



Global Journal of Entrepreneurship, Innovation and Leadership (GJEIL)

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Chief Editor
Shahedul Hasan

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Message from the Chairman of SED

School of Entrepreneurship Development (SED) is a not-for-profit organization which has been established to foster entrepreneurial activities in Bangladesh. SED believes that only entrepreneurship and innovation can upgrade the living standard of the people of a country which is why SED has taken it as a vision to upgrade the living standard of the people. This organization is working here to empower people for better Bangladesh. SED knows that people can be empowered through making them financially solvent which is actually possible through developing their entrepreneurial skills. A highly capable team consisting of a number of young, energetic and brilliant people are working here and leading different departments with their highest level of dedication to attain the vision of the organization. The Research and Publication team lead by Chief Research and Publication Officer is a very dynamic team which is basically trying to enrich knowledge and skills of people through conducting and promoting research activities related to entrepreneurship, innovation and leadership development. Global Journal of Entrepreneurship, Innovation and Leadership (GJEIL) is a highly ambitious initiative by the Research and Publication team of School of Entrepreneurship Development. This is the first volume edited by a very young, dynamic and promising researcher who is trying earnestly to develop himself as a world class researcher. SED believes that under the leadership of this young scholar, this journal will be established as one of the prominent journals in the entrepreneurship area of Entrepreneurship, Innovation and Leadership.

Best Regards

A handwritten signature in black ink, appearing to read 'Aman', with a horizontal line underneath.

Mohammad Aman Ullah Aman

Chairman & CEO,
School of Entrepreneurship Development (SED)



Note from the Chief of Research & Publication, SED

I am very delighted to introduce Global Journal of Entrepreneurship, Innovation and Leadership (GJEIL). It is going to be published under the banner of School of Entrepreneurship Development (SED). SED has been formed with a holistic mission of taking the spirit of entrepreneurship forward. Bangladesh has been successful to maintain above 6% GDP growth for a decade but only GDP growth cannot bring financial progress. More industrialization and employment are needed to speed up the wheel of national economy. This journal will play a pivotal role to enhance the research capacity of youths of Bangladesh. It will also unfold an exclusive opportunity for all the research enthusiasts globally.

This is the era of data science and artificial intelligence. We are embarking on a newly changed world for Covid-19 pandemic. Globally researchers are working hard with immense responsibility to come up with breakthrough vaccine. And giant tech companies are bringing new rule of employment like work from home and distance work culture. This journal is a stepping stone to unlock the findings or speculation about how entrepreneurship, leadership and technology will be re-defined.

As the Chief of research and Publication of SED, I am taking an oath to create a research driven nation in Bangladesh and this journal is a baby step. I along with my research team have started with an aim of leading the journal as top-ranked position internationally. Our primary role as editors is to encourage the best work to be submitted and then to manage a fair process of review. All submissions have been subject to the journal's well-established system of peer review, which is rigorous and expeditious.

The research and publication team felicitates all the members who are linked with SED. The building of world class research team is in progress. This is a stupendous move felicitated by every SED member. I wish the best of luck for GJEIL.

Best Regards

A handwritten signature in black ink, appearing to read 'Mohi'.

Mohammad Mohi Uddin Bhuiyan

Chief, Research and Publication Dept.

School of Entrepreneurship Development (SED)



Editorial

It's my pleasure to introduce you to the **School of Entrepreneurship Development (SED)** as a not for profit organization which has been established with an aim to develop entrepreneurship in Bangladesh. Initiated by SED, **Global Journal of Entrepreneurship, Innovation and Leadership (GJEIL)** aimed at fostering research activities in Bangladesh. GJEIL publishes original research papers, case studies, review articles and technical notes that contribute significantly to the scientific knowledge in Economics, Entrepreneurship, Innovation, Leadership, Management, Marketing, Finance, Technology and many more fields. The journal allows free access to its contents, which is likely to attract more readers and citations to articles published in GJEIL. GJEIL accepts original and innovative submissions in English on the understanding that the work is not published and even not being considered for publication elsewhere. The journal will provide researchers with the gateway to unearth the hidden business and social problems and bring innovative solutions through research. The journal will bridge between theory and best practice of entrepreneurship, business and other related areas by ensuring high-quality research findings and make those universally accessible. The journal should ensure sustainable economic development through identifying, planning, developing, implementing and evaluating impactful studies.

I am very much happy to announce that the very first volume and the first issue of GJEIL are going to be visible soon. By this initiative, GJEIL will be able to inform and guide policymakers, entrepreneurs, management, and academicians in making sound decisions. GJEIL is confident that this initiative will contribute wholeheartedly in the way of building a knowledge-based society in Bangladesh so that the nation can lead the world in the near future.

I wish the first launch of GJEIL a grand success and congratulate all the parties who are involved in this journey.

Best Regards

A handwritten signature in black ink, appearing to read 'Shahedul Hasan'.

Shahedul Hasan

Editor, GJEIL

Addition Chief, Research and Publication dept.

School of Entrepreneurship Development (SED)

THE IMPACT OF SUPERVISION ON BANK PERFORMANCE: A COMPREHENSIVE REVIEW

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Abstract

The financial system is mostly controlled by the central bank of a country. Bangladesh Bank, being the central bank of Bangladesh, performs supervisory activities in order to maintain the efficiency, solvency, and overall stability in this sector. As depositors' interests are highly protected by the strong regulations of the central bank, this paper focused on the impact of Bangladesh Bank's supervision on bank performance. This paper has presented the performance of the banks over the years (from 2004 to 2015) based on different performance indicators using trend analysis tools. This paper demonstrates supervision has a great impact on bank performance but it's not the only curb to maximize the bank's performance. Government influence and the political stability of the country affect the bank's performance too. On-site supervision and Off-site supervision are used by Bangladesh bank with so many management layers. The impact of the supervisory initiative on the overall banking industry has been portrayed throughout the research. This research can be supportive to all the stakeholders of the banking industry to take more precise decisions. The government can ensure more power to Bangladesh Bank to confirm the proper actions and their implementation of the supervisory decision. Financial institutions need to show their commitment to supervisory rules and regulations formulated by Bangladesh Bank from time to time to keep the positive momentum intact within the industry.

Key Words: Supervision, Capital Adequacy, financial institution, Bangladesh bank, ROA, ROE

1. Introduction

Bangladesh Bank performs the supervisory function in order to maintain the efficiency, solvency, and overall stability in the financial sector. Bangladesh Bank works for endless hours to develop the sector so that it can serve and protect the interest of the depositors. Bangladesh bank has been entitled with the responsibility to regulate and supervise the banks, operating in Bangladesh under the article 7A (f) of Bangladesh Bank Order 1972 and section 44 of Bank Companies Act, 1991. The major objectives of the bank supervision are to ensure the safety, stability, and discipline of the banking sector and the banks' compliance with the defined rules and regulations. Bangladesh Bank identifies the weakness and takes necessary measures to strengthen the financial condition of the banks. Supervision activities are of two types; one is On-site supervision and another is Off-site supervision. There are seven departments of Bangladesh bank that are presently performing On-site inspection. These departments are namely; Department of Banking Inspection-1, Department of Banking Inspection-2, Department of Banking Inspection-3, Department of Banking Inspection-4, Department of Foreign Exchange Inspection, Financial Integrity and Customer Services Department, Bangladesh Financial Intelligence Unit. Mentioned departments mainly do three types of inspections; a. These are comprehensive inspection; b. Risk-based inspection or system check inspection, c. Special inspection. On the other hand, the Department of Off-site supervision and Foreign Exchange Operation Department run off-site supervision activities. Department run off-site supervision is responsible for continuous monitoring and assessment of key performance indicators of banks on the basis of various returns and statements. Department run off-site supervision performs its activities through CAMELS rating, liquidity, and capital adequacy monitoring. It plays an important role in implementing policy guidelines through continuous guidance. If any unhealthy banks found from the Department run off-site supervision's analysis then it takes the problem bank under its close supervision and added monitoring to get the bank's financial condition back. Consequently, Bangladesh Bank tries to protect the interest of the depositors from all sorts of risks.

2. Literature review

E Philip Davis and Ugochi Obasi (2009) did a research on "The Effectiveness of Banking Supervision". In this paper, they tried to explore the relationship between risk indicators for individual banks and the different approaches to banking supervision adopted around the world. In this paper, they had shown; Banks lend more and maintain higher liquidity levels, when the role of bank supervision is left under the umbrella of the central bank. Overall, their results supported a structure where central banks were sole supervisors of the financial services sector. Politicians should hold the supervisory agency accountable for their job but must also improve in the level of governance in their countries. For further research, they would encourage more empirical studies on the effects of supervision on the different aspects of the financial system, as well as increased availability of micro-level data on banks over a

longer time span. Their work had also highlighted the need for a possible yardstick by which to both regularly check the efficacy of bank supervision and better hold supervisory agencies more accountable.

Faten Ben Bouhenni (2013) explored the effects of supervision on banking performance based on European evidence (sample of the ten largest European banks of France, Germany, UK and Greece over the period 2005-2011) by using the generalized method of moments. The empirical analysis reports the following findings: Banking supervision seems to have an impact on performance. However, the introduction of variables, capturing the specific, the macroeconomic, the institutional and the financial development indicators, dismisses this effect. These findings support the view that the implementation of such banking supervision differs greatly depending on the institutional environment and the country's politics. The existing evidence on the relationship between different types of supervisory practices, and bank performance is rather limited and most of it typically relies on standard accounting measures of bank performance.

Barth et al. (2001) assembled the first extensive cross-country database on the characteristics of the supervisory and regulatory framework. The data came from a survey of bank supervisors, and measured the presence or absence of a series of regulatory features.

However, according to Barth et al. (2001), there was mixed evidence regarding the impact of regulatory restrictions on bank performance. In the same way, Barth et al. (2004) provided empirical evidence on the impact of specific regulatory and supervisory practices on bank development, performance and stability using survey data for a sample of 107 countries. The results suggested that there was no statistically significant relationship between capital stringency, official supervisory power, bank performance and stability. However, they found that regulatory and supervisory practices that force accurate information disclosure empower private sector monitoring of banks, and foster incentives for private agents to exert corporate control work best to promote bank performance and stability. Specifically, in a cross-country setting they showed that regulatory and supervisory regimes with these features had suffered fewer crises in the past two decades, had lower non-performing loans, and have deeper credit markets. In the light of the banking crisis in recent years worldwide, CAMEL is a useful tool to examine the safety and soundness of banks, and help mitigate the potential risks, which may lead to bank failures.

Uyen Dang (2011) conducted a case study of American International Assurance Vietnam (AIA). It aimed to determine whether the CAMEL framework played a crucial role in banking supervision. Furthermore, the purpose was to identify the benefits as well as drawbacks, which the CAMEL system brought to AIA. The research problem was explored by quantitatively analyzing a bank's overall performance. The paper firstly started to collect theory relevant to the empirical research, and then drew conclusions from the findings by relating them back to the literature stated in the early stage. Although this study was based on collected data and numerical figures, it was a qualitative study. The findings

revealed that CAMEL-rating system was a useful supervisory tool in the U.S. CAMEL analysis approach was beneficial as it was an internationally standardized rating and provides flexibility between on-site and off-site examination.

Imtiaz Ahmed Masum (2012) did a project on “An anatomy of central bank’s supervisory functions with special reference to Bangladesh bank”. He discussed various approaches to banking supervision; the coverage of bank supervision and the modes of bank supervision had been discussed too. He gave extra focus on the risk- based supervision.

Hirtle et al. (2016) did a report on “The Impact of Supervision on Bank Performance”. They tried to find an answer of a question- did the intensity of supervision affect quantifiable outcomes at supervised firms? They began by demonstrating that the largest five BHCs (bank holding companies) in a district receive discontinuously more supervisory time than smaller BHCs in the district, even after controlling for size and a variety of other BHC characteristics. Using a matched sample approach, they found that these “top five” BHCs had lower volatility of accounting earnings and market returns than otherwise similar BHCs. These firms also appeared to hold less risky loan portfolios and to engage in more conservative loan loss reserving practices. While their risk was lower, top five BHCs did not experience lower accounting returns or slower asset growth. Given that these firms are subject to similar rules, our results support the idea that supervision had a distinct role as a complement to regulation.

Rahul Kanti Datta (2012) did his internship report on “CAMELS Rating System Analysis of Bangladesh Bank in Accordance with BRAC Bank Limited ”. Here he showed how central bank rates the health of a particular bank through CAMELS rating. The components of the CAMELS rating have been discussed here.

Based on the supervisory information and results, central bank takes the necessary measures to the affected banks. Through the on-site and off-site supervision Bangladesh Bank ensures a balanced financial market where the default risk of a particular bank will be controlled. But recent information shows the government owned banks are not performing well, Imtiaz Ahmed Masum (2012). Bangladesh Bank should give more focus on the government owned banks and should be more strict on use of supervisory tools. Here, BB will have to ensure strict rules on the affected banks to ensure overall good performance of the economy of the country.

Objective of the report

There are two types of objectives of this paper. One is general objective and another is specific objective.

General objective:

The general objective is to know how central bank supervises all the activities of the banks and financial institutions to ensure soundness, solvency, and systematic stability of the financial sector.

Specific objective:

Some specific objectives have been defined for this research. These are as follows-

1. To know about supervision and supervision types followed by Bangladesh bank
2. To know about the departments of BB related to supervision and initiatives taken by Bangladesh Bank to ensure further control on over all banking industry.
3. To know the impact of supervision on bank's performance based on the performance indicators of overall bank industry

3. Methodology

This research, a descriptive one with an inquisitive study, required bulk data collection, enormous observations and analysis on the process of supervision done by the central bank to find the impact of the supervision on bank performance. For this research, information has been collected from the departments of Bangladesh Bank related to supervision. On the other hand, data related to bank performance have been collected from annual reports of the banks. Here, some data have been collected directly from the reports prepared for their respective departments by Bangladesh Bank Officials. Lots of processed data and primary data have been collected from Bangladesh Bank's website and other bank's websites too. After successful accumulation of the data from different sources trend analysis was run based on the collected data. Trend analysis means observing at how a potential driver of change has developed over time, and how it is likely to develop in the future. This paper has presented the performance of the banks over the years (from 2004 to 2015) based on different performance indicators using trend analysis tools. Conclusion has been drawn from the trends found from our analysis. There is a positive trend found from the collected data. Supervision has a positive impact on the bank's performance indicators. But supervision is not solely responsible for bank performance, as this paper has shown bank's performance was on downside from the year 2012-2014 due to political unrest through out the county. However, trend analysis, as a performance analysis tools, has been marked the best fit to understand the banks' performance over the years. It clearly depicts the development of performance of the banks and their commitment to supervisory rules and regulations formulated by Bangladesh Bank time to time.

4. Findings

There is a positive trend found from the trend analysis based on collected data. Supervision has a positive impact on the bank's performance indicators. But supervision is not solely responsible for bank performance, as this paper has shown bank's performance was on downside from the year 2012-2014 due to political unrest through out the county. Normal performance hampered by that time. However,

this paper has some specific findings aligned with our research objectives too. Before discussing findings in depth, departments related to supervision can be discussed as follows;

4.1. Departments of Bangladesh Bank for Supervision

In broad head supervision activities can be categorised into two types; one is On-site supervision and another is Off-site supervision. Seven departments of Bangladesh bank are presently performing On-site inspection namely; Department of Banking Inspection 1, Department of Banking Inspection 2, Department of Banking Inspection 3, Department of Banking Inspection 4, Department of Foreign Exchange Inspection, Financial Integrity and Customer Services Department, Bangladesh Financial Intelligence Unit. These departments mainly performs three shorts of inspections. These are comprehensive inspection, risk based inspection or system check inspection, Special inspection. On the other hand, Department of Off-site supervision (DOS) and Foreign Exchange Operation Department run off-site supervision activities. DOS is responsible for continuous monitoring and assessment of key performance indicators of banks on the basis of various returns and statements. DOS perform its activities through CAMELS rating, liquidity and capital adequacy monitoring. DOS plays an important role in implementing the policy guidelines through continuous guidance.

1. Department of Banking Inspection (DBI) (1to 4)
2. Financial Institution Department (FID)
3. Money Laundering Prevention department (MLPD)
4. Department of off site supervision (DOS)

4.1.1. Department of Banking Inspection (DBI)

Department of Banking Inspection-1 (DBI) conducts comprehensive inspection of the private commercial banks including Islamic Banks and Foreign Commercial Banks according to a predefined annual inspection program. Branches of the a mentioned banks which are authorized to carry on foreign exchange business, labeled as Authorized Dealers also come under the purview on site inspection of DBI-1. On site inspection of banks including authorized dealers are carried out according to the annual inspection program sketched out by the department well ahead of the beginning of each calendar year. DBI-1 has also the responsibility to follow up inspection reports of the banks including authorized dealers and to enforce implementation of the recommendations contained therein and rectification of irregularities.

Department of Banking Inspection (DBI)-2 conducts comprehensive inspection of all the NCBs, Specialized Banks, and financial institutions like BSRS, BSB, Basic bank Ltd, Ansar VDP Unnayan bank, Grameen bank and ICB in accordance with the scheduled outlined in the Annual Inspection

Program. Branches of a foreside banks authorized to deal in foreign exchange transactions come under the purview of DBI-2. Moreover, money changes are also under the purview of inspection of DBI-2.

An inspection team is needed to evaluate the financial position, operational soundness, and management quality of bank branches including review of foreign exchange transactions. During head office inspection, **CAMEL** rating of the banks is also done highlighting the core indicators.

4.1.2. Financial institution department (FID)

Financial institution department was created under financial institution act, 1993. **Major functions are** - issuance of license for non banking financial institution, Formulation of policies relating to functions of NBFIs and Monitoring relevant compliance issues through on site and off site supervision

Non Bank Financial Institutions (FIs) are those types of financial institutions, which are regulated under Financial Institution Act, 1993 and controlled by Bangladesh Bank. Now, **34 FIs** are operating in Bangladesh while the first one was started in 1981. Out of the total, 2 is fully government owned, 1 is the subsidiary of a SOCB, 15 were initiated by private national initiative and 15 were initiated by joint venture initiative. Major sources of funds of FIs are Term Deposit (at least six months tenure), Credit Facility from Banks and other FIs, Call Money as well as Bond and Securitization.

4.1.3. Money Laundering Prevention department (MLPD)

As per money laundering act (act 7 of 2002) the responsibility and power of Bangladesh Bank for prevention of money laundering activities are as follows:

In order to lessen and inhibit money laundering activities or crimes related there to Bangladesh Bank this department scrutinize offence relating to money laundering, supervise and observe the activities of banks, financial institutions, Call banks, financial institutions and other organizations involved in financial activities for submission of reports on any subject related to money laundering, review the received report and take appropriate steps on the basis of those, organize training for the offices and employees of banks, financial institutions and other organizations in financial activities.

4.1.4. Department of off site supervision (DOS)

In Bangladesh, Bangladesh Bank started with On-site supervision Department. But it was not absolute for proper supervision. For that reasons it was necessary to launch the Department of Off-site supervision. DOS started its operation from 1993. An essential part of any supervisory system is the

evaluation of a bank's policies, practices, the quality of assets, adequacy of loan loss provision & reserve and procedures related to the granting of loans and making of investments and the ongoing management of the loan and investment portfolios.

