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Editorial note

This is our first edition of the 'Journal of Academic Reviews'. We have a wide variety of Journal-articles presented in this issue. The first article analyses the relationship between total executive compensation (basic pay, bonuses, and long term incentive plan) and social performance for some of the largest companies in the UK. The evidence provided in this paper shows that the most socially responsible firms in the UK, according the ranking in the FTSE4GOOD index, still engage in practice that are contrary to some basic principles of good corporate responsibility. Subsequently, the second paper discusses about business ethics and government regulations mainly in the UK. It raises serious question in respect to ethical behaviour of the businesses and the effect to the wider community.

The third paper explores the pricing strategies of restaurants. This theoretical paper explains the relationships between Product Life Cycle and the pricing strategies. The restaurants can adopt these various types of strategies to sustain longer in the current market-place. The fourth paper is on the 'Massive Open Online Course' (MOOC), one of the progressive tools which are considered as an innovation in the field of online learning. MOOCs are the significant development in education. They are flexible and free for users and are available to vast audiences. The fifth paper deals with the Health and Safety *Vs* the company's management issues. The paper brings pragmatic examples to support or decline discussions.

On the behalf of the editorial board, I would like to thank all the contributors and supporters to make this first issue happen. This would be a bi-annual Journal, which may later attract papers from a variety of disciplines including the current ones. The academic, administrative, students and the wider audience would benefit reading this Journal. Next time I would encourage more on the student-lecturer's partnership-papers to broaden our horizon. Hopefully you would find this particular issue educational and to bring our understanding further.

Sincerely

Dr. S. Hazra

Editor in Chief

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A Primer on the Relationship between Executive Pay and Social Performance

By

Mr. Yannick T. Fansi

Abstract

This paper analyses the relationship between total executive compensation (basic pay, bonuses, and long term incentive plan) and social performance for some of the largest companies in the UK. It uses the ranking in the FTSE4GOOD index as a measure of good Corporate Social Responsibility (CSR) and compiles average pays for the highest paid executives the selected companies. The evidence shows that there appear to be a link between CSR and total executive compensation: the highest paid executives are in the highest ranked socially responsible firms. However, the research also shows that it is questionable to rely on the FTSE4GOOD index as a measure of CSR seeing from recent scandals in bribery and tax evasion that the companies selected in this study faced.

Keywords: *FTSE4GOOD, total executive compensation, CSR, social performance*

Introduction

Public protest against executive compensation has been gaining ground in recent year as substantial executive compensation in the banking industry has been perceived as a major factor in excessive risk taking amongst bank executives. However there is little evidence in the literature that such risk taking behaviour may have been a possible source of the 2008 financial crisis. Since then, several propositions have been put forward in attempts to redesign executive compensation packages. Amongst these propositions, section 19A 3.37 of the Remuneration Code (2014) advises companies to use non-financial metrics as a significant part of the performance assessment process (for remuneration purposes). Another recent study by Tse et al. (2014) suggests that future research should focus on the economic and management of the relationship between executive compensation and corporate performance, as well as on ethical dimension of executive compensation and corporate performance.

This paper analyses the relationship between executive compensation and social performance as measured by CSR for a sample firms in the UK.

The Relationship Between Executive Compensation and Social Performance

Recent efforts to improve corporate governance in firms have focused on executive compensation over the recent years. There have been some concerns over the use of financial performance alone to determine executive compensation and the magnitude of this association, although unclear in the literature has fuelled public discontentment. Subsequently, recommendations were made to include non-financial metrics in determining executive compensation. The Remuneration Code (2014) for example, states that poor risk management or other behaviour contrary to firms values can pose significant risks for a firm and should override metrics of financial performance in assessing executive performance. Furthermore, Tse et al. (2014) suggests that firms should take ethics into consideration when designing an incentives structure.

Taken together, the recommendations of the remuneration code (2014) and Tse et al (2014) clearly demonstrate that ‘good management performance’, - *increase in remuneration*, for this matter, is still benchmarked against the financial performance of the business to a greater extent.

Assuming that poor risk management, ethics and other behaviour contrary to firms values can be captured in measures of CSR, and given that executive compensation has been found to be sensitive to financial performance (Jensen and Murphy (1990), Hall and Liebman (1998); Wallsten (2000)), it is important to revisit the literature on the relationship between executive compensation and CSR.

The widening pay disparity between Chief Executive Officers (CEOs) and typical employees (Anderson et al., 2010) has raised ethical concerns by pressure groups and regulators. Rowlingson and Connor (2011) argue that some of the movements for restrictions on executive compensation are based on the philosophy inciting managers to ‘‘do the right thing’’. Several studies examining the impact of executive pay on firms’ CSR find a weaker pay - financial performance link in socially responsible firms in comparison to non-socially responsible firms. Other studies document that firms with good corporate social performance have lower levels of executive compensation, suggesting a negative association between the adoption of socially responsible practices and CEO compensation levels (e.g. Collett and Miles (2013); Cai et al. (2011)).

Other questions arise as to what motivate managers to stick to company policy and invest in CSR despite the lower level of pay. Barnea and Robin (2010) suggest that overinvestment in CSR improves the manager's reputation of being "good citizen", increasing their outside career opportunity therefore their bargaining power. Another tentative explanation is that firms use CSR to resolve the conflict between all stakeholders; therefore CEOs should accept lower pay to mitigate potential conflicts of interest amongst stakeholders (Cai et al., 2011). Collett and Miles (2013) findings indicate that companies identified as good corporate social performers do in fact have lower levels of executive compensation. Their results provide support for the view that firms concerned about social responsibility can put restrictions on executive compensation and still achieve good financial performance.

Research Framework

As in Chih et al. (2008), this paper defines socially responsible firms as those which are part of the FTSE4GOOD index. The FTSE4GOOD Index includes companies that demonstrate strong Environmental, Social and Governance (ESG) practices. It is constructed around 3 pillars:

- Environmental – including factors such as climate change, water use, biodiversity and pollution & resources
- Social – including factors such as customer responsibility, human rights & community, labour standards, health & safety
- Governance – including factors such as anti-corruption, tax transparency, risk management and corporate governance

This research uses the same methodology to compile the list of the top 5 socially responsible firms in the UK, assuming that social responsibility is measured by the ranking (weighting) assigned to companies in the FTSE4GOOD Index.

The second set of data – total executive compensation – is compiled directly from each company's annual report. Generally, the difference in pay between the highest and the lowest paid executives can be substantial. Therefore, it might be misleading to use the pay of a single executive for the purpose of this analysis. Wherever appropriate, the average total compensation of the 4 highly paid executives is used.

Presentation of Data

Table 1 lists the top 5 constituents of the FTSE4GOOD index – those companies classified as socially responsible. It is interesting to note that a bank (HSBC) is classified as the most socially responsible company in the UK and that an Oil & Gas producer (Royal Dutch Shell) is among the top 3.

Table 1: Top 5 constituents – FTSE4GOOD UK as at March 2015

***Source*:** Adapted from FTSE4GOOD UK 50. The FTSE Group (2015)

Rank	Companies	Industry	Social Performance (as measured by the weight to the FTSE4 GOOD index)
1	HSBC Holdings	Banks	8.69%
2	GlaxoSmithKline	Pharmaceuticals & Biotechnology	5.97%
3	Royal Dutch Shell A	Oil & Gas Producers	5.06%
4	Vodafone Group	Mobile Telecommunications	4.65%
5	AstraZeneca	Pharmaceuticals & Biotechnology	4.63%

Table 2 shows the same companies ranked by the highest total compensation for executives for the current year. Note that on average, executives at Royal Dutch Shell have earned an amount of over £12 million in the most recent financial year whereas the lowest paid employee could be earning the national minimum wage, if not on a zero hour contract. Nonetheless, Royal Dutch Shell is ranked third in the list of the most socially responsible firms and one of the criteria for inclusion as a socially responsible firm is human rights.

Another example can be taken from Associated British Food, owner of Primark, which is among the 50 most socially responsible firms in the UK. In April 2015 in Bangladesh, a factory where its sources most of its products collapsed and killed more than 1,100 people working in poor conditions.

