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# DHAKA COMMERCE COLLEGE JOURNAL

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A Political And Economic Analysis In The Perspective Of Bangladesh

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VOCABULARY LEARNING STRATEGIES IN AN ESL CONTEXT

SUSPICIOUS BEHAVIOR DETECTION FRAMEWORK FOR SOCIAL NETWORKING SITES USING HIDDEN MARKOV MODEL



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Dhaka, Bangladesh

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# Why Don't Governments Succeed?

## A Political and Economic Analysis in the Perspective of Bangladesh

Md. Wali Ullah \*

### *Abstract*

*Bureaucratic complication and maladministration putting negative impact on state development, unskilled leadership in development activities, ineligibility of the governance of the state, negligence to time and significance, local and internal aid and misuses of loan, and loots - all are responsible for unsuccessful political-economy of government. Heads of the states of developing or under developed countries, could not hold the power trying to sustain them for a long time. Their consequence of failure was not good. Politics-economics' failed empowerment, governance, control, etc., have not been successful. The dream of independent Bangladesh was to implement golden Bangla. In this case, the newly independent government and the head of the government were the victims of a group of conspirators for power. Father of the nation, the declarer of independence, with his family, had to give blood to hellish animals in the name of opprobrium failure. The history of all exploiting and looting incidents of Bangladesh was nothing but political and economic failure of all governments. Taking all these liabilities of failure in shoulder, governments have been compelled to leave power in the past. Although the political governments have changed repeatedly, the development of this country has not been accelerated. For this, if the internal and external bodies and policies of the government are reconsidered, rearranged, or modified, development is possible. For the interest of the country, the people expect such a government that should hold power for a long time.*

**Keywords:** Politics of Conspiracy; Maladministration; Conditional Aid and Loan; Beneficiary Group; Unequal Dependence

### **1. Introduction**

The role of the government in state development works first. Negative impacts affect political economy if government fails to carry on the undertaken responsibilities and duties given by the people. The obstructed negative impact in the sphere of state development and all malfunctions of success are the failure of the government. In this case, if the government is ascertained disqualified in country governance, it is the failure of unsuccessful government. Failure of the government creates anarchy in political economy and result in the change of the government.

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\* **Md. Wali Ullah**

Associate Professor, Department of Economics, Dhaka Commerce College

## 2. Objectives of the study

The specific objectives of the study are as follows:

- i. To assess and analyse the causes of the government's failure based on information;
- ii. To know how the negative impacts affect the development of the country due to the failure of the government;
- iii. To analyze and find the causes of failure of Bangladesh governments;
- iv. To accumulate past wrong-right experience of ruler govt. to achieve skill of state governance; and
- v. To know if long governing liability remains at the hand of democratic government for the benefit of the country's development.

## 3. Literature Review

Governments of different countries play a role in their development and openings of state development activities. If we observe the developed countries, it is seen that the difference is observed within the parts of the state in development. In some cases, active successful part has been ably played. Again in some genres self-reliance index is of development methods such as in course of production, consumption, investment, value control, social security, welfare economy, social and political impasse, or instability became somewhere successful and somewhere failed. This failure is working as original power of government failure. In some genres, part of state sponsor has been played. Due to these failures, governments could not be successful to govern the country.

Different types of economic, social, and strategic matters are involved in the failure of the government. In many times, different types of advice given by them, foreign agency, help-cooperation, defeated power alliance, political-economic reasons are the causes of failure of governments in Bangladesh.

In the name of help and co-operation and also the direct foreign investment, the donor groups organize developed countries to intrude with money into many Asian and African countries including Bangladesh to help the government in development works. The governments of countries try to utilize this foreign aid anyhow to earn credit from the people and to stabilize their power. Of course, it takes a major portion of the total expenditure to provide salary, remuneration and also to flatter the donors. Only one part of the work is finished with the money spent in development. Therefore, the government has to wait for recurrent help for a long time. But the work of short-term projects (i.e., Dhaka Chittagong four lane highway) have not been completed even in long duration, and the impact of its backwardness falls on the state, the government, and also the people. As a result, the people of the country lose their confidence in the activities of the government, and, finally, the government tends to fail. Eventually, they are compelled to resign the responsibility for governing the state due to the competition for political power.

#### **4. Methodology**

The method of obtaining information is based on secondary data. Published articles, daily newspapers, magazines, reports, websites, and journals have been used to find the different techniques of this research. The data were analysed for examining the government political and economic activities by the help of foreign aid and loan and their contribution to development of developing countries like Bangladesh. Economic analysis provides valuable tools for identifying the relationship between politics and economics, and hence provides the suitable basis for making future projection.

#### **5. Why don't governments succeed? A Political and Economic Analysis: Its Impact on Bangladesh**

Why do not governments succeed? Condition of Bangladesh is not a separate incident for this cause. Also history of the origin of Bangladesh has come through failure of the government. Consequences of the two hundred years' ruling-exploitation of the British are independent Bangladesh. After all, different political-economic history is involved in government failure in state ruling.

##### **5.1. Independence and politics of killing conspiracy and liability of govt. failure**

Language movement of fifty two, mass uprising, freedom fighters of seventy one, etc., many kinds of battles, political beating-striking gave rise to independent Bangladesh. Independent history of this country is fully different that was the political-economic cause of government failure of the country's ruling alliances. The consequence of the failure of the British governance and exploitation resulted in the independence of India on 14 August 1947 and creation of Pakistan on 15 August 1947. All these political economic failures and jugglery games for scenario of Bangladesh are upheld in the matter of some well specific circumstances. Any type of development works for this country is taken in hand, only a part of work is complete in definite time. Long time is to wait for help again. With such help, the short term project work is not completed even within a long term period. The backward impact falls on county government, and the people of the country.

The dream of independent Bangladesh was to give the country a form of Golden Bangla (Sonar Bangla). In this course of it, new independent juvenile government yielded to an abhorrent power and a gang of bad conspirators. The Father of the Nation, the declarer of independence, along with his family, had to sacrifice life because of the hellish beasts in the name of failing government. Two and half months later, having been blamed for political-economic failure of the government four state politicians were openly murdered in jail. Calculation of political-economic wrong-right of government failure is not still stopped. Thereafter, it started again in a different way. A military government throttled to death the politics-economic governing the country by force. After nine years of absence of democracy and absolutism the government was compelled to resign through a political movement in 1991. Through a direct vote, if a political party came to power, they were bound to hand over the power to caretaker government due to their bad activities, looting asset properties, bad governance, exploitation, and misuse of state properties. There was also a government failure of politics-economy. Again, when another government got to power, they could not rule

the country more than five years due to misuse of power. The government at last had to give power to people. Military government by this time tried different types of mechanism to occupy the power. But ultimately they had to leave after the successful holding of a general election by some ways. Political-economic game of government failure did not stop here. Foreign mechanisms were more or less involved in the failure of the government. It continued at different times by internal-external bad conspirator alliances and betrayal alliances.

## **5.2. Excessive freedom and discrimination in forming political parties ruling the country**

The main theme of politics and economy in Bangladesh is that the government will do the development work through taking proper and right decisions. The development course of country will be enhanced gradually. Due to partition and clash of government for Bangladesh, the major issues have not ever been duly settled.

Face to face situation of two main parties in political environment of Bangladesh government always remains hot. Opposition party is always a part of the government. But the opposite parties could not ever keep effective contribution to develop the main subject. In this country, the government always works alone. But for the effective settlement of the major problems of the country, the government and the opposition parties should be united to establish an understanding at least. However, no progress has ever been done.

Under these circumstances, the general people of this country cannot take part in political activities systematically. They cannot vote as per their wishes. Their agents cannot participate in election willingly. Therefore, the general people do not get opportunity to take part in political procedural activities. Indiscipline arises from this. For ruling the country, good knowledge is mostly required. As a result, evidences and real situation of failure symptoms of political economic government are created.

## **5.3. Reasons of failure of different governments**

Different types of economic, social, and strategic matters are involved in the failure of the government. At times different types of advice are given by them. Foreign agency, aid and assistance, defeated power alliance, and political economic reasons of failure of Bangladesh government are clear. Short briefing of such matters is specified.

### **5.3.1. Failure in use of foreign loan on the part of the government**

In building human development structure, foreign loan has been considered a cause of government failure. Barakat (2002) mentioned that, in the last 42 years, foreign aid came Tk. 4,00,000 crore to Bangladesh. Tk. 20370 crore also came non-governmentally.

- a) That 4,00,000 crore taka, come governmentally as foreign aid service, has been saved for the interest of a specific group;
- b) This aid was excess to the requirement of the state;
- c) That loan aid striking was the cause of government's failure at any structure of consumption for a community; and

- d) Loan aiding flow has created different kinds of impacts to the largest number of people. In this regard, Sobhan (1990) has proved that foreign aid or loan did not come into structural development of a developing country even like Bangladesh. In case of GDP, the role of this is very poor. The loan cannot play any credible role in economic growth. As a result, the manifestation of the government failure has been repeated.

### **5.3.2. Loan service aid incapable of giving original freedom:**

Barakat (2002) and Sobhan (1990) stated that it is not proved in any development research until now that 38 years foreign loan service aid has expedited overall human development in Bangladesh. This loan aid flow could not ensure five types of freedom for our people in the country:

- a) Economic facilities;
- b) Social facilities;
- c) Political freedom;
- d) Transparency guarantee; and
- e) Surety of protection.

Actually, there is no relation of five types of freedom assurance with foreign loan service flow. Rather the relation of all that freedom sureties is negative with foreign-service aid flow which has been given -

- a. 40% people live below the poverty line;
- b. Sewerage facilities are not available for 55% people;
- c. 56% people are deprived of primary health service facilities;
- d. 36% aged old people are illiterate;
- e. About 2 crore children are deprived of education;
- f. More than 1 crore children are suffering from malnutrition;
- g. 30 lac children are taking birth away from hospitals;
- h. 20 lac children are taking birth with low weight;
- i. About 20 lac children die before reaching 05 years of age;
- j. Equal number of children does not get anti vaccine of disease; and
- h. About 650 children die each year due to malnutrition.

Sources: Bangladesh Orthoniti Somiti Samoyiki, 2002

### **5.3.3. Failure to achieve foreign loan aid and economic growth**

Economists differ to assess the flow of foreign loan aid with human development independence negotiator conception. Many think that this loan aid flow creates an excess trickle down utility through aid to grow the flow internal production (GDP). Barakat (2002) showed that what we see to assess statistical co-relation does never support that perception. Based on statistics of 1978-99, co-relation of foreign credit service helps with the GDP growth of 0.27 of which the average co-relation of 1982-91 is 0.19 and of 1991-99 is 0.71. That means GDP growth is not reliant on the flow of foreign credit financing help. Credit defaulting dependence of 90 decade probably indicates that although foreign loan aid is closed, economic growth will not be affected at all.

#### **5.3.4. Failure of govt. to control the unnecessary project and unseen hand in the ground of credit help**

It is seen from different statistics that our reliance on foreign aid is too deep and involved in everything that if we do not get commitment to receive a huge amount of aid, our annual development planning will become regularly impossible. Many unnecessary projects are included in our ADP by unseen hands. Perhaps, the reason is such that someone is in the mid level of foreign aid industry who realizes much benefit from this aid receipt. Even such types of equipments are added in this aid dependent projects which are fully unnecessary, such as-Vehicle, office materials, advisors, and overseas tour. We have not also any freedom to screen machines and equipments. The matter of our own priority for project compilation does not get any value today. The matter of adverse conditions and cross conditions is now governmentally recognized (ERD, Flow of External Resource, 2000: XXI). It is logical to say that after 42 years of foreign servicing aid, we are compelled to discuss unbelievable liability weight of incomplete, half-done, abandoned, and lost projects. The government puts preference to compiling less important projects which are left incomplete.

#### **5.3.5. Championship certificate on corruption**

As a clear instance, for enriching their interest, some miscreants of Bangladesh politics and economy in 2007 have been caught. Where their money inflated is clear, and we are bound to say due to political-economic situation from where, how their money has become inflated. We can say that a conspirator of them has looted a big amount of foreign aid and loan. They have made a mountain of unimagined asset-property among them. They have made the country champion hattrick in bribe and corruption.

#### **5.3.6. Foreign loan aid failed to meet the basic demands, such as food, cloth, shelter**

Sobhan (1990) asking a basic question on foreign aid necessity said that demand of fundamental requirements in Bangladesh is still at the low level. On this background, Bangladesh could not manage food, cloth, shelter, and education for people based on asset and existing technology. Per capita daily being 16 ounce, if we count it as per requirement, Bangladesh has food self-reliance in disaster-free years, and Bangladesh has capacity of food production more than 20 million tons. Cloth manufacturing capacity is not fully used in our factories, and we have hand looms like textile to meet minimum cloth demand of total population. Our medicine factories are able to meet our demands of health security. Similarly, our assets can make minimum educational process of people. It is possible to erect a semi pucca tin-shade house for the total population. Therefore, our failure is originated from structural obstruction of our existing social system to meet our fundamental demands. Our surety relies on land ownership and labour based employment. Thus, pre-conditions to ensure fundamental requirement is repartition and to create scope of extension of income. In the case of consumption, foreign aid reliance is also the consequence of structural failure. Crops have grown bumper. In such years also Bangladesh government was not able to collect food more than one lac ton by domestic collection effort. Basically, we are to pray for food aid to avoid epidemic. We hope help for enhancement of cloth productivity, but the existing power is not being fully used. Most of the running textile industries are incurring losses; loom weavers are leaving looms and surviving at any cost. In this case, foreign aid will not benefit work.

### **5.3.7. Inequity dependence on foreign credit demands income distribution and consumption**

Present situation of income distribution is creating a more import dependence for current consumption. It is seen from a research of BIDS that 40 percent of current consumption budget for high income people in city is dependent on foreign aid. In comparison with it, this dependence is only 14 percent for rural poorest families. In fact, what we are openly observing in daily life is fully consistent with this calculation. At an extreme margin, the elite consumption conception in town is the import-density. Import-density is an outward disclosure of this consumption through their dress, accommodation, consumable product, foreign tours, etc. Aiding program is included in a large part of imported consumptive product which is mainly self-satisfied by the elites of society. The matter of foreign aid should be considered as unimagined huge wasting source to lead the purpose of imported luxurious enjoyment. Direct Foreign Investments - DFI formed with foreign aid fund have been proved as another misuse in the source of non-government credit receiver.

