InTraders International Trade Academic Journal

InTraders Journal

InTraders, a trademark of InTraders Academic Platform is registered in 2017. The organization has yearly two conferences. The 4th Conference that satisfies the international conference criteria of the Turkish Council of Higher Education, was in Sakarya University, 7-9 October 2019. The 5th InTraders International Conference On International Trade will be held by InTraders International Trade Academic Journal, 13-17 April 2020 as video conference.

InTraders International Trade Academic Journal is a peer-reviewed academic journal, open access and accepts "PRINCIPLES OF TRANSPARENCY", follows the practice guidelines prepared by the Publication Ethics Committee (COPE).

Aim

InTraders International Trade Academic Journal aims to be able to publish scientific research of researchers; aims to create a platform that will contribute to academic development and increase the number of qualified academic studies.

Scope

InTraders International Trade Academic Journal is a well-known international journal that publishes original and scientific research in the field of international trade in English. The journal has free and open access to all researchers. The language, science, legal and ethical responsibility of the articles published in the journals belong to the authors. Articles published in the journal cannot be used without reference.

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The articles to be submitted for publication in InTraders must have never been published before, have not been accepted for publication, and have not been submitted for publication.

The review process includes "Preliminary Review "and" Scientific Board "process. The aim is to complete the entire process within maximum 5 months. The ethics committee report should be provided by the writer's institution and / sampling is necessary for studies involving humans and/or animals.

In the Pre-Exam process, the article consists of three phases; formal, academic and written. In the formal review, the "similarity report", the keyword, the JEL code, and the author information are checked. The preliminary examination is carried out by the secretariat board. At each stage, the writer is contacted and requested to complete the necessary transactions, and each subsequent step is passed to the next step. It is targeted to complete within 10 days according to the speed of the author.

The Scientific Control is carried out by the co-editor and/or editor with 2 blind referee members in the pre-process completed document. The referees will be provided with the dissemination of the article by "similarity report". It is aimed to complete the referee process in 4-5 months in total by taking preliminary information about the judiciary evaluation.
process within 1 week. This period may vary in the direction of completion of the author’s revisions as necessary.

At least two scientific board member approval needs in favor of accepting the journal. If one of the referees is positive and the other is negative, the article is sent to a third science board member. Publication of the referee review process is completed with the approval of the editorial board of the journal.
Plagiarism Control

Plagiarism check is done using software. The preliminary evaluation phase is controlled by the software.

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It is published twice a year. It is published in July and December. If it is deemed necessary, specific numbers/supplements may be issued for specific topics and for expanded notifications qualified by InTraders subject to conventions. Articles may always be accepted by InTraders.

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Archive

The archiving system is provided by DergiPark and InTraders' own web pages.
Appreciation

I am gratified to have the honor to put forward the vote of thanks to all the InTraders Journal Committees, Writers and Authors who provided the intensive work performance for the InTraders under the name of InTraders Academic Platform.

Until this issue, as InTraders, we run 4 international conferences, 8 conference books, one international case study book, two issues of journal. As social responsibility project, to encourage the students to think, to write and improve their skills, we conducted two student 5 minutes presentation one in Pakistan and other in Romania. The next student competition planned in North Macedonia in 2020. Other social responsibility project is writing blog on our news web, www.intraders.org/news We offer discount/free of registration to our conferences whom writes blog. With this project, we aim to encourage young researchers to write better and join an international conference of InTraders.

Editorial board members from Romania, North Macedonia, Pakistan, India and Turkey get duties for this issue.

2 articles are rejected, 5 articles are accepted; from Romania, North Macedonia, Pakistan, Indonesia and Turkey.

15 board members reviewed studies in this December 2019 Issue, 6 of them from Turkey, others from Romania, North Macedonia, Pakistan and India.

InTraders topics; international trade, business, economics and supply chain management and other social science studies.

In the upcoming next issue, waiting for your studies.

Wish to meet you all in this new issues and InTraders International Conferences, …

We caress the soul of researchers!

Kürşat ÇAPRAZ

Director of InTraders Academic Platform

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The Organization of Health Sector Financing in the Member States of the European Union and Health Policies*

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Abstract

The elaboration of the present paper starts from the idea of the interdependence between the state of health of the population and the economy of a state, namely, that, on the one hand, the financial resources existing in the health sector can improve the health of the population and, on the other hand, healthy people will have labour, an aspect that contributes to economic growth. Thus, the main hypothesis on which the work is based is that a way of efficiently financing the healthcare sector can lead, in the long run, to improving the health of the population. The main purpose of this article is to analyse the financing modalities of the health sector in the EU Member States as well as the percentage contribution of each form of funding to the types of services provided to the population; the analysis of this aspect is useful given that the way in which the health sector finances directly influences the range and quality of health services provided to the population. The research methodology used combines the qualitative and quantitative method; the qualitative method supports the revision of the specialized literature, which is based on a series of largely conceptual studies, international studies, which present a fundamental theoretical orientation related to the concept, policies and financing modalities of the health sector. The quantitative method is based on grouping method, comparison method, indicator method, data analysis methods using statistical techniques such as graphs and tables; the data required for quantitative analysis were collected from official sources, www.ec.europa.eu. Health system financing accounts for more than 10% of GDP in the most developed countries, so one of the conclusions is that the choice of funding method determines the type of organization of the health system, who has access to health care, the cost of such care, productive efficiency and, last but not least, the quality of the services offered.

Keywords: Economy, Financing, Health Sector, Health Policies, E.U.

JEL Code: A12, H51, I15, O50

* Presented at The 4th InTraders International Conference on International Trade, 7-9 October 2019, Sakarya, Turkey
Introduction

The global concern for reducing serious health problems has always existed and persists, and the search for solutions to common health problems has been undertaken by nations with very different approaches to policy development and implementation, taking into account modeled methods by socio-political, economic and historical environments; However, the conclusion is unique, namely that health policies have a beneficial role in the population, on efficient and equitable medical care. Thus, the consequences of these aspects directly influence the development of national health policies, and the achievement of public health objectives is a difficulty. The adequacy of health policies is often based on the availability of financial resources, the ability of citizens to pay out of pocket, or by assessing the real or potential discrepancies that result from implementation; In this regard, financial resources are a determining factor in the development and implementation of health policies.

The health status of a nation correlates with multiple dimensions of quality of life: income, job, housing and utilities, equity and quality of health and education services and more. According to the definitions of the World Health Organization, adopted over the last 30 years, a man's health should not be limited only to a lack of disease, but to a state of physical, mental and social prosperity. (WHO, 2008, p. 12). By this modern definition, the health of the individual is closely linked to the concept of quality of life, more than ever. Starting from this vision, in the developed countries the offer of health services is successfully combined, at present, with psychological counseling or social assistance services, with services at the patient's home or efficient medico-social services, for persons with disabilities or persons with other types of medical and social problems at the same time. The policies in the health field combine, efficiently, with other types of social policy, for the most adequate investment in the recovery of the human capital of the respective community.

Research Methodology

The research methodology of this study involves both qualitative and quantitative research; qualitative research supported the stage of knowledge by studying the specialized literature, respectively books, and articles relevant in the field. Quantitative research has supported research, through the method of graphs, classification, and comparison, through the possibility of monitoring government spending on health (%), social health insurance (%),
voluntary health insurance (%), household out-of-pocket payments (%) the data needed for the quantitative analysis were collected from official sources, respectively www.ec.europa.eu.

**Literature Review**

The financing of the health sector has proved to be an important topic since the 1970s when numerous researches began to emphasize the need for financial support for the health of the population. Among the authors who have studied the concept, as well as the importance of financing health services, from 1970 to 1990, are Kleiman (1974), Newhouse (1977, 1987), Culyer and Jonsson (1986), Donaldson and Dunlop (1986), Parkin et al. (1987), Culyer (1989), Milne and Molana (1991), Getzen and Poullier (1991), Gerdtham and Jonsson (1991), Hitiris and Posnett (1992), who demonstrated the existence of a positive correlation between the efficiency of public spending and health and population health, in most OECD countries; thus, an increased financing of this sector and the increase of its efficiency support the general health of the population. More recent research has also focused on assessing the importance of the correlation between the volume of public spending with health, the health of the population and the growth of GDP, respectively Murthy and Ukpolo (1994), Hansen and King (1996), Di Matteo and Di Matteo (1998), Di Matteo (2005), Gruen and Howarth (2005).

Edelman (1985) stated, since 1985, that health policies are elaborated based on economic and governmental conditions, but also based on organizational ideologies and interests, which can aim to improve the health of the population by expanding health units and institutions. Twaddle (1996) considers in the article "Health system reforms - Toward a framework for international comparisons", based on a well-founded theory, that the implementation of health policies is the basis of the evolution of states, an aspect also supported by Graig (1999) and Waitzkin et al. (2005). Putnam (2000) considers that health policies cannot be implemented without the existence of resources such as education, technology, health system infrastructure, financial resources, labor force, and a pleasant environment; thus, the author considers it essential to develop the states in order to be able to implement health policies; also, the achievement of cooperation between states is considered participatory and of common interest and culminates in the creation of cooperative and collaborative policies. As a result, there are researches, Kreuter and Lezin (1998), Bossert and Beavais (2002), which indicate that proactive community involvement can lead to favorable outcomes for health policy implementation.
Policy for Financing Health Care

About health policy, this is a set of priorities and directions of development in the field of health, which aim at strengthening the population's health, achieving adequate living standards and creating optimal conditions for the maximum realization of the health potential of each person throughout life. Of course, these goals are valid for all countries in general, and each country, depending on its degree of development, will implement them.

According to Tobin (2015), health decision-makers face four problems that make decisions difficult, respectively: (1) a slowdown in the economy; (2) state of health constrained by the existing budget for care; (3) the rising costs of medical services and (4) the high expectations of the population. (Tobin, C., 2015, p. 456). The economic factors of the state are at the basis of the decision-makers, an aspect on which, to a large extent, most decisions depend on the actions taken in the health environment.

According to the studies, the public policy in the field of healthcare determines the financing policy of this sector; however, a policy of financing health care for insured persons causes relative decreases in the expenses of the hospital units for the provision of medical care. (Munoz, E., et al., 1989, pp. 174). In terms of globalization, economic cooperation in the field of health, facilitated by international trade agreements, has strengthened the promotion and implementation of public policy initiatives in this field. Thus, Waitzkin et al. (2005), using qualitative research methods, studies several governmental organizations, international health organizations, multinational corporations, proving that different ideologies and organizational interests influence the application of health policies and also the financing policies of the health sector. Policy for Financing Health Care is imported into both developed and least developed countries, contributing, decisively, to improving the health of the population, which directly influences the economy of the states.
The link between health financing policy and health financing policy objectives (Figure 1) is an important one, highlighting how health financing can affect the intermediate and final objectives of health financing policies. Coordinated policy and implementation across health system functions are essential for making progress on the desired objectives, such as improving the quality of care. Many countries, moreover, face problems with physical access to health services and human resource supply, and again, financing policy alone cannot address these problems. These other health system functions exert an important influence on the goals, but examining this influence is beyond the scope of this paper, which is focused on health financing policy. The way health financing arrangements are organized often affects other social goals. Although they are not the focus of this paper, these effects are important for public policy. In particular, health financing mechanisms can influence individual choices and options with regard to employment. In countries that have a national system of coverage with a unified set of
entitlements, as in most of western Europe, people are free to change jobs without fear of losing their health coverage. (Kutzin, J., 2013, p. 603).

**Ways of financing the health sector**

According to Carrin (2008), the main options for financing health care (ranged along a continuum from private to public) are as follows: (1) private payment (out of pocket), including partial private payment, i.e., co-payments; (2) voluntary private insurance, including partial versions; (3) statutory private insurance regulated by the state (including partial versions such as substitutive insurance, meaning – in this option – mandatory private contributions by certain categories of citizen (generally the better-off) toward core rather than supplementary or optional health services. That is, everyone is covered, but the better-off pay a form of insurance that is obligatory; (4) community pooling; (5) public/social insurance; (6) hypothecated (earmarked) health taxation; (7) general taxation. (Carrin, G., 2008, pp. 10- 11).

**Financing from the state budget**

Within this financing mode there are several sources of funds: (1) general taxes; (2) taxes with special destination for health; (3) other budget revenues; (4) external donations and loans. (WHO, 1978, pp. 1 - 44). This modality is most commonly found in developed, sustained and well-managed Western countries, which collect and manage tax revenues, argue Fried and Gaydos (2002), who, when analyzing the sources of financing of the health sector, consider that financing from the budget of state is one of the safest ways to cover the population of a country with medical assistance. (Fried, B. & Gaydos, L., 2002, p. 56). In developing countries, however, Lee and Mills (1984) and Green (2007) consider, the basis of tax revenues is often narrow and consists largely of general taxes, which is not always strong support for this sector. The financing of health services from the state budget presents a number of advantages and disadvantages; among the advantages of this method of financing, we mention: (1) budget allocated for programs that contribute to the prevention of certain conditions (diabetes, etc.); (2) comprehensive coverage of the population with health services; (3) reduced financial risk for people with health conditions or who may develop such problems; (4) budget allocated for actions to reduce the disease index for certain conditions (eg diabetes, stroke, etc.);
disadvantages include (1) insufficient funds to fully cover the needs of the population; (2) determines the range of basic services included in the social health insurance package; (3) quality degree of questionable health services; (4) the possibility to redirect funds for purposes other than those foreseen. (Goldberg, A., 2016, pp. 478 - 479).