Table 2: Average total executive compensation for the most recent financial year

***Source*:** Compiled from companies annual reports

Rank	**Companies**	**Ranked by highest pay for executives (£000s) for the most recent financial year**[1]
1	Royal Dutch Shell A	12,369
2	HSBC Hldgs	4,617.5
3	GlaxoSmithKline	3,358
4	AstraZeneca	2,714
5	Vodafone Group	1,978

Analysis and Discussion

Using the FTSE4GOOD ranking in table 1, HSBC is the most socially responsible company in the UK. With the advent of the recent tax scandal, this position is debateable. Below is an excerpt of a letter sent to Her Majesty Revenue and Customs (HMRC) by Leigh Day Solicitors.

> *"In 2010, HMRC were provided with the 'Falciani list' of customers of the Geneva branch of HSBC who may be engaging in tax evasion. From this list, HMRC has identified around 3,600 UK taxpayers who may have sought to evade their tax liabilities."* (Leigh Day Solicitors, 2015)

This revelation clearly shows that HSBC was failing to meet at least 3 of the criteria for inclusion in the FTSE4GOOD, which are tax transparency, risk management and corporate governance. From Table 2 a senior executive at HSBC earned £4,617,500 on average for the

[1] The most recent financial years of these companies are different. For example, Royal Dutch Shell A most recent financial year ended 31 December 2014 whereas Vodafone Group recent financial year ended 31 March 2015.

most current financial year, amongst the highest paid in the UK. Based on these facts alone, there seems to be a relationship between executive pay and the ranking in the FTSE4GOOD index, but no relationship between the same ranking and what the public believes is good "social responsibility".

In the case of GlaxoSmithKline (GSK), it was fined £297m in late 2014 after a court found it guilty of paying bribes to doctors and hospitals in order to have their products promoted. Chinese authorities accused the company of having made an estimated $150m in illegal profits. GSK subsequently apologised to the Chinese government and its people. The FTSE4GOOD index ranks GSK as the second most socially responsible firm in the UK (Table 1). Table 2 shows that on average, a top executive at GSK on average earned £3,358,000 in the most recent year.

Looking at Royal Dutch Shell, it most recent scandal date as far back as early 2004 when it admitted it had overbooked proven oil reserves in its oil fields by 4.5bn barrels, around 23% of its total. This had resulted in inflated assets on its financial statements. The company said in a statement, following the resignation of some key executives that "the review of structure and governance is moving at a good pace". Perhaps this justifies the absence of corporate malpractices recently.

Conclusion

The evidence provided in this paper shows that the most socially responsible firms in the UK, according the ranking in the FTSE4GOOD index, still engage in practice that are contrary to some basic principles of good corporate responsibility. This raises some questions as to whether the FTSE4GOOD, measure of Corporate Social Responsibility commonly used by investors can be relied upon to identify socially responsible firms. In fact, could any profit making company exist without engaging in actions that will raise ethical concerns?

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“Business Ethics”

By

Dr. Leslie Doyle

Abstract

Some businesses today are concerned about the impact of their activities on the business environment, by which they mean the market place and their position in it. In some areas ethical concerns have led some businesses to adapt their practices to ensure competitive advantage; for example fair trade in coffee or chocolate. Greater consumer awareness has induced some firms to modify their products as for example, providing organic food rather than chemically enhanced industrially processed food, or food with less salt and sugar added, so that obesity is not encouraged.

Society has ensured that the state intervenes to make it obligatory for all companies to consider their Corporate Social Responsibility (Lindgreen & Swaen, 2010) to the wider world, so that, for example, supermarkets try to reduce food miles to reduce carbon emissions or to make their stores energy efficient, or to recycle packaging to save resources. In this way chemical companies are no longer allowed to pollute rivers and factories are not allowed to spill limitless smoke and carbon dioxide into the atmosphere, as they used to do, and still do in China and other fast developing countries. In the United Kingdom workers have rights, won by centuries of struggle, to reasonable pay, decent living conditions and medical care.

Keywords: Ethics; Business; Government; Regulations; UK

Discussion

Ethics have found their way into business practice mainly through government regulation and intervention. We no longer condone slavery, child labour, starvation wages, dangerous working conditions, unlimited working hours, employment discrimination, pollution of the environment with toxic waste, or testing drugs on animals. Positively, we have trading standards (fixed weights and measures), recycling, fair trade, equal employment opportunities, food contents labelling, and respect for human rights and employee welfare.

So it would seem that there is a fair amount of ethics abroad in the business world. However, this situation has come about mostly through pressure from below rather than philanthropy from business owners. The Trade Union movement in the United Kingdom for a century and a half pressed for and achieved an improvement in living standards and the quality of life for the majority of people eventually culminating in the creation and support of a Labour Party to press the interests of the majority in Parliament and government (Thorpe, 2008). It could be said that ethical considerations had to be forced upon business owners for business practice to move towards a more responsible, less money-grabbing attitude to the world.

Philosophically, ethics are precepts derived from one of two alternative sources. The teleological version says that ethical practice is based upon an appreciation of the consequences of doing good - either wanting the benefits to be derived or fearing the consequences of not achieving the benefits. In business terms ethical considerations could lead to greater profits or better reputation or not pursuing them could lead to public opprobrium, reduced sales and falling profits. The deontological theory of ethics is that they are based upon a personal moral code that informs all activity and hence profit alone would not be the supreme aim of business (Arnold *et al.*, 1979). There have, of course, been capitalist philanthropists in the past with a paternalistic view of their responsibilities to the wider world. The Cadbury family built Bourneville in Birmingham for its workers and Lever Brothers built Port Sunlight in Cheshire, and New Lanark, a mill and village on the Clyde in Scotland was developed by Robert Owen as a model of utopian socialism and urban planning at the beginning of the nineteenth century (Royle, 1998). American billionaires like John D. Rockefeller, Andrew Carnegie and today Bill Gates are philanthropists, who gave freely to charities and good causes, but they are the exception rather than the rule, and apart from Gates what they gave away was a tiny part of their vast wealth.

It could be said that in the modern world ethics are antipathetic to business, because current business ideology is encapsulated in the belief that the purpose of business is to maximise profits above all else.

Karl Marx's 'Capital', published in German in 1867, posits the classic conflict in the business set-up – which is more important – the money-owners who set up the business and take the profits, or the workers without whose labour the business could not operate? (Gabler, 2010).

Following this socialist principle that labour is the keystone of industry/business, and should therefore be the primary beneficiaries of the process, some business organisations were founded on this precept. The Co-operative movement in the UK is one, as well as the John Lewis Partnership, which includes Waitrose supermarkets, is essentially workers' co-operatives where all the workers share out the profits and there are no other shareholders. Charities also, which are 'not for profit' organisations operate with an ethical purpose and not solely for the financial gain of a few.

Many business people try to avoid the Marxist conclusion by defining labour as a cost, like machinery, or raw materials, or building maintenance, and therefore there need be no feeling for these objects which are just tools to be used. The end of this line of thinking leads to the question – what is wrong with slavery? There is very little maintenance cost, slaves are disposable, available, and can be worked to death. Is it religious compassion, shame, or is it that they can no longer get away with it that prevents it happening? However, if wages in the West can be undercut by cheaper wages in the East very few companies worry about long hours, child labour, poor pay, restricted liberty, crowded dormitory living away from home, and compulsory overtime and no employment protection. Until the cat is let out of the bag and they are embarrassed into being more considerate. And that embarrassment is basically about being penalised in the market place when consumers react against this exploitation and refuse to buy products created in these conditions in favour of more ethically sources goods, even if they are more expensive (Bales, 1999).

'The market place is a valid arbiter of business practice' is a traditional economic mantra. Supposedly the market place is regulated by natural economic forces – if there is a market providers will enter it to sell goods; if the market grows beyond the capacity of current suppliers then other suppliers will enter to absorb the demand. The more players there are in a fixed size market the more competitive they supposedly have to become to maintain a market share by, for example, reducing prices, or improving quality or service. This should therefore lead to the cheapest and best quality for customers. If a market player comes up with an innovation they may grow market share. Competitors will either have to match this innovation with something similar, cheaper or better, or an alternative gimmick. If they don't, then their market share will decline and eventually they will fall out of the market altogether. Thus the market is dynamic and market forces will provide the best outcome (Dixon, 2001).