### **5.3.8. Credit aid and black money relation**

Direct foreign investment funds occupy space in bank account. Again imported consumption fund is supplied to such categorical loan receivers. Such fund is used for imported consumption products, even materials for luxurious apartments. Importing concentration level of these is very high when compared with normality. At last, about 30,000 crore black money is created each year in relation to foreign loan aid (Barakat, 1991). As a result, foreign loan in the name of aid has helped to build the mountain of black money. Development is only a name as the work basically remains completely nothing.

Indenting business, direct foreign investment (DFI) credit receiver, big contractor and consultant firms including elite level have built up a mountain of unimagined money and asset. Earned income comes from foreign credit service aid for contract and consultants. Some people included in these categories are making statutory change and difference of working quality grab record crossed bribe or subscription from the credit service aiding head which is, of course, black money.

It apparently appears, on analysis facilities and benefits of foreign credit aid, that as a result of servicing aid flow economic depravity process is being expedited which is made strong for political corruption. Terrorism, depravity, and black money are only a habitual faculty of this procedure. Gradual enhanced amount of foreign loan aid is made to change quality in socio-economic structure, and the relieving path is becoming impossible to come out through normal rule from the socio-economic and political depravity.

Therefore, overall loan servicing aid structure did not expedite this procedure of human development in our country and made strong structure contrary to people's interest, no doubt. On the other hand, the economy, politics, and state system have been turned into principles of corruption for the time being by foreign loan aid.

### 5.3.9. Property extension of benefit taking group of people and foreign loan and service aid

Barakat (2002) said that foreign loan aid flow has expedited the inequity income distribution of our country, and assets have been accumulated at the hand of some local and foreign persons/ firms. As a big plot seen from the table that in three decades of foreign loan aid, foreign machineries-equipments supplier agents and consultants together have cumulatively looted 45,000 crore taka, i.e., 25 percent. Bureaucratic politicians, commission agents, consultants, and construction builder contractors grabbed 30 percent, i.e., 54,000 crore taka of four classes in country. The rich persons in urban and rural got 20 percent equal to 36,000 crore taka.

A big amount of foreign aid is spent out of the country for bringing products and service. By this way, machinery suppliers and foreign consultants have become the direct beneficiaries of foreign aid.

At the same time, in our country, some local beneficiaries have emerged who are directly dependent on the interest of foreign aid. Among them are the local initiators, commission agents of imported products and service at foreign aid fund, commission agents, contractors, credit receivers, foreign suppliers, and politicians.

### 5.3.10. Personal facility getting and loan-inflation showing different expenditure by trickery techniques for employment of labour people and consumption extension

Foreign credit aid has come for poor labour people, but they get only 25 percents, i.e., Tk. 45,000 crore taka. The rest amount is removed by tricky technique showing as part of labour people and implementation of rural representative project. In the last three decades, spending 45,000 crore in the name of foreign loan aid, a well organized pocket of asset-inflation equivalent Tk. 1,35,000 crore has been created under this circumstance. Considering the practical situation, possibly a great decision will be taken to do such, by which Tk. 45,000 crore can be properly used out of Tk. 1,80,000 crore to discover this system.

**Table: Beneficiaries of foreign loans received by Govt. in the period 1971/72-1998/99**

Class of benefit takers	Amount (Crore)	Percentage rate of benefit
Foreign machine supplier	23,400	13
Foreign Consultants	21600	12
Country commission agent	10800	6
Govt office-politician (Subscription)	12600	7
Country Consultants	7200	4
Construction contractors	23400	13
Other elite person (urban and rural)	36000	20
Labour-farmer, etc.		
Labour, construction labour, grameen credit receiver, etc., engaged in food program in exchange of work	45000	25
Total	1,80,000	100

Source: Abul Barakat, Political Economy, Bangladesh Arthanity Smithy, Samuyiki, 2002



The direct receivers of the foreign donation expend a part of their revenue to purchase various goods and service which are available in the local market. For this purpose, beneficiaries include foreign donation networks. There is no account of how many employments have been created among the hard working persons as a result of obtaining donation and excess integrants.

### **5.3.11. Non-payable sum of the Project expense in certain people's project**

Some people among loan receivers of the direct foreign investment mention the excess value of the imported materials, not to use the loan accurately and fail to utilize the loan with skill. Such kind of loan receivers put a huge amount of money in their pocket. There is a close relation of foreign loan with Tk. 30,000 crore which were taken by 250 nos. loan defaulter of Bangladesh.

### **5.3.12. Some so called persons have got the facility as middle men**

As the indenters are middle men, and for this they get the brokerage amount, and as they make other people communicate with the higher level persons, they get the commission. Accordingly they look for dishonest ways to take a huge amount of money through misinterpretation. As a result, if there is any kind of excess expenditure than are necessary, its liability will be borne by the country and the beneficiaries of the foreign donation.

### **5.3.13. Foreign loan service cooperation and change of financial condition**

A group has been formed for a long time centering on the spoiling of the foreign donation, and there are many kinds of persons like businessmen, bureaucrat, politicians, etc. After independence, properties have been gained by persons. Its 75% sources are foreign loan and donation. Finally, some questions have been raised about the co-operation of a class of persons' existence in capital smuggling to foreign countries, enjoying property illegally, purchasing the land and house, insufficient use of the production ability, low rate in the matter of balance and re-investment creation, DFI, and the unpaid loan to the commercial bank. As the role of the active foreign loan and donation are undeniable as the media of the dependent vocation extension, there is no strong argument on behalf of facility and necessity of the social economy of the current foreign loan and donation.

## **6. Recommendation**

The incidents of the mentioned governance-oppression-spoil in the history of Bangladesh were in the government of the political and non-political all kind of governments. Taking on the shoulder the responsibility of such kind of unsuccessful works, the past governments left the power. If such kind of responsibility is created on behalf of the ruling government, or if such governments fail to perform responsibilities changing themselves, any political or non-political government cannot keep its power for so long days.

By this political speak though the government is changed, it is not the development of the country. If it is possible to provide good governance to carry on the oppression and governance policy, if it is possible to continue a government for a long time, and if it is

possible to utilize and use the resources of the government home and abroad, and if everyone can do the public welfare related tasks remaining in the respective positions, it will be possible to establish the golden and absolute independent Bangladesh. If the political government does their work to strengthen information and communication system today, development of the country is surely possible.

## 7. Conclusion

The party who come to the power of the country must be aware of the past failures. If it is taught about the good and bad side, they will perform better in running the country. Considering the correct and wrong experience of the past time, it will be worth thinking. No vengeance, no revenge, no political preventive, rather it will concentrate on the development of the political condition. The expectation of the country is to do good and make long term responsibility for ruling the country. It will highlight the image of the government to the people in every development act of the country. It will give credibility to the people of the country. The credibility and accountability should thus be given on behalf of the government creating partnership in all development works of the state.

It will take a long time for running the country honestly in the hand of a dedicated government if it intends to make democracy strong. Remaining in a part of the government against the political government, the opposition party makes the constructive criticism of the government, and if the opposition party defends the matter of development, the overall public development will be achieved. If the opposition party makes a good role in the parliament based on constitution and takes part through a strong voice in the parliament, any kind of negative intentions of the government will fail. It will not succeed in oppressing the common people illegally or do the irregularity and non-public welfare work on behalf of the government. Over all, the constructive criticism, protest, and such kind of activates will be done by the opposition party as a part of the government to develop the country. Opposition does not mean only hostility. It can also work for public welfare. The government should also be given sufficient time to work. Otherwise, if government is changed again and again due to the failure of the government, it will not be helpful for the development of the country.

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# Kue Rxebvbt` i Rxebteva

tgvt mvB` j i ngvb ugTv \*

## cKwzi Kue Rxebvbt` i Rxebteva

### mi mst`c

i xZg Rxebtevtai GKwZvq vbgMreKue Rxebvbt` `vk | Bw` tpuZxZ tcje AbyfwZtZ wZvb Rxeb I RMtzi cW mste` bkxj Dcj wai 0vi DtbWpb Kti tQb | Rxeb I RMr m`utK`kyk Zvi Mfxi Zi cW` tk Zui evm | wKs` tKv\_vl tZv i xZv tbB N` bv e`w<sup>3</sup>MZ Rxeb, bv mgvWRKZvq, bv i v0xq e`e`vcbvq | hM gvb tmi Aw` i Zv, wekht`x wech`-gvbeZv, mF`Zvi fv`vMlov, mgvt Ri Aš`mvi kb`Zv, e`w<sup>3</sup>MZ Rxebi e`\_Zv ZwtK wecbreKti Ztj tQ | G wecbre`stq Zui wf`Zi GK teva Rb` tbqN` hv 0gb | gqx cW` extK Gwotq Pjvi AZ`mZ AnsKvti Aei`x | 0 ev`eZv t`tk `fi N` eu` fi AwZev`eZvi a`vtb wZvb gMst`tk tQb AvRxeb | cpi venZ` e`\_Zvq Kue Ašg`xb vbR`Zvq L`R vbtq tQb Avcb Avk`q | wv`e`fivax `f evK Kue Rxeb hš`yvi AvZ` nb`tk Kue`K ifc w` tqtQb cKwzi GKvZ`vq | cKwzi AZ`w`q kixix Abyfe GB` cW`g cW`K Dcj wä Kij | G Dcj wä Rxebvbt` i Rxebtevtai gtZvB` `tefa`, Kzvkv`Ob` Aw`k I Rxeb `k`bi Rwlj Zvq Zui Kue` cW`K`tk weävš`-k`ti tZvtj | Rxeb avivi my`tevtai wecixZ ej`tq cW`K inm`gqZvi Aš`vtj Zuj`tq hvq | G A`mZ gvb m0` Rxebvbt` i Aw`Kvsk KueZvq cW`Zdij Z ntqtQ | AvKw`qZ t`cW`-bvix-Rxeb-cKwz meB Rxebvbt` i GKwkt`Zi Zgmv`Obre `biv`k` Aš`j`b | ev`eZvi vbg`Zvq wZvb w<sup>3</sup> | Rxeb I RMtzi `fweK vbqtg Zui Rxeb AvenZ` nqvb | A\_P c`A`me`^gbtb gnr Rxebtevtai D`P aviYv Zui AvRb` j wuj Z | G gvb m0` cW`g BD`ivcxq DEi mgvwi K ms`wZ weKv`ti f`qven Db`E`Zvi gta` Rtb`Wj | Zte Rxebvbt` i we`sqKi Kue cW`fv ti š``thb MÜ tj`M AvtQ/-`t`c`e`N` tOuvv w`tq 0mg`f` i Rtj t`n atq/b`q`ti Ztj 0 At`q`v Kti 0Pwi w`tk gkvixi q`gvnxb wei`xZv0 RvM`tq ebj Zvi t`P`Li Avk`q AvZ`ngc`y Ki`Z P`q | Kue`vbf`wzi G Bw` tpuZxZ tivgvY` evsjv mwin`Z` mwz`B AZj bxq |

### Rxebvbt` i Kuegvbm

w`tkvEi avivi Ab`Zg cW`fvevb Kue Rxebvbt` `vk | w`tkvEi h`Mi Aw`i gvbmt`PZbvq c`fve td`j`Wj we`UK Jcwb`ew`K mgvRe`e`vq | h`x, `v`v, LwE`Z `t`k`fvebvi gj`tevtai avivew`K Ae`q`q cKv`tk Rxebvbt` i KueZv ntq D`v`tQ `tefa` Ges cW`v`-`uk`p | Zui KueZv c`fV cW`K w`KQlv wegp` ntq c`ob | Zte evi evi c`fV ALÉ Kue` gwZ`Ab`f`te brov t`q, hv tPZbv`k kmwZ Kti | thgb Zui 0A`mZ Avavi GK0 KueZw`N`

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\* tgvt mvB` j i ngvb ugTv  
 mn`thMx Aa`vcK I tPqvi g`vb, evsj v we`f`M, XvKv Kgym`K`tj R

A<sup>m</sup>Z Avavi GK GtmtQ G-cw\_extZ AvR,  
 hviv AU metPtq tenk AvR tPvL `vL Zviv;  
 hv` i u` tq tKvfv tcg tbB-cwZ tbB-Ki`Yvi Avtj vob tbB|  
 cw\_ex APj AvR Zv` i mpcivgk<sup>Q</sup>ovov|  
 hv` i Mfxi Av`v AvtQ AvtRv gvbtli cZ  
 GLtbn hv` i KvQ `fveK eotj gtb nq  
 gnr mZ` ev i wZ, wKsev wkí A\_ev mvabv  
 kKb l tkqvj i Lv` AvR Zv` i u` q|

KweZwUj AvaybK ka e`envti At\_P KvvtgvZ t` Lv hvq th, KweZwUj `uóZB μx we` #ci |  
 GgbB A<sup>m</sup>Z w` bkij ctotQ th hviv vbtu, vbtetā Ges u` qnxb vboj, ZvivB AvR RwZi c\_  
 c0kR| AvR Zv` i nvtZB mKj qIgzv| gnr mZ` ev i wZ, wkí A\_ev mvabvq AvRI hviv  
 Av`v ivtLb Zviv AvR vbmPxZ, tkqvj Avi kKtbi Lv` cwYZ ntqtQ Zv` i mste`bkxj  
 gb|

gvbemf`Zvi cōngvfb vekgvbweK HwZtn`i tkōtZj hv wKQz gnr, mZ` l Av` kēv`x tPZbvi  
 aviK Rxebvb` Zv Ašfi jvj b KtītQb| Rxeṭb wZwb vQtb Av` kēv`x, bwiZi c0kæ  
 Avtcmvnx, tMvcbxqZwcd, AwZwi<sup>3</sup>iKg tmbwvUf, wKš' e`enwvK Rxeṭb AtbKLwb e`<sup>o</sup>  
 Ges mPtZbFvteB vQtb Ašgex| wKš' Kue l tj LK wntmte vQtb `pgj | Rxebvb` i  
 c0g RxebxKvi tMvcvj P>`<sup>a</sup>ivq wj tLtQb, ōAtbK gvby AvtQb, hviv `n útj vo ev tenk K\_v ej v  
 c0` Ktīb bv| Giv `fveZB GKUz kvš, Mæti l `f evK c0kwiZi gvby nb| Rxebvb` vQtb  
 GB c0kwiZi gvby| ZvB etj wZwb tvtki mt½ bv-wgk vbr`b vKtZ fvj evmtZb ev Kvti v  
 mt½ nwm-VvEv l Mí Re KtīZb bv, Zv tgvfUB bq| Rxebvb` i mt½ hviv Nwbōfvte  
 wgtktQb Zv` i KvQ t\_tK itbwQ Ges Hifc KvI KvI tj LvZi ctovQ th wZwb i wZgZ  
 Re Ges nwm VvEv meB KtīZb| eZgvb MšKvi l Zui mt½ c0q `β ermi wgtk t` tLtQb  
 th, wZwb i wZgZB mnR, mij, wjiK l Mí wcd gvby vQtb| Zte GUV wK th, Rxebvb` i  
 AvZmæjy teva c0i vKvq wZwb mKtj i mt½ c0Y Lfj wgtktZb bv, Avi AvZmæjy AvNvZ  
 jvMtZ cvti tte AtbtKi KvQ t\_tK `fi l vKtZb| ZvB evBti t\_tK t` tL AtbtKB ZwtK  
 AwjiK l vbr`Zg etj gtb KtīZb| wKš' Avmtj wZwb Zv vQtb bv| ō (tMvcvj P>`<sup>a</sup>ivq/  
 Rxebvb` , c, 90)