**Figure 2: Government Spending On Health (%) In E.U., 2017**


In terms of government spending on health, this aspect differs from country to country, not necessarily in terms of the degree of development of the state, but in terms of how the health system is financed. Thus, in Romania, the government expenditure for health care represents a 13.5% percentage, insufficient to cover all the needs of the population in this segment. The lowest percentage of this type of expenditure is found in Croatia, respectively 2.4%, followed by Slovenia with 3%, France 4.0% and Slovakia 4.3%. The highest percentage of government spending on health is in Denmark, respectively 84.1%, followed by Sweden with 83.7%. Government spending on health is important for increasing the coverage of the population with health services, as well as for expanding the range of health services that the population benefits from.

**Tax financing**

In the case of financing of health through general taxation, the types of taxes are direct and/or indirect, the levels of variable administration, locally and centrally, and the amounts are general or with a special purpose. Choosing the type of taxation for financing the health sector has implications both in terms of social equity and the efficiency of the system. For example, in the UK, the health system is financed in a high proportion through direct taxes; in France and Italy, special purpose taxes and levies make an important contribution to health financing; local taxes have a significant share in the financial resources of the health sector and Bulgaria, Denmark, Finland, Norway, Sweden, and Italy. (Garber, A. & Phelps, C., 1997, pp. 1 - 31).

Public funding of the health sector includes all sources of government funding for health services. In countries where most health care institutions rely on this type of funding, decision-makers must allocate a substantial amount of financial resources in this regard. Through this method of financing, the funds are collected in the state budget, are then allocated to the health sector. The coverage of the population in general, the people contributing according to income and not according to the individual risk of illness.

**Funding through donations**

Donations can be in the form of money, equipment, buildings or medical assistance from partners, multinationals, international organizations or individuals and/or legal entities who wish to contribute to the financing of health services. The donations of these groups cover several categories and have evolved over the years, from the funds granted for certain projects, to what is called budget support. Scheiber et al. (2006) think that external support represents about 7% of total health spending in low-income countries and does not represent a significant source of funding for health in developed countries. (Schieber, G., et al., 2006, pp. 224-225). However, according to WHO (2008), in some African countries, external support plays an important role in financing the health sector, with charitable donations accounting for 40% of health financing between 1993 and 2004. (WHO, 2008, pp. 5 - 17).
Financing through social health insurance

Another type of public financing is social insurance, where the state is responsible for managing this modality. Social health insurance is the most important source of financing for the health sector in most countries in Europe. According to Wagstaff and Doorslaer (1992), social health insurance is a form of financing and managing healthcare based on risk-sharing. (Wagstaff, A. & Doorslaer, E., 1992, pp. 361 - 387). Vogel (1988) explains that social insurance is an advance payment mechanism, where the funds are grouped "in a basket", to cover certain "losses", health deficiencies. (Vogel, R., 1988, pp. 35-37).

The financing of the health insurance system is made through compulsory contributions, according to the income of the insured persons, and is supported by both the employee and the employer. To include also persons working outside the official sector, the contribution can be calculated as a percentage of the overall income of the respective persons, for example, in the case of farmers. Within the social health insurance system, the government contributes funds from the state budget to finance specific objectives that are not supported by insurance, such as health programs of national interest, construction, and rehabilitation in the health sector, endowment with high-performance equipment, etc. The government must also manage the health care of disadvantaged groups, which are not included in social health insurance.

The financing of health care through social insurance represents about 2% of the total health financing in low-income countries, about 15% in middle-income countries and 30% in countries with higher-middle-income and high-income countries. (OECD/ European Union, 2018, p. 144). In sub-Saharan Africa, only 2% of total public spending on health is provided by social insurance, and in South Asia, they account for 8% of total health spending. (White, A., et al., 2006, p. 116). According to Carrin et al. (2005), financing for health through the development of social insurance is generally recognized as a sustainable method to obtain universal coverage, with adequate financial protection, for most of the population of a country. (Carrin, G., et al., 2005, pp. 799-811). In general, insurances play two important roles, respectively, on the one hand, they sum up the individual risks of a large number of people, each of them having a probability of an unwanted health event; on the other hand, it offers the possibility for each insured person to transfer the financial risk to the insurance company by paying a sum, on whose account the insurer agrees to pay certain benefits when an unwanted event occurs, which is provided in the insurance policy. The main disadvantages of the health
insurance system are related to the higher labor costs that they generate, which can reduce the economic competitiveness of a country internationally. Also, it can create, under certain conditions, social inequity.

Social insurance is compulsory, and each person in the eligible group must pay the corresponding amount, which, together with the expected benefits, is established by the legislation in force. Social health insurance differs from other ways of financing health services by criteria such as (1) social insurance is not a right of all citizens, but only of those who are eligible and pay the contribution; (2) the insured perceive that they pay a sum of money in exchange for the services that they could benefit at one point, so they become aware that "health costs"; (3) the contributions are intended for the social health insurance fund, being thus separated from other funds obtained through taxes and fees, which means the impossibility of these funds being used for a different destination than the one for which they were collected; (4) the value of the insurance amounts, as well as the services package provided, cannot be changed by a unilateral decision of the executive; these provisions can be modified only through the legislation, which implies the agreement of all interested parties; (5) the social health insurance system is obliged to maintain its solvency by its own means. From fund management, there are two types of social health insurance, respectively (1) social health insurance administered by the government, through government agencies; (2) social health insurance managed by public or private insurance houses. (Mihalache, I., et al., 2018, pp. 211 – 224).
The percentage of health financing from social health insurance differs from state to state, because of the different ways of financing this system. Thus, in Romania, social health insurance represents 64.5% of the total financing of health services; a higher percentage in this regard is found in Germany, respectively 77.9%, followed by Slovakia with 75.4%. In countries such as Denmark, Latvia or Sweden, the percentage of financing for health services through social insurance is 0%, followed by the United Kingdom with 0.1% and Ireland, Cyprus, and Latvia with 0.3%. These states are based on the financing of health through private health insurance, direct payments, government payments, etc.

**Private, voluntary health insurance**

The main source of private financing for health services is represented by private health insurance, respectively optional health insurance, which people can access. The amounts for private health insurance can be paid by individuals, can be divided between employees and employer, or can be paid in full by the employer. The package of medical services within this system depends on the amount of the amount paid by the insured; the amount of insurance depends, in turn, on the predisposition of the insured for illness. Sekhir and Savedoff (2005) support access to private health insurance even by the middle-income categories, as it offers an
opportunity to avoid situations that require high costs and provides financial protection. (Sekhir, N. & Savedoff, W., 2005, pp. 127 - 134). Private health insurance tends to play a different role, depending on the wealth and economic development of a country. Many debates on health policy tend to focus on the lack of resources to provide public health services, an issue that encourages access to private insurance. Thus, in recent years, worldwide, there has been an increase in interest in private insurance, seen as a way of increasing health incomes (eg France, Belgium, Slovenia, Germany, etc.).

Private health insurance can be provided by non-profit or non-profit insurance companies, based on individual or group insurance. Regarding individual private insurance, the amount owed is calculated based on the actual risk of the disease. The amount of the contribution also depends on the package of services that will be provided, to which are added the administrative expenses as well as, in some cases, the profit of the insurance company, the last two aspects representing about 40-50% of the value of the insurance premium. The high administrative costs are mainly explained by the very high marketing costs necessary to sell the insurance to as many people as possible. Private insurance can also be offered to groups of people, usual employees of the same employer, or members of trade unions. (Murgea, M., 2016, p. 320).

The advantages of this type of system, compared to that of social health insurance, are represented by (1) the protection of the financial risk, according to the option of each person; (2) the limited role of the policy; (3) reducing bureaucracy; (4) competition between the insurance funds, thus leading to an increase in the quality of the medical act. However, for the population, one of the main problems they face in accessing this type of insurance is related to the emergence of the selection, the insurance companies intending to attract healthy people to the detriment of the sick.
Voluntary health insurance is, for many states, an important source of funding for health services. In Romania, the percentage of financing of health services by this method is 0.3%, as is Malta. A lower percentage is found in the Czech Republic, respectively 0.1%, followed by Estonia with 0.2% and Bulgaria with 0.4%. The largest number of voluntary or private health insurance is found in Slovenia, respectively 14.5%, followed by France with 13.6% and Ireland with 12.3%.

**Financing through direct payments**

There are several types of direct payment, respectively: (1) the total payment of the health services by the patient; (2) co-payment, meaning a fixed amount for each medical service; (3) co-insurance, meaning a certain percentage of the cost of the medical service. Direct payment, in full, of medical services, is usually done in the private sector, while co-payment and co-insurance are met, especially, in the public sector of the provision of medical services, or the association of private hospital units with those public; for example, in the case of medical analyzes, the patient can perform them in the private sanitary fittings that are in collaboration with the National Health Insurance House, and the difference between the cost of the service and the part settled by the CNAS through the social health insurance, will be paid, by direct payment, by the patient, meaning co-payment. (Waitzkin, H. et. al., 2005, pp. 893 – 906). For example, in Bulgaria, the services provided by doctors who have no contract with the health insurance...
company, by specialist doctors without having a referral from the general practitioner, certain types of medicines, dental services, the visit of a specialist doctor are not covered. Then is the normal schedule or special conditions for hospitalization or plastic surgery, etc. In Slovakia, the rates are charged for certain outpatient primary care services (vaccinations, medical examinations requested by the employer, etc.) or various laboratory diagnoses (CT, x-rays, etc.). In the Netherlands, they apply to certain medical providers (pharmacies, dentists, physiotherapists). (WHO, 2008, pp. 22-25).

Direct payments are a way of financing health care, which comes in support of public health services, in the sense that this system is no longer over-demanded. Positive effects of direct payment can be felt in: (1) diminishing the overload of public health services; (2) reducing the waiting time for patients; (3) increasing the quality of services; (4) increasing the allocation efficiency. The main negative effect is related to the fact that the population with low incomes, or the elderly, in fact, the main beneficiary of the medical services, could have access to health care because of the impossibility to pay. The direct payments made by the patients make an important contribution to the total of the expenses for the health. The main reasons for promoting this type of modality as a source of financing of health expenses were: (1) reducing the risk that the population will abuse medical services that are not necessarily needed and (2) the need to attract additional resources into the system. However, direct payments are criticized as affecting access to health services for low-income people or leading to increased population costs for health care. (Mihalache, I., et al., 2019, pp. 563–574).

The modality of the direct payment of health services is necessary to be adopted according to the specific economic context of each country. Contrary to the optimistic appearances, studies conducted by the OECD (2018) show that the introduction of direct payment methods has not led to a significant increase in health funds; thus, in five countries of the US, namely Malta, Greece, Latvia, Bulgaria, and Cyprus, in 2016, the estimated increase is 10% and no visible improvement in the quality of the services provided was observed. (OECD, 2018, p. 142). Schieber et al. (2006) show that, in low-income countries, direct payments represent 60% of total health spending, while in high-income countries, direct payments represent 20% of total health spending. (Schieber, G., et al., 2006, pp. 225-226).
In Romania, Household out-of-pocket payments recorded a percentage of 21.3% in 2017; this percentage differs from state to state, depending on the degree of development, as well as the way of financing the health services. For Romania, given the fact that social health insurance is obligatory, and health services are financing, for the most part, from these contributions, the 21.3% percentage of payments out of pocket is an increased one. Higher percentages are found, most often, in more developed states and where social health insurance is not mandatory; In Bulgaria, the percentage of out-of-pocket direct payments for health services is 47.7%, in Cyprus, 43.9%, Latvia, 42.1% and Greece 35.3%. The lowest percentages in this regard are found in France, respectively 6.8%, Luxembourg 10.6%, Holland 12.3%.

The provision and financing of health services can be regarded as a transfer of resources between providers, patients, and third parties. The simplest form of transaction for obtaining a good or service is the direct payment, paid by the beneficiary directly to the supplier in exchange for the purchased good/service. However, due to the high costs of many medical treatments, modern health systems have been developed by interposing a third party between the beneficiary and the service provider, with the role of taking over the financial risk associated with the illness. Third parties may be public and/or private institutions, which are financed both by direct and indirect contributions, from a group of beneficiaries that they protect against risk through a mechanism for allocating resources to service providers, medicines and medical devices.
most common organizations in this regard are those that offer health insurance; In Romania, private health insurance represents 0.3% of the total financing of this sector, and social health insurance represents 64.5%, according to the OECD / E.U. (2018).