There is a serious flaw in this picture of market equilibrium, namely the supposition that all factors are equal and all players – providers and consumers - are aware of all the issues. Simple observation shows that markets are not ideal scenes of gentle jostling and fair play. Every player seeks individual advantage and the best outcome is a monopoly, or oligopoly if constrained. When one or only a few players dominate a market they can set prices to their advantage. This could be a supplier like Coca-Cola or a buyer like Tesco. In these situations profits can be unrestrained. Classic economic theory says that competitors would enter this market to compete by undercutting high prices (Dixon, 2001). However, economies of scale come into play and the costs of entry into a large market are prohibitive if you have to invest in enormous production capacity to match that of the current players, with no certainty of success. Richard Branson learnt this lesson when he tried to market his own brand of Cola. Thus it is a fact that a principal aim of market players is to corrupt the market to their individual advantage. There are only 2 global Cola manufacturers, 9 global oil companies, 2 global washing powder manufacturers, 5 UK supermarket chains etc.

Despite the developments in ethical business practices brought about in the last half century by government intervention there are many blatant unethical business activities that have yet to be addressed. *First*, arms dealing: the major world economies are the world's largest arms manufacturers and sellers (Stohl & Grillot, 2013). Whilst they can point out that they sell to national governments for domestic defence purposes it is undeniable that there are millions of hand-held weapons in free circulation on a clandestine arms market and these all have to be made somewhere. Again economies of scale point to the largest producers being able to produce the cheapest weapons. Weapons like children's toys are ideal capitalist products in that they have a short life and need perpetual replacement. Some cynics might say that the fact there are always wars going on somewhere in the world is a consequence of arms manufacturers ensuring that there is always a demand for their products. It could be said that the rise of ISIS in the Middle East and Boko Haram in Nigeria is not a religious phenomenon but an arms supply issue.

Second, Bankers: HSBC was found guilty of laundering drug money and severely fined (Treanor & Rushe, 2012). Profits from drugs are the second largest after arms sales. After all, what do banks do but deal in money and provide facilities for moving it around the world? And where there is a market a provider will step up to meet the demand. Barclays was found guilty of fiddling the LIBOR rate, an international index used by all banks to transfer money, to their own advantage and were duly fined (Alessi & Sergie 2013). Royal Bank of Scotland got involved in investing in the sub-prime mortgage market made up of unreliable assets and destroyed itself. The chief executive, Fred Goodwin, recently knighted, was sacked and the government invested billions of pounds of taxpayers' money in saving the bank (Martin, 2013).

Third, currency speculators: 98% of all currency transactions are not about facilitating world trade but pure gambles on the fluctuation of currency exchange rates. Some players are so rich that they can deliberately cause currency rates to fall or rise and generate profits from their holdings 3.6 trillion exchange rate transactions take place daily and even at minute variations in exchange rates profits are huge (BIS, 2013).

Fourth, bribery: A recent OECD report stated that the average bribe paid by western companies to secure contracts in the rest of the world was $14 million. (OECD, 2014) So, contrary to popular belief bribery is not the preserve of bureaucrats in developing countries or dictators in Africa, but endemic worldwide.

Fifth, multinational accounting firms: Arthur Andersen went down after rubber-stamping the false accounting procedures of Enron which when discovered caused the largest corporate collapse in US business history (Toffler & Reingold, 2004). Price Waterhouse Cooper was fined $350million in the US for promoting tax avoidance schemes which were deemed illegal. After being banned for 2 years it re-entered the market with a philosophy that if there was a 50% chance of a scheme being legal they would promote it till challenged by the tax authorities (Sikka, 2003). In 2012 PwC was fined £1.4million in the UK for wrongly reporting to the Financial Services Authority that JP Morgan Securities had complied with client money rules which protects client funds (Porter, 2014).

Sixth is the tax avoidance scheme. Whilst there is a distinction made in law between tax avoidance and tax evasion (the latter being illegal) this is a major element that contributes to the acceleration of the polarisation of wealth especially in the most economically developed countries which are the most economically unequal (apart from Japan) (Piketty, 2014). Legal loopholes have generated an enormous financial services industry in the UK based in London. Whereas Switzerland used to be thought of as the premier tax haven to park your money to benefit from low tax rates, there are now a host of tax havens around the world from The Cayman Islands, to Jersey, to Mauritius. Most of them are controlled by financiers in the City of London which conveniently is by historical tradition not actually a part of the United Kingdom and the monarch has no right of entry or power in the City except by the invitation of the Lord Mayor (Shaxson, 2012). Furthermore differences in legal systems in the EU allow states like Ireland, Luxembourg and the Netherlands to offer different tax rates to other countries thus encouraging companies like Google or Amazon to register there and transfer the profits made on billions of pounds of sales made in the UK to avoid UK tax and pay a pittance in other jurisdictions (Drucker, 2010).

Starbucks, when discovered to have paid, through legal loopholes, minimal corporation tax in the UK on a massive turnover, voluntarily gave a token £20 million to the UK government as a goodwill gesture to combat public outrage and falling sales (Bergin, 2012). Companies who avoid their tax responsibilities, when challenged by the tax authorities, pay up sums less than half of what they should because the taxmen do not have the resources to pursue cases for 10 years through expensive legal processes to recover all that is owed and so agree to settle for less (Jones, 2014). It is now common business practice to see tax not as it properly is, an apportionment of profit, and a social responsibility, but as a business cost such as raw materials, or electricity. It is therefore seen as appropriate to minimise it as far as possible to reduce overall 'costs' and maximise profit (Sikka, 2003). Amazon does not pay anything like a significant amount of tax on its multibillion pounds of sales in the UK stating that its business model does not make money (Garside, 2014). How then can it survive as a business concern? Its actions are legal because the law protects wealth and property first and foremost before people. Amazon and Google are classic examples of companies whose business practices are extremely capitalist and profit focused. By not paying tax they are able to recycle the saved money into lowering their prices to undercut business rivals thus improving their position in the market place at public expense.

Seventh, is the sale of harmful products? There has been much restriction on the sale of tobacco in the West and a consequent improvement in health and life expectancy. There has also been a dramatic growth in sales in the developing world to more than compensate for the setback. Alcohol, like tobacco and petrol, is a reliable source of secondary taxation for any government and it is generally controlled through maintaining a high price through tax. However, alcohol is a serious public health threat and now one of the major social scourges leading to alcoholism and early death for more and more people (Rehm *et al*., 2009). Apart from preventing the sale of alcopops to children there is no major drive to contain alcohol as there has been for tobacco. With the possibility of a continuing liberalisation of the anti-drug laws tobacco companies are poised to offer recreational drugs legally and have already patented their product names (Bershidsky, 2015). Less of a feature of public awareness is the enormous use of maize starch in wide variety food products as a source of sugar and bulking fibre in Western diets. The more affluent a country the more obese its population (except in Scandinavia) (The Economist, 2007).

Eighth, people trafficking. So-called illegal immigrants come into Europe and the UK hidden in container Lorries, or on open and often unseaworthy boats, all exploited by unscrupulous traffickers who take large sums of money from the migrants and often leave them to their fate. Italy has recently refused to police the seas to save drowning people from death-trap ships (Bajekal, 2014). Economic migrants, as they are correctly called, suffer other forms of exploitation on arrival. Women are forced into prostitution 'to repay their debt to the people who brought them over'; agricultural workers are forced to live 20 to a room and work long hours for low wages, in the knowledge that they will not complain for fear of being deported as illegal immigrants; cockle pickers were left to drown on the incoming tide in Lancashire (Siddle, 2014).

Ninth, business management. Insider dealing: people with access to privileged information about company performance buy or sell shares before the news is made public and make a personal gain or let friends in on the deal. This is already illegal but hard to prove. The personal responsibility of individuals within firms has always been circumscribed. When the limited liability company was introduced in the nineteenth century it was described as 'a rogue's charter' since it restricted financial liability to the fixed amount raised by the company's sale of shares and not to the personal assets of the officers of the company. Previously 'a gentleman's word was his bond' hence the shaking of hands after a business agreement to set the seal on the transaction. A partnership was the usual form of business organisation and financial liabilities would be covered by the partners' personal wealth. This structure was constraining in that the partners would have to find all the investment for the growth of the business and if they did not have it growth would not be possible. For someone with money to invest but no wish to run a business buying shares in a company was a way for a company to grow and capitalists to accrue unearned income (Dixon, 2001).