Functions of DOS¹:

- Performance analysis and monitoring of the scheduled banks on the basis of CAMELS. Banks having weaknesses in any areas of operation are brought under Early Warning category or Problem Bank category and monitored very closely to improve their performance.
- Monitoring maintenance of Statutory Liquidity Requirements (CRR, SLR) of scheduled banks. Imposing and realizing penal interest and penalty for the shortfall of CRR and SLR.
- Assessment and monitoring of Capital Adequacy of banks. Review and monitoring of loans/deposits of Government and state owned Enterprises with scheduled banks.
- Monitoring the overall credit, deposit, investment and liquidity position of the banking system
- Review of the minutes of the Board of Directors, Executive Committee, Board Audit Committee meetings and the audited Financial Statements of scheduled banks and advising the banks to take necessary remedial measures their against.
- Provide deposit insurance coverage and safety nets to protect depositor's interest and thus enhance market discipline and systemic stability.
- Review of the Large Loan portfolio of the scheduled banks.
- Maintaining asset/liability of the liquidated banks and dealing with the court cases relating to the properties of liquidated banks, as official liquidator.

4.2. Objectives of Inspection/Supervision

SL. No.	Points
a.	Asses the financial soundness bank and financial institutions
b.	Dig out procedural defects/lapses/deficiencies and functional irregularities and to incorporate the same in the inspection reports

¹(Department of Off-site Supervision)

Department of Off-site Supervision. (n.d.).Retrieved August 10, 2016 from Bangladesh Bank: <http://www.bangladesh-bank.org/>

c.	Bring out the various irregularities incorporated and recommendations made in the report to the notice of the top management of the organization concerned in order to put it on sound footing&
d.	Develop sound banking practice in Bangladesh.

Source: Bangladesh Bank

4.3. Provisions under which Bangladesh Bank conducts inspections

Provisions	Institutions subject to inspections
(a) Under section 44(I) of the Bank Company Act-1991	Scheduled Banks and all branches Investment Corporation of Bangladesh Grameen Bank Ansar VDP Bank Ltd.
(b) Under Article 55 of the Bangladesh Bank Order, 1972	Scheduled Banks, all branches of Scheduled Banks & other financial institutions
(c) Under section 19A of the Foreign Exchange Regulations Act-1947	International Department (ID) Authorized dealer branches, International hotels Indenting firms, Money Changers, Air lines General sales agent etc.
(d) Under 82(i) (B) of the Co-operative societies Ordinance-1984	Thana Central Co-operative Association (TCCA) Sugarcane Growers Co-operative Societies (SGCS)
(e) Under Article 3 of the Bank Company Act-1991	Bangladesh Samabaya Bank Ltd, (BSBL) Central Co-operative Bank Ltd. (CCBL) Central Co-operative Land Mortgage Bank Ltd. (CCLMBL) Others viz. Aziz Co-operative Bank Ltd. etc.
(f) Under section 5 and 20 of the Financial Institutions Act-1993 and the	Financial Institutions Industrial Dev. Leasing Company (IDLC) United Leasing Company (UIC) UAE Bangladesh Investment Co. Ltd. (BICL)

4.4. Recent initiatives of DOS and its impact on overall banking system

Recent initiatives of DOS:²

A lots of recent initiatives has been taken through out the past four or five years under DOS. Some very important initiatives can be quoted here;

A. The supervision strategy adopted and followed by Deparment of Off-site Supervision:

- I. Revision of CAMELS rating guidelines and its up-gradation
- II. Strong monitoring over Liquidity Management
- III. Constant review of the financial statements of banks
- IV. Introducing marking to market based revaluation system
- V. Risk management of banks
- VI. Guidlines regarding investment in capital market
- VII. Establishing Islami Inter Banks Fund management
- VIII. Introduction of self-Assesment Report
- IX. Introduction of Stress Testing Management and Guidline

B. Supervision Techniques carried out under institutional Structure Reform:

- I. Formation of Risk Management Unit
- II. Implementation of Large loan monitoring Software

C. Establishment of Bank Supervision Specialist Structure

D. Aranged some awareness program

E. supervision tools established under polices issued by other department of BB and structural reformation:

- I. Capital Adequacy Monitoring
- II. Initiation of Enterprise data warehouse(EDW)
- III. Launching the Integrated Supervision System software
- IV. Coordination between Off-site and on-site Supervision
- V. Risk Management Committee of the board of directors

²Hassan, S. R. (2013). *Off-site supervision of Bangladesh Bank Recent Initiatives (2009-2013)*. Retrieved march 04, 2015 from www.bb.org.bd: http://www.bb.org.bd/pub/special/new_initiatives_dos_e.pdf

Substantial progress has been made in achieving goals of Bangladesh Bank due to the aforesaid initiatives taken place by DOS in the last five years. The capital base of the whole banking system has become deeper because of close monitoring by Bangladesh Bank

4.5. Analysis of the impacts of supervision on overall banks' performance

Impacts can be shown through using graphs from collected data drawing a comparison among different years (2004 – 2015). Here, The Author has brought couple of performance indicators under consideration for this research to demonstrate the bank's health over the years. We have categorized total banking industry under four heads; a. State owned commercial banks b. Development financial institutions. c. Private commercial banks d. foreign commercial banks.

4.5.1. Capital Adequacy Ratio (CAR)

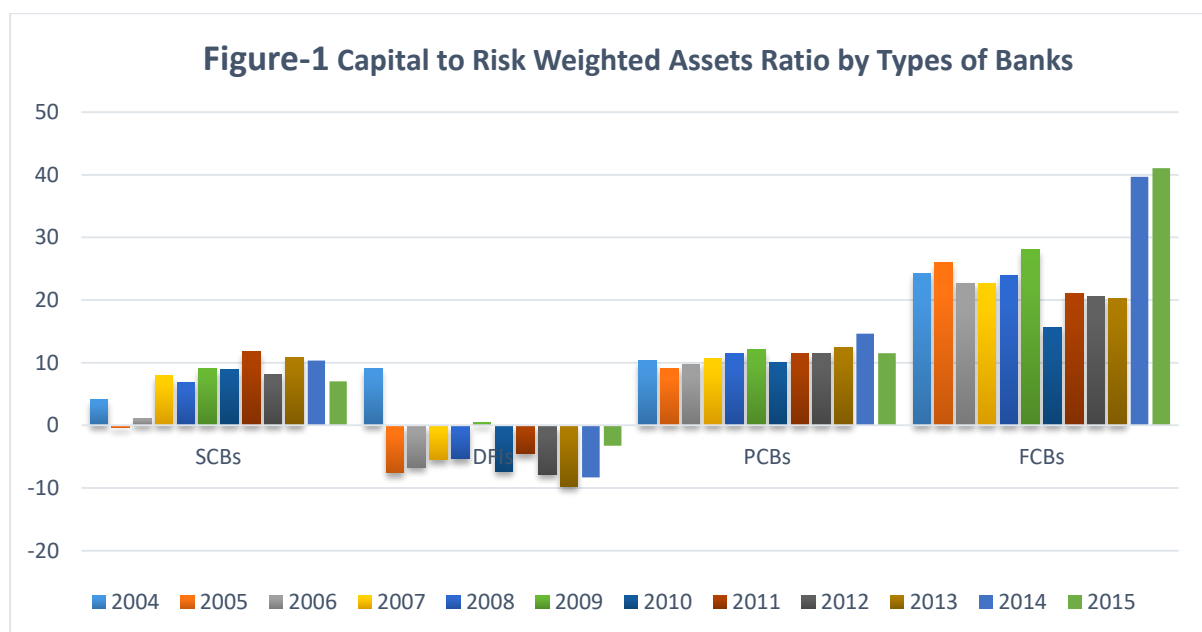
Capital Adequacy Ratio (CAR), also known as Capital to Risk (Weighted) Assets Ratio (CRAR), is the ratio of a bank's capital to its risk. Regulators track a bank's CAR to ensure that it can absorb a reasonable amount of loss and comply with statutory Capital requirements. Currently Banks maintain CAR @12.5% or 400 corer taka whichever is higher. CAR is supervised in a quarter bases.

$$\text{Minimum Capital Requirement} = (\text{Total Eligible Capital} / \text{Total Risk Weighted Assets})$$

$$\text{Total Eligible Capital} = (\text{tier one} + \text{tier two} + \text{tier three}) \text{ capital}$$

$$\text{RWA} = (\text{Credit risk} + \text{Market Risk} + \text{Operational risk}) \text{ weighted asset}$$

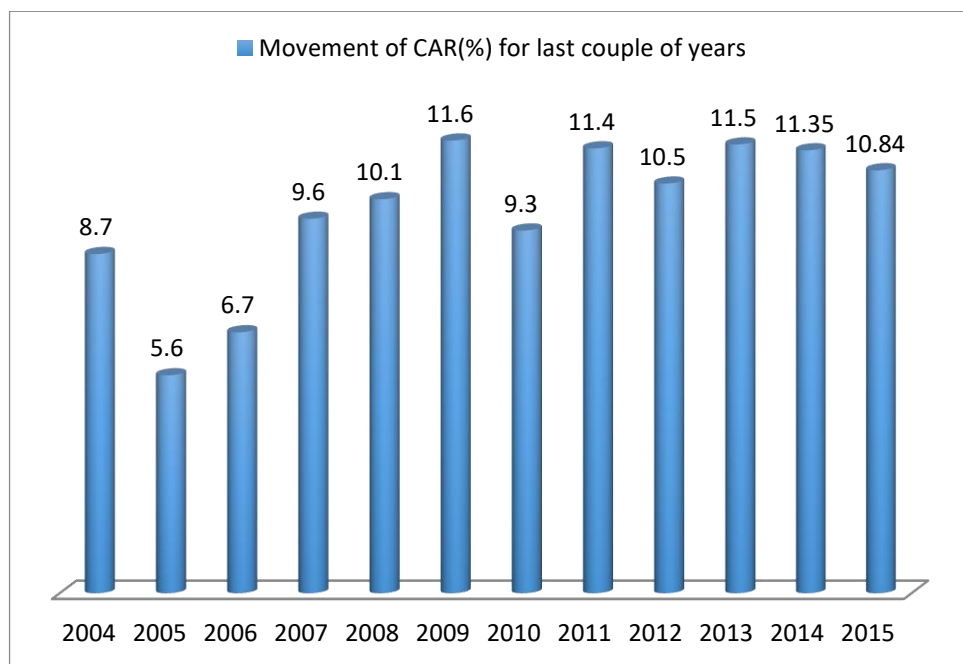
Capital to Risk Weighted Assets Ratio by Type of Banks: (in percent)



Source: Department of Off-site Supervision, Bangladesh Bank

Capital adequacy represents the amount of capital a bank has against its risk-weighted assets. Bangladesh is in stronger position now comparing with previous decades. The CAR for the whole banking industry was 10.48 percent in December 2015. Here we see, state owned commercial banks maintained close to 10% in the recent past. But previously their Capital adequacy ratio was poor. As BB is monitoring continuously, their financial condition is improving. Private commercial banks have maintained above 10% so it shows that they are performing well in term of capital adequacy. On the other hand, foreign commercial banks were really impressive with their CAR ratio, they have maintained more than necessary over the years. It indicates their financial soundness.

Year wise movement of CAR (%) in overall industry:



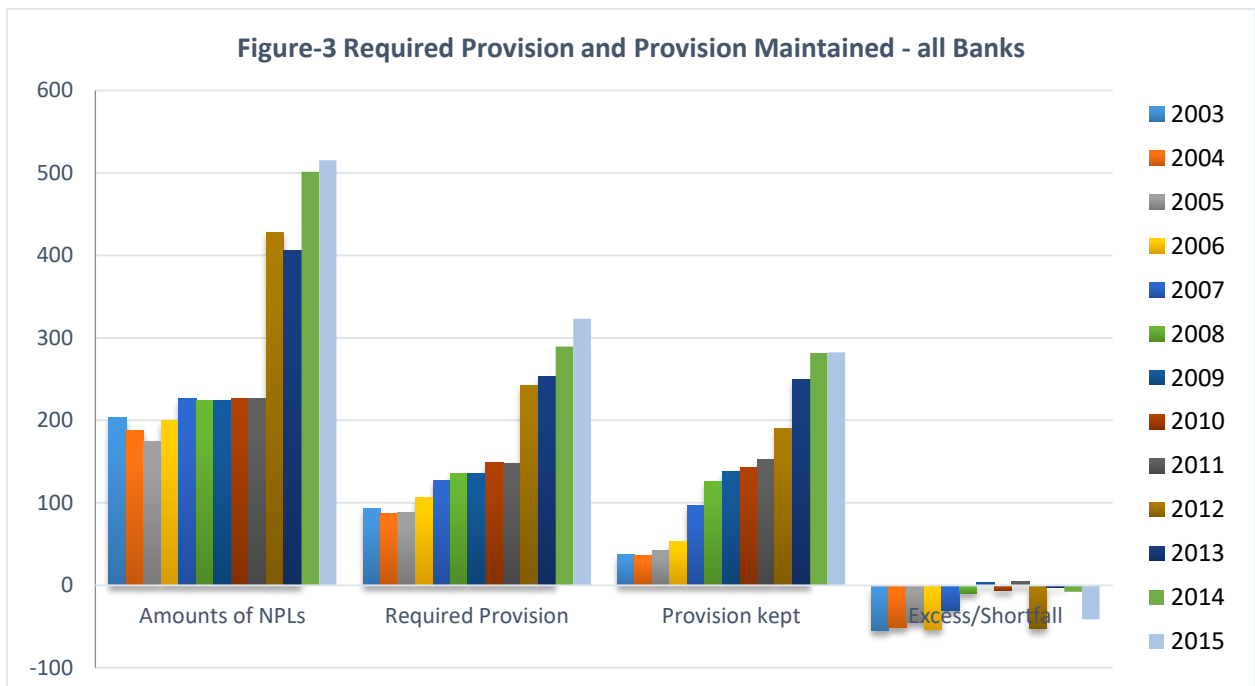
Source: Department of Off-site Supervision, Bangladesh Bank

Average movement of CAR in the banking industry for last couple of years has been shown in this graph. Average is also satisfactory over the past couple of years. Here, we see a positive trend, CAR is improving over the years. So it reflects the stability in the financial system. Bangladesh Bank gives too much pressure on the banks to maintain this ratio because of the importance of this ratio. It reflects the stability of the banks.

4.5.2. Increase amount of capital maintained by banks

The amount of capital maintained by banks was Tk.205.78 billion in December 2008 and stood at Tk.651.91 billion in December 2013, amounting to a 217% capital growth. In the year of 2014, 2015 banks were in the capital surplus position. In 2014 capital surplus was 4069.08 corers, in the year of 2015 capital surplus was 2371.00 corers. Transfer of large portions of income into capital as well as new capital injections by bank is accounted for this growth. As a result the base of the whole banking system in your country has been strengthened.

Required Provision and Provision Maintained - all Banks: (billion taka)



Source: Department of Off-site Supervision, Bangladesh Bank

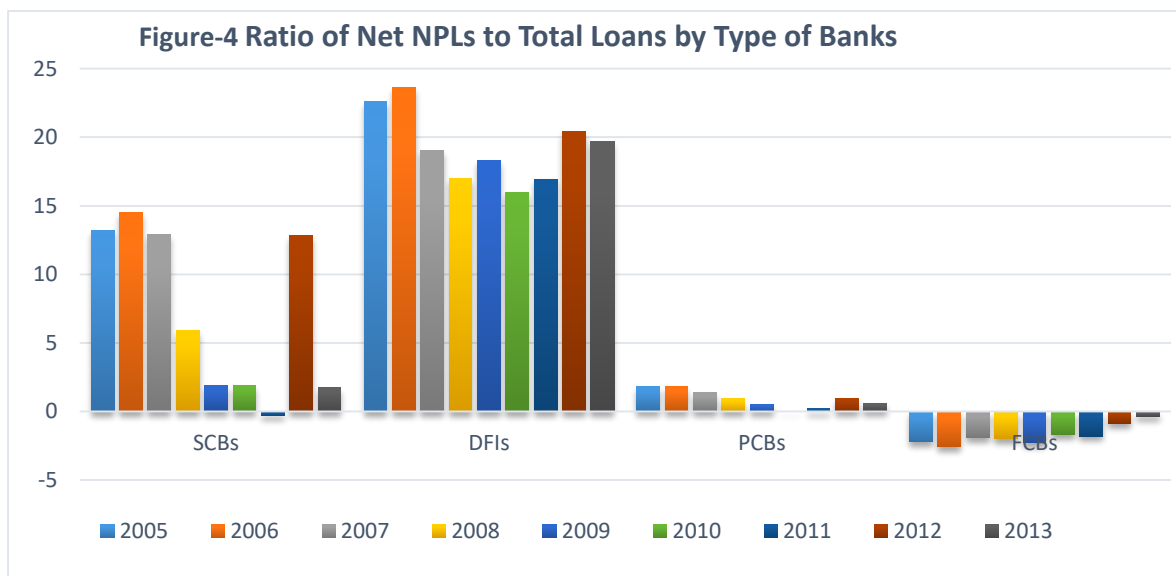
Here the vertical axis of the graph shows the amount in billion (BDT), on the other hand horizontal axis shows the years. We see the ups and downs of the total required provision held by all four categories banks. In the recent years DOS is giving more focus on this thing. This graph completely shows that banks are not keeping the amount of provision required. Most of the year there are shortfalls in terms of provision maintained. NPL increased in the year from 2012 to 2015 because of the political turmoil. One of the major reasons is the reluctance of the State owned commercial banks to run efficiently and

the continuous pressure or influence on the SCBs by the ruling government party. It's increasing the risk in the banking sector. Most of the depositors are losing trust on the banks. It may lead to a bad situation in the near future. So they should be kept under direct supervision and help them to maintain the required provision.

4.5.3. Effect of stress testing technique on Banks

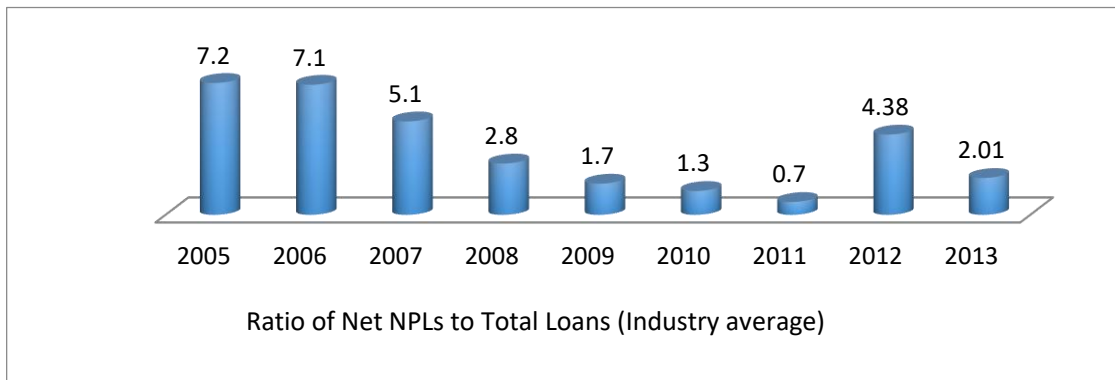
In order to estimate systematic risk, a stress testing technique was introduced and strengthened, which encouraged banks improve their shock absorbing capacity by giving more emphasis in maintaining capital and provisions. At seen in stress testing, most of the banks have a moderate level of reliance. At this moment liquidity management in banking system remains stable, with the call money rate hovering at satisfactory level.

Ratio of Net NPLs to Total Loans by Type of Banks: (in percent)



Source: Off-site supervision of Bangladesh Bank Recent Initiatives (2009-2013), DOS, Bangladesh Bank.