Conclusions

Given that health policies aim to maintain a balanced population health status, they will be directly influenced, on the one hand, by the factors that lead to the occurrence of certain diseases and, on the other, by the incidence of the diseases. The financing policies of the health services are necessary to seek both the coverage of a larger number of people with this type of services, as well as the possibility that the population will benefit from a wider range of health care services. In this regard, we consider it necessary for policies in this sector to focus on prevention, which is less expensive compared to treating illnesses.

It is difficult to find a way to finance the healthcare system that covers all population levels in this segment, but managing the existing financial resources according to priorities could support the access of the population to a wider range of services. For the right to health care to materialize in equity, quality and accessibility, the choice of the financing system, as well as the reimbursement and payment mechanisms bring important determinants, such as (1) the collection of financial resources, (2) the management with transparency and efficiency of the available resources, (3) establishing the population's health as a priority, (4) developing prevention programs for certain diseases, etc. Thus, financial mechanisms are required to promote cost-effective healthcare. It is necessary that the financing of the health system be effective through the capacity of managing the existing funds, so as to ensure the coverage of the requests of the patients, the increase of the safety and the quality of the care process, the acquisition of progressive technologies, the diminution of the existing disparities in accessing these services. Health is important for the well-being of people and society, but a healthy population is also a prerequisite for a high level of economic productivity and prosperity. Thus, spending on health is not just a cost, but an investment. Expenditure on health can be seen as an economic burden, but the direct costs of the company for health services may be lower compared to the indirect costs, determined by the increased disease index of the population.
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Emotional Intelligence is the Beta Blocker for Job Stress. A Study of Pakistan and Turkey

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Abstract

University academicians face stress and their profession is burdensome and this job stress (JS) has catastrophic effect on their performance. High level of EI maintains positive emotions which enhances confidence to accept and face difficult situations. Emotional intelligence (EI) works as a buffer in stress and individual can easily make out the situation.

Thus the present study aims to explore the soak up effect of emotional intelligence (EI) in job stress (JS) in terms of self-appraisal and others, regulation and utilization of emotions in the academicians of Pakistan and Turkey.

Method: The data was collected from 18 universities of Pakistan and Turkey through online distribution of Google survey form via email correspondence. The Quantitative approach was adapted with the cross sectional study design. The data was gathered through self-administered questionnaire. The first section of questionnaire consisted of demographic while the remaining part of questionnaire was adopted from two valid and reliable questionnaires (Schutte et al EI questionnaire and JS questionnaire), being analyzed by SPLS software using construct reliability, construct validity i.e. convergent and Discriminate validity and Structural model assessment.

Results & Conclusions: 261 academicians filled out the questionnaires. Results showed an inverse correlation among the factors of EI: AP, RE and UZ scores with the level of JS (r = -0.235, p = 0.005). Appraisal has negative relation with job stress AP (p < 0.01 and t > 2.67 at significant level of 0.05 ), RE ( P value <0.05 and t value >2.67) and UZ (P value <0.05 and t value >1.96) supported the hypotheses that all facets of emotional intelligence reduce the job stress and have significant relation to absorb job stress. So, it is recommended that EI short-term training courses should be designed and scheduled in the universities.

Keywords: Appraisal & expression, Utilization of emotions, Regulation of emotions, Beta blockers, Job stress

JEL Code: I12, J81, J28, M54

Introduction

Academicians, the heart of educational institution and considered as the sentinel for the provision of knowledge and development of skills and these skills are helpful for the development and advancement of society. Besides this, the nation now recognized the worth of higher education so they have allotted maximum budget on the improvement and betterment of it (Yusoff et al., 2013). Despite of all these educational reforms institutes are facing problems like poor quality of education, unsatisfactory academic performance, unmanageable workload on teachers etc. These problems develop social pressure on academicians as it is difficult for them to
cope up with social issues and academics side by side which lead to emotional upset (Asrar-ul-Haq et al., 2017). So it is suggested that teachers should develop emotional skills to combat such challenges (Ignat & Clipa, 2012). Min Guo et al., (2019) got the boots trapping findings in the study stated that emotional intelligence is negatively associated academic procrastination while self-efficacy is used as a mediator. Ouweneel (2013), also supported this assertion by saying that high level of EI maintain positive emotions which enhances confidence to accept and face difficult situations. David & Nichols (2018), explored that emotional intelligence has some uncover dark side, so it is crucial to understand more about the working and useful aspects of EI (Rosanna et al., 2019).

Yousoff et al., (2013) stated that university academician face stress and their profession is burdensome and this job stress has catastrophic effect on their performance. Many studies show relation between emotional intelligence and job stress in academics (Miri et al., 2013; Yamani, et al., 2014). Enns et al., (2018) also found the similar results in helping profession, individual with high emotional intelligence combats stress by using adaptive coping skills. Similarly, Bao et al., (2015) while investigating the relationship of emotional intelligence, stress and mind fullness in Chinese adult got analogous finding which akin the previous assertion of negative relation between EI and perceived stress. Ranasinghe et al., (2017) while investigating the relationship between Emotional intelligence, stress and academic performance in srilankan medical undergraduates, attained the consistent outcome as previous studies i.e. high level of emotional intelligence reduces stress and leads to high academic performance.

According to N Oginska-Bulik (2005), emotional intelligence works as a buffer in stress and individual can easily make out the situation. Rosanna et al., (2019) also supported the assumption that emotional intelligence buffer stress and it helps the individual to face stressful situation more effectively. Lopez et al., (2018) also added in the literature that emotional intelligence buffer stress in emotional demand and work commitment. In the light of the results of these studies in the present study we introduce the term Beta blocker for emotional intelligence, same as the beta blocker, medicine manages stress and protects the person from heart attack similarly emotional intelligence sponges up job stress and enable individual to work more empathetically and efficiently to attain better work performance. In the present study the researchers intend to explore the soak up effect of emotional intelligence in job stress in terms of self appraisal and others, regulation and utilization of emotions as studies proved that emotional
intelligence bolsters the positivism and tolerance in an individual and provides comfort in others. (Brackett et al., 2006)

Ranasinghe et al., (2017) stated in the study that cultural factors greatly influence the emotional intelligence and till date there are numerous Pakistani and Turkish literature exploring the relationship between emotional intelligence (e.g. Imran et al., 2013; Yusoff et al., 2013; Mehmood et al., 2013; Karahan et at., 2019; Huseyin and Hazel, 2018) but there is not any comparative study between these two countries of different culture. So, this research will be the worthwhile contribution to the literature in the context of both countries.

The objectives of the study are as follow:
1: To determine the relationship between appraisal and Expression with Job stress. 2: To determine the relationship between regulation of emotions and Job stress. 3: To determine the relationship between Utilization of emotions and Job stress.

**Literature Review**

**Theoretical background of Emotional intelligence**

Emotion is intrinsic and natural (Ekmen, 1992). According to Salovey and Mayer (1990), it is the response of either internal or external event and has both positive and negative impact on individual. Muchinsky (2000) stated that emotions play a significant role at the work place and the organizational success and failure depends on it. The eminence of emotions at work place coerced the researchers to coin together a term known as Emotional Intelligence. Researchers define Emotional intelligence differently but most of them agree that it is a concept that involves wide range of behaviors and skills. According to Suleman et al., (2019) study findings emotional intelligence is the way to attain success and to make ally through individual’s ability to communicate, take implausible decisions and deal with issues. These skills enable the individual to not only maintain and control emotions, but also help in conflict resolution besides advances empathy for team work (Elias, 2004). There are three fundamental theories of emotional intelligence and these theories proposed with the expectations to express individual ‘s skills, capabilities and attributes associated with emotional intelligence (Suleman et al., 2019). Mayer and Salovey (1997), the ability model, focus on emotional understanding that provokes intelligence which enhances the skills and capabilities of individual with respect to emotional intelligence. Bar On (1997) proposed the model of emotional intelligence trait; measure
emotional intelligence via five constructs i.e. intrapersonal and interpersonal skills, mood, adaptability and managing stress. Interpersonal skills help to manage the relationship with others while the intrapersonal skills focus on the individual abilities in the form of commitment for decision making and completing task. Adaptability skills focus on problem solving issues. Mood reflects the optimism and resilience. The third model is presented by Goleman (1998), model of competency, focuses on skills of emotional intelligence to attain the achievement of task at work place. In addition, the influential book of Goleman (1995) highlighted many significant correlates of emotional intelligence and to some extent expanded the construct on the basis of understanding and expression of emotions to inculcate specific social and communication skills. Furthermore, Cooper and Sawaf (1997) in the renowned book of “Executive EQ”, proposed a model of emotional intelligence in relation with the skills and competencies to the four basic foundations included in emotional literacy, emotional fitness, emotional depth and emotional alchemy. Researchers tend to view emotional intelligence a vital element that adheres to positive behavior and aid to coping stress. Schutte et al. (2002), “evidence exists that emotional intelligence can be conceptualized as either ability (Ciarrochi et al., 2000; Mayer et al., 1999) or a personality trait (Schutte and Malouff, 1999; Schutte et al., 1998)”. At first, according to Bar-On and Parker (2000) the concept of emotional intelligence discussed in the early studies in 1920’s. Later in 1980’s EI was begun to conceptualize systematically. Gardner’s (1983) presented the intelligence in term of interpersonal and intrapersonal. Salovey & Mayer (1989-1990) firstly introduced Emotional intelligence based on the Steiner’s (1984) work on emotional literacy. Bar- on etal (2000, p. 1108) discerned emotional intelligence as non-cognitive intelligence i.e. personal, emotional and social skills which enable and enhances the individual capabilities to address the environmental demands. EI is the perceived abilities to identify, appraise, manage and control self and others’ emotions (Meyer et al. 2008). Distinguishing prototype of Emotional Intelligence by John Mayer and Peter Salovey expressed that individual with high EI manage the emotions of themselves and others and utilize this skill for their own cogitation and activity.

Mayer and Salovey (1997) presented a revised model of EI giving more focus on the cognitive approach of emotional intelligence. This revised model of emotional intelligence based on four sub units, perception, emotional facilitation of thinking, analyzing and employing emotional knowledge and reflective regulation of emotions, each associated with its levels of capabilities of individual adroit in. We seek to measure emotional intelligence on comprehensive
and extensive model. However, original model of Salovey and Mayer (1990) and revised model of the Mayer and Salovey of emotional intelligence (1997) are comprehensive and revised model denotes more distinguishing process-oriented model but the original model conceptualizes one’s emotional development in various aspects of individual in better way (Schutte et al., 1998).

Hence we adopt the original construct for the assessment of individual level of emotional intelligence.

Ahmed et al, (2019) stated emotions play vital part in individual’s behavior and therefore emotional perspective has attained much consideration in academics for the last few decades, particularly in context in teachers, educationists, psychologists (Malik & Shujja, 2013. Gumang (2018) stated that researchers look for the magic stick that capable teachers to understand the student needs and make proper link with this need to motivate and provide them instructions, Campbell et al., (2003) argued that the studies associated with teacher’s effectiveness more focus on cognitive results rather pay attention to more wide domain like social well-being, developing positive relationship with surrounding. Fetus (2012) emphasized on the importance of emotional intelligence in academic performance rather stick to only cognitive elements. Moreover, as far teachers are concern their skills are greatly depending upon their and emotional intelligence in teaching process (Oz & Kiris, 2018). Teachers behavior play crucial role towards successful teaching (Terzi & Tezci, 2007). Teachers are needed effective skills of thinking and feelings, besides subject knowledge. Anderson (2004) believed that emotional intelligence may have impact on teachers ‘conviction regarding their profession. Therefore, it is essential to confer this notion with respect to education as teachers are closely associated with emotional and cognitive skills. Moreover, teachers also experience both positive and negative emotions like anxiety, dissatisfaction, happiness (Oz & Kiris, 2018). Therefore, it is asserted that teaching cannot separate from emotions (Hargreaves, 2001). Though some researchers found weak relationship between emotional intelligence and academic outcome but most of them agreed on the assumption that emotional intelligence is indispensable factor for effective learning. (Oz & Kiris, 2018). Nowicki and Duke (1992) also provided evidence for a significant relation between emotional intelligence and academic achievement. Most existing studies suggested that teachers experience psychological, emotional and professional consequences when they feel their When they feel their investments in their colleagues and students (Van Horn et al., 1999; Taris et al., 2001; Van Horn et al., 2001). Demrouiti et al., (2001) supported the link between the job demands
and the stress. Many other studies are conducted in relation to Emotional intelligence and job stress in academics (Miri et al., 2013; Yamani, et al. 2014).