Rxebvb` `vk evsjv Kvte` mjwiqvj Rtgi cēZK| G civev`e avivi mxtZ wZwb  
 mjwiqvj ÷ | BstivRfvlx l tjq mxq Kue wlv vb Ugvm ōviv cōfweZ ntqtQb| gMæPZtb`i  
 Mfxi We w` tq Kue th mKj wPīKí A\_ev cZxK AvniY Kti vbtq Avtmb, mvaviYZ hv<sup>3</sup>i  
 cvi æútthP l ci vbfP bv Kti mivmwi Zv` i mwiRtq th mKj KueZv i Pbv Kiv nq tgvUgyU  
 Zv` i B bvg mjwiqvj ÷ KueZv| tmLvfb GKwU wPīKí Ab` GKwU wPīKí tK tUtb vbtq Avtm|  
 GB wPīKí wj i wku mv`k` tbB, nqtZv ev AvtQ GKUv `t mv`k`| c0Z`K gvbtli B `cæ  
 RMtZi AvfÁZv AvtQ| `tæ RMtZ thgb ev`e AvfÁZv wj cwievZ ntq bZb ifc MōY  
 Kti, KueZvZi wPīKí wj tZgbB ev`tei Dci `votq vKtj l bZb AvKvti Dcw`Z nq|  
 Kue GLvfb wPīKí wj i gta` thvMm` Awe<sup>o</sup>vi KtīZ mPó nb|

Rxebvbᵀ i wPĪKí mᵀútkᵀAaᵀvcK ᵀMᵀksKi gᵀLvcvaᵀvtqi AwfGZÑ ŪRxebvbᵀ evᵀKᵀ kā I Aj ½vtii Ggbfvᵀe webᵀvm KᵀiᵀQb th, Avmj A\_ᵀMᵀᵀY evavi mᵀj nq Ges tmb evavi gᵀaᵀ wᵀ ᵀq wZvb BwáZ Aᵀ\_ᵀ eᵀÄbv AvbᵀZ ᵀᵀᵀqᵀQb | wPĪKí ᵀ, wj ᵀK fᵀ%K mᵀĪ wZvb ᵀMᵀw\_Z KiᵀZ Pvbᵀb- ᵀᵀᵀqᵀQb cvᵀᵀZᵀ mᵀ½ᵀZi gᵀZv eᵀZvᵀbi gᵀaᵀ wᵀ ᵀq GKUv mᵀ½wZ mᵀj KiᵀZ | Ū (/ Rxebvbᵀ wRÁvmv c, msLᵀv- )

gᵀbweÁvbx vmMgŪ dᵀqW-Gi (1856-1939) gvbegᵀbi wZb Aeᵀv (ᵀPZb, AeᵀPZb I AᵀPZb) Avmeᵀvi mesk kZvāxi meᵀcᵀv Avᵀj vnoZ NUb | G Avmeᵀvtii wkí mᵀwvZᵀK ifc mᵀj wᵀ qvj Rg ev civevᵀ eevᵀ | cᵀᵀg I wᵀZxq gᵀvᵀᵀxᵀ gaᵀLvᵀb Gw Avᵀᵀ vj ᵀbi AvKvi tbb | KweZvq cᵀᵀg DᵀmᵀZ nᵀj I wPĪKj vᵀZB Gi cᵀᵀg cᵀᵀqM mdj nq | AwZᵀPZb Kwe Rxebvbᵀ Zvi ebj Zv tmb (1942-1952) KweZvMᵀSB cᵀᵀg GB civevᵀ e KweZvi cᵀᵀqM mvdᵀj ᵀ DĒYᵀnb | G cᵀᵀ½ Avgiv Kveᵀwkᵀivbᵀᵀgi ebj Zv tmb KweZvi ᵀkl cᵀwᵀ ᵀ wᵀi ᵀ ᵀvš-Dcᵀvcb KiᵀZ cwi : Ūme cwiL Nᵀi Avᵀm- me bᵀ x- diᵀvq G Rxeᵀbi me ᵀj bᵀᵀb ; / ᵀᵀK ᵀiayAÜKvi, gᵀLvgᵀL eimevi ebj Zv tmbᵀ Zvntᵀj Kx ᵀᵀ LᵀZ cvᵀ? AwZ evᵀ e ᵀPZbvq Kwe Zvi ᵀcᵀmᵀK ᵀcᵀZ ᵀᵀᵀqᵀQb Rxeᵀb bqÑRxebvZᵀZ, ᵀᵀcᵀKí bvq | Ūebj Zv tmbᵀ Kvᵀeᵀ Ūnvl qvi ivZᵀ, Ūeᵀbv nᵀvᵀ, ŪbMᵀebRᵀ nᵀZᵀ, Ūnwi ᵀYivᵀ KweZvq cᵀᵀg cᵀwᵀᵀZB ᵀᵀcᵀ Bkviᵀvq civevᵀ eZvi Qvc ᵀúo | ŪnᵀZwᵀ Zvivi wZvᵀi ŪŪGi ŪᵀNvovᵀ, ŪᵀMvavᵀ mᵀwᵀi bZᵀ, Ū ŪᵀhBme ᵀkᵀᵀj ivᵀ, ŪmBKᵀ, ŪGKwᵀ KweZvᵀ cᵀwᵀZ KweZv civevᵀ eZvi mvᵀ R DᵀvniY |

**cᵀKwZi Kwe Rxebvbᵀ**

Rxebvbᵀ i mgMᵀiPbvq GKUᵀ wᵀYᵀvᵀᵀcwi eᵀvᵀ | Zvi mgᵀ-KweZvB ᵀKvᵀbv bv ᵀKvᵀbv Aᵀ\_ᵀ cᵀKwZi KweZv | ŪcᵀKwZᵀ GB kāwᵀi wᵀbᵀwᵀbᵀbv A\_ᵀAvᵀQ | Ávtbᵀᵀ ᵀᵀgnb ᵀvm Zvi evᵀj v Awfayb-G cᵀKwZ kᵀai Ebwᵀ k iKᵀgi A\_ᵀ ᵀᵀqᵀQb | thgb ᵀgRvR, gvqv, Awᵀᵀv, ᵀᵀex, bᵀx, cRv, avZi ev kā gj, msᵀZ Qᵀᵀ weᵀkl, BZᵀwᵀ cĀfK, AvZᵀ, hveZxq mᵀ cᵀᵀᵀev wᵀmMᵀ cᵀwᵀZ | Kwe Rxebvbᵀ ᵀvkl ᵀmB wᵀᵀᵀe evsj v mᵀwᵀZᵀi GKRb cᵀKZ I ᵀkᵀ cᵀKwZi Kwe | Rxebvbᵀ i KweZvq Ckᵀi, agᵀᵀᵀᵀ BZᵀwᵀ i Kᵀv ᵀZgb bv ᵀvKᵀj I, gvbᵀli ᵀcᵀᵀ fᵀj evmv, mᵀᵀ ᵀL I Zᵀᵀ i mgᵀᵀRi Kᵀv AᵀbK AvᵀQ | Zeᵀ cᵀKwZi KᵀvB Zvi KweZvq eo nᵀq ᵀᵀ Lv wᵀ ᵀᵀqᵀQ |

GB cᵀKwZi Kᵀv ᵀKej wZvb wᵀQK cᵀKwZi mᵀᵀŪ ej ᵀZ wᵀᵀqB eᵀj bᵀb, wZvb gvbᵀli ᵀcᵀᵀ-fᵀj evmv, mᵀᵀ-ᵀL cᵀwᵀZi Kᵀv ej ᵀZ wᵀᵀqB eis KLB cᵀKwZ wᵀ ᵀq cwi ᵀek mᵀj Kᵀi, KLB ev cᵀKwZ ᵀᵀK Dcgv BZᵀwᵀ Gᵀb Zvi KweZv iPbv KᵀiᵀQb | Dᵀmᵀ, AvKvk, evZm, bᵀx, mgᵀᵀ, ceᵀ, ᵀgN, Pᵀᵀ, mhᵀᵀᵀ cᵀwᵀZ cᵀKwZi GB me Aᵀ ev DcvᵀvbᵀK Rxebvbᵀ Zvi Kvᵀeᵀ AmvaviYiᵀc eYᵀv KᵀiᵀQb | cᵀKwZi eYᵀvq Rxebvbᵀ i GKUᵀ ᵀenkᵀ nᵀj v, wZvb cᵀᵀ½ZB ᵀnvK ev mᵀvaviYfᵀei eYᵀvZB ᵀnvK AwKvsk ᵀᵀᵀᵀB Ūwe AvKvi gᵀZv Kᵀi Dcgv wᵀ ᵀq wᵀ ᵀq eYᵀv Kᵀi ᵀᵀᵀQb | Avi Zvi wᵀRᵀᵀeᵀ I cᵀKvk fᵀwᵀi Rbᵀ ᵀmme eYᵀv Awfᵀe Ges Abeᵀᵀ nᵀq DᵀvᵀQ |

cᵀKwZi GKUᵀ eo Aᵀ ev weᵀkl Dcvᵀvb nᵀj v Dᵀmᵀ | Dᵀmᵀ ej ᵀZ mᵀvaviYZ eo eo MvQᵀK ᵀevSᵀj I wᵀwᵀᵀᵀ Zv Ges ZYI Dᵀmᵀᵀ i B AᵀMᵀZ | Rxebvbᵀ KZ cᵀᵀ½ KZ wᵀwᵀᵀᵀi ᵀbi eᵀ, j Zv I ZᵀYi Kᵀv th Zvi KweZvq GᵀᵀQb, Zv fᵀeᵀj wᵀᵀ ᵀZ nᵀq |

Ōi fcmx evsj vŌi ctiB Ōebj Zv tmbŌ MŌŠ' AtbK MvŌQi K\_v AvŌQ| thgb Ōebj Zv tmbŌ MŌŠi ŌAvgrŌK ZŌgŌ KueZvq-

SvD nwi ZKx kvj , wbfš-mŕh©  
wcvkvj wcvj Avgj Kx t`e`vi`j  
evZvŕmi eŕK ŕŭpv, Drmvr, Rxeŕbi tdbv;

Ōebj Zv tmbŌ MŌŠ' Ōŕkiŕŕi Wvj cvj vŌ bŕŕg GKwJ KueZvI AvŌQ| GB eBŕqi ŌAeŕkŕŌŌ KueZvi GK RvqMvq Rxebvbt` wj ŕLŕŌb- ŌGLŕŕb cŕkvš-gŕb ŕLj v Kŕi DŕzDŕzMvŌŌ|

mKzvi tmb Zvi evŕjv mvrŕŕZi BwZvrn 4\_©LŕĒ Rxebvbt` i KueZv mŕŕŌ Avŕj vPbv KiŕZ wŕŕq wj ŕLŕŌbŌ Ōj ŕŕ` KwŕŕZ nBŕe th Rxebvbt` i KueZvq dj tbBŌ| mKzvi ŕŕŕbi GK\_v mZ` bq| ŕKbbv, wZwb Zvi MŌŠ' thLŕŕb GK\_v wj ŕLŕŌb, Zvi `ŕvZv AvŕMB Rxebvbt` i cŌg hŕŕi KueZv eŕj cŕvvrŕZ cŕkvkZ Ōcj vZKŌ bvgK th KueZwJ D×Z KŕiŕŌb, ŕmB KueZvŕZB GK RvqMvq Rev dŕj i K\_v AvŌQ, cŕZcŕŕŕ KueZwJi bvg cjvZKv)| Rxebvbt` i Ōami cvĒwj wŌŌi Avŕŕi MŌŠ' ŌSiv cvj KŌŌG AtbK iKg dŕj i Dŕj L AvŌQ| thgb AZmx, AŕkvK, Avŕgi Kwo, Keix, KvK-Kwgbx, ŕKqv-Pvr, P`ŕwj Kv, ŕMvj vc, cjvk, gvaex, gavgj Zx, ŕgwrZqv, bwMR, cvj v, ŕkdvj x cŕwZ| GŌrov AvŌQ Avŕcj dj | Wwj g dj | Avi AvŌQ evej v dj | ebdj | Ōami cvĒwj wŌŌŕZ AvŌQ mv`vcŌ, bviŕKj dj | ŕkdvj x dŕj i K\_v| AtbK RvqMvq ŕKvb dŕj i bvg Dŕj L tbB, ŕayAvŌQ Siv dj , ivŕZi dj , Ngš-dj |