In the modern age we have developed a system whereby the shareholders can force the company directors to maximise profits relentlessly. If a company makes good profits then the share value on the open market – the Stock Exchange – will increase as the shares look like a good buy that will generate future profits. A shareholder has the option to hold the shares and earn dividends annually, but also to sell shares on the market and benefit from any appreciation in price between the time the shares were bought and the day they were sold. It is a business maxim that shareholders are the most important element in a company set-up because they are investing their own money and have a keen interest in seeing that it is used to the best advantage. However, the average time of holding any share was seven months in 2007 (Haldane 2010) (Farrow 2012) which gives the lie to the idea that shareholders are owners and interested in the well-being of the business.

In fact, they are predators, hanging around only for profit and moving on when other investment options look better. Meanwhile, they have an adverse effect on business practice. In pushing for maximisation of profits they charge CEOs to do things which generate immediate profits to pay large dividends and push up the share price. In fact, this latter activity is often the prime aim of CEOs since they are often on bonuses dependent on an increased share value. As a result, many businesses are focused on short term profits because they fill the pockets of the chief executives and greedy shareholders. Whether the company has a solid future based on long-term decisions is of no concern to either of these parties as they will be long gone before problems arise. And even if a CEO is found wanting while he is in charge he will not be sacked and disgraced but paid off and able to move on to a similar sinecure in some other avaricious company (Daily Mail 2015).

Asset stripping is another dodgy business practice engaged in by some business managers. Observing that a company's assets are in fact worth more than the cost of owning all the shares some entrepreneurs buy up companies and then proceed to sell off all the assets, making people redundant and a nice profit for themselves too, without actually having earned a penny productively. Usually these predators don't even use their own money. They are rich enough to take a loan for 1 or 2 years from a bank and can cover the interest charged out of the surplus on the sale of the doomed company's assets (SFO 2015). This is often seen as wise business acumen – an opportunity has been spotted and advantage taken and money made – a perfect investment challenge and capitalist gain. But what about the workers? Their livelihoods are gone, possibly with little hope of re-employment locally, or at all, and their lives devastated by loss of income. Cost to asset-stripper: nothing; cost to society: income support, re-training costs, unemployment benefit, less money in local economy and knock-on effect on all other local businesses, incentives to be paid to new industry to move in to take advantage of a willing workforce.

Tenth, globalisation. Transglobal corporations are now more economically powerful that whole countries (Kirkup, 2014). This is not a new phenomenon. In the growth of the British Empire the East India Company with its private army (note Haliburton in Iraq) conquered and annexed Bengal as a company asset. This became in its turn a building block of the Empire (Dalrymple, 2015). Having free trade across the world allows businesses to source supply and production anywhere and meets the demands of markets anywhere. The eye for profit will always focus on the cheapest delivery option. Hence transferring production from the West to the East where the cost and standard of living are less and so wages are less. Where in the West ethics have had an effect on business practice, although there is a long way to go still, the East presents an unreconstructed environment where all the instruments of capitalist oppression still hold sway. It is all right for PriMark to sell cheap clothes in the UK from suppliers in the Far East who pay a pittance to overworked employees living and working in dangerous conditions because that it all out of sight and out of mind until a jerry-built factory in Bangladesh falls down and hundreds of workers are killed. Then shame makes the company change its supply chain (Butler, 2014).

Trans-global businesses find justification in saying working conditions around the globe are not their responsibility but that of national governments and they are just taking advantage of what is there. If these conditions were not there then they could not exploit them.

Global warming is a clear consequence of the economic globalisation of the world. Enormous ships carry the goods of world trade back and forth across the oceans, guzzling vast amounts of fossil fuels and pumping the atmosphere full of carbon dioxide. Deforestation in Malaysia, South America and Africa has reduced the number of organisms that would naturally absorb CO_2 from the atmosphere. Indiscriminate logging in the name of profit and for more profitable agriculture has caused soil erosion and water gathering difficulties (Scheer & Moss, 2012). And all this is set to get worse as developing economies become more affluent and the desire for goods and meat increases. What responsibility do we have to future generations to leave them an inhabitable and manageable world or is that their problem and theirs to find a way? (Klein, 2014).

Conclusion

The discussion returns to the fundamental dichotomy – are ethics a personal moral choice or a socially imposed norm? Is business about doing whatever you can get away with for personal gain or is there a 'triple bottom line' – social responsibility, environmental responsibility, and profit (Norman & MacDonald, 2004).

Most religions believe that at the core of the good society is a personal moral responsibility and it is from the aggregation of these personal contributions that the good society derives. If such personal morality were at the centre of business activity to the exclusion of greed, power- and status-seeking and other base human attributes, then we could be sure that things would over time continue to get better and an ethical business environment would be created. However, it is worth pondering the conclusions of a recent academic survey that most entrepreneurs and successful business people fall within the psychological description of psychopathic (Bercovici, 2011; Ronson, 2012). Characteristics of this status are extreme self-confidence, an urge to ignore advice, a distance from others, an inability to learn from mistakes, an ability to ignore consequences. Usually these people are serial killers, axe-murderers, hit-and-run drivers and pub bores.

If you think that business ethics are important and want to contribute to extending ethical thinking into business practice (your own, most importantly) consider this question: what is your view on internet piracy – downloading music and films without paying? That will tell you which camp you are in, in the ethical debate.

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Exploring the Pricing Tactics of Restaurants

By

Dr. Sam Hazra

Abstract

In today's competitive marketplace price is one of the major driving force to make or break a business (McCall and Lynn, 2008). Among the popular marketing P's (i.e. Product, Price, Place, promotion, People, Processes and Physical Evidence especially for the service industries), Price is the prominent feature where a wide range of clients would bring comparison which would ultimately lead purchasing-decision (Mullins, 2010). Especially, a small business like restaurants where meals are prepared and served to customers, need to consider 'price' seriously to make a stand in the market (Kotler *et al*., 2010; Lancaster *et al*., 2002). Being 'usually' small, restaurants would have advantages and disadvantages over pricing of their goods and services. This particular piece explores some of the techniques restaurants would follow to determine price. The work is mainly based on popular theories and researches across the globe.

Keywords: Pricing-strategies, PLC, Restaurants,

Restaurant Businesses

In a typical restaurant, customers would normally sit and eat meals that are cooked and served on the premises. In contrast, takeaways and 'Kebab shops' would differ from the traditional restaurant concepts. However, this paper will focus on the traditional places where they cook and serve the dishes to the sitting-down customers. Some of the famous restaurants in London are owned by the celebrities and famous Chefs, i.e. Restaurant Gordon Ramsay, the Roof Garden by Sir Richard Branson, the Fat Duck by Heston Blumenthal. Restaurants are usually small and medium sized businesses where employees are less in numbers and usually would count profits in weeks rather than months or years for big organisations (Kotler *et al*., 2010). Hence day-to-day tactics are important for their survival (Mullins, 2010). However, this research paper concentrates on the restaurants which are privately owned and limited in resources. They are usually found in high-roads, town-centres and business places where working-people and shoppers would go for a meal. Because of their huge numbers and the current economic downturn, many have closed down, and the remaining ones are fighting for their existence. They all have become very competitive, and the results of all these customers are ever becoming price-orientated rather than the other elements of the marketing Ps.

Pricing Strategies

A variety of marketing literature is scanned to study pricing strategies. Some include: Market-Skimming pricing where businesses would set a high price for a new product to skim maximum revenues (Kotler *et al*., 1999). The company would be making fewer sales, but profit margins would be great too. On the other hand to draw attention of the bulk-market businesses would set a low price (i.e. Market-Penetration pricing) for a new product to start with (Lancaster *et al*., 2002). Product-line-pricing is setting the price-steps between various products in a product line based on the cost differences between the products, customer evaluations of different features, and competitor's prices. Optional-product-pricing is the pricing where the pricing of optional or necessary products along with a main product (Kotler *et al*., 1999). For example somebody who ordered a pasta Bolognese dish may choose to order a portion of chips. On the other hand Captive-product-pricing is setting a price for products that must be used along with the main product, such as vegetables for a roast dinner in the `A la carte menu. Similarly, two-part-pricing is which price is broken into a fixed fee plus a variable usage rate. This can be a set menu and the additional items or top-ups as a variable usage (Kotler *et al*., 2010).