**Appraisal and Expression in self and others**

Salovey and Mayer (1990) who was the pioneer to introduce Emotional intelligence as skills defined it as “relevant to the accurate appraisal and expression of emotion in self and others, and the feeling to motivate, plan, and achieve in one’s life”. They asserted that emotional intelligence is classified into three categories in terms of adaptive perspective for solving problems: appraisal and expression of emotion, regulation of emotion and utilization of emotions. The first category of emotional intelligence, appraisal and expression of emotion is the ability to identify and perceive emotions in self and others (AK Pau et al, 2004). The basic components of appraisal and expression of emotion consists of emotion in self and others. The sub sections of emotions in self of appraisal and expression are verbal and non verbal. The emotional intelligent individual responds more properly to his own feelings due to accuracy in his verbal and nonverbal skills for social functioning. In addition, Appraisal and expression of emotion in others is sub categorized in nonverbal of emotion and empathy. Buck, R. (1975), stated that nonverbal actions are vital determinant in the emotional expression and social deeds. Considering the significance of nonverbal emotions researchers adapt diversified scales to examine inter correlation among nonverbal perception measures and have also yielded diverse outcome. (Fields and Sullivan, 1976; Klaiman 1979). Among stirring communality of appraisal and expression of emotion is empathy, the ability to understand another’s emotions and re acquire them oneself (Salovey and Mayer, 1990). Empathy is one of the key characteristic of emotionally intelligent actions. Many social support researchers also substantiated the assumption that an individual’s friends and family are major contributors to his well-being. (Kessler et al, 1985; Thoits,1986). The greater the number of emotionally intelligent people neighboring an individual the more empathic and supportive social environment will develop as empathy is the motivator for altruistic actions (Batson, 1987). Moreover, empathy researchers have highlighted its relation to its subsidiary abilities similar to emotions of appraising and (Batson et al, 1987; Wispe, 1986) to comprehend another individual opinion (Dymond, 1949; R. Hogan, 1969).
Regulation of Emotions

The second important category of emotional intelligence is regulation. The sub category of regulation of emotions in the self is primarily based on mood of an individual. Mood in compare with emotions is more long lasting and emotionally intelligent person regulates and manages it more effectively (Salovey and Mayer, 1990). Isen (1984) eloquently expressed his view that people are actuated positive mood and in the mean while attenuate the incident of unpleasant mood. Mearns & Cain (2003) believed that teachers could receive adaptive outcomes while control negative moods were associated with more adaptive outcomes for teachers. Furthermore, in addition to the sub categories of regulation of emotions in others, Goffman (1959) highlighted the individuals’ behavior towards others to manage the impressions originated by them. Gross &Thompson (2007) eloquently defined the emotion regulation in their study as a process in which an individual faced the stressful life events in an active way in order to experience the emotional response differently. Researchers found emotion regulation key element for the worthy relationship, psychological well-being and better performance (Murray., 2005; Gross & Thompson., 2007; Diefendorff et al, 2000). Moreover, there are many studies on the impact of emotion regulation on daily life (e.g., Nezlek & Kuppe, 2008; Brans et al., 2013; Pavani et al., 2015; Kuppens et al., 2010).

Utilization of Emotions

Emotion regulation is more effective when they lead to or outcome from emotion utilization Izard et al, (2011). Utilization of emotion, the third category of emotional intelligence, consists of the components of flexible planning, creative thinking, redirected attention and motivation. These skills are part of emotional intelligence construct cause the people possess the advantage of problem solving adaptively which addressing their life task with emotional intelligence Salovey and Mayer, (1990) asserted it in a way that the people competency to identify and tackle their problems are more linked with their own internal emotions rather addressing by others. Izard, (1971) and Mayer & Salovey, (1997) defined emotion utilization as, it is an emotional experience which motivates the activity for adaptive cognition. Eisenberg & Spinrad, (2004) emphasized that emotion utilization regulates emotion via involving in effective actions and creative efforts to regulate emotion rather initiate direct attempt for emotion regulation. Moreover, researcher found in their studies that EI factor, Utilization of emotions has
negative relation with stress (AK Pau et al, 2003)

Job Stress

Job stress in the organization is the outcome of changes in the global economy. It is not a new issue among employees (Paul & A, 2015). According to National Institute for Occupational Safety & Health, (1999) the definition of Job stress,” the harmful physical and emotional responses that occur when role (job) requirements do not match with the employees’ capabilities, resources, and needs.” Studies like Behr & Glazer, (2001) pointed out that Job stressors such as working conditions, workload, and management expectation can lead to poor health. Due to adverse outcomes of job stress on health and working environment, researchers tried to excavate solutions to address with this problem. Many studies emphasized on the implication of Emotional Intelligence at work place. Suleman et al., (2019) stated that emotional intelligence mainly consists of individual’s internal and external dealings i.e. Stress coping skills, personality and also with one’s temperament and they all have significant impact on academic achievement. Bradberry and Greaves (2009), agreed on the assumption that emotional intelligence of an individual help him to control emotions against others. Duran et al. (2004) pointed out in their study that higher level of emotional intelligence overcome the strain which leads to satisfaction among employees. Austin et al (2005) has also found positive relation between Emotional intelligence with general well-being. Many other researchers conceded that emotional conflict is a challenge for the well-being of individual and organization (Ashforth & Humphrey 1993, Grandey 2000, Erickson & Ritter 2001, Ashkanasy et al. 2002). Lopes et al. (2006) indicated a negative relationship between work stress and emotional intelligence. (N Oginska Bulik ,2005) also found inverse correlation between work stress and emotional intelligence. Many studies found negative link between emotional intelligence and perceived and physiological indicators of stress, low emotional intelligence leads to greater stress and vice versa (e.g. Por et al., 2011; Ruiz-Aranda, Extremera, & Pineda-Galan, 2014). It is also proved through experiment that individuals with high emotional intelligence recover more quickly from stress as compared to those with low level of emotional intelligence (Enns et al., 2018).
Emotional Intelligence as a buffer

According to Gumangan, (2018) individual does not just rely on High IQ for success but he needs to be equipped with factors such as emotional intelligence to cope up with problems more effectively as High emotional intelligence leads to better academic performance. Studies show emotional intelligence work as buffer. Lopeza et al., (2019) hypothesized in the study that emotional intelligence buffers emotional demand effects through self-appraised stress on work commitment and found moderate relationship between self-appraised stress and teachers’ work engagement and according to Hakanen, Bakker, & Schaufeli (2006), emotional demands are the threat for teachers’ wellbeing. Rosanna et al., (2019) answered the question; does Emotional Intelligence Buffer the Effects of Acute Stress? In a systematic review by stating that high emotional intelligence attains wellbeing, good educational performance and job concern success, further they suggested emotional intelligence as stress buffer in the stressful situation which help the individual to tackle and solve the situation and recover faster when face threats. N Oginska Bulik, (2005) considered EI as a buffer and refrain individual from mental disorders by perceiving job stress. He further added people with high emotional intelligence better confront with stress than others as they are more competent to express and manage the emotions than other. In the present study Emotional intelligence is introduced with term Beta Blocker, a class of medicine that is predominantly reduces the stress by managing abnormal heart rhythm and protects the person from heart attack same as individual with high EI, more adroit to perceive emotions and behave more empathically which enable him to be more motivated to deal with working conditions and to sponge up job stress.

Relationship between Emotional Intelligence & Job Stress

Stress is the most common issue at work place, defined as the behavioral health dilemma between worker and environment (Hasanvandi et al., 2013) and the victims of stress presented with emotional burnout and anxiety (Boyd et al., 2009, p. 197). When individuals encounter with Stress they heed coping strategies and researcher’s categories it as cognitive, escape-based or emotional (Boyd et al., 2009, p. 199). Healy & McKay, (2000) view coping interferences in terms of emotional or problem focused. According to Salovey & Grewal, (2015) emotional intelligence has significant impact on one’s life and enable him to motivate him or herself (Yeung, 2009; Wan et al., 2014). In addition, Mayer, Salovey, & Caruso, (2006) individual who appraise his
emotions can tackle and manage his emotion in a better way and also discern the consequences of those emotions. (Othman, 2011). This ability helps to cope up the stress and to deal with stressful conditions (Noorbakhsh, 2010; Schneider et al., 2013). In the original model, Salovey and Mayer (1989-1990) conceptualizes emotional intelligence align with three subsets of mental processes. First, Appraising and expressing emotions in the self and others; George (2000) stated appraisal as the variation in the extent of the individual capability to aware of his emotion and the extent to express it verbally and nonverbally. Individuals who appraise and express emotions veraciously, have the better potential to manage the people surround them, perceived them well and develop empathy (Salovey and Mayer, 1989-1990). In addition to this, better able to cope up with stress as absorber. Second subset, regulating emotion in the self and others, describe the individual’s ability to manage and regulate the emotions and transform their reaction. This process also helps to tackle the stress and spread well-being as the emotionally intelligent people are better able to attune to positivity and respond to negativity in an efficient manner. The third subset, Using emotions in adaptive ways explore the difference in the individuals abilities to utilize their emotions by developing flexible future plan and improving decision making. This can only be possible by understanding of one’s emotional reaction and in return facilitates cognitive processes and punctuality and leads to motivate emotions in the form of accepting challenges (Salovey and Mayer, 1989-1990). More over these three mental processes played distinctive role in coping with job stress by absorbing all the negativity and nurture positivity. Moreover, researchers found Emotional intelligence with its characteristics (i.e. Appraisal and expression, regulation of emotions & utilization of emotions) inverse relation with Stress (AK Pau & Croucher, 2003; Noorbakhsh, 2010).

**Hypotheses**

In this context of the above literature, the following Hypotheses are built:

H1: Appraisal and Expression has negative relation with Job stress.
H2: Regulation of emotions has negative relation with Job stress.
H3: Utilization of emotions has negative relation with Job stress.
**Methodology**

**Population and Sample**

The data of the study is collected from university teaching faculties to find the role of emotional intelligence as a beta blocker in job stress. The reason to select this population is that teachers with good emotional intelligence are proved to have healthier relation with their fellow coworker and are also able to overcome clashes with their students than the teachers without emotional intelligence (Mehmood et al., 2013). Hammad (2001) also supported this assumption by saying that there is difference in teachers’ performance with EI or without EI and researchers consider EI as the solution to the problem. (Hargreaves, 2013). There are many studies in which researchers used university faculty as (Asrar-ul-Haq et al., 2017; Mehmood et al., 2013; Yousoff et al., 2013).

Convenient sampling technique is adopted for the present study. The data is collected from universities of 18 universities of Pakistan and Turkey. The research data is collected through online distribution of Google survey form via email correspondence. Email addresses got from official websites of different universities of Pakistan and Turkey and also took advantage of social media and LinkedIn to contact with the respondents. It took two months to collect the data.

**Instrument**

In the present study Quantitative approach is adapted with the cross sectional study design as scholars usually prefer cross sectional study design due to cost and time constraints (Yamamoto, 2007) and the self-administered questionnaire is the most familiar tool used by researchers for data collection (Bryman, 2006). The first section of questionnaire consists of demographic i.e. gender, age, qualification, job position, length of service and university name. The remaining part of questionnaire is consisted of 42 items in which 33 items are related to emotional intelligence i.e. 13 items of appraisal & expression of emotion, 10 items, of regulation of emotion, 10 items of utilization of emotion adopted from Shutte et al. (1998) based on conceptual model of Salovey & Mayer (1990). The last 9 items related with Job stress, are adopted from short version questionnaire of Jamal and Baba (1990).
Model Assessment measure

To evaluate the psychometric properties of scale adopted for the present study, construct validity, convergent validity. Discriminate are assessed.

Construct Reliability

Construct reliability shows the internal consistency between the items in a construct by using cronbach’s alpha and composite validity.

<table>
<thead>
<tr>
<th>Variables</th>
<th>original Items</th>
<th>cronbach’s Alpha</th>
<th>CR</th>
<th>AVE</th>
<th>Items Retained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal &amp; expression</td>
<td>13</td>
<td>0.865</td>
<td>0.902</td>
<td>0.649</td>
<td>11</td>
</tr>
<tr>
<td>Regulation</td>
<td>10</td>
<td>0.844</td>
<td>0.876</td>
<td>0.541</td>
<td>9</td>
</tr>
<tr>
<td>Utilization</td>
<td>10</td>
<td>0.823</td>
<td>0.882</td>
<td>0.654</td>
<td>9</td>
</tr>
<tr>
<td>Job stress</td>
<td>9</td>
<td>0.938</td>
<td>0.948</td>
<td>0.671</td>
<td>8</td>
</tr>
</tbody>
</table>

According to Bagozzi & Yi (1998) the acceptable value of Cronbach’s Alpha and composite Reliability value is recommended 0.7 and greater, which indicates the internal consistency between the construct Items. The value of Convergent variance of Cronbach’s Alpha and composite Reliability is greater than 0.7 shows internal consistency in each items of construct. 5 Items were deleted to improve the internal consistency and average variance and the remaining items having composite reliability value above 0.7 and average variance explain value more than 0.5, shown in the above Table.2.

Construct Validity

Construct validity is used to validate tests. The two integral facets of construct validity are convergent validity and Discriminate validity. Convergent validity, the degree at which multiple items measure the same concepts while in Discriminate validity items differentiate among
constructs or to assess the correlations of overlapping constructs between the measure. Items should be more strongly loaded at their own constructs in the model over the average variance between construct. Fornell & Larcker (1981) also stated that it shows the latent Variables explain the variance of its own indicator in a better way than the variance of other latent Variables.