Ōebj Zv tmbŌŌG AvŌQ- P`ŕwj Kv, bxj ŕP Nŕŕmi dj | gnvcw\_exi cwi PŕqK KueZvq AvŌQ ŕKqv dj | ifcmx evsj vq AvŌQ- Pvj Zv dj , ŕ`ŕY dj , mŕwi dj , ŕŕŕiĒv dj BZ`w` | Rxebvbt` i Ōi RbxMŌvŌ bŕŕg GKwJ KueZv AvŌQ| ŌvbRŌ nŕŕmi ŌweŌ KueZvq tj ey dŕj i , Ōi wŌ I ŕŕvi Ō KueZvq hw\_Kv dŕj i Dŕj L cvl qv hvq|

cŕkwZi Kue Rxebvbt` Zvi eŌ KueZvq bvbv cŕŕŕŕB bvbvŕŕe eŕŕ, j Zv I ZŕYi K\_v ej tj I , Nŕŕmi K\_v thb wZwb wŕŕkŕŕŕŕe wj ŕLŕŌb| Nvm bŕŕg wZwb GKwaK KueZvI wj ŕLŕŌb| bvbv bŕŕgi Nvm Avi Nŕŕmi K\_v wŌŕq KZ ŕŕŕeB bv KZ K\_v wj ŕLŕŌb| thgb:

1. cw\_exi me i e tj ŕM AvŌQ Nŕŕm; (ifcmx evsj v: ifcmx evsj v)
2. ...G Rxeb Kŕe thb grŕV grŕV Nvm nŕq i ŕe  
bxj AvKŕŕki wŕŕP ANŕŕYi ŕŕŕi GK (GB kwšŕ-ami cvĒwj w)
3. GB Nŕŕmi kixi QvbŌŌ ŕPŕŕL Nwl  
Nŕŕmi cvLbvq Avgvi cvj K  
Nŕŕmi wŕZi Nvm nŕq RbŕB ŕKvb GK wŕweo Nvm-gvZvi  
kixŕi i mŕŕ` AŌKvi ŕŕŕK ŕbŕg| (Nvm: ebj Zv tmb)
4. Zvi ŕcŕŕ Nvm nŕq Avŕm|  
mj Äbv,  
ŕZvgi ŭ`q AvR Nvm| (AvKvk bxj v: mvZwJ Zvi vi wZvgi)

evsj v`tki cKwZtZ M0S, elP, kir, tngš, kxZ I emšN GB Q0W FZz\_vKtj I Avgvt` i  
 Kweiv elP vbtqB teuk wj tLqB| ms`Z mwnT`Zi tk0 Kwe Kwj`vm I evsjv mwnT`Zi  
 iex`bv\_ AftKtKi KvqQ elP Kwe etj I L`vZ| elP, tgN I ejo vbtq iex`bv\_ KZ me my` i  
 I mv\_R KweZv iPbv KtftQb| Kwj`vm Avlvtpi tgN vbtq Zui wekteL`vZ weinKve` tgN`Z  
 iPbv KtftQb| weL`vZ `e0e Kwe we`vcwZ 0G fiv ev`i, gvn fv`i, kb` gw`i tgvio etj  
 weitni Acec` iPbv Kti Agi ntq AvqB| cKwZi GB FZz vbtq wj LtZ vMtg Rxebv` Ab`  
 Kwe` i ct\_ bv vMtg Zvt` i DtcwZ tngš-I kxZ FZi, wekl Kti tngtšt K\_vB teuk Kti  
 etj tQb| GRb` wZvb AftKtKi KvqQ tngtšt Kwe vbtgB L`vZ| 0AN0Y c0Šti 0 Kwe wj tLqB-

tngš-GtmtQ Zey ej tj tm,0 Nvtmi I cvti me weQvtbv cvZvi  
 Qwotq ctotQ Rjtj 0, wKQWY ANtYi A`úo RMtZ (AN0Y c0Šti / ifcmx evsj v)

tKbbv-

Avgvtiv B`Qv Kti GB Nvtmi GB N0Y nwi r gt` i gtZv  
 tMj vtm tMj vtm cvb Kwi,  
 GB Nvtmi kxi i QvibNtPvtL Nwl,  
 Nvtmi cvLbvq Avgvi cvj K,  
 Nvtmi wFZi Nvm ntq Rb`B tKvtbv GK vboeo Nvm gvZvi  
 kixti i my`v` AUKvi t`tK tbtg (Nvm/ebj Zv tmb)  
 Kwei Rxefti tkl kh`vl iwPZ ntqtQ U0g j vBtb Zui GB c0Yw0q Nvtmi I cti | tngš-FZi  
 KwZR gvtm GK vBR0 mU`vq|

**eY0M0Ui Kwe Rxebv`**

M0g evsjvi Acec`cKwZK tmš` thP gvbm cJ Kwe Rxebv` `vm| cKwZi Qvqv mjbveo, kvšN  
 tmšg` t`tm Zui `kke `KtKvi tKtUq etj B Zvi `Y`I Kwe cKwZtKB AftPZtbi tešw`K m1/2  
 KtftQb| cKwZ Zui wevP` ifc- im- MÜ- eY0vbtq Zvi KvqQ aiv w`tqtQ kixix Aeqte| dtj  
 Zui Kvte`B Avgiv c0g eY0A`R bvbv is Gi K\_v Ges M0Ui kixix `uk`cvB| mv`v, Kvftj v,  
 jvj, bxj, njj, meR-ami cFwZ is Gi euj e`envi Zvi Kvte` j`Yxq| Rxebv` tK  
 AftK tngtšt Kwe gtb Ktib KviY wZvb Zui KweZvq evi evi tngš-FZi c0h1/2 tUtb  
 GtftQb | Zvi AmsL` KweZvq 0ami0 ktai e`envti i Rb` ZvtK tKD tKD amiZvi KweI  
 etj tQb| AvPŠ`Kgvi tmb\_β Zvi 0Ktj vj hM0 M0Š`G m`úftK0j tLqB, 0Zxe`Avtj v, `úo evK`  
 ev c0i i vM iAb G mtei gta` tm (Rxebv` ) tbb tm a`mi Zvi Kwe| vPi c0`vl t`tki GK  
 evm`v| Rxebv` GK vPwTz vbtRtK e`3 KtftQb Gfvte, Avgvi Kve` tc0Yvi Drm  
 vbiwaKuj I ami cKwZi tPZbvi wFZi itqtQ etj B tZv gtb Kwi | Zte tm cKwZ me  
 mgtqB th ami Zv nqtZv bq|

Rxebv` Zvi GKwU Kve` M0ši bvg w`tqtQb 0ami cvEj w0 m`eZ G KviY ZvtK ami Zvi  
 Kwe ejvi ct`J tKD tKD tRvvtj v hY3 `v0 Kwi tqtQb| wKŠ` Zv wK bq| tKbbv, Rxebv`  
 th Zvi eB Gi bvg 0ami cvEj w0 tftLqBn tm tZv eú w`b t`tK KweZvi eB cKvk Kiteb  
 Avkv Kti Kti eB Gi cvEj w0 ami etY` ntq GtmtQj etj B, G eBtqi bvg 0ami cvEj w0  
 w`tqtQj b| 0ami cvEj w0i fvgKvtZB wZvb Zv wj wce` KtftQb|



Rxebvb` ami i t0i cvkvcvK Zwi Kite` KLtbv Dcgvq, KLtbv cthZ, KLtbv ev GgubtZB Avtiv AmsL` is ev etYP Dttj L KtttQb | Zwi KweZvq e`euZ is I etYP gta` Avgiv cvB mv`v, Kvttjv, wOUKttjv, wCUwKttj, ev`vgx, cvEj, ami, Ltqwi, d`vKvttk, te`bx, bxj, bxjvf, meR, njy`-jvj, Rvdivb, tmvbwj, Kgv, tgi`b, ifcvj BZ`w | Zte bxj is-B thb Zwi cotYi is |

Rxebvbt` i KweZvtZB Avgiv c0g Pvj tavqv g`yMtUi w» igYxq nvtZi tcje AbfWZ Abfve Kwi -

w` tK w` tK Pvj tavqv MÜ-ami kvoxi qly`-t  
tkvbn hvq gvbt | i ü` tqi cjtbn bxi e  
te` bvi MÜ fvtm |

ÖnbRÖ nvtmi Qwe0 KweZvq Rxebvb` wj tLttQb N` ÖivZ thb tj ej dtj i gttZv bqtT i MÜ w` tq tNiv0 | ÖbqtT i MÜ w` tq tNiv0 GLvtb ÖMÜÖ kãwU ej tZ Kwe bqtT i Avttjv w` tq tNiv ev bqtT i Avttjvq Avttj wKZ i wtttKB eyStttQb | bqtT i AvttjvtKB Kwe bqtT i MÜ etj ttQb | A`\_P thLvtb `vfwek At`\_MtUi mt½ tkvb m`uK`tbB, tmLvtbl Kwe MÜ kã e`envi KtttQb | Rxebvbt` i GB kãMtUi Abfve Avgvt` i cÃ Bw` tqi gta` aiv cto bv | mgvtj vPK etj ttQb Rxebvb` tPvL w` tq tkvtbb Kvbn w` tq t` tLb | bBttj Rxebvbt` i ÖmçKj i wtt i MÜ, Ö ü` tq cjtbn bxi e te` bvi MÜÖ Avgvt` i bwmk`Mön` nq bv tKb? GB MÜ Pqtz KY©, bwmk`, wRnñv I ZK GB cÃ Bw` tqi tKvwtZB AbfZ nqv | GLvtb cjtbn te` bvi MÜtK eStZ nte cjtbn `šZ | Avi mçKj i wtt i MÜ nt`Q Mfxi i wtt i Aw`Zj | MÜ GLvtb bwmk`Mön` MÜ bq, Aw`ZRvZ |

Rxebvbt` i Bw` tggqZvi `k`MÜ `uk` Bw` t tevtai wPtKí wbgqY Ögzzi AvtMÖ KweZwU we`šqKi mjoN`

t` tLw meR cvZv ANÖYi AÜKvti ntttQ njy` ,  
wRttj i Rvbjvq Avttjv Avi ej eyj Kwi qvtQ tLjv,  
Büy kvttZi ivttZ ti ktgi gZ tivtg gwLqvttQ Lj` ,  
Pvtj i ami MtÜ Zittzi ifc ntt StttQ `fejv |  
(gzzi AvtM ; ami cvEj w )

wftR tttNi `çti avbwmö b` wU i cvttk wPtj i Kvbn te` bvq GK Kwštevtai MÜ wttq Önvq wPt Ö KweZwU evZvtm Avt` wj ZN`

nvq wPj , tmvbwj Wvbi wPj , GB wftR tttNi `çti  
Zvg Avi tKt`v bvtKv Dto Dto avbwmö b` wU i cvttk!  
tZvgvi Kvbn mti tetZi dtj i gttZv Zvi `vb tPvL gtb AvtM!  
c\_w\_exi ivOv ivRKb`vt` i gttZv tm th Pttj tMttQ ifc wttq `ti :  
Avevi Zvnti tKb tWttK Avtbt? tK nvq ü`q Ljo  
te` bv RvMvtZ fvtj vevtM!

( nvq wPj ; ebj Zv tmb )



A\_ev m`tc` AKuZ w`tqtQb tctgK mKj kw<sup>3</sup>i l cti, 0 mKj kw<sup>3</sup>i AvtM tctg Zng- tZvgvi- Avmb0 [tctg: ami cvEij wc], tctgi c0Z A<sup>m</sup>Z c0<sup>0</sup>v wech<sup>0</sup>-Kue wPtEi cKvk NtUtQ GBFvteN

0l tMv tctg, N evZvtmi gtZv thB w`tK hvl Ptj  
Avgvti Dovtq j l Av<sub>u</sub>tbi gZb ZLb0 |  
[tctg : ami cvEij wc]

tctgi mt1/2 Kx i Kg m<sup>u</sup>K<sup>Q</sup>J Kwei? Kwei KweZv t<sub>u</sub>tKB Avgiv G c0Kie DEi cvBN  
GKw b N GKivZ KtiwQ tctgi mv<sub>u</sub> tLj v |  
GKivZ N GKw b KtiwQ gZiti Aetnj v |  
GKw b N GKivZ N Zvici tctg tMtQ Ptj N  
[tctg: ami cvEij wc]

mZivs GB te`bv vbtq, NYv vbtq, eAbv vbtq Kvivi ctq | Ngv<sub>u</sub>bv m<sup>e</sup> bq, KweI NgvtZ cvti b vbN

I tMv tctg, N tm me ftj wMtq tK NgvtZ cvti?  
[tctg: ami cvEij wc]

Kue hZB ej t<sub>u</sub> bv tKb, 0mj Abv, ABLvtb thtqvvtKv Zng0 Zeymj Abv Ptj tMtQ Avi Kue te`bvi mj itbtQb cKuzi ifc- im- MtU, wPtj i Kvvtq Avi KiYvi AvwZ<sup>0</sup>d<sub>u</sub> D<sub>u</sub>V<sub>u</sub>Q Zui KweZvqN

tK nvq u`q Ljo  
te`bv RvMvtZ fv<sub>u</sub>tj vevtm |  
[nvq wPj : ebj Zv tmb]

KviY 0tctgi mvm-mva - `c0j tq tetP t<sub>u</sub>tK e`v cvB, NYv-gZi cvB0N tNvYv Kti l Kwei HKwisk vekym, GKgv<sub>u</sub> bvi xi Acwi tgg k0vkvj fv<sub>u</sub>tj vevmvq cv<sub>u</sub>exi mKj wKQz gaj ntq hvq, ntq hvq vetk<sub>u</sub> mKj `v - gvah<sup>0</sup> tmS` h<sup>0</sup>DctfvM`:

gvbetK bq bvi x, i aytZvgvtK fv<sub>u</sub>tj vte<sub>u</sub>m  
etSvQ G vbuLj vek! Kx i Kg gaj ntZ cvti |  
[tZvgvtK : tej v Atej v Kvj tej v]

**Rxebvbt` i Rxebteva**

Rxebvbt` Zui Av<sup>u</sup>vkR<sup>u</sup> wczv-gvZvi Rxeb`k0tK M0Y KtiwQ<sub>u</sub> b webqvPtE | `fveZB Zvt` i etpago<sub>u</sub>fvZI Zui tPZbvq c<sub>u</sub>ve tdtj wQj | wKs' Zui Nwb0Rbt` i KvQ t<sub>u</sub>tK Rvbn hvq, Ck<sub>u</sub>ti i Aw<sub>u</sub>tZi tgv<sub>u</sub>tUl Zui vekym wQj bv | Aek` Zui tj Lv Ges RxebvPiY vetkIY Kitj ZvtK mskqev`x etjB gtb nq | G c0t1/2 AvP<sub>u</sub>S<sub>u</sub>-Kgv<sub>u</sub> tmb<sub>u</sub> B (1903-1976) Zui As<sub>u</sub>t1/2 Rxebvbt` bvgK c0tU wj tL<sub>u</sub>tQb, 0RM&Mm KtiwQj vg wK gv<sub>u</sub>tv? tf<sub>u</sub>tevQj vg, nqtZv ej te, Ck<sub>u</sub> gvb | g<sub>u</sub> ytn<sub>u</sub>m etj gvb<sub>u</sub>tl i bwiZteva gvb | 0