Business marketing literate talks about 'By-product-pricing' where items produced as a result of the main factory process, such as waste and reject items (Lancaster *et al*., 2002). Businesses can set a price for by-products in order to make the main product's price more competitive. For examples restaurants would salvage duck fat and cracklings to use in other cooking methods, or sold to the customers separately making a profit through by-products. Product-bundle-pricing has become popular these days as it combines several products and offering the bundle at a reduced price (Kotler *et al*., 1999). A lunchtime buffet would be an example of such pricing tactics. Timing also matters a buffet at the lunch may be Product-Bundle-Pricing; however same place and the items would be priced separately for the evening meals. This can be done to keep the sales going and attracting the population. Similarly, in Discount and Allowance-pricing, companies would offer a price reduction to buyers who buy large volumes/quantity. This is also known as quantity discount. We could also have a trade discount (special discount given to the stakeholders, i.e. suppliers, employees) and seasonal discounts to celebrate seasonal fruit and vegetables. Segmented pricing is an interesting concept as similar food items can be priced differently given the location and time of the day (Kotler *et al*., 2010). This is not applicable for the multinational chains, i.e. McDonalds and KFCs. However, smaller private chain restaurants would amplify this particular strategy. Restaurant-establishments in Canary Wharf or in Mayfair would price differently with the similar products than the places in Whitechapel or Ilford as they are located in high and low end of the market as supported by Mullins in his research (2010).

Grippingly Psychological-pricing considers the psychology of prices and not simply the economics; the price is used to say something about the product (Kotler *et al*., 1999). As it has been mentioned above, a simple Fish & Chips dish may cost considerably higher in a restaurant in Kensington or Chelsea than the other places in East London. Customers accept this behaviour as they have the ‘place’ element and the reputation/brand in mind. In promotional pricing restaurants can temporarily price products below the list price, and sometimes even below cost to increase short-term sales. Value-pricing is also becoming popular as it offers just the right combination of quality and good service at a fair price (Kotler *et al*., 2010). In geographical pricing the pricing is based on where the customers are located. Similarly International-pricing is based on the country; it wants to trade, demand and the currency conversion-rates (Lancaster *et al*., 2002).

As it can be seen that all of these strategies would be beneficial for restaurant businesses, it would also depend on the development of the restaurant itself. Its age and place in the marketplace would determine the prices it can advertise. Product Life-Cycle (PLC) Stages would help to explore some of the issues (Kotler *et al*., 1999). PLC is the course of a product’s sales and profits over its lifetime. It involves five distinct stages: product development, introduction, growth, maturity and decline.

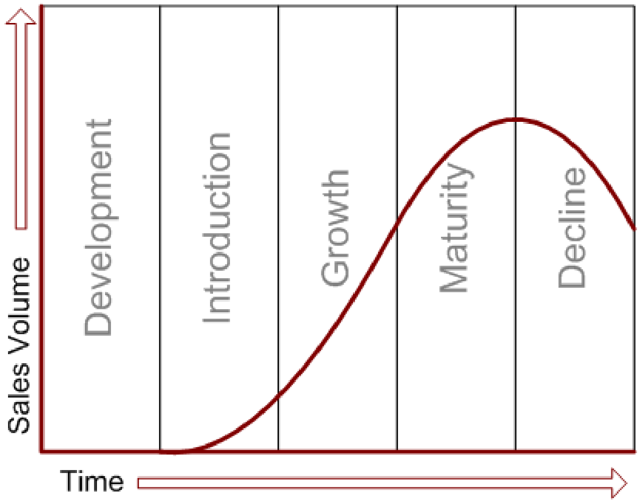

Figure: 1. Product Life Cycle Model

Source: Kotler et al. 1999

Before the introduction, it is the product development stages, i.e. building the right restaurant in the right place- 'fit-for-purpose' (Kotler *et al*., 2010). Inauguration of the restaurant would be comparable with the 'introduction' stage where sales should pick up as the day progresses. According to the theory, if restaurants get the formula right then at the growth stage they would enjoy market acceptance and increasing profits (Frash *et al*., 2008). Maturity is the period of slowdown in sales growth because the place has achieved acceptance by most potential customers (Lancaster *et al*., 2002). Hence the profit levels-off. In the decline stage sales fall off and sharp drop of profit. The businesses have to rejuvenate before the decline stage and after the maturity levels are achieved.

Restaurants may use various pricing strategies as discussed above to remain in the marketplace for longer. However, it is important to identify/match the pricing strategy with the restaurant-life-cycle-stages. This would further our understanding of relationships of Life-Cycle Stages with pricing-strategies (Kotler *et al*., 1999). Although the location, types of customers, types of service and geographical location will affect the pricing of restaurant-products, it would be interesting to plot the pricing-strategies on the PLC model to simplify the process. In the development stage companies would do market research to find out the potential customer's needs, wants and demands (Frash *et al*., 2008)? Market research would also reveal the competitor's activities and the types of food items and services would be '*fit for purpose*' for the very business. Since the restaurant has opened its door to the public, at the **introduction stage**, it would be beneficial to have market-penetration-pricing to lure the customers in (Kotler *et al.*, 2010). Promotional pricing, discount & allowance pricing and product bundle pricing would have usefulness at the beginning of any business including restaurants. Optional product pricing also have used at the beginning, however, it can be used throughout a company's reign.

At the **growth stage**, a restaurant may well stick to all of the pricing strategies; however, they should also need to make a larger profit margin using market-skimming pricing. This is the golden age of any establishments. At the **maturity stage** business begins to slow down. Restaurants need to do whatever it could to maximise its takings. This works similar to cash-cow-stage in the Boston Consulting Group Matrix (Lancaster *et al.*, 2002). Restaurant businesses could use pricing strategies, including Product-line-pricing, product discount pricing. Pricing strategies from the 'introduction stage' would also be beneficial. Restaurants need to retain the existing customer-base; new customers would be rare as the market would be stagnated. At this stage loyalty rewards become handy both for the internal and external customers (Kotler *et al.*, 2010). This would prolong its maturity stage. In order not to face the **decline stage**, the business needs to do something actively to keep the business in the market. Usually restaurants need to renovate its promises, update the menu items to follow the market trend, and introduce new creative things to rejuvenate the place.

On the other hand, captive-product-pricing, by-product-pricing, segmented pricing, psychological pricing and value pricing could be used all through the length of a restaurant's life (Kotler *et al.*, 2010). Trade and seasonal discounts are also useful to have as it encourages repeat customers. Geographical pricing & international pricing are not always useful as smaller restaurants are not usually part of a chain or branch in other locations (both internationally & domestic).

Conclusion

Pricing is a sensitive issue. Lower pricing does not always wins the battle (Kotler *et al.*, 2010; McCall and Lynn, 2008). Lower prices can make customers think concerning the quality of food and services. Also the profit margins become untenable for the business. On the other hand, too many costly items in the menu would deter the customers into the premises. Hence, pricing of the products and services should be taken seriously. Restaurants could follow the PLC model and the prices for various stages of the life-cycle. However, there are many factors needs to be kept in mind. It is also difficult to determine a business's life-cycle-stages.

There are indicators which depend on time and sales/profit. However, every business is different. A business like Coke would have its life span of hundreds of years, whereas other soft drinks companies (i.e. Corona) would only last for tens of years. Some business would take longer to start off others accelerate quickly. At times natural and man-made disasters also play a part on the life-cycle-stages of a business.

Because of the current economic downturn, many restaurants in especially in London, the market-forces have shortened their life-cycle. Most went bust and the remaining ones are struggling to cope. Those have the recipe right (all the marketing P's especially the price element) are managing to survive and later to thrive in the competitive marketplace. Although it is easier to react to change management for small and medium sized enterprises like most restaurants in London, they all should take the 'pricing' of their services into serious considerations. The above research would help in some way to guide the restaurants to prolong their stay in the marketplace.

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MOOCs a Revolution in Education

By

Mrs. Sayeda Zain

Abstract

With the evolution of technology new tools have been introduced in Teaching and Learning practices. Massive Open Online Course (MOOC) is one of the tools which are considered as an innovation in the field of online learning. MOOCs are the significant development in education. They are flexible and free for users and are available to vast audiences. MOOCs were launched formally in 2012 and since their inception they have become controversial. Different people have different opinions and experiences. They have their advantages as well as disadvantages, but as they are in their early stage and are still evolving there is a possibility that soon people will start embracing them.