Convergent Validity
Composite reliability and average variance measured the convergent validity of each construct. According to Hair et al., (2010) the recommended value of composite reliability should be 0.7 or greater and average variance 0.5 or greater to assure convergent validity as the Table 1 shows the composite reliability value > 0.7 and average variance > 0.5 affirms convergent validity.

Discriminate Validity
Fornell-Larcker criterion confirms the discriminate validity by taking the square root of variance of each construct and the correlation square of each pair. Table 2 shows the summarized result.

<table>
<thead>
<tr>
<th>Variables</th>
<th>AP</th>
<th>RE</th>
<th>UZ</th>
<th>JS</th>
</tr>
</thead>
<tbody>
<tr>
<td>AP</td>
<td>0.806</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RE</td>
<td>0.641</td>
<td>0.736</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UZ</td>
<td>0.796</td>
<td>0.732</td>
<td>0.808</td>
<td></td>
</tr>
<tr>
<td>JS</td>
<td>-0.617</td>
<td>-0.584</td>
<td>-0.683</td>
<td>0.819</td>
</tr>
</tbody>
</table>

It is recommended that average variance square root of each construct should be greater than other constructs ‘compared reflective loading (Fornell & Larcker, 1981). Since the values in diagonal line and in boldface of square root of average variance greater than other constructs ‘compared reflective loading affirms the discriminate validity requirement.
Structural Model Assessment

The PLS Path modeling of structural model assessment just comes after confirmation of measurement model. The foremost element of structural model is to evaluate the relationship of Variables (Hair et. al., 2010). The significance of path coefficient model is assessed by bootstrapping application with 5000 bootstrap samples of 261 cases.

Table.3 Results of Direct Effects

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Variables</th>
<th>Beta Value</th>
<th>T-Value</th>
<th>P-Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>AP-&gt;JS</td>
<td>0.319</td>
<td>4.795</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>RE-&gt;JS</td>
<td>0.296</td>
<td>3.027</td>
<td>0.002</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>UZ-&gt;JS</td>
<td>0.239</td>
<td>2.270</td>
<td>0.023</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Table 3 shows t-value and P-value results to test the Hypothesis. Appraisal has negative relation with job stress p < 0.01 and t >2.67 at significant level of 0.05 that means that appraisal reduces the job stress. It indicates that Appraisal has power to cope up the job related stress. Same with the Regulation of emotion with P value <0.05 and t value >2.67 and Utilization of emotion P value <0.05 and t value>1.96, shows Regulation and Utilization has significant relation to absorb job stress. Table3 shows the similar results that all facets of emotional intelligence have the ability to cope up with job stress.

The path coefficient value greater than 0.2 is acceptable (Chin, 1998). The results shown in Table 3 indicates the level of coefficient acceptability as all the values are greater than 0.2. To attain the minimum level of explanatory strength in the model the values of $R^2$ should be high. (Hair et al., 2013) suggested values of $R^2$ are 0.75, 0.50, 0.25 as substantial, moderate or weak rule of thumb. $R^2$ values Job stress are greater than 0.5 shows moderate explanatory Powers of the models. The values of $R^2$ tell the Emotional intelligence effectiveness explain variance in Job stress.
Effects Size and Predictive Relevance

Effects size indicates the relative effect of particular latent variables on endogenous latent variables by means of changes in R squared (Chin, 1998). The suggested value for weak, moderate and strong effect is 0.02, 0.15, and 0.35 respectively.

Table 4: F Square

<table>
<thead>
<tr>
<th>Variable</th>
<th>JS</th>
</tr>
</thead>
<tbody>
<tr>
<td>AP</td>
<td>0.740</td>
</tr>
<tr>
<td>RE</td>
<td>0.158</td>
</tr>
<tr>
<td>UZ</td>
<td>0.235</td>
</tr>
</tbody>
</table>

Table 4 shows the value of F^2 >0.35 for JS with appraisal and expression indicates that Appraisal and expression of emotion has strong power to cope up job stress of academicians while the value of F^2 >0.15 for JS with Regulation and utilization of emotion indicates the moderate effect of Regulation and utilization of emotion.

Table 5: CV Redundancy

<table>
<thead>
<tr>
<th>Variables</th>
<th>SSO</th>
<th>SSE</th>
<th>Q^2(=1-SSE/SSO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AP</td>
<td>492.000</td>
<td>336.449</td>
<td></td>
</tr>
<tr>
<td>RE</td>
<td>492.000</td>
<td>492.000</td>
<td></td>
</tr>
<tr>
<td>UZ</td>
<td>656.000</td>
<td>656.000</td>
<td></td>
</tr>
<tr>
<td>JS</td>
<td>492.000</td>
<td>349.385</td>
<td>0.290</td>
</tr>
</tbody>
</table>

Predictive capability of model is tested through Blindfolding procedure. The objective of predictive relevance is to look into cross validated redundancy (CV Redundancy). The suggested value of cross validated redundancy >0 indicates predictive relevance of model while < 0 shows lack of predictive relevance of model (Fornell & Cha, 1994). Table 5 presents that Q^2 value greater than 0 shows prediction capability of model.
Discussion

On the broader scope, the objective of current study was to find out the effectiveness of the facets of emotional intelligence; appraisal and expression and regulation of emotion and utilization of emotion as a beta blocker to absorb the job related stress in academic sector. Research was then empirically evaluated and the recommendation concerning the effectiveness of emotional intelligence towards Job stress was then approved (Noorbakhsh, 2010; Schneider et al. 2013). The current study also supported the evidence for a significant relation between emotional intelligence and academic achievement of Nowicki and Duke (1992).

The result suggested that all the facets of emotional intelligence have the power to absorb the job stress. Respondents indicates that appraisal and expression, regulation of emotion and utilization of emotion work as a beta blocker for job related stress. By using emotional intelligence as a tool academician not only cope up stress but also help them to tackle social issues which are the cause of emotional upset as mentioned by Asrar-ul-Haq et al. (2017).

Results also suggested that Appraisal and expression of emotion has strong power to cope up job stress of academicians while for JS with Regulation and utilization of emotion indicates the moderate effect.

Conclusion

The objective of this study was to determine the relationship between the facets of emotional intelligence: appraisal and Expression, regulation of emotion and Utilization of emotion with Job stress. Like beta blocker, medicine which manages stress and protects the person from heart attack same as emotional intelligence sponges up job stress and enable man to work more empathetically and efficiently to attain better work performance. Emotional intelligence in terms of appraisal and Expression, regulation and Utilization of emotion has significant impact on job stress Appraisal and expression of emotion has strong power to cope up job stress in academicians. Institutional management should include emotional intelligence in strategy design related to job stress and invest more on training sessions of emotional intelligence to improve their competencies to combat against job stress.
Managerial implication

Empirical evidence indicated that Emotional intelligence works as Beta Blocker in job stress. Academicians think that Emotional intelligence is very important practice to cope up job stress. Institutional management should focus this area by giving support in terms decisions and budget increment and considering it as vital element in organizational practices should conduct training sessions to improve their emotional intelligence in terms of empathy and using adaptive coping skills to address the problems like poor quality of education, unsatisfactory academic performance as job stress has catastrophic effect on their performance.

Limitations and Future Directions

Although the present study has valuable and significant contribution in education sector to identify the value of emotional intelligence to reduce job stress but the study has some limitations. First this study is conducted only in academicians of universities from education sector. In future studies the input of academic managers can be included to attain better results. Secondly, the study has not included comparison of Turkish and Pakistan Academicians. Future studies can include the comparison of them.
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Nexus Between Income Inequality And Economic Growth: Case Of The Republic Of North Macedonia

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Abstract

Controversial evidence approach regarding the relationship between income inequality and economic growth highlights the need for investigating such nexus in the case of the Republic of North Macedonia by utilizing quarterly time series data for time spin 2000-2018. In this regard, the main purpose of the paper indicates the testing of the long-run effects of income inequality on the economic growth, accomplished through the employment of Vector Error Correction Model, while Granger causality test is performed in order to determine the direction of such nexus. Further, empirical findings reveal the existence of a long-run negative significant relationship between income inequality and economic growth in the Republic of North Macedonia. Finally, empirical findings of short-run and long-run dynamics regarding the nexus between income inequality and economic growth in the Republic of North Macedonia concerns its current and future strategies and its contribution to the existing literature rather than solving the debate.

Keywords: GINI index, growth, Granger causality, VECM, Impulse Response Function.
JEL Code: C32, O15, E24

Introduction

Nexus among income inequality and economic growth does not represent a preliminary issue in the economic literature. In this regard, many scholars and economist have attempted to answer the reason for those two variables by analyzing empirically their relationship in both developed and developing countries.

Lately, there exists a high debate regarding the relationship between income inequality and economic growth on theoretical and empirical aspects, concerning two major schools of economic thoughts. Advocates of neoliberal school suggest that it promotes market fundamentalism and free allocation of resources in the economy, thus suggesting a positive nexus among income inequality and economic growth. In addition, such results are due to the greater tendency of wealthy people to save compared to those with precarious income. In this direction,
investment and technological progress are stimulated, thus also underlining the Kuznets’s curve principle through the inverted - U nexus of income inequality and economic growth. On the other hand, Keynesian supporters see it as an advocate of government intervention for regulating market imperfections and full use of the available labor force.

In addition, in literature there exist the Environmental Kuznets Curve hypothesis which suggests the presence of a U- shaped relationship between economic growth and environmental pollution. This hypothesis claim that with economic growth, the environmental degradation increases, reaches its peak then starting to decline, while the economic growth after this point will start to rise. In this regard, Koksal et al. (2020) in their study investigate the relationship between environmental quality and business/economic activities, through Environmental Kuznets Curve (EKC) hypothesis and their results indicate the existence of the inverted U - shaped nexus among environmental pollution and economic activity.

According to their perspective, based on the past three decades of data and empirical evidence, it suggests a significant increase in income inequality at the national and global level. Poverty and inequality reduction represent one of the most controversial questions among policymakers, concerned whether to deal with the distribution or growth itself will help in reducing poverty? Although there is a strong dispute claiming growth to be good for the poor, growth with redistribution provides greater outcomes in the economy.

Lately, scholars have been debating income distribution as a significant determinant of poverty reduction in developing countries, although the empirical results of the recent studies have documented controversial results regarding the relationship between income inequality and economic growth in developing countries. Thus, the main objective of this paper is to empirically investigate the relationship between economic growth and income inequality in the Republic of North Macedonia for the time period 2000 q1 – 2018 q4 in the long run, through the Vector Error Correction Model technique. In addition, the Granger Causality test has been employed for determining the direction of the nexus among income inequality and economic growth of the country.

The paper structure is as follows: the first section conveys the introduction part, in the second part it is outlaid the relevant literature review of the relationship between economic growth and income inequality, the third section deals with the data and model specification, the
next section discusses the empirical findings and the last section reveals the conclusions and recommendations of such nexus for the case of the Republic of North Macedonia.

**Literature Review**

So far, there exist controversial empirical findings regarding the relationship between economic growth and income inequality in developing and developed countries. Such results have attracted the attention of many scholars and policymakers focusing on income distribution policies. In this regard, the main objective of this paper is to analyze the relationship of the income inequality and economic growth in the short run and long run in the Republic of North Macedonia for the last two decades as well as to determine the direction of such nexus.

In addition, the last three decades represent the period when income inequality has been increased globally. Moreover, although a negative relationship is found among income inequality and economic growth in cross-country analysis (Perroti, 1996), some empirical estimations have suggested a positive nexus among income inequality and economic growth (Li & Zou, 1998; Forbes, 2000). In addition, Partridge (1997) found that when income inequality is measured with the income per share it shows a negative relationship with the economic growth, while a positive relationship is determined when measured by GINI index.

Further, Forbes (2000) suggest that a significant negative bias in the inequality – growth nexus is caused by omitted variables and determines a positive effect of inequality on growth by utilizing Fixed effects model. By using a larger sample of countries, Barro (2000) suggests a positive relationship between income inequality and economic growth in developed countries while a negative relationship is seen in developing countries.

On their paper, Ostry et al (2014) include 173 countries, for a time period 1960 – 2010, indicating a negative relationship between income inequality and economic growth. Further, similar results associating negative impact of income inequality on growth are indicated by Cingano (2014) OECD study, as well as by Berg and Ostry, 2011 -IMF study.

Finally, this research is accomplished in order to investigate the impact of income inequality on economic growth in the Republic of North Macedonia for the time spin 2000q1 – 2018q4, through VECM technique. In addition, the Granger Causality test is performed to determine the direction of this nexus, while the Impulse Response Function determines the response of growth when a shock is given to the income inequality.
Data and Research Methodology

Concerning the main aim of determining the impact of income inequality on the economic growth in the Republic of North Macedonia for the time period 2000q1 – 2018q4 as well as the direction of such nexus, the following basic model has been established:

\[ Y = [\ln r\text{GDP}; \ln gini; \ln \text{schoo}; \ln \text{gfcf}] \] (1)

This empirical analysis has incorporated secondary data referring to the time spin 2000q1 – 2018q4, utilizing the sources of National Bank of Republic of North Macedonia. In addition, variables have been transformed into their logarithmic form. In addition, for determining the effects of income inequality this paper uses GINI index.