Nonperforming loan is an important issue to show our overall economics performance. If it increases it means economy is not performing in the proper way. Loan taker is failing to repay the loan. However, state owned commercial banks and development financial institutions have huge NPL. Ratios are showing that the amount of NPL to total loan is really high in those banks and financial institutions.

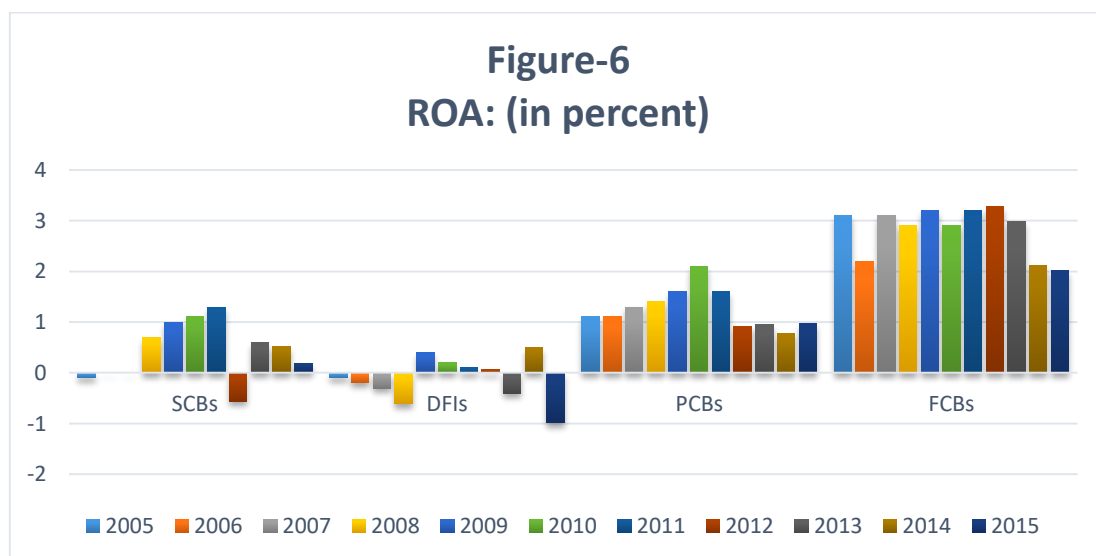


Source: Department of Off-site Supervision, Bangladesh Bank

This Ratio soared throughout 2012 and 2013 because of political instability and its adverse effects on business. Before 2012 it shows a downward trend that was really a good indication for the economy of our country. However government should extra focus on this ratio. If NPL raises it will create a negative impact on the depositors mind. The borrowers should use the money borrowed properly. They should not do any sort of fund diversion. They should not show any reluctance on repaying debt. Banks should increase the monitoring on the borrowers' activities and help him to take financial decisions.

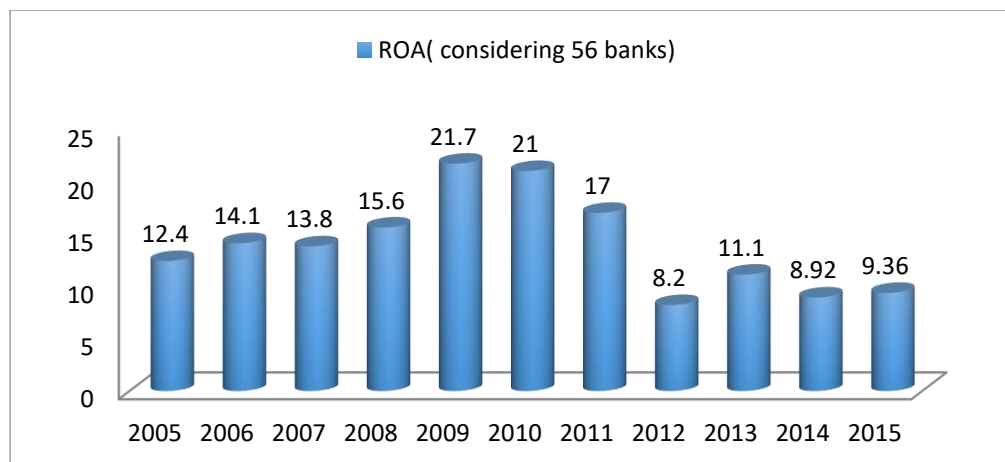
4.5.4. Profitability Ratios

4.5.4.1. ROA: Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. Calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage.



Source: Department of Off-site Supervision, Bangladesh Bank

Here in this graph, we see ROA is in positive trend from the year of 2005 to 2011 for State Owned Commercial Banks, Private Commercial Banks and Foreign Commercial Banks. But after 2011 we see a negative trend. From the year of 2012 to 2015 banks' ROA are decreasing for all sorts of banks (PCB, SCB, FCB). Political instability is the main reason of this condition. People are not involving in new businesses and they don't borrow. However government should ensure proper infrastructure facilities to the investors and entrepreneurs. BB should be more cautious on this issue. Bangladesh Bank will have to ensure close supervision to the banks to get an improvement.

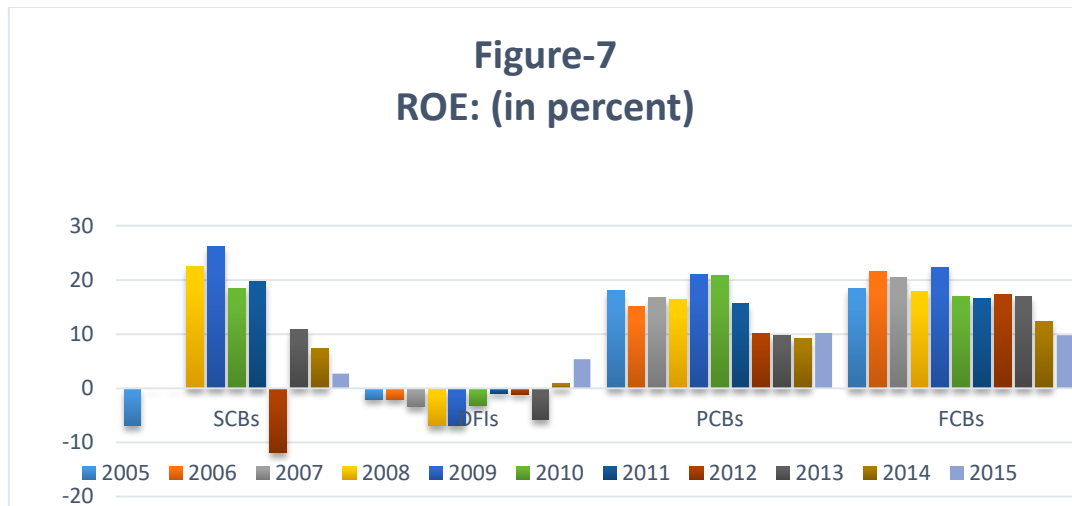


Source: Department of Off-site Supervision, Bangladesh Bank

In this graph, we see the overall ROA of the bank industry. It also shows a positive trend from the year of 2005 to 2011. Here 56 banks' performances have been considered. So you can say these are the year wise industry average. From the year of 2012 to 2015 Banks are not performing well. Their ROA shows a negative trend. However, situation is improving and hopes they will do better in the near future if the government and opponent political parties can ensure a stable and turmoil free economy.

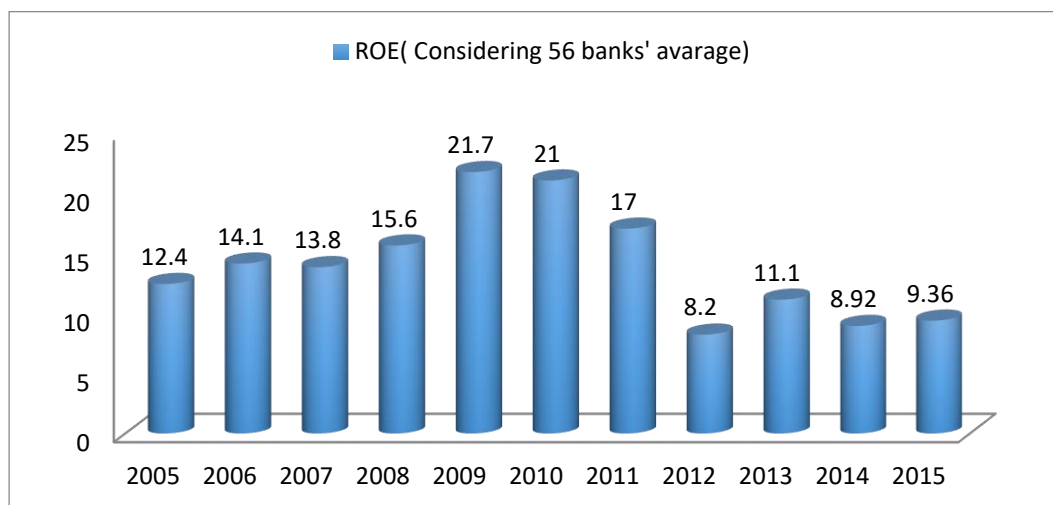
4.5.4.2. Return on equity (ROE) is a measure of profitability that calculates how many dollars of profit a company generates with each dollar of shareholders' equity. The formula for ROE is: $ROE = \text{Net Income} / \text{Shareholders' Equity}$. ROE is sometimes called "return on net worth"

ROE (Return on equity)



Source: Department of Off-site Supervision, Bangladesh Bank

Here in this graph, we see ROE is in positive trend from the year of 2005 to 2011 for State Owned Commercial Banks, Private Commercial Banks and Foreign Commercial Banks. But after 2011 we see a negative trend. From the year of 2012 to 2015 banks' ROE are decreasing for all sorts of banks (PCB, SCB, FCB). Political instability is the main reason of this condition. BB should be more cautious on this issue. Bangladesh Bank will have to ensure close supervision to the banks to get an improvement.



Source: Department of Off-site Supervision, Bangladesh Bank

In this graph, we see the overall ROE of the bank industry. It also shows a positive trend from the year of 2005 to 2011. Here 56 banks' performances have been considered. So you can say these are the year wise industry average. From the year of 2012 to 2015 Banks are not performing well. Their ROE shows a negative trend. However, situation is improving and hopes they will do better in the near future if the government and opponent political parties can ensure a stable and turmoil free economy.

However, over the couple of years we see the trend of ROA and ROE was positive or upward. It is increasing year to year. Due to recent political instability these indicators are getting bad in the very recent years. ROA and ROE are showing comparatively better in term of FCBs. State-owned Commercial Banks are not performing well. On the other hand Private Commercial Banks are doing well indeed. Recently performance of the banks is not that much satisfactory. One of the reasons is this sector has become very competitive because of the huge number of the banks comparing with the economy size. However due to continuous monitoring of the implementation status of capital marketing exposure-related policies and regulations, investment in capital market by the banks (on both a solo and consolidated basis) has come down within the prescribed limit. In fact risk associated with capital market exposure has reduced a lot.

Supervision of the banking sector is complex, never-ending process. So to keep up with the changes of the financial market all the supervision patterns are changing

5. Recommendations

Some objective based recommendations can be given more specifically. It will better sum up our research findings too.

Objective-1 To know about supervision and supervision types followed by Bangladesh bank

Finding-1 BB supervises centrally through Off-site and On-site Supervision to maintain the efficiency, solvency and overall stability in financial sector thus safeguard depositors' interest. However, some unnecessary management layers exist throughout the supervision process.

Recommendation-1 Supervisory activities should be more prompt and Installation of the updated technologies is mandatory. On the other hand, real time supervisory system should be introduced removing unnecessary management layers and ensuring more efficient & properly trained people throughout the supervision system.

Objective-2 To know about the departments of BB related to supervision and initiatives taken by Bangladesh Bank to ensure further control on over all banking industry.

Finding-2. Bangladesh Bank runs supervisory activities through on-site and off-site supervision departments. There are almost 7 departments found which are directly involved with supervisory activities. Some initiatives were taken by those departments especially initiatives taken by department of off-site supervision of Bangladesh Bank put huge impact on the banks' performance.

Recommendation-2 More and more need based training can be arranged for the human resources to make them international standard. Government should give more power to Bangladesh Bank to ensure the proper actions and their implementation on supervisory decision.

Objective-3 To know the impact of supervision on bank's performance based on the performance indicators of overall bank industry.

Finding-3 Supervision has a great impact on the bank performance but Supervision is not the sole factor that controls bank's performance. BB can exercise more supervisory power on PCBs and FCBs thus Private Commercial Banks and Foreign Commercial Banks are performing well but BB supervision can put less impact on State owned Commercial Bank's Development Financial Institutions performance due to government interventions.

Recommendations-3 BB will have to ensure direct influence on State owned Commercial banks and Development Financial Institutions having no government intervention or political pressure. Over all BB should reduce the dependency on banks for data accuracy. They can enhance the capacity to collect real time data with the help of the modern technology. They should exercise more freedom in the supervision and enforcement of laws.

6. Limitation and scope of further research

This research is conducted based on some sensitive secondary data. Finding those data may not be viable for the research since it requires an unusual time. Hence, adequate time and sensitivity of the information are two main limitations of this research. I may also find the research very hard due to the lack of knowledge in this field of study. Another major limitation of the research is the collection of trustworthy and relevant data. Some data from BB is restricted to use publicly. So all the relevant information is not available. The other limitation of this research is this paper is based on old data. As this research has been conducted based on the backdated data (up to 2015), a similar type of research can be conducted with more recent data following the same methodology to depict a more accurate picture of the researched industry.

7. Conclusion

Bangladesh Bank, the central bank of Bangladesh, is trying to ensure control of the overall banking sector with its different initiatives. But everything sums up with some limitations eventually Bangladesh Bank has some limitations too. In spite of all those limitations, Bangladesh bank has kept our economic growth stable and inflation under control although the world economy was going through turmoil in the last couple of years. Bangladesh Bank identifies the weakness and takes the necessary measures for strengthening the financial condition of the banks. It supervises centrally through Off-site and On-site Supervision to maintain the efficiency, solvency, and overall stability in the financial sector thus safeguard depositors' interest. Supervisory activities should be more prompt and Installation of the

updated technologies is mandatory. Lots of updated tools were accommodated by the DOS and implemented those for better supervision. The government should give more power to Bangladesh Bank to ensure the proper actions and their implementation of the supervisory decision at the same time government intervention and political stability must be ensured to bring back harmony within the industry. This paper has demonstrated the overall impact of supervision on banks' performance (industry performance) based on the performance indicators of the overall bank industry. BB can exercise more supervisory power on PCBs and FCBs thus Private Commercial Banks and Foreign Commercial Banks are performing well but BB supervision has not been that much impactful on State-owned Commercial Bank and Development Financial Institutions' performance due to external influences prevail within the system. Bangladesh Bank will have to ensure direct influence on State-owned Commercial banks and Development Financial Institutions having no government intervention or political pressure. BB should reduce the dependency on banks for data accuracy. It should exercise more freedom in the supervision and enforcement of laws. In the recent past (2012-2013) it appeared to be an impossible task to control the economy because of the political turmoil throughout all over the country. The banking sector became more affected due to the unrest. However, our government has ensured political and overall stability within the country, which is a good sign for the banks and for the overall economy as well. Still, investors and general people sense an internal problem between the two major political parties. So, to safeguard the depositors' money the government must confirm a turbulence-free economy. This research can be helpful for the government policymakers including Bangladesh Bank to make better policy understanding the overall impact on the banking industry side by side this paper will find a way to help all the stakeholders of the banking industry for better understanding of the supervision of banking sector. Hopefully, Bangladesh Bank will try to find a possible solution for consulting with the government to keep the economy on the right track.

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AN ANALYSIS OF THE CHALLENGES OF INTERNAL MARKETING IN THE HOTEL INDUSTRY OF BANGLADESH

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Abstract

Internal Marketing is the process of enabling the internal employees purposeful for the success of the company by satisfying them. The purpose of the study was to find out the challenges of internal marketing that are faced by the hotels in Bangladesh. The research is to investigate the challenges and to find some possible solutions to it by providing some recommendations. The hermeneutic interpretative data analysis method was followed for analyzing the data in light of different theories and concepts. The comprehensive review of previous theory and research is compared and dissimilarities are given some explanation. Job insecurity in the workplace, job turnover rate, lack of work environment, lack of extra facilities in the job is found in most of the comprehensive interview taken from different employees of some three or four stars hotels. Most of the employees don't think they feel any attachment to their job in the hotel. Internal politics and conflict exist in the hotel industry which hampers the effectiveness of internal marketing in the hotels. The training and education system is not up to the mark and should be improved. The recruitment system of the new employees is done internally and lack of recruitment system skills also exists. Some internal training institutes should be opened for providing training to the employees for making them skilled and other external training centres should be opened. Intrinsic and extrinsic motivation needs to be increased.

Key Words: Marketing, Internal Marketing, Hotel Industry

1. Introduction

The tourism and hotel industry is one of the major economic activities in the country that contributes to the economic, political, and cultural development of the country. The country is beset with natural beauties and the different historical places make the country attractive for the tourist and adventure lovers to come to this country. The hotel industry is a subsector of the tourism and hospitality industry. Cunha (2003) states the hotel industry contributes to the economy of a country and employs many of the job seekers. The hotel industry is employing a huge number of people. In the different departments of the hotel, many employees are working.

It is strengthening the industry to consider new strategies for gaining a competitive edge. As the hotels need to get a competitive advantage for the best of their ability to serve in the market and win the loyalty of the customers, the hotels should put their attitudes and their performance influence a guests' loyalty. The employees are the software of the company and the activities they do affect the company's success or failure (Arnett, Laverie, & McLane, 2002).

The employee represents the company. They are the agent of both the customers and the company (Mudie and Pirrie, 1993). In terms of the service industry, the employees are part of the service itself. The employees' behaviour and the employees' activities mean something to the company and the customers. Their manner, appearance, outlook, willingness, ability, and skill to solve the problems may play a great influence on the satisfaction of the customers. Skilled service employees know what to do with making the customers satisfy (Mudie and Pirrie, 1993).

Effective internal marketing in the hotel industry creates satisfaction among the employees and that ultimately helps to give a competitive advantage to the company (Yang, 2008). Various previous studies showed that internal marketing is a tool that could be used to motivate the employees to deliver quality services (Narteh, 2012). In other studies, internal marketing is said to a tool to communicate with the employees around the organization (Gronroos, 2000). Internal marketing reduces the employee turnover rate of the company and makes the employees confident enough for the job (Lam, Lo & Chan, 2002).

Internal marketing can be used perfectly to offer employees the chance to grow perfectly as an entity, improve their skills (Arnett et al., 2002).

1.1. Problem discussions

Karatepe, Uludag, Menevis, Hadzimehmedagic, and Baddar (2006) agreed that for maintaining a long-term relationship with customers. The marketers, the brand, the workers of the business are the service, the marketers, the brand, and the organization in the customer's eyes (Wilson, Zeithaml, Bitner & Gremler., 2012). Internal marketing creates a way to make the best use of the employees and make the relation effective among the organization. Internal marketing describes the path to retain the

employees for a long time and lessen the job turnover rate of the employees. In the hotel industry, the firms have to face many challenges and problems in maintaining internal marketing and through which keeping the employees for a long time. In the hotel industry, there are a huge number of employees who are recruited internally. Thus the employees are not that committed to their task and they are not skilled enough for the company. What problems and challenges may create long term dissatisfaction among the employees? That may cause poor service quality and make the external customers dissatisfied.