Keywords: Massive Open Online Course*, *Teaching and Learning, Education

Discussion

The author got interested in Massive Open Online Courses (MOOC) in 2012 when I was given a class of English Language teaching. All the students were European who came to London in the summer time to gain some experience and to learn English. As they had very limited time of four weeks it was not possible for them to further enhance their English language skills. Some of them expressed their wish to continue learning English even after going back to their respective countries. They asked me an alternative way of teaching. I gave them the idea of teaching through Skype, but it didn't work very well because of the difference in time and availability. I started researching on online teaching. At the same time one of my colleagues told me about Coursera (an educational platform). I checked on the internet and found that they were starting their Massive Open Online Courses (MOOCs) in September, 2012. I had no idea of MOOCs but when I enrolled for my first MOOC, it was a mind blowing experience. I found out that it is a free course available over the internet for a large number of people. You can study at your own pace, any time according to your availability. You can also exchange views with people all over the world through forums and can learn from each other.

MOOC students spend most of their time watching videos and reading the uploaded material. To improve their understanding they join discussion forums. Their online test is graded by the computer which also directs them back to the material they have not understood. They exchange assignments with peers and for feedback, peer grading is used against set criteria.

After Coursera I found out about Udacity and Edx also offering MOOCs. Here is a short summary of a range of them by Daniel Shumski, (2013)

EDX: A non-profit organisation, founded in May, 2012 by MIT and Harvard, based in Cambridge, Mass. The current number of participating institutions is 33. The company received $ 60 million from Harvard and MIT and $1 million from the Bill and Melinda Gates Foundation.

COURSERA: Founded by two computer science professors at Stanford University in April, 2012. Currently they have 121 partner institutions. Initially they received funding of $65 Million.

UDACITY: It was founded in Stanford University in February 2012 when two of its professors Sebastian Thrun and Peter Norvig put their class on Artificial Intelligence online for the taking.

The partner institutions are five universities, including private companies like Google, NVIDIA, Microsoft and Autodesk. The company raised $2101 million in capital, including $15 million in October, 2013.

These companies with their MOOC's have revolutionised the concept of online education.

In the UK MOOCs are offered by FutureLearn. According to FutuerLearn website (2015):

<u>FUTURELEARN</u>: The first UK-based provider of MOOCs, started offering courses in October 2013. It is wholly owned by The Open University (OU). The Open University has 40 years of expertise in distance and online learning.
It is currently offering courses of 60 universities and cultural institutions from all over the world.
Massive open online courses (MOOCs) gained popularity very quickly and are considered a significant development in higher education. Many educationists consider MOOCs as a turning point in the delivery of higher education, whereas others think it is a phase which will fade way and students would return to the traditional way of teaching.

Since their launch MOOCs are becoming popular and teachers, students as well as private companies want to explore this new way of learning and teaching. Some big names like Microsoft and World Bank decided to adopt MOOCs for their online courses.

Coursera announced in 2013 that they have formed a partnership with the World Bank and will be offering a selection of their courses on development and poverty alleviation. The aim of this partnership is to provide policy makers and other interested parties access to valuable and practical knowledge on development strategies and challenges. (Coursera, 2015)

A new development was announced by Edx in March 2015, that, they are collaborating with Microsoft **to** launch IT Development Course.

Other news printed by eCampusNews is that a course 'Understanding IELTS: Techniques for English Language Tests', run by FutuerLearn partner, the British Council, has the record number of registrations and has become the largest attended MOOC on record.

According to Sara Pierson, Head of English for Education Systems of the British Council declared that they have been teaching English for more than 80 years and now, by using the MOOC platform, they can cater for the needs of a wider audience. (eCampusNews, 2015)

MOOCs are offered in a variety of subjects, there is also a MOOC offer from the platform of Coursera regarding "Copyright for Educators & Librarians" by Duke University.

According to Trucano (2013) the three largest platforms of MOOCs are based in United States of America (Coursera, EdX, Udacity) and the United Kingdom (FutureLearn). Some other countries are also developing MOOCs through their online platforms.
In Germany they have (iVersity), Spain (UniMOOC) and Australia (Open2Study). Some developing countries such as Brazil (Veduca) and (China XuetangX) and (Ewant). Kepler from GenerationRwanda is a Rwanda-based MOOC. Ireland-based (ALISON is actually considered by some to be the first MOOC provider (predating the 'big three' American initiatives)". Michael Trucano (2013)
Richard Garner recently reported in The Independent (2015), that Dr Anant Agarwal, from the Massachusetts Institute of Technology (USA) mentioned in a seminar arranged by Education Foundation, UK that soon the children in nurseries will start learning through MOOCs (Massive Open Online Courses) because the internet revolution has changed the face of learning. According to him today, even the two- and three-year-olds start using the

keyboard. Therefore, their skills should be utilised and teacher should teach them the basic literacy and numeracy through computer games in the kindergarten or nursery schools.

Dr Agarwal also said that today's children are brought up in a technologically advance era and if the teachers will be reluctant to accept MOOCs then, there is no hope of going anywhere. He also invited the UK universities to experience this new innovation, which is less than two years old and if they do not like them they can flush them down the Thames. (The Independent, 2015)

Whilst gradually educationists and students in higher education have started embracing MOOCs it has been noted that they have their advantages and their disadvantages.

Some of the areas in which MOOCs have been cited as most beneficial include increased options for accessibility, increased potential for student engagement, and expanded lifelong learning opportunities (Carr, 2012; Duderstadt, 2012)". (Chen and Stephens, 2013, p. 4)

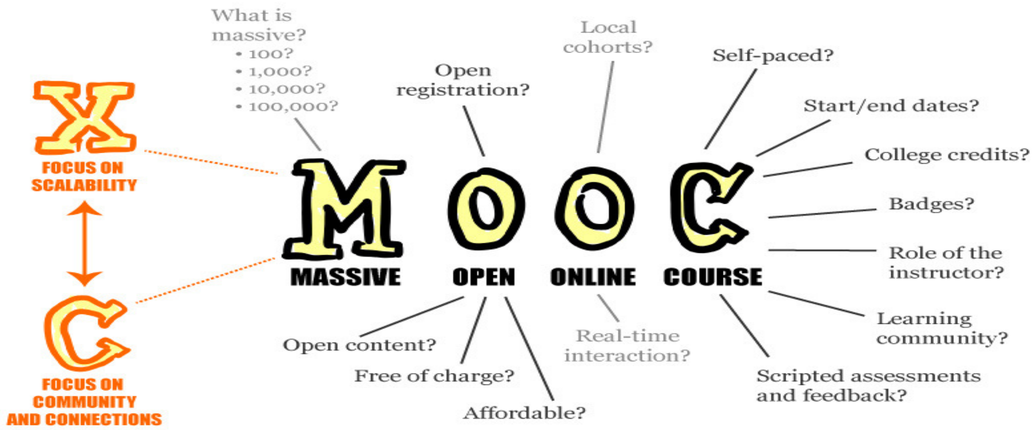
Associate Professor Kathryn Jablokow, of Pennsylvania State University (USA) mentioned that with the passage of time education is transforming in unexpected ways. According to her through MOOCs the teachers can get the information about how students learn. They can get loads of data about what is the best way to present the information to the students, which ways are more productive, and which methods do students look at and learn from the most. (Susan Galer, 2014)

Some educators identified several challenges attached with MOOCs. The most common of them are individual instruction, student performance assessment, and long-term administration and oversight". (Chen and Stephens, 2013, p.6)

Forbes Magazine (2014) reports: "so far the record of MOOCs record in higher education is patchy. The student drop-out rates are high and in a few cases, they are unsuitable for some students. There are also complications with the assessment of the student work because it is very difficult to control cheating difficulties over assessments and issues around the potential for cheating, and getting the economics right is complex for a course that is free at the point of use.

Furthermore, it stated "in contrast to the enthusiasm with which they have been embraced by some in higher education, MOOCs have been slow to take off in schools for students aged 11-18. Forays in the field in both the U.S. and the U.K. have been tentative".

In the UK the Department of Education has published a report about the potential of MOOCs in 11-18 schools. According to that report MOOCs have many advantages and their future in the medium term is to act as a supplement to rather than a replacement for classroom teachers.