The following graphs indicate the differenced variables: GINI index, real GDP growth rate, secondary school enrollments and Gross Fixed Capital Formation % of GDP.
Graph 1. Differenced Variables

Further, pre-estimation tests have been conducted such as lag selection and unit root test. Moreover, for the lag selection, three main criteria have been used such as AIC, SBIC and HQIC, while for determining whether time series contain unit root or not, Augmented Dickey-Fuller test has been performed.

For determining the long run nexus between income inequality and economic growth, VECM has been conducted, thus determining the short-run and long-run effects by introducing the lost information in the differencing process. In addition, the Johansen test for co-integration has been performed to determine whether there exists at least one co-integrating vector among these variables, suggesting the existence of a long-run relationship between income inequality and economic growth.
Finally, in order to determine the direction of the relationship between income inequality and economic growth, Granger Causality test has been utilized as well as the Impulse Response Function approach has been used to analyze the response of real GDP growth rate to a given shock to income inequality and vice a versa. Moreover, some post estimation tests have been conducted to check model adequateness, validity and fitness such as stability test of VECM, Lagrange-multiplier test and Jarque – Bera test.

**Empirical Findings**

The following table displays a brief illustration of the descriptive statistics of the dependent and independent variables included in the model.

<table>
<thead>
<tr>
<th></th>
<th>ln rGDP</th>
<th>ln gini</th>
<th>ln school</th>
<th>ln gcfc</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>mean</strong></td>
<td>11.31376</td>
<td>3.664638</td>
<td>4.398027</td>
<td>3.09561</td>
</tr>
<tr>
<td><strong>minimum</strong></td>
<td>9.384042</td>
<td>3.12222</td>
<td>4.372712</td>
<td>2.903946</td>
</tr>
<tr>
<td><strong>maximum</strong></td>
<td>11.61263</td>
<td>3.985231</td>
<td>4.411506</td>
<td>3.258447</td>
</tr>
<tr>
<td><strong>std. dev.</strong></td>
<td>.2853549</td>
<td>.0091842</td>
<td>.0876676</td>
<td></td>
</tr>
<tr>
<td><strong>skewness</strong></td>
<td>-.331256</td>
<td>-.1490556</td>
<td>-.1009779</td>
<td>-.3600564</td>
</tr>
<tr>
<td><strong>kurtosis</strong></td>
<td>30.08288</td>
<td>6.999494</td>
<td>4.166492</td>
<td>2.230058</td>
</tr>
<tr>
<td><strong>variance</strong></td>
<td>.0814274</td>
<td>.017114</td>
<td>.000844</td>
<td>.0076856</td>
</tr>
<tr>
<td><strong>observations</strong></td>
<td>72</td>
<td>72</td>
<td>72</td>
<td>72</td>
</tr>
</tbody>
</table>

**Source:** Author’s Calculations

Further, data has been investigated for their unit root, thus it has been analyzed if the time series have unit root or not, thus if they are stationary or not. In this regard, three main criteria have been used in order to determine firstly the lag number: AIC, SBIC and HQIC. The following table presents the results regarding the number of the lag included in the analysis which according to the Akaike information criteria which is suitable for the number of observations in this empirical analysis is set to be four.
Table 2. Lag Selection Criteria

<table>
<thead>
<tr>
<th>LAG</th>
<th>LL</th>
<th>LR</th>
<th>AIC</th>
<th>HQIC</th>
<th>SBIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>384.681</td>
<td>-11.1965</td>
<td>-11.1448</td>
<td>-11.0659</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>530.768</td>
<td>292.18</td>
<td>-15.0226</td>
<td>-14.7639</td>
<td>-14.3698*</td>
</tr>
<tr>
<td>2</td>
<td>554.205</td>
<td>46.874</td>
<td>-15.2413</td>
<td>-14.7757*</td>
<td>-14.0663</td>
</tr>
<tr>
<td>4</td>
<td>586.569</td>
<td>41.616*</td>
<td>-15.252*</td>
<td>-14.3726</td>
<td>-13.0325</td>
</tr>
</tbody>
</table>

Source: Author’s Calculations

Augmented Dickey Fuller test was performed in order to check the stationarity of the time series, and its results are presented in Table 3.

Table 3. Augmented Dickey Fuller Test

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>Augmented Dickey Fuller</th>
<th>COMMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ln rGDP</td>
<td>-1.476 (-2.916)</td>
<td>H_0</td>
</tr>
<tr>
<td>ln gini</td>
<td>-2.993 (-2.916)</td>
<td>H_0</td>
</tr>
<tr>
<td>ln school</td>
<td>-3.114 (-2.916)</td>
<td>H_0</td>
</tr>
<tr>
<td>ln gfcf</td>
<td>-2.631 (-2.916)</td>
<td>H_0</td>
</tr>
<tr>
<td>First</td>
<td></td>
<td></td>
</tr>
<tr>
<td>difference</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ln rGDP</td>
<td>-3.710 (-2.917)</td>
<td>H_1</td>
</tr>
<tr>
<td>ln gini</td>
<td>-3.587 (-2.917)</td>
<td>H_1</td>
</tr>
<tr>
<td>ln school</td>
<td>-3.449 (-2.917)</td>
<td>H_1</td>
</tr>
<tr>
<td>ln gfcf</td>
<td>-3.454 (-2.917)</td>
<td>H_1</td>
</tr>
</tbody>
</table>

Notes: † numbers in brackets represent lag length in ADF test

Source: Author’s Calculations

Moreover, results claim that the null hypothesis of unit root is accepted, thus all variables contain unit root in their level, or are not stationary in their level. Further, the null hypothesis of unit root is tested for their first difference, supporting the rejection of the null hypothesis for every variable, indicating that they are all stationary in their first difference.

Further, Johansen – Jusilius co-integration test has been conducted in order to investigate the existence of a long-run relationship between income inequality and economic growth for the
case of the Republic of North Macedonia for the last two decades. Basically, non-stationary data lead to spurious empirical results, thus as such cannot be utilized in empirical models. In this context, Engle and Granger (1987) claim that two or more non-stationary series can be co-integrated if a linear combination of two or more non-stationary series is stationary, where their stationary linear combination is met in the long run nexus. Results of the Johansen test for co-integration of the model are presented in the Table 4.

<table>
<thead>
<tr>
<th>Null hypothesis</th>
<th>Alternative hypothesis</th>
<th>λ- trace</th>
<th>95 % critical value</th>
</tr>
</thead>
<tbody>
<tr>
<td>r = 0</td>
<td>r &gt; 0</td>
<td>75.6332</td>
<td>47.21</td>
</tr>
<tr>
<td>r ≤ 1</td>
<td>r &gt; 1</td>
<td>26.4935*</td>
<td>29.68</td>
</tr>
<tr>
<td>r ≤ 2</td>
<td>r &gt; 2</td>
<td>12.4895</td>
<td>15.41</td>
</tr>
</tbody>
</table>

**Source:** Author’s Calculations

Johansen co-integration test results indicate at least one co-integrating vector exists in the model among the variables at I(1) from the trace test, thus rejecting the null hypothesis that there does not exist co-integration vector while accepting the alternative hypothesis that there exists a long-run relationship between income inequality and economic growth.

Following the results of co-integration, Vector Error Correction model has been employed to determine the long-run dynamic effects of income inequality on the economic growth of the Republic of North Macedonia for the time period 2000q1 – 2018q4. Finally, the revealed results of the VECM are presented in the Table 5.
### Table 5. Results of Vector Error Correction Model

| Variables  | β      | α          | z   | P>|z|   | P>|chi2|   |
|------------|--------|------------|-----|--------|-------|-----|
| Δ ln rGDP  | 1.000  | -.6778686  | -1.84 | 0.0000 | 0.0657 |
| Δ ln gini  | -0.665737 (0.000) * | .0928102 | 3.39 | (0.066) *** | 0.0007 |
| Δ ln school| 2.31018 (0.000) * | -.0232447 | -3.64 | (0.001) * | 0.0003 |
| Δ ln gfcf  | 0.107985 (0.016) ** | -.1237053 | -5.50 | (0.000) * | 0.0000 |

Notes: β represents the co-integrating vector and α represents the adjustment parameter vector; 1.000 implies that the co-integrating vector is normalized with respect to the variable. Brackets are p values for probabilities for β and α.

**Source:** Author’s Calculations

Co-integration model is normalized with respect to real GDP rate. β coefficients are indicating the negative and significant long-run effect of income inequality on the economic growth of the Republic of North Macedonia for the time span 2000q1 – 2018q4.

The following graph illustrates the results of Impulse Response Function, used to determine how real GDP growth rate will respond to a given shock on the income inequality, holding constant the rest of the variables.

**Graph 2. Impulse Response Function**

**Source:** Author’s Calculations
When a shock is applied to GINI index, real GDP peak value is reached on the seventh quarter, while its lowest value is seen during the second quarter. Moreover, the linear positive response of real GDP growth rate can be experienced through the rest of the period.

Finally, causal relationship between income inequality and economic growth is determined through Granger Causality test, in order to check the direction of the nexus between income inequality and economic growth in the Republic of North Macedonia.

### Table 6. Granger Causality Test

<table>
<thead>
<tr>
<th>INDEPENDENT VARIABLES (lags)</th>
<th>ln rGDP</th>
<th>ln gini</th>
<th>ln school</th>
<th>ln gfcf</th>
</tr>
</thead>
<tbody>
<tr>
<td>ln rGDP</td>
<td></td>
<td>2.9281</td>
<td>20.95</td>
<td>2.373</td>
</tr>
<tr>
<td></td>
<td>(0.570 )</td>
<td>(0.000)</td>
<td>(0.668)</td>
<td></td>
</tr>
<tr>
<td>ln gini</td>
<td>12.025</td>
<td></td>
<td>3.3226</td>
<td>12.606</td>
</tr>
<tr>
<td></td>
<td>(0.017)</td>
<td></td>
<td>(0.505)</td>
<td>(0.013)</td>
</tr>
<tr>
<td>ln school</td>
<td>1.6528</td>
<td>6.841</td>
<td></td>
<td>1.5447</td>
</tr>
<tr>
<td></td>
<td>(0.799)</td>
<td>(0.145)</td>
<td></td>
<td>(0.819 )</td>
</tr>
<tr>
<td>ln gfcf</td>
<td>8.5184</td>
<td>2.8678</td>
<td>2.2485</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.074 )</td>
<td>(0.580 )</td>
<td>(0.690)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s Calculations

Table 6 presents the results from Granger Causality test, indicating the existence of a unidirectional causality between real GDP growth rate and GINI index, running from income inequality to real GDP, thus the null hypothesis of GINI index does not Granger cause real GDP growth rate can be rejected and accepted the alternative hypothesis.

Finally, some post estimation tests were conducted in order to check the validity, stability and fitness of the model such as VECM stability test and Lagrange-multiplier test. (see Appendix I)

**Conclusions**

Having into consideration the importance of the income distribution for the economic growth of a developing country, this paper tries to empirically investigate the relationship among Income inequality and economic growth in the case of a small open economy such as Republic of North Macedonia utilizing time series for the period 2000 q1 – 2018 q4. To my best knowledge, this is the first paper that uses the econometric approach of Vector error Correction model in
order to determine the long run and short-run dynamic effects of income inequality on the country’s economic growth. Further, VECM results reveal a negative and significant long-run relationship between income inequality and economic growth, in line with many other authors’ findings when GINI index is used as income inequality indicator. In addition, having into consideration the existing polemics whether the economic growth will itself resolve the issue of income distribution or if the policymakers should be concerned specifically with the income inequality, Granger causality test has been performed in order to check the direction of the causal relationship among the variables. Moreover, the results of the Granger Causality test indicate a unidirectional causal relationship between income inequality and economic growth, running from income inequality and economic growth in the case of the Republic of North Macedonia. In addition, the Impulse Response Function has been applied in order to analyze how the real GDP growth rate will respond to a given shock of income inequality.

Having into consideration such results of the negative long-run effects of income inequality on the economic growth in the case of Republic of North Macedonia, such empirical findings of short-run and long-run dynamic effects regarding the nexus between income inequality and economic growth in the Republic of North Macedonia concerns its current and future strategies and policies as well as its contribution to the existing literature rather than solving the existing debate on the nexus among income inequality and economic growth in developing countries.
References


Ostry, Berg and Tsangarides (2014), Redistribution, Inequality, and Growth, IMF Staff Discussion Note 14/02.


Appendix I

Graph 1 VECM Stability Test

The VECM specification imposes 3 unit moduli.