Tourism is the thrusting sector of our country and hospitality firms are the major players in the sectors. In this sector, internal marketing is an important influential factor. In this study, three stars and four stars hotels are studied for measuring the internal marketing relationship with the success of the hotels. The study is conducted for measuring the potential of this by identifying the problems and addressing some recommendations for internal marketing. For that purpose, the research is asked for "what are the problems and challenges of internal marketing in the hotel industry in Bangladesh". In this study, the problems and challenges will be used as an opportunity for future improvement interchangeably.

2. Literature review

The tourism and hotel industry in developing countries are generally viewed as industries that bring foreign exchange, employment, and a modern way of life. The research is about the problems and challenges of internal marketing in the hotel industry in Bangladesh. So, a comprehensive literature review assisted to understand the problems and develop a theoretical perspective of research questions. This chapter has included the theories and some components of internal marketing. A conceptual model of service marketing triangle is presented here. Internal marketing has a different component. They could be education and training, Motivation, communication and information, coordination among the fellow workers, and job satisfaction. A comprehensive review of the previous study and the different theories and concepts are gone through here for getting an overall understanding of the topic and for further research. Internal marketing is essentially a broad topic and it is to the organization's employees and other top-level management is involved here. The use of internal marketing for maintaining service quality and recruitment systems is also gone through for getting a piece of comprehensive knowledge about that. At last, the challenges that are faced by the employees in internal marketing are reviewed.

2.1. Internal marketing

A company's employees are seen as their most significant marketing tools. They could be on the front lines, on the backward employees, and anywhere in the organization. These employees' attitude,

appearance, and approach all communicate something about the organization they represent. Nichols (2002) has defined "internal marketing as considering the internal employees as internal customers and to concentrate on the satisfaction of these internal customers". Nichols (2002) defined that "internal marketing means employing, training, and motivating the internal employee, and inducing them to know and accept the concepts and importance of customer orientation satisfaction, as well as supporting and co-operating with the marketing department to provide excellent customers service". Hult has pointed out that internal marketing is related to the company's or the organization's effort. Organization trains and motivates the employees to offer the best quality of services to the clients. Grönroos (2000), as cited in Chung-Cheng & Hung (2008), has described that Internal marketing in the service industry helps all employees understand the organization's vision, mission, strategies, and aims and refers to the training, motivation and proper evaluation of the employees to achieve the organization's expected goals and keeping the employees retaining the best employees in the organization.

Different scholars have given different opinions to internal marketing to be a tool that could be used to motivate to deliver quality services (Caruana & Calleya, 1998). Internal marketing was thought to be a tool for the solution to the challenges of consistently delivering high quality. It has been said as an important tool for satisfying the internal employees as a means of realizing the organizational intent (Ting, 2011). Many of the scholars argued that the internal customer's commitment is critical for the survival and growth of the enterprise as the internal employees play an important role to satisfy the external customers. It has been further claimed as an effective tool in the management of change and implementation of the strategy (Rafiq & Ahmed, 2003; Rafiq & Ahmed, 2000). Internal marketing is considered as the application of marketing and HRM; it was used for motivating and managing employees in the organization. Esfahani, Amirosadat, Rahimi & Marandi, (2013) defines internal marketing as inward-facing marketing which is used to satisfy the customers inside the organization and motivating them to do all functions for the betterment of the company. He also argued that with internal marketing the marketer extends and develops the foundations of marketing such as the marketing concept, the exchange process, and customer satisfaction to internal customers.

2.2. Internal marketing and the hotel industry

Many researchers have argued about the hotel industry and they told that the hotel industry is unique from the other service industries because it provides a home environment for the commercial purpose. Many studies are conducted on internal marketing over the years which demonstrate the relevance of internal marketing in the management of the hotel industry and its staff. There could have found many studies that could essentially important evidence that internal marketing if it is maintained effectively, in the hotel industry results in employee satisfaction, customer focus, and high service quality delivery to the guest (Kandampully, 2002). Kandampully (2002) argues that satisfied employees will

ultimately convey their best attitudes towards the guests who patronize their services. Internal marketing creates a high standard of quality in all stages of the hotel. Internal marketing enables to establish a service culture and develop a level of attachment of employees with the company ((Tag-Eldeen & El-Said, 2011)).

The complexity of the nature of the hotel industry makes the management of people challenging and different from the other relevant industries (Tag-Eldeen & El-said, 2011). It has been also found in some research that internal marketing enhanced the effectiveness and focus of the hotel employee . However, a positive relationship between internal marketing and the level of hotel performance has been found in many studies (Tucoz & Akyol, 2008) .The application of internal marketing in the practices in the hotel industry has been shown to contribute to employee job satisfaction and it increases positive employee's behaviour of the employees (Arnett, Laverie & Mclane, 2002). After research in five-star hotels in Egypt, tag ELdeen and El-said (2011) have found that internal marketing is an important tool for promoting and enhancing employee commitment to the company internal marketing is said to be a tool for addressing the employees' work performance and employees' work knowledge (Lo et al, 2002).

In a definition, tourism is a collection of activities, services, and industries that deliver a travel experience, including different types of accommodations, transportations, eating and drinking establishments, retail shops, entertainment businesses, and activity facilities((Endo, 2006)). Internal marketing and service quality is a related concept for the time being. So, there is a need to have a brief discussion for the conclusion of the relationship between internal marketing and service quality.

In important research has found that there are seven dimensions of internal marketing. They comprise internal communication, staff development, information communication technology (ICT), fairness, empowerment, teamwork, and motivation of employees in the hotel industry. All the dimensions motivate to know the relation between service quality and internal marketing. It is also found that ICT is the most important dimension impacting employee commitment, while motivation did not have a statistically significant impact on employee commitment to the hotel industry.

Their researchers significantly emphasize the four components of internal marketing, they are- Training and development, internal motivation, Communication, and Co-ordination.

2.3. Internal marketing for motivation and reward system

Nowadays, companies all over the world can understand the importance of internal marketing in motivating and rewarding employees in the industry .The companies are now able to recognize that motivating the employees also requires a level of respect between management and workers. "This respect can be seen as involving employees in decisions that affect them, listening to employees, and

implementing their suggestions where appropriate." ((Dickinson & Robbins, 2005)). Although motivating the employees is a key determinant of internal marketing, the employees are determining a different level of motivation and may need to be motivated by that level. Thus this is a very critical task that is needed to handle ((Dickinson & Robbins, 2005)).

Every person is unique and has a motivational key which inspires the person to work harder and give more to the firm ((Dickinson & Robbins, 2005)). Many companies are going to build a motivational framework and set a guideline for the employees to make them motivated to a particular aspect. This study is conducted to know various motivational areas that a company is providing its employees. Internal marketing helps companies to have the strength of motivational guidelines and thus help employees to have their extra benefit from that. Different researchers argued that motivational efforts have a positive relationship with the internal service quality and thus helps to gain the goals and objectives of the company ((Dickinson & Robbins, 2005)). The motivational system may be both financial and non-financial. As employees have different types of motivational instincts, the company must consider the financial and non-financial reward systems or motivational tools. The reward systems or the motivational tools must be in according to the employees' job levels, such as paying them bonuses and commissions, or educational development of the job training and course. Team sessions are an effective way suggested by some researchers to create trust and commitment between the employees to listen to their needs, enquire, complains and recommendations, to address the needs of each employee on an individual basis

2.4. Internal marketing and service quality

The notion of internal marketing appeared 1970's which has been founded to solve the problems that occur due to the lack of delivering services in high quality. So the company involved in any business: whether the hotel industry or any others should work hard to improve a method: which will improve the delivery of the service (Corbetta, 2003). It is also concluded that the company should make its employees love its brand or the company they belong to will convince the external customers to love the company as well. Furthermore, Bulut & Culha (2010) argued that the external marketing strategies will be improved firstly by improving the internal marketing the inside of the company of the organization. Internal quality is the most important thing in doing anything further. If internal marketing is not going well for the company, it is for sure that external marketing will not be going well shortly. "The successful application of the principles of internal marketing on the internal market of the business is a prerequisite for effective external marketing" (Herington et al. 2006 cited Lombard, 2010 p.371). If the quality is improved, then the company might be able to get feedback from the external customers (Corbetta, 2003). Internal service quality is necessary for the best external service quality. Cook (2011) has provided a model of a service profit chain, as a strategic variable, which provides the linkages between internal service quality, employee satisfaction,

productivity, and external customer satisfaction and organizational performance, although little concrete empirical evidence has so far been found. Employees capable and willing to give excellent service must be attracted, developed, motivated, and retained by treating them well and making them feel important (Mcneely, 1997).

2.5. Internal marketing and human resource management

The researchers argue that there are trends that require the HR department and manager to have much higher levels of competence and skills (Bulut & Culha, 2010). Internal marketing helps the manager to be more effective in many decisions of the HR manager. It has also seen in many researchers that failing to recognize the importance of internal marketing in HR is a weakness of the HR manager and it causes some blame to him. Internal marketing is the application of marketing within the organization (Luthans, 2002, pp. 230-232). Every department and every person within the organization is a supplier as well as a customer. The organization has to support the employees in a manner that the employees somehow motivated to support the company's objectives and goals by delivering the right forms of services to the external customers (Conduit & Mavondo, 2001).

The manager of the HR department has three distinct groups. They are employees of the organization, other managers involved with the senior management tasks including the CEO; external groups. Marketing helps in the value delivery process of the internal customers of the company and helps the HR department to get the outcome effectively (Conduit & Mavondo, 2001). The relationship between the buyer and seller in the labour market is like that the employees have to sell labour to earn an income. HRM is a function which requires close cooperation with other functions, but there may have some other important tasks that must be completed for the benefit of the company. At the end of the 20th century, it has been seen that HRM has been started to approach as growing importance in the hotel industry. Strategic HRM meant to the retiling of the old personal department with no obvious change in its functional role, or it might be re-conceptualized and reconstructed in light of internal marketing. Internal marketing simply make lowered the complexity faced by the HR manager.

3. Methodology

A research methodology and methods have to be incorporated before going for conducting the research.

In this section, the research approach of the study has been presented, which is very important for ensuring data quality. The research methodology, research methods, and how these methods will help for gaining the research objectives are discussed here.

In social science, the study of the documents, interviews, observations, and questionnaires are the basic instruments for collecting the data. (Corbetta, 2003) also argues that "...three fundamental actions underlying the techniques of qualitative research are observing, asking and reading". The

interviewing method has been used in this research and the primary sources of data are one of the major sources of this data collection. The other essential data are collected from other secondary sources. The interview was facilitated by having a semi-structured questionnaire that worked as a guideline for the in-depth interviews.

This section is divided into other sub-sections which present a vivid discussion on the method used, sampling issues that are used, and sampling justification by identifying who anticipated and how they were chosen has been discussed in this study.

3.1. Sampling approach

Qualitative studies use deep description to reinforce understanding of the concept ((Rahman, 2010)). But sampling which follows statistical approaches through creating random or representative sample might provide biased, ambiguous, and irrelevant information in case of the case study based qualitative research. (Rahman, 2010) quoted from "Mays & Pope, 1996" also reflects this philosophy about the sample of the qualitative research in the following way.

The respondents of this research are selected from five renowned four stars and three stars hotels and non-probability random sampling are used for getting proper findings of the internal marketing in the hotel industry. The selected hotels are Hotel victory, Hotel Given international, Hotel Razmoni Ishakha, The Westin Dhaka and Dhaka Regency Hotel and restaurant. There are some of the departments which described the composition of the respondents for their involvement in the internal marketing of the Hotel industry. They are House-keeping, Front office, sales and Marketing, Accounting, Food and Beverage, and HRM

3.2. Sampling procedure

The qualitative research approach gives guidelines to select the respondents. According to the approach, a key strategic starting point to reach the respondents is used named as snowball sampling.

Here, the snowball technique is used instead of random sampling to have information-rich respondents. In the snowball sampling technique, an initial group of respondents is selected, usually random (Malhotra, 2012). This sampling strategy is used because the particular respondents are selected to have important information that can't be obtained by other sampling techniques . By applying snowball techniques, the researchers try to find an accurate, insightful and different point of views and to avoid duplication of same stories (Rahman, 2010).

3.3. Sample size

The sample size depends on many variables of research. The purpose of the study is one of the main reasons for selecting a sample size. There are no specific rules for selecting the sample size. The psychology behind the approach of acquiring information, and what the resources available for the

research and what can be done within the time frame are the dependents of the selection of the sample size. In the qualitative research, it is the quality and richness of data that is important and some of the researchers are conducted within a small sample size frame and researchers argue that the strength of these studies of the use of the small sample size and analyzing the information within a small boundary but broadly.

The respondents of the research are 20. The respondents are from five three stars and four stars hotel of the Dhaka city. The male and female are both interviewed to ensure the gender balance in the research. The information is collected from six departments of the hotels to get authentic and reliable information.

The interviews are collected from an age bracket between 20 to 55 years people. The people are selected according to the research approach that is set before.

3.4. In-depth interview

According to Corbetta (2003),

A qualitative interview is a conversation which has the following characteristics: it is inferred by the interviewers; interviewers are collected and after that selected according to the data-gathering plan; many considerable numbers of subjects are interviewed; it could have a cognitive objective; an interview is guided by the interviewer; it is based on the non-standardized pattern of questioning which is flexible enough.

Byrne (2006) argues in the fact that structured questionnaires that are formal can't assess the attitudes and value propositions that can be assessed by the semi-structured questionnaires. In the research, open-ended and flexible questions are used to get more spontaneous and participative responses than closed questions and can facilitate better scope of getting interviewee's views, interpretations of events, understandings, experiences, and opinions. Qualitative research makes the complex simple and more positive (Byrne, 2006). In the concern of the interviewee, the open-ended questions help to go anywhere and the interviewee feels comfortable answering all the questions and shares their experiences. For that reason, the open-ended questions are the key to the qualitative research process and that will help to get the information needed for the research.

For that, a questionnaire has been set and it's based on the components of internal marketing. The components of internal marketing and its challenges in a company have been considered in the questionnaire. The questionnaire is in English and after that, it is translated into Bangla for making the employee comfortable about the interview. After collecting the information, the interviews are transcribed in English further. In almost all cases, the interview questions are updated, revised, and

extended the prefixed. The changes to the questions are made at the discussion generated a few more lines of inquiry.

3.5. Data analysis and interpretation

3.5.1. Hermeneutic analysis

Hermeneutic Analysis is a method of Analysis based on interpreting. The strategy outlines a contradiction to those research strategies which pressure objectivity and independence of understandings in the formation of knowledge (McNeely, 1977). Hermeneutic research comprises various approaches. Methods of analysis may also differ, and in different disciplines, discipline-specific techniques subsist for interpreting phenomena. Hermeneutic analysis facilitates you to bring out an in-depth understanding of meanings of, for example, human practices, culture, works of art, and texts (Www2.uiah.fi, 2018). Understanding is formed through methodical interpretation processes. These processes are known as a hermeneutic circle explanation of details influences the interpretation of the complete phenomenon; reviews of these interpretations fabricate a deepening understanding of the experience. One can combine hermeneutic analysis with other methods of analysis that aim to interpret and understand meanings. A combination of the rules of hermeneutics and phenomenology forms phenomenological hermeneutic analysis. The hermeneutic analysis also forms the foundation of a variety of discipline-specific methods of analysis and close readings methods (McNeely, 1977).

The interpretation is given based on the differences and the similarity that is found in the previous research and why the research is different from the other research is given the possible explanation.

4. Findings

In this section, the data is analyzed and different types of consistency and contrasts are discussed based on different theories and previous research. Different theoretical issues are considered as a reference for the discussion. The social and economic condition is considered in terms of analyzing the theories that are discussed in the literature review. Firstly, the discussion starts with giving a brief introduction to the hotels that are considered for the research. Then the components of internal marketing are discussed along with different contrast and similarities with it.

4.1. Presence scenario hotels in Bangladesh

The research was conducted for knowing the state of the hotels in Bangladesh with internal marketing. The objective of the study is to find out the current situation of the country's hotel internal marketing states. The internal marketing helps to make the internal working conditions smooth and thus gives the company a competitive edge to be in the market (Berry, 1981).

The author of this research has studied three stars and four stars hotels for knowing the overall circumstances of the hotels and the challenges they are facing in terms of internal marketing in the organization. When the hotels are visited, there are so many varieties of services in the hotels that are providing to the customers. They provide family-oriented services to single room services.

According to the information on the hotels, they are allowing the employees to grow within the company. Few of the hotels are thinking about providing training and trying to start a business school where they could provide customized courses to their employees as well as the student who eager to have hotel management short courses.

Few of the hotels are thinking about the classroom for the employees who are employed newly. Some others are thinking about online courses and on-the-job training. The courses would be developed by giving priority to the basic sides such as Getting on the board, Commercial, Leadership, Functional, and service.

About all the hotels that have been studied have their Codes of conduct where they represent the fundamentals of how they are managed ethically. The managers must ensure that the codes of conduct are implemented and understood by the team members. It is also an important task for the managers to encourage the employees to report to the supervisors or other managers about the break of the code of conduct.

"We are very much aware of the behaviour of the co-employees of our organization whether they are conducting anything unethical or not. We ensure that they are free to talk to us. They must tell us about their problem. The employee's problem is seen broadly" (Apu, age- 40, personal interview, 2018).

The employees are recruited based on three aspects. Part-time employees, full-time employees, and extra employees are selected according to the requirement.

In the phase of internal marketing in the hotel industry, respondents are interviews to know different aspects and tried to find out the challenges that are faced in those phases. They are basically in 1) training and education, 2) Intrinsic motivation, 3) extrinsic motivation, 4) communication and information, 5) Co-ordination, and 6) job satisfaction. Each of the aspects is discussed.

4.2. Education and training

Educated employees create value for the customers by their learning and that value helps the company to create value for it. Internal marketing is the most important way to educate employees and it plays a great role in the training system of the company (Bansal, Mendelson and Sharma, 2001). It has found from the previous research conducted by Bulut and Culha (2010) that, training is an important

dimension of internal marketing which is used to equip employees with the relevant knowledge and skills of their performance. All the participants are agreed in the same aspects of the employee recruitment that the employee who is recruited will be needed at least a level of experience for being recruited and in case of emergency, they don't think about the experience. Only outlook and the learning ability have been given the priority. When the low-level employees are recruited, the employees are recruited based on the employee's outlook, prior knowledge, and little experience. But in terms of higher employee recruitment, the company considers the ability, educational background, educational status, academic results, and experience, etc.

"To get the job I do not need any kind of previous knowledge or experience. The hotel prefers to educate its employees through the internal education system."(Akas, age- 23, personal interview, 5 March 2018)

How to interact with the other employees and the customers properly is very essential and that comes from the experience and training that the employees get from the hotel (Grady & Ohlin, 2009). The author of this paper thinks that nothing is more important than social skills. The employee must have positive attitudes towards customers when they interact with them. They need to show respect to the job and have skills to be socialized as it is a hotel in which socialism is the key to be successful. The attitudes that will help to become successful in the firms must come from the heart of the employees. The fact that the employees think themselves is to have the eagerness about learning and improving the skill to become successful. The role that the employees play in different aspects of their services is an important thing in internal marketing (Grady & Ohlin, 2009).