Ugvm Kvj Btj i fvlvq, Ogvbfl i Avšwi KZv I Zvi `wóí Mfxi ZvB ZvK Kwe Kti tZvtj |Ó  
 Rxebvb`i Kve` fvebvq Gi mZ`Zv cÖ`¶¶tMvPi | Rxebvb` t`kK, t`tki gvb|tK  
 fvtj vteftmQb | grvZ¶ MvÜxi (1869-1948) I ci Zvi GKwaK KweZv Ges vPEi Ab `vk  
 (1970-1925) m`úúK` keÜz KweZvq wZvb t`tki `faxbZv Av`vj btK mg\_Ö KtiQb |  
 Zte gtb cÖY wZvb fviZi ALÉZvK aviY KtiQb | cÖPxb fviZi HwZn", Avb- mg×Zvq  
 wZvb AvZMe`Abfe KtiQb tZgwb Bsti R kvmtb gvbeZvi Ae¶¶tq cmoZ ntqtQbÑ

gv¶Vi dmj ,tjv evi-evi Nti  
 tZvj v ntZ w¶¶tq Zeymg`¶ cv¶i e`ti  
 cwi`Qb`vte Pjt tM¶Q |

(bweKx : mvZwZvivi wZvgi)

BstiR`i tkvLY I AZ`vPvti dtj evsjvq m¶ 1350 Gi gšš¶i fqvenZv m`úúK`Avgiv  
 RvbZ cwi Zvi ÖmvZwZvivi wZvgiÖ Kve`Mš` t`K | iayBstiR`i ee¶ZvB bq, fviZi `ß  
 cÄvb m`úú`vq w`Ngmj gvtbi AgvbweK m`v`vqK `v½vqI wZvb Mfxi te`bv teva KtiQb |  
 ZvB 1926 wL`-v`ä Kj KvZvq w`ygmj gvtbi `v½vq wZvb mie ntqtQb | GgbwK 1946  
 mv¶j I w`ygmj gvtbi DbE Mpvvev` bRi`tj i gZvB wZvb mie | Zvi Öw`ygmj gvöÖ  
 KweZvq Ö`\_xv KtÉ tNvl Yv KtibÑ

ÖG fvi Zfwg btntKv tZvgvi, btntKv Avgvi GKv,  
 tn\_vq ctoQ w`y Övc, gmj gvtbi tiLv|Ö

kvMK tkÖYi m¶ `w¶¶ I gnvhx`i Ae¶¶q Kwe vPEtK e`w\_Z Kti Ztj tQ | ÖmvZwZvivi  
 wZvgiÖ Kve` Mš`i AvaKvsk KweZvq GB velqul cÖZdvj Z ntqtQ | mvZwZvivi At`wZvb  
 mBwÖE`tj i mvZwZvivi Dcj ¶¶ KtiQb | f¶Mvj kv`j Kj `vtY Avgiv Rwb, DEi AvKv¶k  
 epr fj KvKvti ev j v½j vKvti Aew`Z mvZwZvivi b¶¶B ntjv- mBwÖE` | tR`wZvI weAvbxiv giw¶,  
 Awl, Awziv, cj `-, cj n&I "Zl eikö GB mvZRb weikö FwI bvgvbyvti b¶¶w`j i bvgKiY  
 KtiQb | cÖPxb fviZi GB mvZRb FwI bvgwvZ Zvivi w`j fviZi gv\_vi I ci DEi AvKv¶k  
 t`K Avgv`i `xN¶vj ati Avtjv w`tq AvmtQ A\_¶ Avgiv fvi Zxqiv GB weikö FwI t`i Rxeb  
 K\_v I Ktg¶ K\_v t`K `xN¶w b ati Avb jvf Kti AvmQ | tm Avtbi Avtjvi cÖZdj b wZvb  
 gvbfl i Rxeb NuvZ tPtqtQb | ÖmvZwZvivi wZvgiÖ Kve` Mš`i bvgKiY tm BwZB enb  
 Kti |

evsjvi cjx cKwZi cÖZ Zui wQj vboxi Uvb | Rxebbi cÖqvRtb cÖg thSetb wKÖw` b w`j xtZ  
 KvR Kiti | cieZ¶ Rxeb Afve mtE`l evsjvi evBti hvbwb | evsjvi cÖZ wöweo AvKI¶  
 cKwKZ ntqtQ Öifcmx evsjvöi KweZv\_w`j tZ | G Kvte`i ÖtZvgiv thLvtb mvaÖ KweZvq Kwei  
 evsjvi cÖZ wbgMzvi Dcj vä `pZvq D`Pwi Z ntqtQÑ

tZvgiv thLvtb mva PÖtj hvl NAWg GB evsjvi cv¶i  
 iÖtq hve; t`wLe KvVj cvZv Swi tZtQ tfvti i evZvtm;  
 t`wLe Ltqwi Wwbv kwj tLi mÜ`vq wng ntq Avt¶m  
 aej tivtgi wbtP Zrvvi nj`y V`vs Nvt¶m AÜKvti  
 tbtP Pjt N`GkeviÑ`ßevi Zvici nVr Zrvvi

etbi wnRj MvQ WvK w`tq wbtq hvq u`tqi cvtk;  
t`wLe tqtqwj nvZ mKi`YÑ kv`v kuLv ami evZvtm  
ktoLi gtZv Kut` : mU`vq`uovj tm cKti i avti ,

AvKvnp`qZ cwiitek iPbvq Rxebvbt` wQtb wmxn`+ Oki`Y kt`i gZ`b0, Otcpvi Wvbvi gZ  
AÜKvi0 ev 0DtUi M0evi gZ wv`äZv0 bZb fv`l , bZb e`Äbvq, kãvej x ev evK`etUi cÜxKx  
e`envti evsjv Kvt`i fvEvi mgx n`tq DfttQ| Avevi tR`vrøvgvLv VvE`v kb` gvtV Buj Avi  
t`cpvi Aweivg AvrbtMvbv tqtVv Pvt`i PvDvb wbtqI i wZgZ GK Aw`gZvi cwiitek`w0 Kti  
Ptj | e`ev AcY`c0gi BwZK`vi eqv`b Giv mevB Rxebvbt` i Kve`f`p`b wvZ` AwZw` | G  
Aw`gZv GKw`K t`tK gZi tPZbvi BwZ`Zen | nj`j cvZvi weci`xZ kv`v w`tklYwU Aweivg  
e`envi GB BwZ`ZtK Avil cKUZi Kti tZvtj | kv`v nvZ, kv`v nvo, kv`v kmvi gZ ntiK  
iKg kv`vi cÜx`tK wngkxZj ev kvZv`egZi l welyZvi cwiitek i`PZ nq| Ggub Kti  
Rxebvbt` i tivgvwUK`c0vni Zvq AvaybK Kve`tPZbvi cÜZdj b NtU thgb w`l`tq tZgub ev  
ZtZwaK Zvii Kve` cKtiYi Awf`beZj| wP`Kti i Abb`Zv, Dcgv cÜx`tKi Awf`beZj Ges  
kt`ai e`envii K`enkó` Zvii KveZvi th cKiwYK wmvx` NwUtqtQ ZvtK AvaybKZvi DEitY  
DEivaybKZvi gvBj dj K ej v hvq wvbw0avq|

**Dcmsnvi**

`w0M0n` gj`vqtb Rxebvbt` i Kve`fvev`tK cÜg cvWKm`stL Ztj atib Kve`ekt`e emy  
(1908-1974)| wZvb Zvii OkveZv0 cwi`Kvq Rxebvbt` `vk m`u`tk`etj b, 0Avgv` i AvaybK  
Kve`t` i gta` Rxebvbt` `vk metP`tq wvR0, metP`tq `ZSj| evsjv Kvt`i cãvb HwZn` t`tK  
wZvb wew`Qb0 Ges tMtjv`k eQti th me Avt`vj tbi fv`z`Mov Avgv` i Kve`RMtZ Ptj tQ  
ZvtZl tKvb Ask wZvb M0Y Kti b wv| wZvb`i aB KveZv tjtLb, Mí wKsev c0U tjtLb bv,  
wZvb GtK`fve jvR`KZvq gdt`f`evmx GB me Kvi`tY Avgv` i mwnZ` i`zgt`Ai cv`c0xc  
t`tK wZvb m`u`tZ thb LwvKUV`ti wMtqtQb| AvaybK evsjv Kvt`i A`bK Avtj vPbv Avgv` i  
tPvtL cto`tQ hv`tZ Rxebvbt` `v`ki Dtj Lgv`l tbB| A\_P Zv`K ev`w`tq 1930 cieZi`evsjv  
Kvt`i tKv`bv m`u`Y`Avtj vPbv ntZB cvti bv, GB mgqKuj wZvb GKRb cãvb KveKgx`  
Avgv` i cwi`cY`Awf`v`t`ek Zvii cÜc`|0

Zte tm Awf`v`t`ek wZvb Rxe`l`kvq cvbvb, tctqtQb gZii ci| Rxebvbt` th Avayb`KvEi  
mwn`tZ` Adis`-fvevii tLvi`K Zv eZg`vb MtelKt`i wbi`st` c0Povq cÜZfvZ nt`Q| Kvei  
Rb`kZel`AwZ`m`v`š-nl qvi ci ZvtK wbtq t`tk-w`et`tk MtelYv, Avtj vPbv l mgvtj vPbvi c0j  
So etq Pj tQ| Zvii Ac`Kw`kZ iPbv hv c`Kw`kZ m`w0Kt`g`P Zj bvq A`bK t`w`k Zv eZg`v`b  
A`bKvst`k c`Kw`kZ ntqtQ Ges nt`Q| Zvii Kve`m`w0i`x`KwZ`v`tb MtelKMY Kvc`Y` Kti bvb |  
eZg`vb MtelKt`i tKD tKD ZvtK t`k0 AvaybK Kvei Awf`avq f`w`l Z Kti tQb|

Av`aj gvbvb`mq` (R.1943) ZvtK 0i`xZg Kve0 etj tQb| 0i`xZg0 GB w`tklYwU Rxebvbt` tK  
h`vh`fv`te Dc`v`cb Kti | GQvov Avi tKvb Awf`avqB cwi`cY`v`te Rxebvbt` i Kve`tertai ,  
Rxeb`k`bi Dcj wai Mfxi Zi`t`K`uk`Kti wv| cig Awf`v`t`etki m`t`z` Rxebvbt` tK cvtV  
cvKgv`l B w`st`qi gy`Zvq wfb0GK RMtZ AeMvnb Kti hv AwZ`w0Z`tb` wogMzvi dj`t`fc|

### মসৃঁ

1. †Mvuj P>`iq, Rxebv>` ; Rxeb I KueZvi Avtj vPbv, mvinZ` feb, Kj KvZv, c0 c0 1971
2. mAq fAvPvh©Kue Rxebv>` `vk, fvi uZ, Kj KvZv, c0 c0 1974
3. Avāj gvbub `mq` , i xZg Kue, btj R tnvg, XvKv, u0Zxq ms`iY, 1977
4. Agti>` PmeZx©múw Z KueZv cwi Pq (AvaybK evsj v KueZvi Avtj vPbv), †`OR cvejw uks Kj KvZv, c0 c0 1981
5. †`excñv` e†`vciavq, Rxebv>` `vk, ueKvk c0Z0vi BuzEĚ, fvi Z eK G††RwY, Kj KvZv, c0 c0 1986
6. mygZ PmeZx©, Rxebv>` `vk, GK ¶jā uk¶K, Rxebv>` , mgvR I mgKvj , Kj KvZv, 1987
7. Avāj gvbub `mq` mskwj Z I múw Z Rxebv>` `vk, cKvkZ AcKvkZ KueZv mgM0 Aemi , XvKv 1994
8. `wB w cWx, Rxebv>` `vk, mgvtj vPbv mSM0 múv` K, Aa`vcK gvnepj Avj g, Lvb e†`vm`A`vU †Kvúwub, cwi ewaZ u0Zxq ms`iY, Awkþ 1380
9. e†`e emy Kv†j i cZj , wD GR cvejw kvm©Z.m. Kj KvZv, 1997
10. kvšbyKvqmvi , Mfxi Mfxi Zi Amj: M` mEvi Rxebv>` , evsj v GKv†Wwg, XvKv c0 c0 1997
11. cñbawĠ, Rxebv†` i †PZbvRMr †`OR cvejw uks , Kj KvZv , u0Zxq m. 1998
12. Clinton B seely. A poet Apart. Rabindra Bharati University first ED. 1990. Calkuitta. 1999
13. †`k, Rxebv>` kZel ©msL`v, Kj KvZv, 1999
14. mg†i>` tmb , múw Z wefve Rxebv>` `vk RbKZel`šj Y msL`v, Kj KvZv 1999
15. `mq` Av†bvqvi tnvtmb múw Z DEi waKvi (evsj v GKv†Wwg, Rxebv>` kZel ©msL`v XvKv1999
16. A†R emy GKw b¶Ġ Av†m, cġ K wecwY, Kj KvZv, 1999
17. Avej Kv†mg dRjj nK, AvaybKZvev` I Rxebv†` i Rxe†bvKÉv, RvMwZ cKvkbx, XvKv, c0 c0 2003
18. `mKZ nwae múw Z ebj Zv tmb, IvU eQ†i i cvW, K\_v cKvk, XvKv . c0 c0 2004
19. †`excñv` e†`vciavq, Rxebv>` `vk: DEi ce©, †`R cvejw uks, Kj KvZv, c0 c0 2007
20. tgvrv`š Ave`j nvB, we†`kx†` i ms`z I evsj v fvi vPPP, ms`z wefvM, XvKv wekpe`vj q,2008

## **A Content Analysis Measuring the Communicative Potential of Activities in *English for Today for Classes 11 - 12***

Md. Moinuddin Ahmed \*

### ***Abstract***

*This article investigates why the learners' development of the communicative competence is much less than the requirements set by the textbook English for Today for Classes 11-12 at the Higher Secondary level in Bangladesh. For this, a content analysis of exactly half of the textbook was done to see to what extent the activities in the book are communicative. The findings of the content analysis of the book show that the book was written according to the communicative principles. However, the data show that the appearance of various activity types is not balanced. There is low input in the form of exposure to new information since there are only a few listening activities. In addition, the development of receptive competence is hindered by the requirement to develop productive competence. This is compensated by the great number of passages used for reading comprehension categorized as application of information. Activities like communication with physical response and transfer of information are also very few in number. Moreover, the absence of information-gap activities provides no opportunities for learners to practise negotiation of information considered the most communicative of activity types. Finally, the less emphasis on language-focused activities mean that the syllabus gives attention to strong version of CLT that focuses on learning a language by using it.*

**Keywords:** English Language Teaching; Communicative Language Teaching; Communicative Competence; Authentic Materials; Information Gap Tasks; Content Analysis; Negotiation of Meaning

### **1. Introduction**

As a result of globalisation, there now exists a strong requirement for a global language. For many reasons English has earned the prestige of being that language. In fact, English has now become a powerful tool for accessing technology, jobs, education, and much else. To enter the gateway of world knowledge, to communicate well internationally, and thereby to find a lucrative profession home and abroad, one needs to make the best use of this tool. Though this increasing importance of English is strongly felt in Bangladesh, as elsewhere in the globe, the ability of Bangladeshi graduates to use and interact in English is not high accordingly for global purposes. The mismatch between the importance of the English language and the need for development of English Language Teaching (ELT) has rather worsened the situation.