Source: Author’s Calculations

<table>
<thead>
<tr>
<th>lag</th>
<th>chi2</th>
<th>Prob &gt; chi2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8.5846</td>
<td>0.92953</td>
</tr>
<tr>
<td>2</td>
<td>9.5406</td>
<td>0.88950</td>
</tr>
</tbody>
</table>

Source: Author’s Calculations
The Value Relevance of The Environmental Performance and Reporting

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Abstract
An information will be useful for decision making if the information is relevant and reliable. Investors not only consider the financial performance but also consider the company's relation with their environment and society because the sustainability of the company is not considered by their financial performance alone. The company’s environmental performance information will enable investors or other related parties to assess the efficiency and sustainability of the company. The purpose of this study is to determine (1) whether environmental performance is value relevant and (2) whether sustainability report is value relevant. Environmental performance showed by rating PROPER Kementerian Lingkungan Hidup award. To minimize the asymmetric information about environmental performance in this study use environmental reporting in the sustainability report. The sample research obtained based on purposive sampling method in which the sampling is based on certain criteria. Criteria of the sample is based on (1) company that registered on Indonesia stock exchange (BEI), (2) company that publishes financial statements during 2014-2018, (3) manufacturing company that publishes sustainability report in 2014-2017, (4) manufacturing company that registered in PROPER Kementerian Lingkungan Hidup in 2015-2018. The analysis method in this study is using multiple regressions. The result of the research shows that environmental performance is value relevant. The result of the research shows that the sustainability report is value relevant. The result of the research indicates that simultaneously shows that environmental performance and sustainability report is value relevant.

Keywords: environmental performance, PROPER, sustainability report, value relevance.
JEL Code: M21, L21

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Introduction
Accounting information has value relevance if that accounting information as a basis to predict market price (Barth, Beaver & Landsman, 2001). Investors will respond to any company information on the market as a basis for making investment decisions. For information to be beneficial to investors, the information must be relevant and reliable. Relevant information is information that has the potential to influence decisions making, while reliable information is information that can be relied upon as a basis for decision
making. Financial reporting is important for disclosing crucial information about the options available for implementing environmentally friendly industry practices and related costs. Disclosure of the company's environmental policies in the annual report will enable investors and other relevant parties to make assessments based on information about the efficiency and impact of managers' sustainability decisions and actions (Deegan, 2004).

Information about the environmental performance will be reliable if issued by an independent party, thus in this study will use an assessment from the Ministry of Environment through Rating of Company Performance in Environmental Management called PROPER. But to reduce asymmetry information in this study also uses the level of corporate environmental disclosure in the sustainability report. Nuryana (2005) said sustainability report is a report published by the company that contains information on financial performance and non-financial information which consists of information on social and environmental activities that emphasize disclosure principles and standards that can reflect the overall level of company activity to enable company to grow sustainably. So that the sustainability report will minimize asymmetry information, so investors can respond to financial reporting information better that can reflected in stock market price.

**The Value Relevance of Environmental Performance**

According to Jogiyanto (2014), information submitted as an announcement will provide a signal for investors in decision making on investment. When information is announced, market participants first interpret and analyze that information as a good signal (good news) or bad signal (bad news). Signaling theory explains why companies have the urge to provide financial statement information to external parties. The signal provided by the company aims to reduce asymmetry information between management companies and external parties.

The value relevance concept is not a new thing (Miller and Modigliani, 1966; Amir et al., 1993). The term relevance of accounting information is derived from clean surplus theory which states that the value of the company is reflected in the accounting data contained in the financial statements (Feltham & Ohlson, 1995; Ohlson, 1995).

However, accounting information alone is not enough to overcome the problem of asymmetry information between managers and investors. Asymmetry information arises when there is a separation of duties between the principal (investor/owner) and agent
(manager) (Deegan, 2007). Investors need information regarding environmental risks for the company's operations, and how to influence management policies to deal with these risks (Clarkson et al., 2008). According to Healy and Palepu (2001), asymmetry information can be reduced by disclosure of relevant information (sustainability report disclosure) to inform owners/investors about the performance of managers in overcoming environmental problems that may arise due to company activities.

**Environmental Performance and Its Value Relevance**

Sarumpaet et al (2017) reveal that markets value companies with good and poor environmental performance in different ways. According to Jogiyanto (2014), information published as an announcement will provide a signal for investors in investment decisions making. When information is announced, market participants first interpret and analyze that information as a good signal (good news) or bad signal (bad news). Signaling theory explains why companies have the urge to provide financial statement information to external parties. The signal provided by the company aims to reduce asymmetry information between management companies and external parties.

Environmental performance is considered as information that can provide a positive sign for investors as additional information in investment. Companies with better environmental performance provide information to the market that the company goes hand in hand with the environment, thus having long-term prospects. It also indicates that environmental performance information partially completes accounting information and can be used to explain market value. Nowadays, Investors begin to consider environmental information as important information in making their investment decisions. Environmental performance information is relevant information that can increase the stock price.

H1: Environmental Performance are value relevant to the market

**Sustainability report and Its Value Relevance**

From an economic perspective, the company will disclose information if the information will increase the value of the company (Verecchia, 1983 in Basalamah dan Jeremias, 2005). Schadewitz and Niskala(2010) said that accountability reporting is an important explanatory factor for company value. Gumanti (2009) suggests that in signaling theory, managers or companies qualitatively have excess information compared to outside
parties and they use certain measures or facilities to imply the quality of their company. Sustainability reporting is suspected as positive information about the company that can be relevant information as a basis for decision making, thereby increasing the value of the company's shares.

H2: Sustainability report are value relevant to the market

Research Design and Method

Sample and Data Selection

The population in this study is manufacturing, plantation and mining companies listed on the Indonesia Stock Exchange 2014-2017 period. Based on the results of observations, obtain 47 samples, which can be seen in the following table:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>manufacturing, plantation and mining companies that listed on the Indonesia Stock Exchange</td>
<td>184</td>
<td>187</td>
<td>189</td>
<td>201</td>
</tr>
<tr>
<td>Companies that obtain PROPER</td>
<td>72</td>
<td>73</td>
<td>76</td>
<td>74</td>
</tr>
<tr>
<td>Companies that publish sustainability reports</td>
<td>11</td>
<td>11</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Observations</td>
<td>47</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Research Model

Model Measurement of value relevance refers to the price model developed by Ohlson (1995) below:

\[ P_{it+1} = \alpha + b_1 \text{EPS}_{it} + b_2 \text{BV}_{it} \]

information:

\[ P_{it+1} = \text{Stock Price of the next year} \]

\[ \text{EPS}_{it} = \text{earning per share} \]

\[ \text{BV}_{it} = \text{book value of equity per share} \]

However, it is modified by adding environmental information as other information that is expected to affect stock prices, (Clarkson, 2004) argues that market uses
environmental performance indicators as other information that predicts negative abnormal earnings in the future. Then this research model is explained as follows:
\[ P_{it+1} = \alpha + \alpha_1 BV_{it} + \alpha_2 EPS_{it} + \alpha_3 PROPER_{it} + \alpha_4 SRDI_{it-1} + e \]

Keterangan:
- \( P \) = stock price company year \( t+1 \)
- \( BV \) = Book value of equity per share
- \( EPS \) = Earning per share
- \( PROPER \) = Environmental Performance
- \( SRDI \) = Sustainability Reporting Disclosure Index
- \( e \) = Error

**Result and Discussion**

Tabel 1 Regression Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>7,519</td>
<td>2,489</td>
<td>3,020</td>
<td>.004</td>
</tr>
<tr>
<td>BV</td>
<td>0.631</td>
<td>0.187</td>
<td>0.511</td>
<td>3,365</td>
</tr>
<tr>
<td>EPS</td>
<td>0.525</td>
<td>0.082</td>
<td>0.629</td>
<td>6,434</td>
</tr>
<tr>
<td>PROPER</td>
<td>0.700</td>
<td>0.253</td>
<td>0.227</td>
<td>2,767</td>
</tr>
<tr>
<td>SR</td>
<td>-2.246</td>
<td>0.639</td>
<td>-0.363</td>
<td>-3,517</td>
</tr>
<tr>
<td>SIZE</td>
<td>-0.523</td>
<td>0.167</td>
<td>-0.331</td>
<td>-3,122</td>
</tr>
<tr>
<td>LEV</td>
<td>1.738</td>
<td>0.813</td>
<td>0.251</td>
<td>2,138</td>
</tr>
<tr>
<td>FOR</td>
<td>0.51</td>
<td>0.356</td>
<td>0.012</td>
<td>0.142</td>
</tr>
</tbody>
</table>

a. Dependent Variable: \( P \)

**Source:** data processed by SPSS 20, 2019

Based on the results of these calculations, the regression equation is obtained as follows:
\[ P_{it+1} = 7,519 + 0.511 BV + 0.629 EPS + 0.227 PROPER - 0.363 SR - 0.331 SIZE + 0.251 LEV + 0.012 FOR \]

From the regression model above, the relationship between each independent variable is obtained, namely disclosure on sustainability report, PROPER rating, book value of equity per share, and earnings per share (EPS) with the dependent variable, namely the company's stock price as measured by the model prices can be explained as follows:
1. The positive constant $a$ value of 7.519 states that if there are no activities from all the independent variables that affect the stock price, then the stock price will be positive 7,519.

2. The regression coefficient of book value equity per share is positive at 0.511 and has a significance value of 0.002 smaller than 0.05 so that it can be said that the book value of equity per share provides relevant information to influence the company's stock price positively.

3. The regression coefficient of earnings per share (EPS) is positive at 0.629 and has a significance value of 0.000 less than 0.05 so that it can be said that earnings per share can provide relevant information to increase the company's stock price.

4. The PROPER rating regression coefficient is positive at 0.227 and has a significance value of 0.009 smaller than 0.05 so that it can be said that the PROPER rating does provide relevant information to influence the company's stock price in positive ways.

5. The regression coefficient of sustainability reporting has a negative value of 0.363 and has a significance value of 0.001 smaller than 0.05 so that it can be said that the level of disclosure of sustainability report has a significant negative effect on the company's stock price. It can be said that the more companies disclose can reduce the company's stock price.

6. The regression coefficient of the company size has a negative value of 0.331 and has a significance value of 0.003 smaller than 0.05 so that it can be said that the size of the company gives a significant negative effect on the company's stock price.

7. The leverage regression coefficient (LEV) is positive at 0.251 and has a significance value of 0.039 smaller than 0.05 so that it can be said that leverage can provide relevant information to increase the company's stock price.

8. Regression coefficient of foreign ownership is positive at 0.012 but has a significance value of 0.888 greater than 0.05 so that it can be said that foreign ownership does not provide relevant information to influence the company's stock price.

Based on the results shows that all the independent variables can provide relevant information to increase the company's stock price with both positive and negative ways, except for the company size that cannot give relevant information to the investors.
Conclusion

This study aims to examine the value relevance of environmental information as measured by the PROPER and GRI indexes on stock prices in manufacturing, plantation and mining companies listed on the Indonesia Stock Exchange in 2014-2017. Based on the results of the study, Based on the results of the PROPER rating assessment, which has 5 levels of assessment of the company's environmental performance, it shows positive and significant results, which means that the level assessment of PROPER in line with company's stock price.

So Hypothesis 1 which says that "Environmental Performance are value relevant to the market", is supported. In line with the research of Sarumpaet (2017) which shows that companies with good environmental performance will influence the increase in the company's stock price.

Based on the results of the sustainability report disclosure test measured using a dummy variable, it shows a negative and significant effect on stock prices. Shows that the higher the level of disclosure of the company's sustainability report will affect the decline in the company's stock price. So that hypothesis 2 "sustainability report are value relevant to the market ", is not supported. The results of the study are in line with the study of Hassel et al (2005) which found that environmental performance has a negative relationship with market value which indicates that companies with high levels of environmental performance are not highly valued by investors.
References


Effective Training, Systems, Strategies, and Practices (Book Review)

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The book “Effective Training, Systems, Strategies, and Practices” (P. Nick Blanchard, James W. Thacker and V. Anand Ram) establish a comprehensive analysis of training, systems, strategies and practices with specific reference to small business. The authors have attempted to integrate the strategic planning process with training, present a wide-ranging coverage of underlying theories, focus on training designs, development, implementation and evaluation. Furthermore, the models have been shown to broaden the knowledge of readers in effective training.

First chapter is written with an overview of training, its aims and goals as an open system. Training is a process by which employees develop their knowledge and skills to perform more effectively. Training also functions as an open system in which the inputs (organizational and employee needs, training budgets, personnel, equipment) are transformed into products (better knowledge, skills, attitudes). To meet the needs of the organization, an effective training system is necessary, which is basically a set of processes designed to transform the organization's resources into products through different phases. The sequential steps of the phases include triggering event (AOP <EOP), analysis phase (performance gap), design phase (formation of training objectives), development phase (creation of instructional strategies), implementation phase (pilot test / execution) and evaluation phase (analysis of training effects).