"If you ask me about the education and training of the employees, I will say well-educated and well-trained employees are the assets. We have all the things to serve our guests, but If the employees are not that much interactive and they are not able to communicate with the other fellow employees. There is no value in other things like instruments, rooms, and other things. The educational background of most of the employees is poor and they are not educated enough. The employees should be well educated and they must have intentions to learn from the organization." Tanvir Ahmed (personal interview, age-40)

The author of this paper terms employees as "software" and the other equipment and buildings as the hardware. If the employees are not there, then the firm will be nothing without a physical structure. The relationship between the fellow employees and the interaction between the employees make the hotel to become successful. The good stuff of the organization can give a competitive advantage to the organization and they can create a competitive edge (Rafiq & Ahmed, 2004; Rafiq & Ahhmed, 2000). The hotel business is similar such in Bangladesh

The hotels are providing basic training to their employees and are trained for only a particular job. They are given training for the benefit of the company. These pieces of training do little change in the skills among the employees (Bettencourt & Gwinner, 1996).

"There are few educational programs that are focused on the specific area or tasks which the employees will perform during their shifts. If there is any problem then we work together as a group and discuss the issue and try to find out the solution to the problem. The training that is provided in our organization is in-service training." according to Rabbi, (personal interview, age-30).

The thing that the firms should do is to develop an interactive way of communication. The training that is to be provided to the employees should be provided to make the employees secure and more professional in their job life. The training could be provided by role-playing in different situations. If employees are working as a receptionist at the front desk, there could be many kinds of a hypothetical situation. The firm may find different types of situation and may train the employees accordingly. The creative exercise could be another way to empower the employees in their working environment. In that, the employees will think in a creative way to solve the situational problems (Stringer, Didham & Theivananthampillai, 2011).

Some of the firms are thinking to form a team and providing training inside the organization and creating a training centre inside the organization. Some hotels are thinking about opening an external training school and providing training to the students who are trying to get a job in this sector.

For those hotels are selecting some rooms for using them as classrooms where theoretical knowledge will be provided and other practical knowledge will be provided in the workplace. The information is found in the following interview.

"Yes, they are giving us basic training that is relevant to our job. It is similar to an on-work job. And we are not provided with any academic training. You have seen our operational manager. He has come from. And I have overseen experience and the managers who are working here must have some experience. That is the key to our organization. Now we are thinking about forming a team and providing training to the employees who are new and not have that much experience. We are thinking about creating a training centre or you can say training institutions for getting the employee trained up inside the organization. And we are further thinking about the external training centre where we will provide professional training and a short course for the student who is interested to work in the hotel. By doing this we can create some student who has that much of knowledge about the hotel industry and its culture" (Apu, age-40).

4.3. Motivation

4.3.1. Extrinsic

Motivation is something very complex that comes from within the employees (Cook, 2011, p. 229). It is multi-dimensional and it is difficult to measure the meaning of the motivation that is not fit for all the people (Grönroos, 2000). One of the objectives of the study is to get the meaning of the motivation of the hotels and knowing the motivational dimensions that are used by the hotels.

In most of the hotels, the employees are not given any kind incentive for their outstanding job and they are not given any additional wages for their work. They have a fixed salary and the increment of salary is done after such a long period. There is no pay-per-performance. There are some of the hotels that are aware of the salary system. They give recognition for their outstanding work. Stringer et al. (2011) stated that bonus is extrinsic motivation and it hurts the internal marketing. The hotels that are studied are also using bonuses as extrinsic motivation but this has a positive effect on the mind of the employees. The possible explanation could be-

The employees of the hotels become when they get the bonuses and they are expecting other bonuses. These bonuses motivate them to work diligently for the hotel. Another reason could be the availability of the employees at lower compensation. The employees are not getting the salaries that they should get to lead a better life. When they are getting bonuses, they become motivated by it.

"We are given a basic salary here. We are given two-yearly bonuses. We don't have any kind of recognition system". (Saiful, age-30, personal interview, March 6, 2018)

"The company is giving us a salary and bonuses. There are other types of benefits they are providing us. The best employee is selected and they are awarded at the annual meeting. Although the service charge is less than other hotels, we are expecting some increment in the service charges. Our managers told us about giving the guests the best service and trying them to retain for a long time. If the target of the company is filled up, we are given a complimentary dinner and we have a party together." (Nazmul Hasan, age-3, personal interview, March 5, 2018)

We are paid when we work more than what is expected. But that must not create any pressure on our day to day work. Employees who are doing overtime duties are seen whether they are fit for doing that or not. If they are coming up with extreme pressure, then they are not giving that opportunity (Apu, personal interview, March 3, 2018).

4.3.2. Intrinsic motivation

Some employees are motivated by money while some others are not motivated by it, they are motivated by the chance to learn more (Cook, 2011). The intrinsic motivation could be by giving the

employees chance to learn more from the organization and the possibility to gain knowledge to advance within the organization (Grönroos, 2000). They may be motivated by learning many things from the organization and working in a different position in different areas.

In some hotels, the decisions are taken basically by the operation manager. At that time, the employees are motivated to make the manager know about the decisions they are taking from there. There are some other hotels, where employees are motivated to take their own decisions. If they do not understand what to do at that time, they discuss with the other employees who are more experienced or who have such types of experience. If that is impossible, then they inform their supervisors about the situation. There are some situations where employees think that the customers are not satisfied with what they get and what they expect. At that time they take note of the phone number of the guests and inform the supervisors about the situation.

“We are said to tell the manager about the decision and we are not getting any freedom to work by ourselves. Sometimes, there are some decisions which become impossible for us to take without the permission of our operational manager” (Ataur Rahman, age-26, personal interview, March 7, 2018)

"We are said to take our own decisions according to the terms and conditions. We are not supposed to inform the manager all the time. If there is an emergency, we call our operation manager and he tells us what to do. But that is very rare. In maximum time, we are said to do whatever we should do. In some situations, if we think the guests are not satisfied with the service, we take their contact no and after that, we inform our supervisor about the guests. He discusses with us and makes sure whether the guests are satisfied or not over the phone" (Apu, personal interview, March 3, 2018).

“We are said to give the employees who are working on the standard more feedback and praise them if they are improving themselves. It varies from person to person. They are giving feedback in the way they need to”.

(Nuruzzaman, F&b manager, personal interview, March 8, 2018)

There is no way to measure a manager's performance, the employees are not even asked about the manager many times.

4.4. Communication and information

Rosenfeld et al. (2004) stated that a lack of information could reduce the employees' job satisfaction. Communication and information are very important for the employees of the hotels and that is used for the benefit of the employees. Internal marketing helps the employees to become up to date through communication. Communication is very important for the employees. The infrastructure doesn't support to maintain the intranet in the hotels. The previous research conducted by Rosenfeld et al.

(2004), found that the maintenance of the intranet helps employees to become motivated and maintain a smooth communication system. In this study. The results differ. The possible explanation could be firstly, the technical operators are not so much concerned about that. Secondly, the maintenance of the intranet may be costly and the top management wants to avoid it. Thirdly, the employees at all levels are not that much educated to realize that.

A one-hour meeting is held every one month and it is conducted orally to most of the hotels that are being studied.

"We communicate with the other fellow workers through the mobile phone, if there are any kinds of notice; the management gives it to the notice board. We can be able to know the difference other information through using social media. We have our group on Facebook. We have our groups on Facebook and the whole hotel's pages and groups. From there we can know the things very easily" (Anwar, age-2; personal interview, March 8, 2018).

The research objective was to determine the relationship between managers with employees. The employees are the only one side of a river. On the other hand, the managers are the other side. So, without the help of the manager, it will never be possible to uphold a good communication system which is the best the most important thing about internal marketing. The result of the study conducted by Conduit and Mavondo (2001) supported the result that is found here. If an organization's advertising is not developed with input from operations, the employees may not be able to provide the services that have been promised in the internal and external marketing efforts (Wilson et al., 2012).

Wilson et al. (2012) described that insufficient and unavailability of the information causes uncertainty, ambiguity, and other organizational problems such as a decline in job satisfaction and productivity among the employees. His research result matched with this study. As, the result shows that if the information is not available, the employees feel unsecured, and the role they might be played not be able to play by them. They feel unambiguous and that might cause their dissatisfaction. These kinds of information are got from almost all the interviews taken from it. It is evident in these quotations.

"We are provided with the information and by using that we make ourselves clear to take the decisions. Yes, many times the information is not given adequate and we feel upset when these types of things occurred. We are not told to do our job specifically. Thus our tension grows. Sometimes, it's very difficult for us to take responsibility for the job and work accordingly. It can harm our concentration as well." (Tasmia, age-22, personal interview, 12 March 2018)

It should be clear that the information must be available to the employees for their motivations to work and giving satisfactory services.

4.5. Co-ordination

The effective internal marketing is dependent on the good coordination among all the parties involved in the value creation of the company (Greene, Walls & Schrest, 1994). It is needed to achieve effective service the organization needs to coordinate the activities of the internal employees and support staff (Rafiq & Ahmed, 2000).

This study also manipulates the results found from the previous studies that the coordination among the employees helps to create the involvement of the employees with the hotels. To achieve high service quality, organizations must know how to coordinate their frontline employees and support staff effectively (Rafiq & Ahmed, 2000). The hotels that are studied also acknowledge the importance of, therefore, teamwork is highly encouraged throughout the organization.

According to Malone and Crowston (1990), employees must be coordinated to work together towards the same goal. The hotels believe that it is the easiest way to reach their goals. Working together as a unit ensures that all the activities are connected and that they are moving in the right direction.

There are some conflicts among fellow employees and that hampers their work. But when these are happening, the manager calls them and asks them. If the situation is not tolerable, they are fired for that. Some hotels that are studied have conflicts with the employees who are recruited internally and who are not recruited through that. That causes a great conflict among the management. There are groupings among the employees in some organizations. The employees who are close to top management maintain distance with the employees who have recruited through the recruitment process.

"We try to maintain the rules and regulations of the company. So, there is no scope for doing that. But you know there are some types of recruiting when employees are recruited through internal recruitment. Then they are creating the same phenomenon and their perception is not the same as those who don't have internal recruitment. Who are recruited through his ability may see those persons who are recruited through lobbying or internally not like him? At that time, there may have some internal politics.

There are some other types of internal politics, for instance, one of our employees, who have a good relationship with the manager may try to get closer to the manager and can give wrong information about another employee. He may want to have a promotion, that's why he may do that" (Hasan, age-25, personal interview; 20 February 2018).

As it is evident in these quotations, internal politics is found in some hotels. Some employees agreed about the jealous of the job and the improvement that an employee has made. Some employees don't work according to the mission of the hotels. If the employees are not working together, they might be

in trouble to deliver the service quality. Internal service quality is necessary for the best external service quality (Narteh, 2012).

There are some shreds of evidence that the employees are willing to build a connection between the co-workers during the work and the activities outside of the work. Even though the relationship between co-workers has a minor effect on job satisfaction, it was shown by Luthans (2002, pp. 230-232) that poor relationships could hurt job satisfaction and which ultimately impacts on the internal marketing of the organization.

4.6. Job satisfaction

According to Gounaris and Boukis (2013), job satisfaction is the precondition influencing employee job performance. The possible reasons for that may be the availability of the employees and the lower salary. The employees are not satisfied with the salary and payment they get from it. They expect more salary and other facilities in the company. They expect the supervision which will never be autocratic. They expect encouragement from their supervisors. The employees also expect co-workers to behave diligently and freely with each other.

The employees of the hotels find the work as interesting to some extent. They thought the work as a way to learn many things and many cultures from different people. The following quotations make it clear about that.

"I find the job very interesting as I am finding the job as an opportunity to meet with new people especially the foreigner. I meet the foreigner and talk with them and learn new things all the time. I found various people from various cultures and various religious people and I think the job is an interesting one." (Roton, personal interview, March 7, 2014).

Luthans (2002) stated that the word itself means the degree to which the job offers with interesting tasks, opportunities for learning, and the chance to accept responsibility. Hotels are offering the learning ability from the job. But the employees are not that satisfied with the hotels that are studied. The possible reasons are the on-work discrimination of the employees. The insecurity of the job as the employees is available in the lower level. The work environment is not congenial to the women for the work. The employees are not getting proper learning as there is an unavailability of the proper trainer and training facilities. The work itself is an important element of effective internal marketing strategies as verified by Stringer et al. (2011). It could lead to effective internal marketing.

The promotion is not regarded as a motivator by some employees, but that opportunity increases the positive feelings towards the job. This is incoherent with what Stringer et al. (2011) has found, promotion no doubt is intrinsic motivation and which helps the employees to become satisfied. The following thought of an interviewer may make the situation clear.

Co-workers are another motivating factor for the employees and once they are bonded together as a team they are strongly connected and it contributes to job satisfaction. When employees can recognize that they are working together for the same goal, they are more motivated to contribute to the organization. Luthans (2002) acknowledged that complexity to cooperate with coworkers can lessen job satisfaction.

5. Conclusion and implication of the study

The main purpose of the research is to describe the challenges of internal marketing. The objectives of the study were to find out the challenges and giving some of the possible recommendations about its solution and the factors that influence Internal Marketing. This thesis has gained an understanding of how important is internal marketing activities in the hotel industry. The different kinds of challenges that are faced by the hotels in terms of internal marketing are found. For those reasons, the objectives are matched with the results. The main findings of the research are the differences between the previous results of the study. The possible recommendation could be-

Firstly, salary is not only the motivating factor, but the other facilities are also very important to the employees. Flexibility for the job is very important to the employees.

Secondly, the turnover rate is high. The employee switching mentality influences the work. Salary is not up to the mark and the employees wish to have a better salary. At first, the thing the firms should develop an interactive way of communication. Secondly, the training that is to be provided to the employees should be provided to make the employees secure and more professional in their job life. Thirdly, the training could be provided by role-playing in a different Situation. If employees are working as a receptionist at the front desk, there could be many kinds of a hypothetical situation. The firm may find different types of situations and may train the employees accordingly. Fourthly, creative exercise could be another way to empower the employees in their working environment. In that, the employees will think in a creative way to solve situational problems. The training could be provided by role-playing in a different situation. Fifthly, a team should be formed within the organization to provide the employees with training and relevant education for making them improve their job. Sixthly, a training institute should be opened from where the students who are willing to do any job might be gone there and take the necessary education and training. There should have internal communication between the hotels and the training institutes. Seventhly, the employees should be

provided with incentives and wages for their outstanding work and recognition for their outstanding job. There should have a way of measuring a manager's performance and the relationship among the fellow staff. Eighthly, an interactive way of communication system should be formed and employees all over the organization should be motivated to involve actively. Ninthly, the advertising should be effective to get a good response from the employees as well as the customers. Employees should be recruited fairly and there should have minimum standards for recruitment to resolve the conflict among the employees. Tenthly, the management should be aware of the internal politics and the level of tolerance that must be seen. Intrinsic and extrinsic motivation system should be increased. Tenthly, employee emotional attachment should be created and social security should be increased for the effectiveness of internal marketing. Job culture should be grown up within the firm and that needs to be unique enough. Up to date equipment should be introduced for making the employees adopted with the present condition of the entire market and lessen the job turnover rate. There should have a unique technique for making the job environment interesting.

5.1. Limitations of the study

The significance of this research paper can be limited by the chances of respondent's biases while answering the questions of the questionnaire. As respondents were chosen by using non-probability techniques, so here the researchers cannot say that they could be reached to the most appropriate firms who would be able to explain it better than others. Again, the respondent's knowledge regarding the issue also limits the outcomes of the study. The study is also limited by the assumption that all respondents answered questions openly and honestly. As the sample size is very small, the authors can generalize the outcomes got from the study. Again, the author's skills and techniques applied to get insights by asking the right and accurate questions, and finally the author's ability to critically analyze the gathered data may not be out of any doubt. The authors hereby accepted their knowledge limitation in analyzing the situation.

5.2. scope of further research

The main focus of this study was the challenges of internal marketing in the hotel industry. The study has covered the hotels within Dhaka city. The outcomes are generalized to the entire country. So, there remains a gap to study further to cover the entire country. Again, this study only covered the hotels which are three stars and four stars. Further scope remains to include the five stars hotels and other hotels to have more constructive outputs to conclude about the internal marketing of the hotel business in Bangladesh. Again, the relationship between internal marketing and internal customer loyalty can be researched and could be a better topic for future research.

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EARNING CREATION THROUGH NON-FARM ACTIVITIES AT RURAL AREAS BY BANK BRANCHES AND MFIS: A PERSPECTIVE OF BANGLADESH

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Abstract

In one sentence Bangladesh is a large village. There are 59,990 villages in Bangladesh and about 80% of the country's total population of about 120 million to live in the rural areas which primarily depend on a poorly developed agriculture for livelihood (www.discoverybangladesh.com). The report shows that around 60% of total people are employed in the agriculture sector which contributed 14.10% of total GDP in 2017-18 (www.thedailystar.net) according to BBS data. Though livelihood of maximum rural people is agriculture there are some people who earn their livelihood through non-farming activities like shopkeeping, teaching, agro-processing, service rendering as a barber, shop boy, welding, carpenter, mason etc. and manufacturing non-firm items in their cottages. The objective of the study is to investigate whether banks branches and MFIs play a role in creating earning opportunity for rural people through non-farming activities and how they play a role. Extensive literature has been studied to know the fact. Data was collected through an unstructured questionnaire. Based on the findings the report has been prepared. It was explored that bank branches are not available in a rural area but MFIs are available. It has also been explored that MFIs have a significant role in creating the opportunity for rural people to earn a livelihood through non-farm activities. But they have huge scope to improve the rural economy by providing more support to the rural people with more earning opportunity creation. This study will help students, researchers, banks, MFIs and Government to know the status of rural non-farm activities. It will also give further research guideline to the researchers.

Keywords: Non-farm activities, Rural people, Banks, MFIs and Rural economy.

1. Introduction

The rural economy of Bangladesh is basically based on agriculture. It was reported in a Bangladeshi journal the around 60% total Bangladeshi labour force are employed in the agriculture sector (www.assignmentpoint.com). But the problem is that the manpower involved with agriculture are rarely found full time engaged with job. Even, during the rainy season, they are found fully unemployed since farmlands go underwater at that time. Another scenario is seen that these agriculture labour works half of the day and rest of the time they spend in an unproductive way, just doing nothing. Their joblessness or lack of sufficient work is the main reason for their poverty. If they had work, they could earn and add more money to their family income. Since they have no skill other than farming, they can't engage themselves with additional income-generating activities. If they could be trained for other non-farming activities, they could be able to engage themselves with more income-generating activities. We know that women who are living in a rural area, usually they have no work other than cooking and cleaning. If they can be trained on non-farming activities, they can utilize their unproductive time for earning money by producing goods or providing services anywhere. Our research question is whether banks and MFIs can play a role and how they can play a role in creating earnings through non-farming activities in the rural area.

1.1. Broad Objective

To find out the role of bank branches in the creation of earning opportunity for rural people of Bangladesh through encouraging them in non-farm activities.

1.2. Specific Objectives

- ✓ To know the current status of non-firm activities in rural areas of Bangladesh.
- ✓ To investigate if bank branches play any role in existing non-farming activities performed by rural people.
- ✓ To explore the scope of bank branches in the development of non-farming activities in the rural area of Bangladesh.