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\* **Md. Moinuddin Ahmed**

Associate Professor, Department of English, Dhaka Commerce College

The Government of Bangladesh, realizing the problem, proposed to solve it introducing Communicative Language Teaching (CLT) at the secondary and higher secondary level in the country. From 1996, under the supervision of the National Curriculum & Textbook Board (NCTB), the English Language Teaching Improvement Project (ELTIP), and the British aid agency Department for International Development (DFID) jointly funded and worked for the preparation and production of a series of textbooks entitled English for Today from Class 6 and onwards.

The new textbooks are supposed to be communicative, and when students, after five years' study of the books from class 6-10, come to Class 11, theoretically they should be familiar with the communicative approach, but in practice they are not. Consequently, the problem exists with the students regarding their performance in the global context.

Though the Government of Bangladesh has not run any official investigation as to why the English for Today books have failed to develop the much expected proficiency and communicative competence of the learners (Nesa 2004), researchers, educationalists, teachers, etc., have tried to identify various causes underlying the problem. In fact, the problems might remain with the textbooks, in the proficiency level of the teachers, the linguistic ability of the learners, the way the books are implemented in the classroom, or in the evaluation procedures. However, before reaching a conclusion about the probable causes, it might be useful to look at the books first. In order to do this the present researcher decides to evaluate *English for Today (EFT)* taught at the Higher Secondary School Certificate (HSC) level in Bangladesh.

This article, therefore, investigates why the higher secondary learners' development of communicative competence is much less than the expectations. In order to do this, the article aims to explore how far the activities in *EFT* conform to communicative approach to teaching English.

## **2. The Statement of the Problem**

In Bangladesh, students enter the tertiary level of education studying English as a compulsory subject for twelve years and are supposed to be taught English according to Communicative Language Teaching (CLT) from Classes 6-12. However, their ability in all the four skills, especially in speaking and listening, remain far behind the expectation of national and international universities and the requirements of employment potential of the graduates (Chowdhury 2006, Hoque 2008, and Alam and Sinha 2009).

In fact, the learners' potentiality to improve their communicative competence depends on how far the activities in the *EFT* are communicative, classroom implementation of the book, system of evaluation, etc. The researcher of this study, having been teaching English at the HSC level for several years, feels the urge to explore the challenges lying in the *EFT*.

This research attempts to analyze the communicative potential of activities in the contents of the *EFT* and explore how far CLT has been successful in developing communicative competence of HSC learners since this was the aim of National Curriculum Textbook Board (NCTB) when they introduced the *EFT*. For this the study



needs to evaluate the *EFT* to explore to what degree activities in the book are communicative. Therefore, the research question underpinning this article is - To what extent are the activities in *EFT* communicative?

It tends to be true that, even after studying the *EFT* for two years at the HSC level, students are unable to communicate well enough in English for the purpose of study at the tertiary level, in the job market, or when they travel abroad for these two reasons (Chowdhury 2006). Therefore, it has become a priority to identify whether activities in the *EFT* are communicative or not, and if they are, to what degree they really exist.

### 3. Literature review

For Anderson (1998), any 'successful research is based on all the knowledge, thinking, and research that precedes it'. Since this study involves evaluating the use of CLT at the HSC level in Bangladesh, the researcher intends to review what the literature says about CLT, its basic principles, and, at the end, elucidates some communicative activities that conform to CLT.

The communicative approach to teaching a second/foreign language refers to a major shift in language teaching in Europe in the early 1970s (Thornbury 2006). It was then found that learners might have learned a large number of sentence patterns without knowing how to put them to communicative use (Widdowson in Swan 1985). Also, communication needs learners to perform certain functions (Richards and Rodgers 2001), such as agreeing, disagreeing, inviting, promising, etc., within a particular social context. Such observations are sufficient to change the goal of language learning from linguistic competence to communicative competence (Hymes in Savington 1991). The change is eventually referred to as Communicative Approach (CA), 'a way of helping learners to practise the skills needed to put their knowledge of the foreign language into use' (Thompson 1996:37).

To be communicative, people need a purpose for communication (Harmer 1982 and Xiaoju 1984). From the listener's response, they can judge whether the purpose has been achieved or not. The speaker has also a choice of what to say and how to say it (Larsen-Freeman 2000) which is 'determined by the setting in which the language is used, the speaker's relationship with the listener, and similar matters' (Swan 1985:6). For successful communication, the listener must also have a desire to listen to the speaker, feel concerned, and process a variety of language in order to understand what the speaker says (Harmer 1982). Communication matters most in the language classroom for it seeks to 'promote interpretation, expression, and negotiation of meaning' (Kumaravadelu 1993:12). There, learners need to be active and 'encouraged to ask for information, seek clarification, express an opinion, agree, and/or disagree with peers and teachers' (p. 12). For Kumaravadelu, the strategies that make a language classroom communicative are creating learning opportunities in class, utilizing learning opportunities created by learners, facilitating negotiated interaction between participants, activating the intuitive heuristics of the learner, and contextualizing linguistic input.

Therefore, 'communicative competence' refers to the ability to use language appropriately in different circumstances. It involves knowing "when to speak, when

not... what to talk about with whom, when, where, and in what manner" (Hymes in Thornbury 2006:37). This notion of 'appropriacy' re-defined the goals of language teaching and steered the development of the communicative approach.

For Richards and Rodgers (2001:155), CLT 'aims to make communicative competence the goal of language teaching and develop procedures for teaching the four skills that acknowledge the interdependence of language and communication'. Thus, the goal of CLT is 'to enable students to communicate in the target language' (Larsen-Freeman 2000:128). To attain this ability students need to comprehend linguistic forms, meanings, and functions. They need to know that many different forms can be used to perform a single function, and a single form can often serve a variety of functions (Littlewood 1981). Learners then need to choose the appropriate forms for particular roles in a particular context. They must also be competent at negotiating meaning with their interlocutors (Littlewood 1981). Celce-Murcia, Dornyei and Thurrell (1997) sets the goal of CLT as 'to go beyond the teaching of the discrete elements, rules, and patterns of the target language and to develop the learner's ability to take part in spontaneous and meaningful communication in different contexts, with different people, on different topics, for different purposes; that is, to develop the learner's communicative competence' (p. 149).

The emphasis on real-life language use has brought in the widespread use of authentic materials (Thornbury 2006). The advocates of CLT emphasise using authentic materials to give learners a better exposure to the world outside the classroom (Nunan 1989). Pictures, articles, etc., from newspapers/magazines, live radio, or any kind of realia that can generate a lot of discussion can be used as authentic materials in the classroom. With these, learners can develop their own strategies to acquire the language as it is really used (Gower, Phillips, and Walters 1995).

However, the term 'real-world' does not suggest that a classroom is out of this real world. Rather it is unusual for real-world tasks not to be modified when practised in the classroom, e.g. a recorded interview can be slowed down or played several times to improve listeners' comprehension. Widdowson (in Nunan 1989) calls this a 'rehearsal approach' to language development. Adapted texts relevant to various academic disciplines are, thus, widely being used now.

There are also several pedagogical arguments for pair work and group work, e.g.

- a. unlike lockstep practice, they increase the amount of active speaking and listening in the class (Nunan and Lamb 1996);
- b. they reflect individual differences such as personality, interest, etc. (Long and Porte 1985);
- c. they promote a positive affective climate in the class since participants contribute to the discussion overcoming inhibitions to speak before the class (Ur 1996); and
- d. personal involvement makes students feel immensely motivated (Long and Porter 1985).

Teachers sometimes worry that during pair/group work learners' linguistic errors go unnoticed, and they learn from each other's errors. Nunan and Lamb (1996) dismiss the idea saying that during group work teachers may move around and make notes of

frequently occurring errors to deal with during the review sessions. Krashen's (1995) monitor hypotheses also claims that learners receive modified input as children do in L1. Shatz and Gelman (in Ellis 1981) provide evidence that four year old children can modify their speech while talking to two year olds. Besides, when somebody monitors, participants become more conscious (Ur 1996). In addition, during such interactions, 'those who know less can learn from those who know more' (Bourke 2006: 282).

#### **4. Communicative Activities**

'A communicative activity is one in which real communication occurs' (Thornbury, 2006: 36). It comes in response to the more communicative demands of a language classroom. The common activities found in the literature are as follows:

##### **4.1. Information-gap Activities**

In information-gap activities, the essence of being communicative (Morrow and Schocker 1987), one person knows some information that the other person does not. If both the interlocutors have the same information, the activity is not called communicative. In such activities, the information required may also be distributed among the participants in a group. To achieve the goal they have to share the information they have with others.

The key information-gap activities include picture strip stories, scrambled sentences, jigsaw activities, spot-the-difference task, describe and draw, etc. The negotiation of meaning involved in information-gap activities reflects Morrow's (1981) three communicative demands of an activity. First, the information gap sets the purpose of the learners as they need to solve a problem through prediction. Then the learners have a choice of both language and content in trying to reduce the gap. Finally, they get feedback on whether their prediction is right or wrong.

##### **4.2. Discussion**

Discussion is the most natural and effective way of practising speaking freely (Ur 1981). Helping learners to learn to speak by speaking (Scrivener 2005), it helps to develop fluency (Harmer 2007).

##### **4.3. Dialogues and Role-plays**

Most of learners' efforts at oral communication come in the form of conversation or dialogue (Brown 2001). Dialogues make learners aware of the typical features of spoken language (Bilbrough 2007). On the other hand, role-plays offer opportunities for practising communicating in different social contexts (Larsen-Freeman 2000) where they imagine themselves in situations outside the classroom (Ur 1996). Role-plays can be (a) structured, where learners have no choice regarding the language they use, and (b) less structured, where learners choose the language (Larsen-Freeman 2000). The less structured way is more fitting with CLT since the participants do not know what the other speakers will say, and the feedback from them signals whether they have communicated effectively or not.

#### **4.4. Language Games**

Although learning a second/foreign language is often a hard work, games can make it enjoyable (Lee 1979) through creating contexts (Wright, Betteridge, and Buckby 2006). Games often involve emotions and thus help learners experience meaning more vividly (Wright, Betteridge, and Buckby 2006). Gradually, learners stop thinking about the language and start using it receptively and productively (Lee 1979). Games are 'learning-rich, varied, and interesting' (Ur and Wright 1992:x). For a communicative classroom, games are important because 'they have certain features in common with real communicative events - there is a purpose to the exchange' (Larsen-Freeman 2000: 126).

#### **5. English for Today at Higher Secondary Level**

*English for Today for Classes 11-12 (EFT)* is based on the principle of learning a language by practising the four skills in an interactive mode. Rahman (2001a) suggests that since the focus is on the communicative functions of language, the aim is to provide sufficient opportunities for students to use English for a variety of purposes in different situations. The book also does not disregard the role of grammar. The preface of the book says 'instead of treating grammar as a set of rules to be memorised in isolation, the book has integrated grammar items into the lesson activities allowing grammar to assume a more meaningful role in the learning of English' (Rahman 2001a). It also recycles commonly used structures and grammar items, instead of introducing the complex and rarely used ones, to provide opportunities for learners to practise them in a variety of situations (Rahman 2001b).

##### **5.1. Syllabus Rationale**

The *EFT* is based on 'a multi-strand syllabus consisting of topic, functions, structures, activities, and lexical items' (Rahman 2001b:2), all of which are linked with the four language skills. Each topic is matched with appropriately selected grammatical and vocabulary realisations (Rahman 2001b). The book is divided into 24 units and each unit, based on a theme, has several lessons (153 in total) that contain reading texts and a range of activities for learners to practise the four skills mostly in pairs/groups. One particular lesson may focus on one particular skill, but the unit as a whole focuses on all the four skills equally (Rahman 2001b).

##### **5.2. The Syllabus Objectives**

The objectives of the syllabus of the *EFT*, as prescribed by Rahman (2001b), are to increase learners' motivation by raising awareness that they are learning the language of the real world which is useful to them, help learners communicate in a variety of situations, and help learners develop the four skills of the language that learners may communicate accurately and appropriately.

The objectives also relate to developing learners' communicative competence by making them practise the skills rather than only listening to the teacher. The *EFT*, therefore, includes a variety of activities for them to practise (Rahman 2001b).

Since translations of any type prevent learners from successful communication in English, the book discourages translation from English into Bangla or from Bangla into English to allow learners to develop their English skills using English (Rahman 2001b).

### 5.3. Scopes for Practising Communicative Skills in the *EFT*

The *EFT* keeps opportunities for learners to improve listening through pair work, listening to teachers' reading comprehension passages or giving classroom instructions in English.