The challenge of aligning training with business strategies and retaining knowledge workers has become a top priority for organizations. In the 20th century, organizations are looking for ways to cope with problems related to demographic changes, increased market competition, meet consumer demand, and provide training programs for existing employees to keep up with changes.
Some basic concepts and terms are also considered important in the field of training i.e. learning, competencies, knowledge, skills, attitudes, training vs. development and education, therefore it is important to have a good understanding of how these terms are commonly used in this field.

In chapter second the authors align training with strategy. Strategic planning focused on determining how to carry out the organization's mission. Three main types of strategies are: proactive strategy, reactive strategy and organizational strategy. An organization should choose how it can develop its competitive strategy, either through the market leader or the cost leader. The external environment of the organization will reflect how much uncertainty and complexity exist. A strong and consistent relationship must be maintained between the organization's external and internal environment. Strategies cannot work in isolation, other factors such as technology and organization structure show great impact. The technology and its application must choose between routine and non-routine technology depending on the predictability of the results. On the other hand, the structure of the organization must be supportive of the internal functioning of the organization, policies, jobs, rules, etc. It is essential to realize the role of the Human Resources Development Unit as it works to increase trainees' abilities to increase value in their job performance. When employee skills are increased through effective training, organizational development (OD) is responsible for using those skills to manage job performance. This is how OD and HRD are interconnected.

Training and OD are similar in that they both focus on increasing human potential. These two terms may not always work together, as they have different roles, clients, problem responses, and organizational perception. Despite their differences if a coach has OD skills, it is highly beneficial as he / she will be able to perform force field analysis to identify resistance forces on the path of change and determine ways how they can reduce these resistances. If OD professionals do not have training competencies, they cannot develop a collaborative relationship with trainers.

Chapter three describes the underlying theories and their relationships with motivation and performance. Effective training practices are developed from theories. Experimental learning is a widely used training method in which situations are created that allow people to learn from their own experience. To understand performance, a model is used that shows that performance
(P) is the interaction of motivation (M), KSA, and the environment (E). Needs theories describe the types of needs, their importance, and their relationship to one another. A need theory called ERG by Clayton Alderfer presents three basic needs, that is, existence, relationship, and growth that must be met to achieve motivation. Process theories of motivation indicate that how the needs of the people can be transformed into actions, which comprise of three additional types: “Classical conditioning”, “Reinforcement theory” and “Expectation theory”. If individuals have low self-efficacy they cannot perform successfully because self-efficacy is necessary for trainee success.

On the other hand, learning theories are also important for training development because learning provides permanent changes in behavior and is not observable in the natural environment. There are two theories of learning, that is, the behavioral and cognitive approach. The theory of social learning, by Albert Bandura and his colleagues, is a learning model that shows that the events and outcomes are processed into information, leading to learning and behavior change. There are many factors that affect how employees go through training and influence motivation to acquire and resist training. These factors contain supervisor and peer support, climate for transfer, cognitive ability, self-efficacy, and valence of results. However, for many reasons, several trainees feel anxious when they enter training and hesitate to learn new material, such as fear of the unknown, incompetence, fear of losing rewards.

In chapter four the authors have portrayed the Training Needs Analysis (TNA). It is an organized process that determine the performance to be less than expected or required. It has two kinds: Proactive and Reactive analysis. The process starts with the "Trigger" phase when Actual Organizational Performance (AOP) is less than Expected Organizational Performance (EOP) and this difference is known as Organizational Performance Gap (OPG). The next phase in TNA is "Input", which consists of “organizational analysis”, “operational analysis”, and “person analysis”. Organizational analysis refers to examining an organization's mission and strategies, its allocation of human resources along with the organization's environment. Operational analysis is comprised of job and task analyzes that determine the KSAs required of employees to provide effective performance. The person analysis is a conduct to determine if any of the employees has not required KSA. If the employee lacks a KSA, they will be sent to training. There are two ways to measure the individual performance gap that includes
performance evaluation and proficiency testing. Data is collected through supervisor ratings, performance data, observations, interviews / questionnaires, attitude surveys, created situations, assessment center advice, and individual goals. The last phase of the TNA model is ‘Output’ includes Training Needs and Non training Needs. Training Needs are those that result from employees’ lack of KSAs. While Non training Needs are of two types, one that has no KSAs deficiency and other has a KSAs deficiency that can be eliminated by job aids, practice and changing the job itself.

In Chapter fifth the authors have discussed the training design. The training design starts with the training objectives. The training objective elaborate what objective should be accomplished at the completion of the training program. This chapter also attempts to show the relationship between the objective of the learning and the techniques used to provide training. Theory helps to grasp the idea of a clear link between learning objectives and methods for the sake of better transfer and learning. There are several design constraints to be considered, like the time spend in preparing and delivering the training, the priority of the training program, and the amount of money to be spend. Once these issues are resolved, it is required to decide the type of trainees, their present degree of KSA, their motives to learn and the level of homogeneousness for the group. Effective training has three components (1) Desired behaviors or what behavior trainees should adopt and display (2) Condition or atmosphere trainees will have to perform the required behavior (3) Standards required to be successful. Learning and transfer are two important aspects of training design. The theory of social learning and the Gagne-Briggs theory, a micro theory, presents a context for establishing all incidents in the most effective way and can guarantee the "learning" aspect of the trainees. Elaboration theory, a macro theory, helps determine the sequence of events that may be Topical or Spiral in nature. The reward system along with other factors considered will improve the overall effect of the transfer on training design.

In chapter sixth, traditional training methods are described. Lecture is one of the oldest and highly used types of training. In straight lecture the trainer present information and the role of the learner is to understand the information. The lecture / discussion method provides learners with knowledge that is developed, strengthened, and extended through interactions between learners and between learners and the trainer. Demonstrations are a visual presentation of how to
perform something or how something operates. To be successful, demonstrations must be combined with the lectures and discussion method.

Training games and stimulations are devised to replicate and accelerate processes, actions, and situations that occur in the learner's work. Therefore, learners can experience these events in the controlled environment where they can build their skills and improve performance. The different types and details are: 1) Equipment simulators are the mechanistic procedures that involve trainees to apply the same processes, activities, and decision means with the equipment they perform on the job. 2) Business games represent the form and functions of the industry, company or unit of a company based on the rules, principles and relationships drawn from the theory. 3) In-Basket Technique offers trainees with a package of information like notes, messages and reports that are used in a particular position. This popular quasi-simulation prepares employees for transfer or promotion. 4) Case studies attempt to stimulate decision-making situations that trainees might encounter at workplace. 5) Role play is a stimulus in which every member has a part to perform. They are presented with a topic, an overview of the situation and their roles. The types are “structural role play, spontaneous role play, single role play, multiple role play, and role rotation”. 6) Behaviour modelling is a normal inclination of individuals to follow (observe) others for doing something new. Another commonly used method, particularly in small businesses, is on-the-job training. The Job Instruction Technique (JIT), one of the on the job training method is a “behavioural strategy” with an emphasis on skill development. Other methods are: Apprenticeship training, Coaching and Mentoring. Besides, Audio visual (AV) can be useful for the above methods. AV includes static media (newspapers, graphics and posters), projected text and images, dynamic AV methods (audio tapes, films, videos, etc.)

Chapter seven elaborate the Computer-Based Training Methods. They are offered to trainees through online learning systems such as DVD, CD, LAN, Intranet and Internet, as well as IPOD, etc. CBT techniques consolidate the components to be learned in training methods such as the Intelligence Tutoring System (ITS), Interactive Media (IM), Virtual Reality (VR) and Programmed Instruction (PI). The pattern and content are modified in digital media using different techniques. PI is a self-training method delivered electronically through multimedia, printing, and other purposes. A learning management system is often used to combine training
functions and tools for learning with training programs. The Intelligence Tutoring System (ITS) is based on artificial intelligence and the use of Programmed Instruction (PI) to transfer training needs. Interactive Media (IM) allows students to practice business methods through graphics, animations, photographs, etc. Virtual Reality (VR) is a realistic three-dimensional teaching method in which students experience events that can occur in a real environment, but sensory input devices are essential. CBT is usually a low-cost method of training, but development costs are higher than other programs, so a full cost analysis is essential. CBT stimulates the learning process of symbolic testing, symbolic coding, and cognitive organization.

In chapter eight the development and implementation of training has been discussed along its phases. A comprehensive plan must be prepared for the development of the training that covers all the details on what kind of training will be structured and what kind of resources will be needed, from equipment and materials to trainers and apprentices manuals. This chapter also provides details on the ease of training that must be carried out within or outside the company. For on the job training, one way to choose a trainer for training is to use managers as coaches. Another way to conduct successful training is to use an outside consultant. The KSA required for a trainer are instructional methods, adult learning process, interpersonal skills, verbal skills, and commitment to organization, etc. Occasionally, outside seminars are offered to train those who are least expensive and those who best train few employees. The output of the development became the inputs for the implementation stage. Some ideas for implementing training are structure of training, and then in term of what the trainer should do. There are some implementation ideas for trainers as well for making the training to be effective. They must make sure that all is equipped on time the preparation should be made before the starting of training session, confirm that all equipment is in operation. First impression is the impact of the trainer’s credibility on the trainees, the trainers should be well presented, starting training on time is important, trainees should be involved in discussing the additional expectation for trainings. A good communication skill, listening and questioning, providing instructions, applying non-verbal communication and avoiding the dysfluencies is very important in training. Dry run refines the training to remove any major malfunctions. Pilot program is also very important before implementation. In the end, the focus on training transfer is an integral part of implementation, it refers that knowledge or skills must be produced in the workplace.
This chapter (ninth) elaborates that training is of no use if it is not evaluated. Evaluating training is beneficial, especially in today's world, as organizations demand accountability at all levels, focusing on continuous improvement, quality, and cost reduction. The data obtained from the evaluation is worth the cost spent, as it details how well the training has achieved its objectives. However, some trainers resist to evaluate training for many reasons because in their opinions, it does not have to accomplish anything, so it is time-wasting and expensive to evaluate training. Above all, trainers think evaluation can be a threat to their jobs as evaluation indicates success or failure and if training fails it will affect their careers.

If training fails, it is easy to diagnose where the training process went wrong by evaluating the entire training process. The results of the evaluation phase are of two types: (1) Process Evaluation (2) Outcome Evaluation. In the process evaluation, the processed data is important for the trainer to see what works and what does not. Outcome evaluation is what you assess at the end of the training (whether you have achieved your goals or not). Evaluating the knowledge (declarative, procedural, strategic), skills and attitudes, behavior of trainees both before and after the training program in order to assess learning and behavior is vital. At the end of the training, perform a cost-benefit analysis or cost-effectiveness evaluation to determine if the cost of the training was greater than the benefit, or if the results are worth more than the cost incurred in the training.

In chapter ten, the key areas in orientation training is highlighted. Orientation training is the program in which new employees are provided with basic knowledge and information about the organization. Possible positive outcomes of a successful orientation are to lessen anxiety, decrease role ambiguity, lower turnover, improve job performance, increase level of devotion and much more.

In an organization there is labor diversity. In many organizations diversity creates conflicts because of the favor given by managers to those who are similar to them. Another problem is sexual harassment. These problems affect the productivity and expenses of the company. To control these problems, diversity training must be provided to the employees. Hofstede identified five dimensions in which the culture of one country is different from another country. Knowing the difference is important to expats because many countries bear billions of
costs for not knowing the difference and how to deal with it. However, many organizations are using virtual expats or employees from the same culture to be cost saving and profitable.

In chapter eleven, the authors elaborate that employee as well as managers development is very important. Employee development is an important process for retaining and keeping the employee motivated. Various approaches are used for employee development, training need analysis, job rotation, and special assignment. All these approaches are used to help employees prepare for their future careers. Lower-level managers primarily supervise and coordinate the work of non-managers. The middle managers coordinate the activities of the managers who report to them. Senior managers coordinate the organization's activities through their middle managers. Effective managers possess technical, interpersonal, and conceptual skills. Leadership research adds the concept of personal traits and style. Different management styles are used in organizations. Management styles are different combination of five dimensions 1) planning 2) risk tasking 3) bureaucratization 4) coercion and 5) participation.

Efficient managers must be able to adjust themselves and their division to the desires of the organization. Many organizations employ a combination of internal and external sources to offer their managers with the right mix of development opportunities. Large corporations create their own internal universities for executive education programs.

Types of management development programs includes knowledge/skills development courses including conceptual and technical. Executive-level management’s training is also very important to formulate strategic direction of the organization. Strategies for the development of future executives includes coaching, mentoring, executive MBAs, job replacement, challenging job assignments and many more. Succession planning is also very important for smooth development.

A successful succession strategy will facilitate employees and offer them development prospects by offering many approaches as stated above.

This book focuses on the problems that has been faced by smaller organizations in training and development. The authors have tried to focus on applying various approaches, activities and procedures to smaller organizations. In addition, relevant case studies have been included at the end of each chapter for a better understanding and comprehension of the concepts. The book is well written and covers formal efforts being made in organizations to
improve performance by increasing employee’s KSAs through training and development. This book could be a guide for academics and professionals who want to gain insight and practical exposure in the field of effective training.

**Reference**

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