2. Literature review

It is well documented by many researchers that non-farming activities play a very significant role in promoting the growth of the rural economy and reducing poverty (Hossain, 2004; (Hymer and Resnic, 1969; Child and Kaneda, 1975; Chuta and Liedholm, 1979; Binswanger, 1983; Islam, 1984; Shand, 1986; Saith, 1992; Ranis and Stewart, 1993; Reardon, 1997; Weijland, 1999; Reardon, Ellis, 2000; Hayami and Kikuchi, 2000; Rosegrant and Hazell, 2000; Berdegue and Escobar, 2001; Gordon and Craig, 2001; Lanjouw and Lanjouw, 2001; Haggblade, Hazell and Reardon, 2002). That's why non-farming activities in rural areas are getting importance gradually considering the economic welfare of

a nation. Though the rural economy is basically based on agriculture, nowadays economists and government are thinking to diversify the income-generating activities of these large group of people. According to tradeconomics.com 64.96% of people still live in a rural area which was reported by World Bank in 2016. If this large portion of the population can be utilized properly and if their productivity can be increased, the rural economy will change dramatically. Then, the economy of Bangladesh will grow automatically. Obviously, the government of Bangladesh will take the initiative to create an alternative way of earning. However, banks and MFIs have huge scope to work for rural development through opening their branches in the rural area.

All non-agricultural activities are known as non-farming activities. Non-farming activities can be defined better in two varied ways where the first approach deals with the locus and the second approach is that of the linkage criteria. Locus is the space in the rural area where the activities take place and it must be in the rural area. And, the linkage approach works to establish linkage with different industries through developing commercial linkage with the rural non-farm sector. The concept of farm/non-farm linkages is most commonly used to describe the relationship between the farm and non-farm sectors. These sectors can be linked directly via production linkages, in which case the linkage occurs either "upstream" or "downstream" (Reardon. T).

Rural non-farming activities include different types venture like handicrafts, household as well as non-household small-scale manufacturing, construction, mining, quarrying, repair, transport, community service etc. but of course in the designated rural areas (www.toppr.com). Non-farming activities also play a significant role in eradicating unemployment problem through creating employment opportunity for rural people. In that case, an individual household can be a small production house and all the members of the family can work there. Job opportunity can be created for their neighbour also. These non-farming activities strengthen the rural economy and reduce the dependency on agriculture. By doing this rural people can bring diversity in their work as well as the source of income. That's why policymakers are giving more emphasis on non-farming activities.

But this is not an easy job at all to employ rural people in non-farming activities in Bangladesh. We all know that these people don't have skills other than agriculture. Since most of the people are poor in a rural area, they may not have sufficient fund to start even a small venture. So, if we want to engage them in non-farming activities, they need to be trained up and they should be given easy access to finance. Banks and MFIs can play a rule here to train them and allow them easy access to finance at a small scale.

Our education system is a theory-based curriculum which is not able to make people skilled and ready for employment. Students are not allowed to get some practical exposure in their student life. Just because of this, rural people, even though some of them are literate, but they can't easily start a venture since they can't explore opportunities around them.

Income from agriculture is not sufficient that allow rural people can do some savings. Rather, they stay under debt pressure across the year. So, financial weakness another factor that hinders while investing in a new sector. As a result, rural people remain unemployed most of the time of the year resulting in the backbone of the rural economy is very weak. However, economists have identified this as a scope to utilize this large population group for the economic development of the country.

If non-farming activities can proliferate in a rural area, it will help to develop the existing traditional agricultural system. They will get additional fund to modernize the agriculture. Backward linkage and forward linkage activities can support agriculture to be developed.

Reardon. T mentioned in his article titled “RURAL NON-FARM INCOME IN DEVELOPING COUNTRIES” that households are motivated to undertake RNF activity by either "pull" or "push" factors. These factors cause non-farming activities to grow in rural area.

3. Methodology

As a type, its descriptive research which has been conducted based on pure literature review published in recent years. Numerous books, journals, magazines, websites, blogs etc. have been studied in this regard. Keeping the objective of the study in mind, an unstructured questionnaire was prepared to find out the answers. Later on, compiling these answers that have been found from the rigorous literature review, the report has been prepared. Since it is a literature-based study, no statistical tools were used here.

4. Findings

After getting independent, Bangladesh has developed herself a lot. Huge progress has been happened for ensuring the basic needs of people like food, clothing, shelter, education and health. The poverty rate has been reduced dramatically. Dependency on the agricultural economy is declining gradually. The rapid growth of urbanization is being observed. Rural people are trying to explore an alternative source of income. Different MFIs are working in the rural area to train people so that they could be able to choose their desired occupation besides their forefather’s profession, that is agriculture. Although agriculture remains the dominant source of rural livelihoods at least in terms of generating employment, its relative role in earning income has been falling over time. The recent most household-level survey data show that non-agricultural income contributes roughly 70 per cent of household income (thefinancialexpress.com.bd) though it might be less if we take the case of rural area. Hossain (2004) has categorized the following three types of non-farm activities which are found in the rural area of Bangladesh:

a) Manual labour-based activities, such as self-employment in cottage industries, mechanics, wage employment in rural business enterprises, transport operations, and construction labour,

b) Human capital based occupations, such as salaried service in public and private sector institutions, teachers, religious leaders, lawyers, village doctors, and various types of personal services (barbers, laundry services, mid-wives etc), and

c) Physical and human capital intensive activities, such as agro-processing, shop-keeping, peddling, petty trading, medium and large scale trading, and contractor services.

Currently, rural people are doing such non-farming activities by their own initiative or taking help from MFIs. Bank branches are not available in rural area still. However, very recently banks have started agent banking in union level but their main focus is deposit collection. Very few branches play a role in creating employment opportunity.

The rural economy of Bangladesh is basically based on agriculture until today. But it is not the only way of earnings of people from the rural area. Some people earn their livelihood the non-farming activities like a cottage industry, mechanics, wage employment in rural business enterprise, transport owners and operators, construction labour and contractors, teachers, imam, pharmacy owner, barbers, laundry services, agro-processing, shop-keeping, peddling, petty trading, medium and large scale trading etc. All those non-farm activities are very ancient where a limited number of people were engaged with such activities. However, bank branches have no contribution in developing non-farming activities, but MFIs are playing a significant role in this regard. Grameen Bank, BRAC and Asha are the leading MFIs of Bangladesh which are working with rural people to help them in exploring an alternative way of earning. Some regional and local MFIs are also found in the rural area working the same. They are providing training to rural people to improve their skills so that they can find out an alternative way of earning other than agriculture.

5. Discussion and Conclusion

Non-farming activities are getting higher priority to the rural people day by day. Government and development organizations are trying to develop skills of rural people so that they can be able to find out non-farming activities as an alternative to agriculture for their livelihood. Currently, people are employed in non-farming activities at a smaller scale but huge unemployed people are there who could be employed in this sector. This is how people can earn more and the rural economy can boast up due to this. But it is not an easy job since they don't have any other skills except agriculture. So, they should be trained in different jobs like handicraft preparing, welding, food processing, jewellery, tailoring, painting, masonry, car driving etc. Since rural people usually don't have enough money to start a venture, they might require to easily available loan for starting a new venture. For both cases, bank branches and MFIs can play a significant role so that rural people can earn from non-farm activities. They can arrange training for people and also can provide a loan to the people who want to become an entrepreneur. MFIs can extend their service in the more remote area where banks can't open their

branch. They also can provide all kinds of financial services which can facilitate rural entrepreneurial activities.

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REASONS FOR TOURISM DESTINATION: A CONCEPTUAL STUDY ON YOUNG GENERATION IN BANGLADESH

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Abstract

Tourism has been proving as a major income driving industry in many middle income countries. But in terms of income, employment opportunities and foreign exchange earnings, tourism industry has yet to be contributed positively in Bangladesh. This research work is a conceptual study and dimensions related to social, travel, destination, safety, security, drug taking and miscellaneous aspects were considered to identify their influence on destination choices by secondary sources by the young generation of the country. Time period of the study is from March 27, 2020, to June 27, 2020. The study depicted that decisions were generally influenced by aspects relating to safety, economics, infrastructural facilities and environment. The exogenous variables such as political instability and the level of crime rate in each destination are not vital determinants of tourist's choice of youngsters. Therefore, it can be implied that a uniform strategy for every age group will not be effective. However, the study will be more meaningful if a questionnaire based quantitative analysis can be done. But due to lockdown the study cannot do that. There is a scope for future studies considering in-depth analysis through preparing a questionnaire and taking responses from young generation of different districts of the country and based on the responses chi-square test and factor analysis can be done when COVID 19 problem will be eliminated.

Keywords: Tourism, young generation, Bangladesh, safety, infrastructure, economics.

1. Introduction

Expression of natural human instinct for experience, learning, and enjoyment can be defined as tourism. Tourism can be considered as one of the fastest-growing sectors in the economy employing around 225 million people and responsible for 11% gross domestic product (GDP) worldwide. Domestic tourism is rising rapidly now a day and predicted to be much higher than international tourism in the coming days. Many factors are accountable for this increase in the volume of the tourist flow, the surge in the number of high spending tourists, accelerated spread in the name of tourists geographically, pro-active government policies, and growing interest from investors. Domestic, outbound and inbound – call of the three kinds of tourism are facing

Appreciable positive growth and acting as catalysts in the socio-economic development of the country. Therefore, it would not be wise to underestimate the role of domestic travelers in the development process of tourism. As the key to the future of tourism in Bangladesh is held by local tourism, it is essential to evolve a development model for tourism accordingly. This is not only because of the sheer volume and revenue generation but also for its reliability, consistency, resilience, less volatility, and lower cultural impacts in contrast to international tourism.

For decades, the reasons for choosing a travel destination have been an essential area of study in the literature of tourism. "Push and pull" model (Crompton, 1979) is a well-known typology for understanding travel motivation. The breakdown of an individual's choice of a travel destination into two forces is the main logic of this model. Push factors are those that push an individual away from home and attempt to develop a general desire to go somewhere else, without identifying where that may be. Pull factors are those that pull an individual toward a destination due to a region-specific enticement or perceived attractiveness of a target (Lam and Hsu, 2006). These are the two forces of the famous model. According to Tribe (2004), while choosing between a range of destinations, goods, and services, tourists would like to maximize satisfaction. While, as per se of Stabler et al., (2010), tourists' preferences and their expenditure budgets are the critical determinants in the decision making process. Expenditure budgets are not as hard to analyze as tourists' preferences from an economic point of view. Additionally, social psychologists or geographers have analyzed the decision-making process more often. Focus on studies of motivation, tourist segmentation, and push and pull factors are followed by these researchers, while economists study tourists' preferences (Stabler et al., 2010). During deciding about their holiday and destination, many factors remain active that influence tourists. Horner and Swarbrooke (2007) stated that these factors could be internal, e.g., hobbies and interests, lifestyle, attitudes, past experiences, personality, etc. and external, e.g., word-of-mouth, promotions and offers, the climate, availability of suitable products, etc. it is essential for destination marketing and management to understand and analyze the decision-making process (Pearce, 2005). Law (1993) said that there could be several motives behind people visiting cities, and the probable reasons can be: visiting friends and relatives, business, exhibitions, cultural attractions, sightseeing, entertainment, shopping, evening activities, sports, and special events, etc. In the decision-making process, there are

several alternatives for fulfilling a wide range of tourists' experience expectations. This is why Kolb (2006) has mentioned the importance of creating promotional strategies that communicate the benefits of visiting a city during the second phase of the decision-making process. The needs and desires of a specific visitor group or segment must be the primary focus of the promotion of a city.

The purpose of this paper is to find out which factors influence young people during the decision-making process. The motive of analyzing tourist motivation and activities is to explore visitors' desires, wants, and needs. Destination developers will be benefited from the analysis result to understand target markets and improve the products, services, and activities arranged for the tourists. These kinds of tourist motivation studies should be rigorously used in developing products, promotions, and marketing strategies. Destination marketing and development is playing an essential role in both theoretical and practical tourism business. As global tourism markets become more and more competitive, improved quality of their products and services by many tourism destinations enhance competitiveness.

2. Literature review

A variety of merchandise and services is obtainable by every destination to draw in tourists. From the destinations' purpose of reading, it's vital to understand why tourists select or not select this destination and also the tourists' feelings concerning the place they visited. The theoretical and empirical proof on the causative relationship among the push and pull motivations, satisfaction. Destination loyalty is extended in many attempts to analyze traveller motivation (Yoon & Uysal, 2005). Tourists' choices square measure advanced varied options wherever the alternatives of various necessities square measure reticular. Dellaert, Etterma, and Lindh (1998) over that this relation evolves in a very call method over time. The crucial part of the travel decision-making method is traveller destination alternative, known in most studies of tourists' travel alternatives. A variety of psychological (internal) and non-psychological (external) variables influence the decision-making method. Specific actions in numerous stages of square measure enclosed during this method. A comprehensive qualitative review of the traveller decision-making literature has been provided by Sirakaya and Woodside (2005) that has integrated the most abstract and empirical work that has been revealed within the touristy literature thus far. They found that the destination alternative set model developed by Um and Crompton (1990) is less complicated and additional in theory and methodologically sound than the others in touristy call analysis. Here a 3-stage successive and funnel-like method is employed to work out a tourist's destination alternative. The composition of awareness set is formed of the initial associate set of destinations that a traveller is alert to at any given time, associate elicited set called late thought set, and final destination alternative. The elicited set generated from the notice set, and it consists of different destinations that individuals actively ask for info concerning other options to best meet their desires. Consistent with the selection set model, the goal ought to be enclosed in every alternative set stage to be eligible as a final destination. The standards that affect this method embody personal (push) factors, destination attributes (pull factors), and constraints.

Crompton and Ankomah (1993) prompt that one may use two or three criteria to scale back the number of alternatives from the notice set to the elicited set; otherwise, there may be too several attributes to check. Additionally, Lam and Hsu (2006) mentioned that the advanced decision-making method resulting in the selection of a travel destination had not been well researched. Past studies associated with destination alternatives primarily specialize in characteristic vital attributes moving destination choice; skilled judgment square measure the most ways (Goossens, 2000; Heung, Qu, & Chu, 2001; Kim & Prideaux, 2005; Kozak, 2002; Mutinda & Mayaka, 2012). These studies have contributed to several specific issues; the 5-point (or 7-point) Likert scale was used for rating the importance of every factor, and also the elements extracted square measure organized so as of decreasing variance, however very little has been learned concerning the relative importance of everyone by pairwise comparison. Nicolau and Más (2006) identified of traveller destination that distinguishes between varied approaches to the definition of traveller destination. Additionally to the on top of, the literature of destination alternative is targeted on the direct impact of destination attributes like costs and distance (Nicolau & Más, 2006), climate (Hamilton & Lau, 2004), quality, and rating (Goossens, 2000). What is more, a variety of studies were involved with personal pleasure motivations that influence the destination choice; but, empirical alternative literature has devoted very little attention to the impact of traveller motivations on the choice of destinations (Nicolau & Más, 2006). During this study, destination alternative is conceptualized as a Tourist's choice of a goal from a collection of other options; varied psychological feature factors set that choice. Determining the factors that influence people's alternative destination is crucial in developing applicable promoting ways. Further safety and security of the young generation is also very important to tour. Age, income, gender, temperament, education, cost, distance, status, risk, and motivation, etc., square measure factors that affect alternative destinations (Hsu et al., 2009) of those factors, travel motivation has been a crucial space of study within the touristy literature for many years. As motivation may be a dynamic idea, it should vary from one person to a different, from one market section to a different, from one destination to a different, moreover as from one decision-making method to subsequent (Uysal & Hagan, 1993). It's thus not stunning that the idea of motivation is taken into account as a component of market segmentation in touristy in several empirical investigations (Kozak, 2002; Yavuz, Baloglu, & Uysal, 1998; Zhang & Marcussen, 2007). Kozak (2002) offers an associate analysis of traveller motivations by examining British and German tourists WHO have visited Mallorca and Turkey. The findings show that non-public motivation and destination attributes ought to be used for destination positioning studies. Efforts to know the factors motivating tourists to go to a specific goal and the way seemingly it's to vary from those of different visiting other destinations might facilitate destination planners to line promoting approaches. It'll conjointly facilitate the goal to make a personality for promoting and differentiating its merchandise and services from those of competitive goals. One well-liked assortment for understanding travel motivation is that the push and pull model by Crompton (1979).

The push motivations are thought helpful for explaining the need for travel, whereas the pull motivations are considered useful for explaining the particular alternative of destination. Crompton (1979) identified seven socio-psychological (push) motivations (escape, self-exploration, relaxation, prestige, regression, kinship-enhancement, and social interaction) and two cultural (pull) motivations (novelty and education). Uysal and Jurowski (1994) summarized internal (push) and external (pull) motivators to travel. Internal motivators embody the need for escape, rest, relaxation, prestige, health and fitness, adventure, and social interaction. External motivators were supported the attractiveness of the destination, as well as tangible resources (beaches, recreational activities, and cultural attractions) and travellers' perceptions and expectations (novelty, profit expectations, and promoting image). In additional recent studies, researchers have more searching as a psychological feature characteristic of the destination (Hanqin & Lam, 1999; Sirakaya, Uysal, & Yoshioka, 2003). Oh, Uysal, and Weaver (1995) noted smart searching was thought-about as a pull item, associate attribute of the destination. There square measures still different vital factors like destination image, food, and safety. Milman and Pizam (1995) identified that destination image is that the visual or mental impression of a place control by the overall public. Goossens (2000) mentioned full the role representational process plays within the content of the pull force. Feeding is one of the foremost gratifying activities that tourists undertake throughout their holidays (Ryan, 1997). Quan and Wang (2004) found that food will act as either a primary or secondary trip motivation and adds price to the image of a destination. Safety is a primary concern for tourists (Middleton, 1994). Heung et al. (2001) found that security gave the impression to be the highest priority for each Hong Kong and Taiwan travelers. Travel motivation may be a multi-motive dimensional. Tourists typically have over one motive for selecting an exact destination; for instance, individuals will choose one goal with a purpose of relaxation in a charming, safe place combined with visiting a neighbourhood historical heritage.

Ali and Mohsin (2008) commented that the touristy trade ought to be comprised of accumulating all courses of action that potency and effectiveness within the strategic promoting are being needed. Ali and Parvin (2010) argued that motivation may be a dynamic and versatile variable. The people's republic of Bangladesh ought to be a beautiful traveller destination composed of various factors for touristy like scenic beauty, archaeological, historical, cultural, business, spiritual and medical facilities, etc. The design of a motivation list should be versatile enough to include only changes across the life-span and take into account the results of broad cultural force on traveller motivation (Pearce, 1993). "Mainly choosing countries that are famous for their physical attributes and cultural interactions. Several pointed out beautiful nature, cultural heritage and sea & sun. Dream travel destinations are chosen as they offer destination-oriented and socially-oriented attributes." (Lončarić et al. ,2019). ILO(2020) represented that COVID-19 has dramatically altered the touristy sector, and square measure currently in a very significantly vulnerable position as governments have mandated the closure of all non-essential businesses, and plenty of firms have had no alternative,

however, to minimize their in operation prices briefly. The impact on touristy enterprises and staff, the bulk being young girls, is new, as mentioned within the ILO sectoral temporary.

3. Methodology

In this paper, young people are defined as students between 18 and 35 years old who are currently studying. The research question is 'reasons for the young generation to decide their travel destination?' The main goal of this study was to explore which reasons influence young people from Bangladesh, and the results revealed some factors among which safety seems to be the most influential factor. This study is mainly conceptual nature based on subjective judgment and used as a tool to collect information from the secondary sources, analyze, and interpret them. The research is done during the pandemic situation in Bangladesh along with the globe due to COVID19. Time period of the study is from March 27, 2020, to June 27, 2020, for which the study did not do any survey. Exact secondary sources will be mentioned. As the study intends to see why young people desire to tour, the study will be more fruitful if it contains a question answer based research work. But COVID 19 under pandemic situation created problem for doing the quantitative research work. Maintaining social distance under lock down was created problem for the study to do in the realistic manner based on primary sources by forming a questionnaire. As such the study is qualitative nature and based on secondary sources.