(Morrison, 2014)

The report mentioned issues with offering MOOCs in high school. The main question was "whether younger students are as able to undertake independent learning as those in higher education, and the higher consequences of failure than at the college level. "A 90% drop-out rate will always be unacceptable," it argues". (Morrison, 2014)

The Forbes article also mentioned that the report identifies benefits of the MOOCs such as they "benefit students at both ends of the ability spectrum, in delivering advanced courses beyond the level of those taken by most students and remedial courses for students who have fallen behind".

The courses which could not fit into the school timetable can be offered through MOOCs. For example, supplementary courses, preparation for higher education courses, courses in independent learning skills, etc. The Department of Education report also recommended familiarisation by all teachers with MOOCs and to include them as part of the teacher training. Nick Morrison, (2014) As we have now understood still MOOCs is a controversial topic and people having their reservations about them even after they have been adopted by many countries? Another important question asked by the educationists and students is will the university give academic credit to MOOCs or not?

An article in the Times Higher Education Supplement (2013)reported that the University of California in Los Angeles (Uclan) would recognise MOOCs for accreditation. In order to gain credit against a module using learning gained from studying a Mooc, students will be required to demonstrate they have met the learning outcomes for the course through a "relevant assignment" set by academics at Uclan". (Chris Parr, 2013)

The Quality Assurance Agency (QAA) in the UK is an independent body to monitor the standards of quality in all of the UK Higher Education Institutions. They do not formally review MOOCs but they have issued a statement of recommendation for the higher education providers for launching and running MOOCs.

Massive Open Online Courses (MOOCs) are considered as an innovation and has lots of potential to promote lifelong learning. They can also help the providers to experience online and blended learning opportunities and cater wider audiences. The providers of higher education now have the opportunity to promote educational opportunities more extensively due to the widespread interest in MOOCs. (QAA statement, 2014)

QAA wants to recognise rather than constrain the potential of MOOCs therefore they want to help prospective students make informed decisions about their quality. Since MOOCs do not have any particular entry requirement and have no credit bearing, therefore they are not formally scrutinized during the QAA review. However, MOOC providers are welcome to cite them in their self-evaluation documents as examples of pedagogical development. QAA is exploring ways to help the MOOCs providers in assisting them with the development of assessment techniques and award of credit. As MOOCs continue to evolve they are developing resources to help in gathering and dissemination of good practice, in order to support providers. (QAA statement, 2014)

Conclusion:

In my opinion MOOCs are beneficial especially for the student from the developing countries. These students due to financial constraints cannot get the chance to study in the best institutions in UK, USA, Canada and Australia which are the prominent international student destinations. These students can enhance their knowledge from free MOOCs offered by some of the best universities of the world. These MOOCs can be used by the students, academics, teachers, and policymakers as part of their personal and professional development.

Although MOOCs have many challenges to overcome but they have given a new perspective to traditional education. They have affected the way of teaching, however still they are in their infancy stage. With the rapidly changing digital environment they will improve and instead of being disruptive they will be treated as another way of delivering knowledge. Although universities are still reluctant to give them academic credit however that will be likely to change in the future.

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"Safety Management in the Business-Industry"

By

Mr. Taslim Ahammad

Abstract

In recent years there has been a realisation that the reliability of complex work systems in achieving operational goals safely depends on social structures as well as technical arrangements. A string of high profile disasters over the past two decades has indicated the role that social and organisational issues played in the ethology of these accidents (Sheen, 1987). An understanding of the socio-technical processes behind these accidents has led to investigations moving away from a focus on proximal circumstances operating at the individual level, to investigating potentially more distal weaknesses in the organisation as a whole. Safety management practice displayed wide variation across the globe into business organisation.

Contrary to the hypothesis, management commitment was positively associated with the rate of dangerous occurrences. It may be the case that high rates of dangerous occurrences the previous year motivated a higher level of management commitment and that changes in management commitment were reactive rather than proactive. Proficiency in some safety management practices was associated with lower official accident rates. This study reports on a cross-organisational designed to benchmark participating installations on safety, and to identify best safety management methods and practices. The project, entitled benchmarking for safety management within the business industry.

Key words: Health and Safety; Management

Introduction

In recent years there has been a realisation that the reliability of complex work systems in achieving operational goals safely depends on social structures as well as technical arrangements. A string of high profile disasters over the past two decades has indicated the role that social and organisational issues played in the ethology of these accidents (Sheen, 1987; Cullen, 1990; OECD Nuclear Agency, 1987; Vaughn, 1996). An understanding of the socio-technical processes behind these accidents has led to investigations moving away from a focus on proximal circumstances operating at the individual level, to investigating potentially more distal weaknesses in the organisation as a whole. As a result, theories of accident process have broadened to include organisational processes and the psycho-social domain (Turner and Pidgeon, 1997). As yet there is little evidence to link weaknesses in safety at the organisational level with individual accidents, however, with the value of hindsight, case studies of major disasters have linked weaknesses with so-called 'safety culture' with organisational accidents (Reason, 1997; Mearns, et al., 2003).

Safety Management

Ever since industrial operations have been created that imply considerable risks for people, the environment and the business itself, there have been attempts to mitigate these risks in order to achieve safe operations, that is, operations with acceptable risk (Grote, 2012). The root cause of a great majority of industrial disasters in the past can be traced back to the absence of an adequate safety management system. Safety management practices not only improve working conditions, but also positively influence employees' attitudes and behaviours with regard to safety, thereby reducing accidents in the workplace. (Vinodkumar and Bhasi, 2010). However, unsafe worker behaviour is frequently the result of latent failures in the organization and management systems that predispose workers to act unsafely (Hughes and Kornowa-Weichel, 2004; Kawka and Kirchsteiger, 1999; Sonnemans and Körvers,2006). Examples of such defects include, among others, the lack of instructions or appropriate training (Attwood *et al*., 2006; Hughes *et al*., 2004; Kwon, 2006), employee demotivation (Kletz, 1993), lack or unclearly defined, working procedures and tasks, lack of control, low management commitment to safety (Rundmo, 1996), inadequate safety measures and management systems (Hofmann *et al*., 1995; Kwon, 2006; Bottani *et al*., 2009)

Assumptions of safety management

One of the basic assumptions of safety management is that safety should be a management responsibility. This assumption can be traced back to the classical works of Heinrich (1941), but is present in most textbooks on safety management. For instance, Petersen's (1978) basic principles of safety management are all related to the creation of a management system aiming to control an organisation's operational performance. These principles may be paraphrased as follows (Petersen, 1978, pp. 22–26):

- Unsafe acts, unsafe conditions and accidents are symptoms of failures in the management system
- The circumstances that produce severe injuries can be identified, predicted and controlled
- Management should direct safety efforts by setting goals, and by means of planning, organizing and controlling to achieve these goals
- The key to safety is to be found in management procedures that fix accountability

As for most anything, many definitions exist for safety management. Two examples may suffice to show the range of different conceptions of safety management:

- Arrangements made by the organisation for the management of safety in order to promote a strong safety culture and achieve good safety performance (INSAG, 1999).
- Organised approach to managing safety, including the necessary organizational structures, accountabilities, policies and procedures (ICAO, 2006; Grote, 2012)
- Safety is about identifying operational errors and designing control mechanisms in order to prevent such errors from (re)occurring (Beatriz, *et al*., 2007)

Along with the many definitions, many lists of components of safety management exist. The following list can be considered a common denominator across the different literatures (e.g., Amyotte *et al*., 2007; ICAO, 2006; INSAG, 1999; Robson *et al*., 2007):

- Safety policy
- Safety resources and responsibilities
- Risk identification and mitigation
- Standards and procedures
- Human factors based system design
- Safety training
- Safety performance monitoring
- Incident reporting and investigation
- Auditing
- Continuous improvement
- Management of change (Grote, 2012)

These studies, together with accounts of successful safety initiatives (DePasquale and Geller, 1999; Griffiths, 1985; Harper *et al*., 1997; Hine *et al*., 1999) and more discursive treatise (Hofmann *et al*., 1995) are in some level of agreement about the ideal safety management practices.