Among the activities there are information-transfer tasks, comprehension questions (finding answers for pre-listening questions or answering questions such as multiple choice questions, true/false, ask and answer questions after listening to a passage), and games. The teacher's guide emphasises that the purpose of the listening tasks is not to test students' listening ability, rather to develop their ability in listening (Rahman 2001b).

The *EFT* also emphasizes developing learners' ability in oral communication. It stresses the teaching and learning of English 'as a form of communication rather than as an object' (Rahman 2001b:7). The teacher's guide gives clear instruction that mistakes are to be given less importance in fluency practice than in accuracy practice. Mistakes may be considered only when they prevent communication. Otherwise, constant correction prevents developing fluency and damages learners' confidence (Rahman 2001b).

For Rahman (2001b), there are opportunities for both controlled and freer oral practice in the book. The controlled types include use of pictures, acting out dialogues, and written questions with the instruction 'ask and answer these questions' intended to be used as pair/group work. The freer activities include talking about pictures (warm-up activities to develop learners' schema and encourage sharing personal experiences in pairs/groups), discussions, guided dialogues (making similar dialogues using personal information) and games involving pairs, groups or the whole class.

The *EFT* also gives particular emphasis on learners' developing reading sub-skills such as skimming, scanning, inferring, etc. (Rahman 2001b). The activities involve guiding questions and comprehension questions. There are also information-transfer tasks. Some other activities can also improve the learners' reading skill, such as cloze passages and re-ordering.

Writing tasks in the book are presented in a way as if learners would communicate information to someone they are unable to talk to. Since at the Secondary School Certificate (SSC) level learners have practised writing at the sentence level, writing in *EFT* integrates other skills, especially speaking and reading (Rahman 2001b). Most of the writing activities consolidate the structures and activities used in the lesson. The tasks are usually preceded by sharing ideas in pairs/groups, making notes while discussing a topic, and expanding notes into an organized piece of writing (Rahman 2001b).

The main writing tasks involve note-taking, gap-filling tasks, providing information under given headings, information-transfer, writing from a semi-model, reordering (organizing ideas), and free writing (representing real-life, meaningful activities). For all these activities 'drafting, re-drafting, proof-reading, peer-editing etc. are encouraged' with a view to developing learners' 'habits of successful writing for later life' (Rahman 2001b: 12).

Therefore, as it is expected (Rahman 2001b), the integrated approach taken towards the four skills of the language, the great number of activities requiring learners to have creative discussions on the lesson topics, warm-up activities to develop learners' schema and encourage sharing personal experience, controlled and freer oral and writing practices, emphasis on improving reading sub-skills, the literary texts aimed to develop skills further, integration of grammar items in reading passages and other lesson activities, and the question patterns show that the EFT upholds a communicative syllabus, and not a grammatical one.

Thus, if the book is taught according to the instructions given in the Teacher's Guide (TG) (Rahman 2001b), learners will be discouraged in rote memorization and following the commercial guide-books (Billah 2008 and Khan 2005) that translate every passage of the textbook and write all the answers for learners to memorise. Also, including often more than a hundred model test papers for learners to practise for attaining good grades in the exam, these guide-books discourage both teachers and learners from following the instructions in the textbook.

## **6. Research Methodology**

To collect data for the question- To what extent are the activities in the *EFT* communicative? the researcher considers various alternatives and decides to do a 'content analysis' (Anderson 1998:101) of the *EFT*.

### **6.1. Content Analysis**

Content analysis 'refers to the systematic description of the contents of documents' (Anderson 1998:101). It involves structuring a measure for 'counting concepts, words, or occurrences in documents and reporting them in tabular form' (p. 102). For Burns (1999), the principal advantage of content analysis is that others can check the way one has classified the data that increases the reliability of the analysis. To Anderson (1998), however, the major limitation of content analysis is that it counts 'only what is there and rarely what is missing' (p. 102). To guard against this impediment, he proposes another approach to content analysis that involves the 'development or use of a formula or scale' that, according to Cohen, Manion, and Morrison (in Mizumoto 2007), ensures the reliability of the analysis and reflects the purpose of the research.

### **6.2. Setting up a Measuring Scale**

For Burns (1999:167), 'the most challenging aspect of content analysis is setting up relevant coding categories. The more specific [one] can be about defining the category so that it is unambiguous and does not overlap with other categories, the easier it is to code the data'.

However, though it is not easy 'to draw a hard and fast distinction between "communicative and non-communicative" tasks' (Nunan 1989:10), in order to collect data for the question of this study, the researcher first consults Dubin and Olshtain's (1986:98) seven point 'scale for assessing the communicative potential of workouts' which is shown below



**Table 1: Seven point scale of least to most communicative activities**

<b>Least communicative</b>	<b>Activity types and explanation</b>
	<b>1. Exposure to information</b> This type of activity involves exposure only.
	<b>2. Mechanical operation</b> This type of activity mainly focuses on language forms.
	<b>3. Communication with physical response</b> This type of activity requires no verbal reactions after information is received.
	<b>4. Selective transfer of information</b> This type of activity requires learners to transfer new information to something such as a chart or map.
	<b>5. Application of information</b> This type of activity requires learners to use and apply new information.
	<b>6. Creative expression</b> This type of activity requires learners to use and apply new information.
<b>Most communicative</b>	<b>7. Negotiation of information</b> This type of activity includes expression of, reaction to and interpretation of new information.

**Source:** McGroarty and Taguchi (in Frodesen and Holten 2003)

Both Dubin and Olstain, and McGroarty and Taguchi include grammar in addition to all the four skills of the language in their measuring scale. On the other hand, while adapting these two scales, Mizumoto (2007) includes only speaking and listening for evaluating her textbooks and categorises activities according to that. The categorization is given below

**Table 2: Categorization of activities by Mizumoto**

<b>Activity Types</b>	<b>Examples</b>
1. Exposure to information	a. Listening comprehension with restricted responses
2. Mechanical operations	b. Listening comprehension with responses c. Sentence practice d. Cloze dialogue practice e. Dialogue practice with choice
3. Communication with physical response	f. Listening and following directions
4. Selective transfer of information	g. Listening for detail h. Interviewing for detail i. Information-gap activity with no negotiation
5. Application of information	j. Summarising information k. Describing pictures or gestures
6. Creative expression	l. Making a speech m. Creative simulation and roleplay n. Discussion
7. Negotiation of information	o. Information-gap activity

**Source:** গরুসড়ড (২০০৭)



In line with the communicative principle that students should practise all the four skills right from the beginning (Larsen-Freeman 2000), NCTB also emphasizes teaching the four skills through the EFT to improve the communicative competence of HSC learners. In the book, too, though any particular lesson may seem to focus on one particular skill, the unit as a whole gives emphasis to all of them. Thus, while setting up a measuring scale for the content analysis of the EFT for this research, consulting and adapting all the three categorizations mentioned above, the researcher decides to include all the four skills of the language with grammar and vocabulary as shown below

**Table 3: Categorization of activities for this research**

<b>Least Communicative</b>	<b>Activity Types</b>	<b>Examples</b>
	1. Exposure to new information	a. Listening to a song, a story, or a conversation b. Reading a paragraph, story or a dialogue
	2. Mechanical operation of information (focus on form only)	c. Reading aloud d. Exercise developing grammar & vocabulary e. Sentence practice f. Completing a dialogue g. Role-playing a memorized dialogue
	3. Communication with physical response	h. Following instructions
	4. Transfer of information	i. Filling in a table or chart
	5. Application of information	j. Listening and reading comprehension k. Finding similarities and dissimilarities l. Describing pictures/events/activities m. Reporting n. Summarising o. Rewriting/retelling a story p. Sequencing q. Writing a letter in response to an advertisement
	6. Creative expression	r. Listing things not based on the information given in the text s. Discussing things t. Devising a questionnaire u. Justifying things or giving reasons v. Writing instructions or suggestions w. Writing a dialogue involving choice x. Role-playing involving choice y. Writing a letter or composition
<b>Most Communicative</b>	7. Negotiation of information	z. Information-gap activity

### 6.3. Exemplifying activity types

For selecting examples for activity types, the researcher consults both Dubin and Olshtain's (1986), and Mizumoto's (2007) examples and, after a quick survey, selects only those that are in the EFT and leaves out those that are not in the book. He then adds those that are available in the book but are not in their list. For example, in both the lists there is an activity called 'making a speech', but after a quick survey the researcher finds no such activity in the book and thinks it might be explained by limited class time (40-45 minutes) and large class (often exceeding 150 students). In addition, although Mizumoto (2007) categorizes information-gap activities as with and without negotiation of meaning, the researcher cannot fully accept the argument, taking the view that every information-gap activity involves a type of negotiation since there is a purpose to filling the gap which includes choosing the language and getting feedback from peers (Morrow 1981).

Though Table 3 shows examples of different activity types on the communicative scale from 1 to 7, the researcher feels it important to present one full unit of the book to show how he puts activities into different types on the communicative scale. For this, he randomly chooses Unit 8 of the book and categorises activities into different types in the communicative scale (see Table 3), which are shown below

**Table 4: Categorizing activities of Unit 8 into different types in the scale**

Unit	Lesson	Activity	Activity Type
8	1	A	Creative expression
		B1	Application of information
		B2	Application of information
		C1	Application of information
		C2	Mechanical operation
	2	A	Creative expression
		B	Application of information
		C	Creative expression
	3	A1	Creative expression
		A2	Application of information
		B	Application of information
		C1	Application of information
		C2	Creative expression
		D1	Application of information
		D2	Creative expression
		E	Mechanical operation
F	Creative expression		
4	A	Creative expression	
	B	Application of information	
	C	Creative expression	
	D	Application of information	

	5	A B C D E F	Creative expression Mechanical operation Exposure to information Application of information Creative expression Application of information
	6	A B1 B2 B3 C	Application of information Mechanical operation Creative expression Application of information Creative expression
	7	A B C	Application of information Creative expression Mechanical operation

### 7. Limitations of the Study

There were limitations in classifying activities this way, e.g. some activities fall into two categories, e.g. activity C in Lesson 2 falls in both Category 2 and 6. The researcher decides to put it in category 6 though the activity needs students to practise framing sentences with 'used to' and 'didn't use to', because at the same time students are also to write a paragraph about their childhood.

Again, activity C in Lesson 6 both emphasizes sentence practice with 'should' and 'shouldn't', and making a list of advice. The researcher, being positive, lists it as creative expression. Besides, there are mistakes in writers' arranging the activities throughout *EFT*, e.g. activities C and D in Lesson 5 have the same tasks. Consequently, the researcher restricts activity C only to reading the descriptions and D to application of information received from activity C.

### 8. Analysis of the *EFT*

As presented in chapter 5.1, the book contains 153 lessons in 24 units, and every lesson contains 6-7 activities in average. That is why, it becomes difficult to analyse every unit of the book due to time and space constraint. Therefore, the researcher analyses only the odd numbered units of the book. They are Unit 1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 21, and 23.

### 9. Piloting the Study

To test the reliability of the scale and the categorization of the activities, the researcher seeks help from a fellow student in the MA English Language Teaching (ELT) course (in Nottingham Trent University, Nottingham, UK) who agrees to be an outside coder. Both of them separately categorizes the activities of Unit 8 of the book on the communicative scale. There is 91.42% agreement between her analysis and the researcher's analysis of the activities. This high percentage of agreement shows that the scale can be reliably used for the evaluation of the communicative potential of the activities of the *EFT*.

## 10. Data

In total 427 activities in 12 odd numbered units are examined. Firstly, the communicative potential of each activity is identified according to the seven activity types on the communicate scale (Table 3 in 6.2). After that the average communicative potential of the activities of each lesson of a unit is examined. Then, the average communicative extent of activities of each unit is calculated to help analyse to what degree the activities can be said to be communicative. (The communicative extent of activities of only Unit 1 of the *EFT* is shown in Appendix 1) because of space constraint. Finally, based on the average outlined by 12 units of the book, the average communicative potential of the activities of *EFT* is found to be 4.62 as shown in the table below

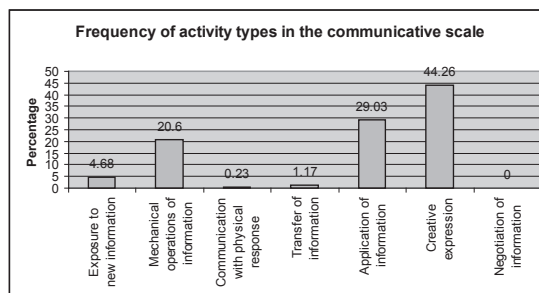
**Table 5: Communicative potential of activities in *EFT***

Communicative potential of activities of twelve units of <i>EFT</i>		Communicative potential of activities in <i>EFT</i>
Unit	Point in the scale	<b>4.62</b>
Unit 1	4.20	
Unit 3	4.17	
Unit 5	4.06	
Unit 7	4.43	
Unit 9	4.83	
Unit 11	4.96	
Unit 13	4.26	
Unit 15	4.50	
Unit 17	5.02	
Unit 19	4.66	
Unit 21	4.83	
Unit 23	5.50	

## 11. Analysis of the Data

The data show that the 427 activities of the book which are examined fall into 7 categories on the communicative continuum. In total, 20 activities fall into 'exposure to new information', 88 activities into 'mechanical operations of information', 1 into 'communication with physical response', 5 into 'transfer of information', 124 into 'application of information', 189 into 'creative expression', and no activity involves any 'negotiation of information'. The percentage is shown in the figure below

**Figure 2**



The data clearly show that the appearance of various activity types is not balanced. There is low input in the form of 'exposure to new information' since there are only a few listening activities. It also shows that the development of receptive competence is hindered by the requirement to develop productive competence (Morrow and Schocker, 1987). However, this is compensated by the great number of passages used for reading comprehension categorized as 'application of information'. The activity types in the middle of the scale entitled 'communication with physical response' and 'transfer of information' are also very few in number. Moreover, the absence of information-gap activities, as discussed in Chapter 4.1, provides no opportunities for learners to practise 'negotiation of information' that is considered the most communicative of activity types in the scale.

The data also show that the degree to which each unit of the *EFT* is communicative gradually increases as it moves towards the end of the book. In Unit 1 it is 4.20 whereas in Unit 23 it is 5.50.