4. Analysis of the findings

Good quality travelling and cheap accommodation may be important factor. Accommodation costs represent a large portion of travel expenses, so, understandably, this item is the may be dominant factor. One of the essential items is also hospitality, which can perhaps, in this case, be related also to good food and snacks. Hospitality has always been highly valued as they always treated guests and visitors kindly and with pleasure. Most people in the past and also today were raised and taught since they were children to be polite and kind to guests and visitors and treat them with the utmost respect and make them feel as comfortable as possible during their stay. This always implied plenty of good food and drinks and a pleasant company. Bangladeshi people are raised in an environment that values these elements very highly and considers them as usual and expected. But recently values, morality and ethics are decreasing in the money centric society.

Recent news shows that while traveling in Cox'sBazar with her friends took drug and died.(Source: <https://bdnews24.com/bangladesh/2019/12/23/young-woman-from-dhaka-dies-in-coxs-bazar-friend-arrested,viewed> on 1st June,2020). This sort of incident will prevent parent to give permission and to discourage young generation to go outside. Another incident I want to draw attention in Bangladesh was happened that a female tourist was reportedly raped by a jeep driver at Parjatan Motel Megla in Bandarban town on 25th February,2019 night(Source:<https://www.dhakatribune.com/bangladesh/crime/2019/02/27/tourist-allegedly-raped-in-bandarban>, viewed on 1st June,2020).Female travelers need to get proper security and respect from

local people. According to <https://www.gov.uk/foreign-travel-advice/bangladesh/safety-and-security> that” Teknaf currently sees the highest level of drug related gang violence across Bangladesh, with frequent murders and shooting incidents between the gangs and law enforcement agencies”(viewed on 1st June 2020). Young generation of the country should not work as a drug carrier or taking drug in any time especially during travelling.

Destination attractiveness and infrastructural facilities are important factor for a visit. This factor is somewhat related to the city destination ambiance and environment as well as its offer of natural and cultural heritage attractions. The most dominant item here is weather, meaning that young people prefer visiting cities during spring and summer when it is warmer and with less rain which gives them more possibilities for various activities. This coincides with the fact that most city-break tours are organized during the spring and summer months. The other two items, nature and cultural heritage, are related to the city ambiance and surrounding environment as well as cultural heritage attractions and such elements as architecture, monuments, museums, and similar cultural institutions. The majority young people may prefer a more sophisticated city destination with a variety of attractions, both natural and cultural, over a goal with less or only one type of magnetism.

Finally, the discussion indicates that available and low-cost vacation may have significant influence on the visit of town destinations. This issue is usually associated with transport and also the chance to book everything online. The flexibility to book everything online is somewhat vital as a result of most of the youngsters in Bangladesh typically still like travel agents and avoid re-booking. Most youngsters are a touch passive and don't wish to take a while and explore transport and accommodation potentialities by themselves and like this to be done by professionals even though it should price a touch additional however it saves them a while and offers them sense of security as most of them typically have more trust in travel agencies than themselves. However, this is often slowly dynamic, and e-booking is obtaining more and more fashionable here because it is within the remainder of the planet. The influences on the young generation decisions are a political instability may be an important causative factor. In the selection of destination the motivations thought of most vital area unit the invention of latest cultures, safety, security, the discovery of adequate landscapes, contemplation of natural and inventive heritage, contact with area people, contact with nature; In the selection of accommodation value is that the most influential cause-issues additional relevant to property, just like the actual come back and profit to the area people from business, area unit thought of very little importance by the bulk of respondents; In the selection of a tour operator value is that the most critical issue ; the security of the journey and also the organization also are incredibly important; and environmental protection and even the involvement of native guides, to be quite vital. Most young tourists may like native food, adapt the maximum amount as they'll to the traditions and customs of the place during which they're holidaying, attempt to study their destination before motion, would be willing to be concerned in events organized by the area people and to act with it, demonstrate interest within the protection of the credibility of the destination, notwithstanding this implies going while not

sure comforts, resolve the way to shield the native surroundings and scale back waste, and area unit involved to make sure that their defrayal advantages the native population. However, ILO (2020)'s observation concerning the business sector is below lock down the state of affairs in Bangladesh is applied.

5. Conclusions and implications

Young generation wanted to relax based on entertainment with adventure. Good quality travelling and cheap accommodation at a cheap price may be important factor to decide to tour. For adventurism young generation should refrain from taking drug, concern about safety and security . The main limitation of the analysis relates to conceptual discussion solely attributable to the pandemic state of affairs based on secondary sources. Future works ought to take away this disadvantage by investigating, a modest range of sample sizes at entirely different locations of the country representing young generation when the pandemic state of affairs is over. Besides, a questionnaire has to be improved to raised answer the analysis queries. In terms of analysis implications, this paper may be a place to begin for additional studies by providing an understanding of traveling patterns of Bangladeshi youth supported by relevant articles. Findings from this study will aid to each travel operators and repair suppliers at traveler destinations. For travel operators, they need an understanding of what tourists concern about once buying a business package. They'll base on this info to style appropriate packages those higher meet customers' necessities. Therefore, travel agencies ought to specialize in satisfying customers rather than reimbursement an excessive amount of effort on promoting as a result of once their customer's area unit is happy; their status can mechanically be improved through word-of-mouth assisting. For service suppliers, they ought to guarantee an exact level of security as a result of safety is that the most involved issue by tourists. If they can be provided safety and security, therefore, they'll be ready to attract additional and additional young travelers visiting the destination wherever they are doing travelling business. However, young generation should be refraining from taking any drug or they should not be victimized by any person or group. There is an extent for prospective studies considering in-depth analysis through preparing a questionnaire and taking replies from young age group of diverse districts of the country and based on the responses chi-square test and factor analysis can be done when COVID 19 crisis will be get rid of. Overall, there ought to be in-depth cooperation between travel operators and repair suppliers at the goals if they require creating a long-run relationship with customers.

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**FACTORS DETERMINING THE CONSUMPTION OF PASTEURIZED MILK
WITH SPECIAL FOCUS ON RECENT ANTIBIOTIC SCANDAL: A STUDY ON
DHAKA UNIVERSITY STUDENTS**

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Abstract

Milk consumption is one of the basic food habits that a person consumes for proper calcium and phosphorous required for the healthy growth of bones and teeth. It is also an essential ingredient for the growth and proper functioning of the body. However, a recent report published by DU professor ABM Faroque on the presence of antibiotics in pasteurized milk has brought about this topic in limelight. Consumers are now showing diversified consumption attitudes towards consuming pasteurized milk. This study has tried to analyze the factors that affect the consumption of pasteurized milk. For this, the consumption frequency has been selected as the outcome variable and the determinants of milk consumption (family income category and strength of belief on antibiotic scandal report) have been measured on the identified outcome variable. Interestingly, this study has found an inverse relationship between the family income category and the consumption of pasteurized milk. The estimated result with the Ordinary Least Square (OLS) method for the family income category indicates that if a person graduates from one income category to another then milk consumption decreases by .254 unit. This study also found a negative relationship between the consumption of pasteurized milk and the strength of belief in this report and this result matches our expectation. Therefore, concluding remarks is that believing this report has a significantly negative impact on the pasteurized milk consumption of Dhaka university students.

Keywords: Pasteurization, Antibiotic scandal, Whole milk, Semi-skimmed milk, Food contamination

1. Introduction

Milk has been considered as a great source of calcium and phosphorous required for the healthy growth of bones and teeth. For proper development, it is recommended that a person requires 200-250 ml of milk or 15-20 gram milk powder (DATABD.CO, 2019). However, in Bangladesh, per capita per day milk consumption stands only 27.31 ml, states HIES- in its 2016 survey report. In Bangladesh, the per capita per day milk consumption was 33.7 ml in 2010, and 32.4 ml in 2005, according to the two data of HIES published in the aforementioned years. It has been completely transparent the consumption of milk is decreasing year after year. The reason is the inadequate supply of dairy milk to the doorstep of consumers, mixing unhygienic substances to milk for making a profit, increasing the price of the milk, inappropriate preservation process to preserve milk, etc. To meet the excessive demand, marketers come up with pasteurized milk that has been heated to a specified temperature (generally 63°C) and time to kill pathogens that may found in the raw milk. This pasteurized milk has been trying to grab the milk market in Bangladesh with a promise to provide adequate calcium and phosphorus required for the healthy growth of a person. Nevertheless, a recent study conducted by Professor ABM Faroque, former director of the university's Biomedical Research Centre confirmed that all of the milk in the market contained with the traces of antibiotics that leads to a change in the attitudes of consumer towards consuming pasteurized milk.

1.1. Background of the research

Recently, Professor ABM Faroque in collaboration with Dhaka University's Pharmacy Faculty and Biomedical Research Centre has published a report on pasteurized milk. The researchers have found antibiotics in seven samples and detergent in three samples of pasteurized milk mostly sold in the kitchen market. This continuous consumption of this milk might mean that antibiotics will not work in your body when you need them for serious infection. Currently, the high court has suspended pasteurized milk production of 14 companies for 5 weeks (Dhaka Tribune, July 28th 2019). This phenomenon may have a severe impact on the consumption of pasteurized milk and consumers' preference and attitudes towards pasteurized milk may deteriorate shortly.

1.2. Objectives of the study

Broad objective: The broad objective of this study is to measure the factors that determine the consumption of pasteurized of Dhaka University students, specifically to those who reside at the hall, due to the recent antibiotic scandal.

Specific objectives: This research is conducted to achieve some specific objectives and purposes. These objectives are the following:

- To discuss the consumption pattern of the respondents towards pasteurized milk.
- To analyze factor that determines the consumers' and purchasing behaviour and consumption.

- To get into the problems faced by the respondents while consuming pasteurized milk.
- To examine the socio-economic profile of the students which are stimulating factors that determine the level of milk consumption of a student.
- Finally, to offer suggestions for the development of the pasteurized milk industry that enlightens the level of customer expectation.

1.3. Study question

This study will be conducted based on some research questions:

- What are the most important factors that influence consumer milk consumption?
- What is the impact of the recent antibiotic scandal on pasteurized milk consumption?
- Which factor does a consumer consider most importantly while purchasing pasteurized milk?
- How a milk producer can ensure the quality of milk according to the need of the consumer?

1.4. The rationale of the study

Milk consumption is always the priority for fulfilling the need for nutrition in our daily life. However, if this prime source of nutrition encounters the threat of adulteration (alloying antibiotics and detergents) then, certainly, our life is at stake. The recent antibiotic scandal has myriad impacts on conscious citizens including the choice of selecting milk as a source of nutrition. A significant portion of the milk consumer is students. They are literate and conscious about the hygienic factor of the food that they are consuming. So, the factors that determine the consumption of pasteurized milk of the students must be researched.

2. Literature review

Pasteurized milk is a raw milk that has been heated to a specified temperature (generally 63°C) and time to kill pathogens that may be found in the raw milk (HealthlinkBC, March 2016). Pathogens are microorganisms such as bacteria that make us sick. This pasteurization of milk has regarded as one of the most used tools for preserving milk for further consumption. Recently, a study, conducted by Professor ABM Faroque, former director of the university's Biomedical Research Centre confirmed that all of the milk in the market contained the traces of antibiotics. The researchers collected 10 new samples for testing, among them four samples contained with antibiotics and detergents, and the others contained with antibiotics. Confirming the findings, the pharmaceutical technology teacher told, "The same team of researchers, conducted tests on samples of the same milk brands collected from the same place. We also used the same apparatus from the last round of tests (bdnews24.com, 13th July 2019)."

This incident has myriad impacts on the consumption of pasteurized milk especially on health-conscious citizens including students. Their attitudes and perceptions may deteriorate towards milk. The residential students of the University of Dhaka, who are living in the hall, were used to drinking pasteurized milk from the packet directly without boiling are now tensed about their health issues. However, the gap between their perception and the perception of the pasteurized milk produces is enlarging which needs to be studied immediately for resolving these problems.

2.1. Research hypothesis

The hypotheses that have derived from the research questions include:

H0: Recent antibiotic scandal has no impact on pasteurized milk consumption

H1: Recent antibiotic scandal has a great impact on pasteurized milk consumption

2.2. Conceptual framework

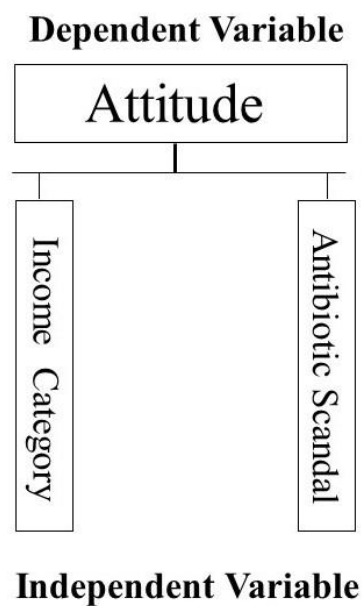


Figure 1. Research Variable

3. Research methodology

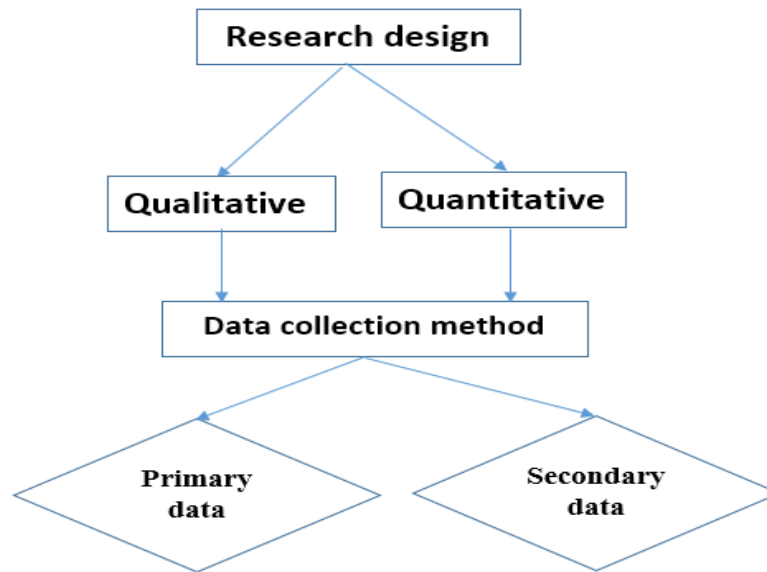


Figure 2. Research methodology at a glance

To analyze the data two types of research methodologies will be used in this paper. The Quantitative approach focuses more on numeric and accurate data and the qualitative approach focuses on non-numeric and qualitative data. Between the philosophy of anti-positivism and positivism, the positivism philosophy will be used here to attain the objectives and to get the result.

3.1. Research technique

Collecting, measuring, and evaluating research data for solving relevant problems and integrating all other factors research technique is used (Wheeler, 2003). This study was designed descriptively and all information was discussed from both qualitative and quantitative point of view. The information has been collected by conducting an online survey and related survey data to measure students' attitudes towards pasteurized milk consumption.

3.2. Population

Dhaka University students' especially those who reside at the hall were the target population for this study. The population includes both the male and female respondents.

3.3. Sampling frame

As a survey has been conducted online for accomplishing this study and most of the respondents are from Dhaka University, so certainly the sampling frame was so limited in this area. This sampling frame consists of a list or set of directories of those students who reside at the University hall and possess the information needed for this research.

3.4. Sampling technique

The sampling technique that has been used in this research is a simple random sampling that falls under the umbrella of the probability sampling technique. Because all the students of Dhaka University have an equal chance of being selected as respondents.

3.5. Sample size

The sample size for this study is around 70 who are finally selected for the study. It states that each sample represents the population characteristics.

3.6. Variable of the study

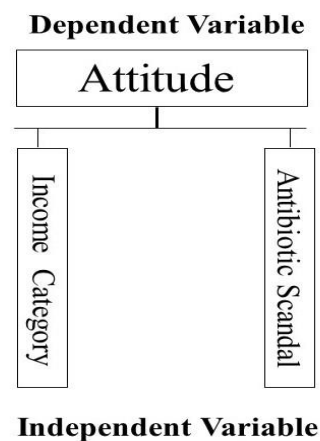


Figure 3. Research Variables

This research tries to measure the factors that determine the consumption of pasteurized milk that depends on strength of belief on the recent antibiotic scandal and family income category of the respondents. This consumption frequency is identified as the dependent variable and the family income category and the strength of belief of the respondents have identified as the independent variable. Our purposes are to see how much consumption changes due to the changes in the income category of the respondents and the strength of belief of the respondents on the recent antibiotic report.

3.7. Questionnaire design

The questionnaire has designed based on the literature review and relevant information that is needed for conducting the research. Question-wording has chosen carefully and all the biased and unambiguous questions have avoided as far as possible. Likert scale is also used in this paper so that the respondents can answer perfectly by taking into account their positive and negative feelings regarding pasteurized milk consumption.

3.8. Online survey and data collection

An online survey has been carried out to collect data from the respondents. Around 70 respondents have participated in that survey. An Online survey has chosen because of its easiness to collect data with little time and cost. These 70 respondents are somehow consume pasteurized milk and they have shown different attitudes towards consuming pasteurized milk. Their responses have recorded accurately for further research analysis.

3.9. Tools used for data analysis

Data has been analyzed in tabular form, percentage form with appropriate graphs and charts. To reach in conclusion about consumer attitude towards pasteurized milk and the impact of the recent antibiotic scandal on milk consumption, This study has used

- Regression Analysis
- Hypothesis Analysis
- Graphical Presentation

4. Data analysis and findings

4.1. Gender of the respondents

Out of 70 respondents, 44 were male and 26 were female.

Table 1. Frequency distribution of gender

Gender	Frequency	Percent
Male	44	64%
Female	26	36%
Total	70	100%

4.2. Econometric specification

The estimated model will be a multivariate model with two explanatory variables. The model can be specified as.

$$Y_i = \alpha + \beta_1 X_{1i} + \beta_2 X_{2i} + \varepsilon_i$$

Here Y_i is the dependent variable, which indicates how often a respondent consumes pasteurized milk. The variable takes five values as follows

$Y_i=1$ if the respondent consumes milk once a month

$Y_i=2$ if the respondent consumes milk once in a week

$Y_i=3$ if the respondent consumes milk three times a week

$Y_i=4$ if the respondent consumes milk daily

$Y_i=5$ if the respondent consumes milk twice a day

The two explanatory variables are as follows.

X_{1i} = Family income category.

Which takes five values depending on which income category the family of the respondent belongs .

$X_{1i}=1$ if the i^{th} individual belongs to the lower-income category.

$X_{1i}=2$ if the i^{th} individual belongs to the lower-middle-income category.

$X_{1i}=3$ if the i^{th} individual belongs to the middle-income category.

$X_{1i}=4$ if the i^{th} individual belongs to the upper-middle-income category.

$X_{1i}=5$ if the i^{th} individual belongs to the higher income category.

X_{2i} = Strength of belief on the antibiotic scandal

$X_{2i}=1$ If the i^{th} individual strongly disagrees with the report on the antibiotic presence in pasteurized milk

$X_{2i}=2$ If the i^{th} individual disagrees with the report on the antibiotic presence in pasteurized milk

$X_{2i}=3$ If the i^{th} individual be Neutral with the report on the antibiotic presence in pasteurized milk

$X_{2i}=4$ If the i^{th} individual strongly agree with the report on the antibiotic presence in pasteurized milk

$X_{2i}=5$ If the i^{th} individual strongly agree on the with a report on the antibiotic presence in pasteurized milk

And finally.