General themes

The general themes that emerge may be listed:

- Genuine and consistent management commitment to safety, including: prioritization of safety over production; maintaining a high profile for safety in meetings, personal attendance of managers at safety meetings and in walkabouts; face-to-face meetings with employees that feature safety as a topic; and job descriptions that include safety contracts.
- Communication about safety issues, including: pervasive channels of formal and informal communication and regular communication between management, supervisors and the workforce.
- Involvement of employees, including empowerment, delegation of responsibility for safety, and encouraging commitment to the organisation. (Mearns, *et al*., 2003)

The literature includes a large number of studies analysing the practices and procedures involved in an adequate safety management: risk assessment, communication, accident analysis, emergency response, near miss reporting (Ai Lin Teo and Yean Yng Ling, 2006; Basso *et al*., 2004; Demichela and Piccinini, 2006; Demichela *et al*., 2004; Beatriz, et al., 2007).

The serious accidents of recent decades have shown the importance of controlling the risks of processes. Process safety is now recognised as an important aspect of the organisation for avoiding human and financial losses. The analysis of the literature reveals the importance of management, organisational and cultural factors in the accident generation process (Brown *et al*., 2000; Demichela and Piccinini, 2006; Hofmann and Stetzer, 1996; Mearns *et al*., 2003; Zohar, 1980; Beatriz, et al., 2007). It is recognised in literature that safety management plays an important role in achieving and maintaining a high level of safety (Mitchison and Papadakis, 1999) and in reducing losses resulting from accidents and incidents (Bottani, et al., 2009). The results of this study will also highlight the need of prevention policy through safety campaign, awareness and training of the workforce. These findings provide valuable guidance for researchers and practitioners in identifying the mechanisms by which they can improve the safety of the workplace. (Vinodkumar and Bhasi, 2010). Thus, the goal is to strike the prevention policy and the need for standardization and the need for adaptation to situational circumstances for Safety Management.

Human lives and health

The lives and health of human beings, the growth and prosperity of the economy, and the increasing need for fire safety are immediate concerns which provided the original momentum for the progress of fire science and technology (Guo and Fu, 2007). It is necessary to develop a complete and accepted fire safety assessment method for multi-purpose buildings. The building fire safety assessment criteria are closely related to the causes of fires, playing an essential role in the development of a fire safety assessment system (Chi, *et al*., 2011).

The cost of uncontrolled fires in buildings in terms of both human lives and damage to property is a high one. Each year direct losses due to fires are estimated to account for between 0.1% and 0.4% of a country's GDP [1,2]. To try to reduce such losses it is important to be able to both understand and quantify the behaviour and consequences of building fires in practice (Holborna, *et al*., 2004). An appropriate fire safety design should ensure occupant safety at first as building fire occurs (Chu and Sun, 2008).

Factors

There are a lot of factors such as fuel characteristics and building environment which dominate fire spread and smoke movement. For a given building, the operational reliability of fire protection system is an important influencing factor. In some fire risk analysis, it is simply assumed that a system will function successfully. However, such is not the case in reality. In order to achieve more reasonable results, operational reliability of fire protection system should be considered in risk assessment process (Chi, *et al*., 2011). A probabilistic fire risk assessment method is presented to evaluate the risk to life in building fires. The characteristic of this risk assessment method concerns that it incorporates some deterministic and stochastic characteristics of fire and evacuation process (Chi, *et al*., 2011).

Many aspects are to be developed, many of which have been discussed earlier in this paper, including the basic parameters of fire scenarios, smoke toxicity of materials, interaction between fire protection systems and fires, fire growth behaviour and the movement of smoke in buildings, human behaviour in fire emergencies, techniques of performance-based fire protection design and fire risk assessment for special buildings (Guo and Fu, 2007).

Methods

- Safety climate survey
- Satisfaction with safety activities
- Involvement in health and safety
- Communication about health and safety
- Perceived supervisor competence
- Perceived management commitment to safety
- Frequency of general unsafe behaviour
- Frequency of unsafe behaviour under incentives

Safety management process and practice

Safety management relates to the actual practices, roles and functions associated with remaining safe (Kirwan, 1998). It is usually regarded as a sub-system of the total organisational management and is carried out via the organization's safety management system with the help of various safety management practices. Safety management systems are mechanisms that are integrated in the organisation (Labodova, 2004) and designed to control the hazards that can affect workers' health and safety. Safety management practices are the policies, strategies, procedures and activities implemented or followed by the management of an organisation targeting safety of their employees. They are the essential elements permitting an effective management of safety in firms and are designed to comply with the existing legislations applicable to the organisation. The extent to which these practices are implemented in an organisation will be manifested through various actions and programmes of the management and will be clearly visible to an insider like an employee. Safety management system (and its practices) can be regarded as an antecedent of the firm's safety climate. (Vinodkumar and Bhasi, 2010).

Reinforced concrete structures

Reinforced concrete structures have been widely used as a major building form for decades and some concrete structures have reached or exceeded their design working life of 50 years but remain functional. The design working life of a reinforced concrete structure depends on a number of parameters:

- The location of the structure and its expected environmental conditions;
- Conceptual and structural design, detailing, intended use and level of maintenance;
- Materials' specification and properties; and
- Appropriate method of construction. (Wang, *et al*., 2013)

Design buildings for fire safety

In attempting to design buildings for fire safety, whether in the context of design of individual buildings (as might be done by a fire safety engineer) or in designing building regulations that are intended to cover broad classes of buildings (as might be done by building regulatory bodies), it is a basic requirement that the designers have an appreciation of the circumstances in which unwanted events (such as injury and death) occur and the frequencies at which they occur. It is obvious that there is little value in concentrating on events that do not occur or that occur very infrequently, particularly when it is apparent that the vast majority of losses occur through relatively frequent events. This is not to say that infrequent events should be ignored, merely that they should be kept in perspective. Indeed, when the potential consequences of a particular infrequent event are unacceptably severe, it is common sensual to adopt specially designed measures to minimize the risk. (Hasofer and Thomas, 2006)

Due to large number of people and complex building environment, once fire occurs, the evacuation is difficult to be accomplished which may induce many people casualty.

Therefore, reasonable fire safety design is very important to ensure life safety (Chi, *et al*., 2011).

Evaluate the safety

The first step to evaluate the fire safety level of such existing building s is to assess whether the building in use is in all aspects in compliance with the prescriptive fire safety codes and the level of maintenance of the building is adequate. However, such buildings are normally constructed to the ‘‘old’’ prescribed requirements, and the safety level provided in these buildings might not be the same as the standard enforced today. Assessment on the basis of current prescriptive requirements may cause such buildings to be regarded as ‘‘sub-standard’’. However, whether such ‘‘sub-standard’’ warrants immediate improvement action is subject to contention. For example, one may argue that prescriptive requirements in many fire codes do not provide a holistic picture of the fire safety level in a building. The interaction of active and passive fire protection measures has not been fully addressed. In order to provide a reasonable assessment, we may need to adopt suitable fire and evacuation models to evaluate the fire safety level (Zhaoa, *et al*., 2004).

Clear and extensive knowledge of human behaviour when faced with a fire is essential for the provision of the appropriate policy measures for a safe escape from it. However, our current understanding of how people act during an incident is still very limited, especially when it comes to the psychonomics related to fire safety. To realise adequate fire response performance, the definition of the fire safety of a building design should be based on psychonomics. Accordingly, further research is needed on building psychonomics in these circumstances (Kobes, *et al*., 2010).

Safety, with respect to evacuation, is measured in time, predominantly the time required for all occupants to reach the outside of a building. The structural design of modern tall buildings is governed by the need to efficiently transfer loading, particularly that from wind, whilst providing increasingly complex building functionality. (Cowlarda, *et al*., 2013)

Conclusion

A framework of decision analysis on design alternatives based on risk assessment for Safety Management presented in this study. With difference to traditional study, some uncertainties of evacuation time and the onset time to untenable conditions are considered in the risk assessment for safety management presented in this study. For evacuation time assessment and safety, occupant pre-movement time is characterized by normal distribution. For the onset time to untenable conditions assessment, its uncertainty is proposed with consideration of the range of design fires according to different fire growth rates. Based on event tree technique, probable Safety Management scenarios are analysed with consideration of operational reliability of protection systems and employees safety. Since not only the probability of every event in the business, but also the consequence of every safety issue cannot be characterized by explicit value or probability distribution, this study may utilize due it allows decision maker to express them as bounded intervals (Chu, Sun, 2008). Hence, understanding Safety Management and the prevention of fires and others is critical in all procedural areas within business industry.

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