ε_i = Stochastic error term

4.3. Coefficient analysis

Table 2. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		

1	(Constant)	4.526	.736		6.153	.000
	family income category	-.254	.179	-.171	-1.419	.160
	strength of belief on antibiotic scandal	-.288	.138	-.251	-2.087	.041

a. Dependent Variable: milk consumption frequency

Explanation:

Constant $\alpha = 4.52$ indicates that even without any income and if no antibiotic scandal occurred the consumption of pasteurized milk will be 4.526

This study is expecting a positive correlation between family income and the consumption of pasteurized milk. Because it is common that higher-income indicates higher purchasing power and higher purchasing power induces the consumer to consume more milk. However, the estimated coefficient of family income variable X_1 ($\beta_1 = -.254$) indicates that there is an inverse relationship between the family income category and consumption of pasteurized milk. The value indicates that if a person graduates from one income category to another then milk consumption decreases by .254 unit. This can happen because higher income works as proxy variables of health consciousness and a health-conscious person thinks twice before purchasing pasteurized milk because of recent occurrence. This study can say that for every rise in family income category, .254 unit will decrease the consumption of pasteurized milk.

Recently DU professor ABM Faroque has published a report on the antibiotics in pasteurized milk. The expectation is that there is a negative correlation between the consumption of pasteurized milk and the strength of belief in that report. Because we know that the higher the strength of belief on that report the lower the consumption of milk. However, the estimated coefficient of the strength of belief variable X_2 ($\beta_2 = -.288$) indicates that there is a negative correlation between the consumption of pasteurized milk and the strength of belief on this report. So this result matches our expectations. This study can say that for every level increase in the strength of belief the consumption will decrease by .288 unit.

The standard error of $\alpha = .736$ indicates that the error rate is not very significant as it is close to zero. The standard error of $\beta_1 = .179$ indicates that the error rate is not very significant as it is close to zero. The standard error of $\beta_2 = .138$ indicates that the error rate is not very significant as it is close to zero.

The t ratio value of α and β_2 will give us an indication of the significance level. If the calculated t value is greater than 2.56 and -2.56, then as a rule of thumb it will be rejected at a 5% significance level. Here

the t ratio value of α and β_2 serially are 6.153 and -2.087, which means that all the value is greater than 2.56 and -2.56 and all the value is significant. So, reject the null hypothesis.

Again the p-value of β_1 is 0.16 which is greater than .05. So, the coefficient of β_1 is not significant and do not reject the null hypothesis.

4.4. Model summary

Table 3. Model summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.343 ^a	.118	.091		1.336

a. Predictors: (Constant), the strength of belief on antibiotic scandal, family income category

Explanation:

The value R= .343 explains that there is a moderately negative correlation between the consumption of pasteurized milk and the income level & strength of belief on the antibiotic scandal. It has happened because This study has seen that there is an inverse relationship between family income and the consumption of pasteurized milk.

The value R Square=.118 indicates that a 12% variance of consumption of pasteurized milk can be explained by the independent variable of the strength of belief on antibiotic and family income.

4.5. ANOVA

Table 4. ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15.923	2	7.962	4.462	.015 ^b
	Residual	119.562	67	1.785		
	Total	135.486	69			

a. Dependent Variable: milk consumption frequency

b. Predictors: (Constant), the strength of belief on antibiotic scandal, family income category

From the ANOVA table, it can be seen that the significance value (.015) is smaller than 0.05 (significance level). As the value is smaller than the significance level, therefore null hypothesis is rejected. So this study can say that the recent antibiotic scandal has a great impact on pasteurized milk consumption

H0: μ_1 = Recent antibiotic scandal has no impact on pasteurized milk consumption (Rejected)

H1: μ_2 = Recent antibiotic scandal has a great impact on pasteurized milk consumption (Accepted)

4.6. Types of milk respondents consume

Whole Milk is a kind of milk in which no constituent has been removed. Interestingly, most of the students love to drink whole milk although it contains fat. Around 48.50% of the respondents drink whole milk. They drink this milk from the little mobile shop or hawker who is used to sell milk in front of their hall. The next kind of milk students usually drink is fermented milk. Fermented milk refers to those milk that has been fermented with lactic acid bacteria such as Lactobacillus, Lactococcus, and Leuconostoc. Around 16.70% of students drink fermented milk. Although powder milk is most popular among the children still the younger people love to drink powder milk. They usually drink powder milk by mixing it up with tea. Around 16.70% of students drink powder milk. Skimmed milk refers to those milk from where all the milkfat has been removed. Around 9.10% of students drink skimmed milk and 7.60% of students drink semi-skimmed milk.

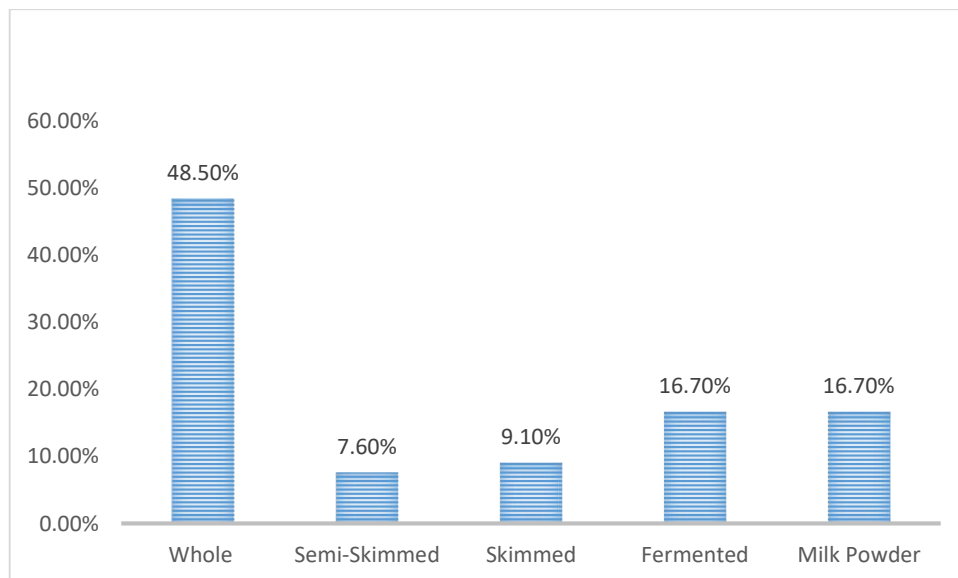


Figure 4. Types of milk respondents consume

4.7. Milk consumption frequency

Table 5. Milk consumption frequency

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	once a month	24	34.3	34.3
	once per week	13	18.6	52.9
	three times a week	14	20.0	72.9
	Daily	11	15.7	88.6
	twice in a day	8	11.4	100.0
	Total	70	100.0	

This milk consumption frequency states how many times a consumer consume 200ml of milk. This study found that around 11.4% of respondents consume twice 200ml milk at breakfast and dinner that represents a small portion of the respondents. Around 15.7% of respondents consume daily 200ml of milk. They show moderately positive attitudes towards pasteurized milk. Around 20% of consumers consume 200ml of milk three times a week. Around 18.6% of consumers consume 200ml milk once in a week. They show a moderately negative consumption frequency. The big portion 34.3% of consumers consume 200ml once in a month. That means they show a negative response towards pasteurized milk. They are not intentional milk consumers rather they are accidental milk consumers.

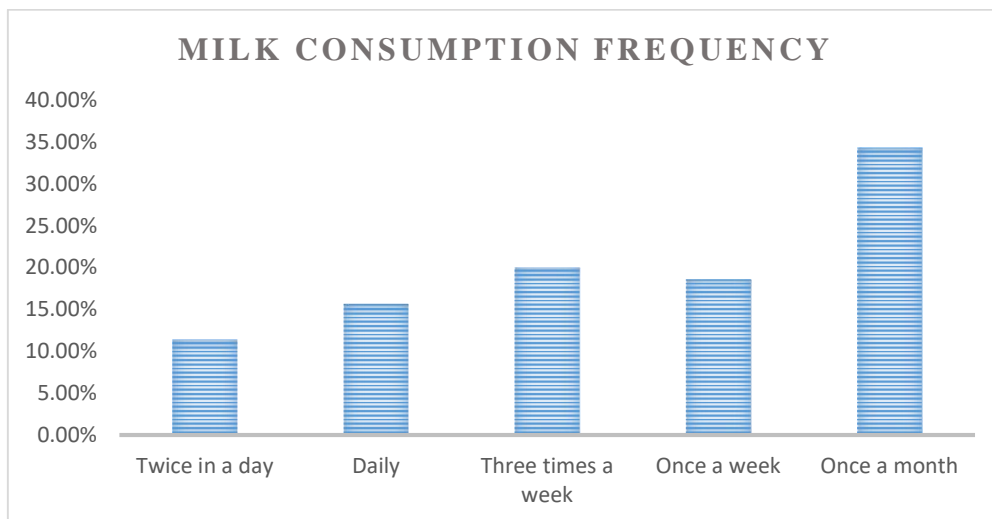


Figure 5. Milk consumption frequency

4.8. Family income category

Table 6. Frequency distribution of income

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	lower income	2	2.9	2.9

lower middle income	6	8.6	8.6	11.4
middle income	7	10.0	10.0	21.4
\upper middle income	41	58.6	58.6	80.0
higher income	14	20.0	20.0	100.0
Total	70	100.0	100.0	

This study is assuming 15000-25000 Taka as the lower-income family. Here only 2.9% of the respondents belong to the lower-income family. Taka 25000-35000 is assuming as the lower-middle-income family. Here 8.6% of the respondents belong to the lower-middle-income family. Taka from 35000-45000 is assuming as the middle-income family. Around 10% of the respondents belong to the lower-middle-income family. Taka from 45000-55000 is assuming as the upper-middle-income family. Most of the respondents that are around 58.6% belongs to this family income category. Those respondents whose family earning more than 55000 BDT belong to the higher income category. Around 20% of respondents belong to this higher-income family.

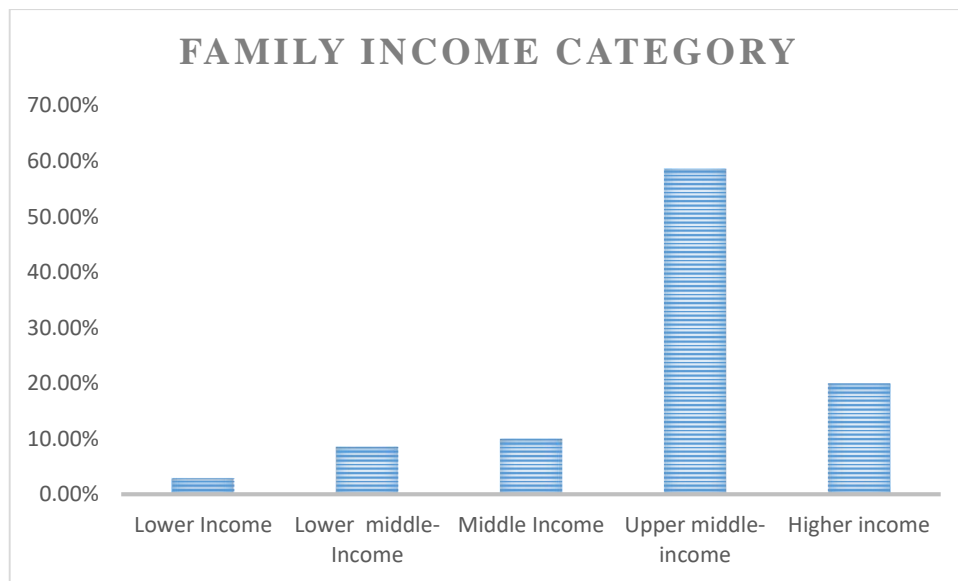


Figure 6. Family income category

4.9. Strength of belief on antibiotic scandal

Table 7. Strength of belief on antibiotic scandal

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	7	10.0	10.0	10.0

disagree	3	4.3	4.3	14.3
neutral	20	28.6	28.6	42.9
agree	21	30.0	30.0	72.9
Strongly agree	19	27.1	27.1	100.0
Total	70	100.0	100.0	

Those who strongly disagree with the report of Professor ABM Faroaue on antibiotic milk scandal has less strength of belief on the report and they continue their milk consumption even though the antibiotics have been found. Around 10% of the respondents strongly disagree with the report. Around 4.3% of the respondents disagree with the statements which means they have no belief in the report. Around 28.6% of the respondents are neutral which means they have no knowledge about the antibiotic scandal or they do not want to show any concern towards it. Around 30% of the respondents agree with the statements and they have believed in the report. They think that the antibiotics have really been found in pasteurized milk. Those who strongly agree with the statements have high strength of belief on the report and they will show negative consumption frequency towards consuming pasteurized milk. This portion represents around 27.1% of the respondents.

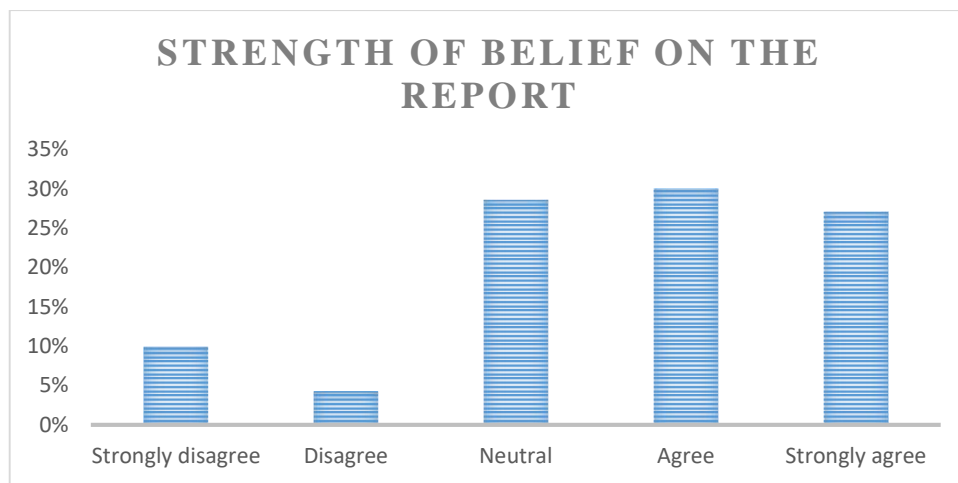


Figure 7. Strength of belief on the report

4.10. Findings

Constant $\alpha = 4.52$ indicates that even without any income and if no antibiotic scandal occurred the consumption of pasteurized milk will be 4.526

The estimated coefficient of family income variable X_1 ($\beta_1 = -.254$) indicates that there is an inverse relationship between the family income category and consumption of pasteurized milk. The value indicates that if a person graduates from one income category to another then milk consumption

decreases by .254 unit. This can happen because the higher income works as proxy variables of the health consciousness and a health-conscious person thinks twice before purchasing pasteurized milk because of recent occurrence.

The estimated coefficient of the strength of belief on antibiotics variable X_2 ($\beta_2 = -.288$) indicates that there is a negative correlation between the consumption of pasteurized milk and the strength of belief in this report. Therefore, this result matches our expectation. It can be said that for every level increase in the strength of belief the consumption will decrease by .288 unit.

From the ANOVA table, it could be stated that the null hypothesis is rejected as the value of significance level (.015) is smaller than 0.05. Therefore, this study can say that the recent antibiotic scandal has a great impact on pasteurized milk consumption.

5. Discussions

In a shocking revelation, the Bangladesh Food Safety Authority (BFSA) claims to have lead beyond permissible limits in 11 out of 14 pasteurized milk samples of as many brands, approved by the Bangladesh Standards and Testing Institute (BSTI). The 11 brands are Milk Vita, Dairy Fresh, Igloo, Farm Fresh, Aftab Milk, Ultra Milk, Aarong Dairy, Pran Milk, Ayran, Pura, and Safe (Dhaka Tribune, 16th July 2019). Again another study, conducted by Professor ABM Faroque, former director of the university's Biomedical Research Centre confirmed that all of the milk in the market contained the traces of antibiotics. The researchers collected 10 new samples for testing, among them four samples contained with antibiotics and detergents and the others contained with antibiotics. Confirming the findings, the pharmaceutical technology teacher told, "The same team of researchers, conducted tests on samples of the same milk brands collected from the same place. We also used the same apparatus from the last round of tests (bdnews24.com, 13th July 2019)."

This type of report has a a great impact on the consumption of pasteurized milk. Because people are more health-conscious nowadays especially the educated section of the consumer. They used to take care of what they are consuming. From this literate section, especially the students of the University of Dhaka, This study has tried to measure perception and factors that determine the consumption of pasteurized milk.

To understand the factors that determine the consumption of pasteurized milk This study has selected the two explanatory variables. They are the strength of belief on the antibiotic scandal report and family income category of the individual respondents. This study has tried to regress these explanatory on the dependent variable that is the consumption frequency of the respondents. After analyzing those data

this study has found that the estimated coefficient of family income variable X_1 ($\beta_1 = -.254$) indicates that there is an inverse relationship between the family income category and consumption of pasteurized milk. This study is expecting a positive correlation between the family income category and the consumption of pasteurized. Because the higher income indicates the higher purchasing power of the consumers. But the coefficient of the family category variable is negative which indicates that if a person graduates from one income category to another then milk consumption will decrease by .254 unit. This has happened because the higher income of a respondent does not always mean that he/she will purchase more. The Higher-income sometimes works as a proxy variable of health consciousness and obviously, a health-conscious person used to purchase selectively especially those items, which has a direct impact on their health. Another explanatory variable that This study has taken is the strength of belief on the antibiotic scandal report published by DU professor ABM Faroque. This has been taken as an important determining factor because professor Faroque is a public figure and he is a storehouse of trust to the consumer. This study is expecting the more a respondent trusts on the report the less he is going the purchase the pasteurized milk. However, the estimated coefficient of the strength of belief variable X_2 ($\beta_2 = -.288$) indicates that there is a negative correlation between the consumption of pasteurized milk and the strength of belief on this report. This value matches our expectations. Thi study can say that for every level increase in the strength of belief on the report the consumption will decrease by .288 unit.

In this research, This study has included two variables to understand the factors affecting the consumption of pasteurized milk. They are the recent antibiotic scandal and the family income category of the respondents. However, it needs to be clarified that the consumption of milk does not depend on only these two variables. There are other variables that can affect the consumption of pasteurized milk of a respondent. They can be health consciousness of the respondents, whether in which condition the milk will consume, the price of the milk, the availability of the milk etc. It was not possible for us to include all the variables within my studies because of the limited time.

6. Conclusion

Milk consumption is one of the basic food habits that a person consumes for proper calcium and phosphorous required for the healthy growth of bones and teeth and it an essential ingredient for the growth and proper functioning of the body. But the recent antibiotic scandal has brought this topic on the lime-light as this has a great impact on the consumption of milk. The purpose of this study was to measure the impact of these factors on the consumption of pasteurized milk. This study will help marketers to understand what factors a consumer consider while purchasing pasteurized milk and what steps they can take to reduce the negative impact of the recent antibiotic scandal. Marketers also can gain proper insight about frequency, types and considering factors about the respondents' consumption

behaviour. Marketers will get to know that the coefficient of family income variable indicates that there is an inverse relationship between the family income category and consumption of pasteurized milk and a negative correlation between the consumption of pasteurized milk and the strength of belief on this report.

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