The data also show that 'mechanical operations of information' (consisting grammar and vocabulary) include 20.6% of the total activities. Therefore, it can easily be imagined that grammar activities include only 10-11% of the total activities. It consolidates the fact that the syllabus is not a grammatical syllabus, rather a communicative syllabus, as discussed in Chapter 5.3. Also, the less emphasis on language-focused activities mean that the syllabus gives attention to strong version of CLT that focuses on learning a language by using it (Chapter 3).

## 11. Findings

According to the analysis of the data regarding the communicative potential of activities in the *EFT*, it can be said that though there is no such activity focusing negotiation of meaning considered the most communicative of activity types and practised through information gap tasks, and there is low input in the form of 'exposure to new information' since there are only a few listening activities, the *EFT* is written mostly according to communicative principles. Its various activities may help learners develop their communicative competence in the language if the book is properly implemented in the classroom.

## 12. Conclusion

The research question was - To what extent are the activities in *English for Today for Classes 11 - 12* communicative? To collect data for this question a seven point scale is devised to measure the communicative potential of the activities of the book, which is found to be 4.62 on the seven point scale. This finding strongly indicates that the book has communicative potential. Though there are no information-gap activities that require the negotiation of meaning, the book shows many clear reflections of CLT principles. Therefore, if the book is taught following CLT principles, it can contribute greatly to developing the communicative competence of learners at the higher secondary level of education in Bangladesh.

### 13. Recommendations for the *EFT*

Based on the findings, the following recommendations are made to make CLT effective that might develop learners' communicative competence at the higher secondary level in Bangladesh.

- a. The textbook should be revised, and both the topics and the activities should be selected focusing age and interests of the young learners who both feel and need to communicate with others all the time.
- b. The textbook should be supplemented with an additional workbook for learners so that they can use it by themselves and try the activities at home.
- c. The teacher's guide should be provided with a compact disk (CD) that will include videos of 4-5 lessons taught following the communicative approach of teaching English and showing how pair works and group works are arranged in a large classroom setting.
- d. There should be a few examples of information-gap activities so that learners and teachers become more acquainted with the true nature of negotiation of meaning.

### 14. Implication for Further Research

The outcome of this study implies that more research should be done on the implementation of pair/group work in large classrooms because teachers need to feel convinced that such interactions are possible in the existing classroom situation. Secondly, there should be more research on how classroom implementation of the *EFT* can be effectively monitored, and how teachers can be further supported (e.g., through feedback, peer support, and mentoring) after they have been given training. It is evident that training in CLT without this kind of follow-up is only partially successful. Finally, research should be done on how speaking and listening can be incorporated into the existing system of evaluation (Billah 2008) in order that getting good grades in the exams may also depend on practising these skills in the classroom.

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**Appendix 1**  
**Communicative Potential of Activities of 12 Units of the *EFT***

**Table 1: Communicative Potential of Activities of Unit 1 of *EFT***

Lesson	Activity	Point in the Communicative Scale	Average Point of the Lesson in the Communicative Scale	Average Point of the Unit in the Communicative Scale
Lesson 1	A	5	3.5	4.20
	B1	1		
	B2	5		
	C	2		
	D1	2		
	D2	2		
	E	6		
F	6			
Lesson 2	A	6	4.57	
	B1	1		
	B2	6		
	C	5		
	D	2		
	E	6		
Lesson 3	A1	3	3.55	
	A2	6		
	A3	2		
	B1	1		
	B2	6		
	C1	1		
	C2	5		
	D	2		
	E	6		
Lesson 4	A	6	3.66	
	B1	2		
	B1	2		
	C	5		
	D2	6		
Lesson 5	A	6	5.75	
	B	6		
	C	6		
	D	6		
	E	5		
	F	6		
	G1	6		
	G2	5		

## Diversified Portfolio Strategy and Share Price Changes: Evidence from Bangladesh Capital Market

Md. Abdul Khaleque \*

### *Abstract*

*From the past decades, the capital market has been suffering from the unforeseen and sudden economic turbulences that have been directly or indirectly contributing to the stock returns. The study primarily seeks to identify the factors affecting the portfolio formulation and the effect of price in the capital market and to examine the investors' opinions in Dhaka stock market issues. 205 stock investors were selected as sample. Among them 30 investors were professionals, 50 students, 50 officers, 60 businessmen, and 15 were from other jobs. The major findings of the study are that there is a significant relationship between share price and investment decision. Most of the investors prefer to invest in the underpriced securities. Price earnings (P/E) ratio is one of the significant factors for portfolio formulation. Almost 77% investors are interested to invest in those securities that belong to lower P/E ratio. Favorable economic conditions are also the important factors for portfolio formulation. More than 75% of the investors prefer to invest in the capital market when economic conditions remain stable. Bank interest rate plays a significant role in the portfolio formulation. When banks provide low interest rate against deposit, the flow of investment in the capital market increases.*

**Keywords:** Portfolio; Capital market; Share price; Investment; Dhaka Stock Exchange

### **Introduction**

The capital market is the engine of growth for an economy and performs a crucial role acting as an intermediary between servers and companies seeking additional financing for business expansion. Portfolio formulation is the investment strategy that mixes variety of assets in order to minimize the adverse effect that one security will have on the overall performance of the portfolio. From the survey, it is found that the individual investors are not all professionals in Dhaka Stock Market. There are students, officers, businessmen, investors from other jobs, etc. They generally lack skill to carry out extensive evaluation analysis before investment. A good portfolio should have multiple portfolio objectives and achieve a sound balance among them. Investors can try and minimize the overall risk or bring it to an acceptable level by developing a balanced and efficient portfolio by their investment planning, increasing the number of assets in a portfolio, risk spreading across the assets. Variety in the assets combination from different securities will increase the chances of having weak or negative assets combination in the portfolio. For achieving the objectives, the study will be focused on the price, volume, price earnings ratio, earning per share, economic conditions, interest rate, and other criteria of different companies.

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\* **Md. Abdul Khaleque**

Associate Professor, Department of Statistics, Computer and Mathematics

### **Literature Review of the Study**

In the past decades, many researchers attempted to use different methods in order to predict decision regarding share markets. This paper will try to describe some previous research works related to analysis sectors and find out the limitations to improve the analysis process better than before.

- Khan (2009) found that dividends and retain earnings and other determinants have dynamic relationship with market price. His findings also suggested that the overall impact of dividend on stock prices is better than that of retained earnings. The study also stated that expected dividends play an important role in the determination of stock prices whatever determinants, like lagged price earnings ratio or lagged price, are considered.
- Ai-Tamimi, et al. (2011), investigated company fundamental factors (performance of the company, a change in Board of Directors, appointment of new management, and the creation of new assets, dividends, earnings, etc.), and external factors (government rules and regulations, inflation and other economic conditions, investor behavior, market conditions, money supply, competition, and uncontrolled natural or environmental circumstances) as influencers of asset prices.
- Many researchers like Adelole and Okwong (2009) found no relationship between dividend policy and stock market.
- Myers and Frank (2004) studied the impact of dividend policy on stock price. Samples of 483 companies from Miltex investors' database were taken. Their results showed that there exists a positive relationship between the price-earnings ratio and dividend payout ratio. Their findings also indicate that there is a significant positive correlation between the debt equity ratio and dividend payout ratio.
- Miller and Modigliani (1961) gave dividend irrelevance theory. Their study showed that dividend has no impact on stock prices, and it is only affected by investment policy.
- Nishat and Irfan (2003) studied the relationship between dividend policy and stock price in Pakistan. Results showed that both dividend yield and payout ratio have significant negative relation with dependent variable stock price. The result showed that three variables-debt, size, and asset growth have significant positive impact on Present Value (PV) while the fourth variable earning volatility has negative significant impact on PV. Dividend yield and debt have significant negative correlation which showed that firms with high debt pay fewer dividends.
- Liu and Hu (2005) studied the empirical analysis of cash dividend payment in Chinese listed companies. They found that companies which pay more cash dividend have high Earning Per Share (EPS) and Return On Equity (ROE). They also found that EPS and ROE are positively related with stock prices of the firms on the basis of the relationship and variables discussed above.

- Azim (2011) studied the effect of dividend policy on stock price in Karachi Stock Exchange (KSE) and took large sample size which was almost one fourth of the total companies listed in KSE. Results of the study showed that Profit After Tax (PAT) has positive significant relationship with stock price, which means if company is earning high profit, its share price will become high. EPS has significant positive relation with stock price. Results also showed significant positive relation with stock price and ROE. Study explained that if company is utilizing the funds provided by shareholders efficiently, it will produce positive impact on stock price. Otherwise, it has negative impact on stock prices.

### **Hypotheses of This Study**

According to the objective of the study the following hypothesis are formulated and tested.

#### **Hypothesis 1**

$H_0$ : 60% investors invest their money in the low price shares to formulate portfolio (i.e.  $H_0: P=0.60$ ).

$H_1$ : More than 60% investors invest their money in the low price shares to formulate portfolio (i.e.  $H_1: P > 0.60$ ).

#### **Hypothesis 2**

$H_0$ : 80% investors invest their money in the portfolio when banks pay low interest rate (i.e.  $H_0: p = 0.80$ )

$H_1$ : More than 80% investors invest their money in the portfolio when banks pay low interest rate (i.e.  $H_1: p > 0.80$ ).

#### **Hypothesis 3**

$H_0$ : 70% investors invest their money to formulate portfolio when economic condition is good (i.e.  $H_0: p = 0.70$ ).

$H_1$ : Greater than 70% investors invest their money to formulate portfolio when economic condition is good (i.e.  $H_1: p > 0.70$ ).

#### **Hypothesis 4**

$H_1$ : 70% investors prefer to invest their money to formulate portfolio of those companies that give high earning per share (i.e.  $H_0: p = 0.70$ ).

$H_1$ : More than 70% investors prefer to invest their money to formulate portfolio of those companies that give high earning per share (i.e.  $H_1: p > 0.70$ ).

#### **Hypothesis 5**

$H_0$ : There is no significant difference between the share price of before declaring dividend and after declaring dividend (i.e.  $H_0: \mu_1 = \mu_2$  ).

$H_1$ : There is a significant difference between the share price of before declaring dividend and after declaring dividend (i.e.  $H_0: \mu_1 = \mu_2$  ).

## Methodology of the Study

The data and information are collected from primary as well as secondary sources.

**Primary Sources:** Observation and collection of primary data from different investors by the structured questionnaire, conversation with the executives, and officers of Dhaka Stock Exchange Ltd.

**Secondary Sources:** Annual report of listed companies, monthly review of Dhaka stock exchange, different publications regarding stock exchange function, and DSE Price Index (DSE general indexes of top 20 companies)

### Target Population

There are two types of populations for this study. One is the investors of capital market, and the other is the related consultancy firms/company.

### Sampling Plan

The study was carried out mainly through quantitative method. The primary data were collected by personal observation and face to face conversation. Secondary data were collected from different investors and consultants. The following sections briefly discuss the steps followed in the sampling design:

- Sampling technique, Sample size, and Execution.

### Sampling Frame

There has been only one stratum within each population of interest, one from the investors, and the other from the consultancy firms/company. Sampling frame was available for the study.

### Sampling Technique

The research is conducted based on probability sampling method. Out of the different sampling methods simple random sampling has been used because the population is large, and there is an equal and known chance of being selected for each member of the populations. At first, the stratum of sample from the population has randomly been selected. Then judgment sampling has been used to select the required number of sample from each stratum.

### Sample Size Determination

The sample size is the number of observations, which is denoted by  $n$ , a positive integer. A larger sample size leads to increased precision in estimates of various properties of the population. To determine the sample size the following formula is used:

$$n = \frac{\sigma^2 Z^2}{D^2}$$

Where,  $\sigma$  = Standard deviation (assumed  $\sigma = 35$ ),  $D$  = Precision level (assumed  $D = \pm 4$ ),  $Z = 1.64$  for 90% level of confidence.

Therefore, we get  $n = (352 \times 1.642)/42 = 205$  (approximate).

Here the sample size is 205, which has been collected from respondents. There were huge numbers of individual and institutional investors in Dhaka stock market. But for this, research was conducted with the individual investors only.

### Analysis Plan

After collection of all necessary data, they have been analyzed in the following ways: to analyze the raw, data frequency distribution and graphical representation of data have been used, testing of the hypotheses was done using one and two-tailed Z test, and correlation and regression analysis was done for the purpose of analysis.

### Analysis of data

The analysis of data is conducted into different stages which are summarized below:

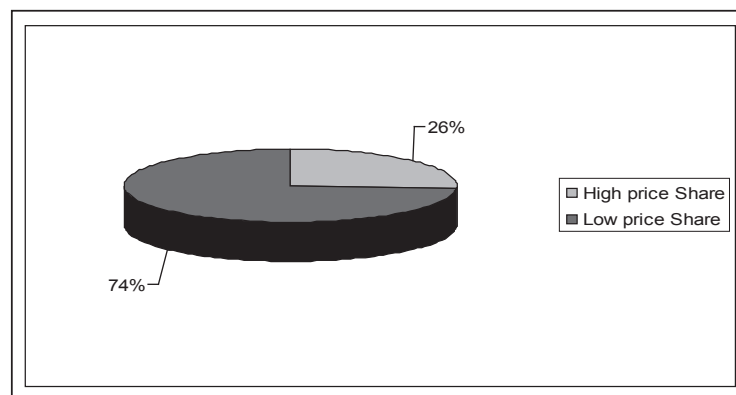
1. The objective is to determine the effect of price on portfolio formulation. The following table shows the relation between price and portfolio.

**Table 1: Portfolio-1**

Assets	Number of shares	Price (Tk. per share)	Total taka invested
A Ltd	40	250	10,000
B Ltd	100	200	20,000
C Ltd	200	150	30,000
D Ltd	400	100	40,000

**Table 2: Portfolio-2**

Assets	Number of shares	Price (Tk. per share)	Total taka invested
A Ltd	50	250	12,500
B Ltd	100	200	20,000
C Ltd	250	150	37,500
D Ltd	300	100	30,000



Source: Primary data

**Figure 1: Investors' Response on Share**

The above figure shows the relationship between price and portfolio. To formulate the portfolio investors prefer those securities which are underpriced/lower price.

### Hypothesis Testing

$H_0$ : 60% investors invest their money in the low price shares to formulate portfolio (i.e.  $H_0: P=0.60$ ).

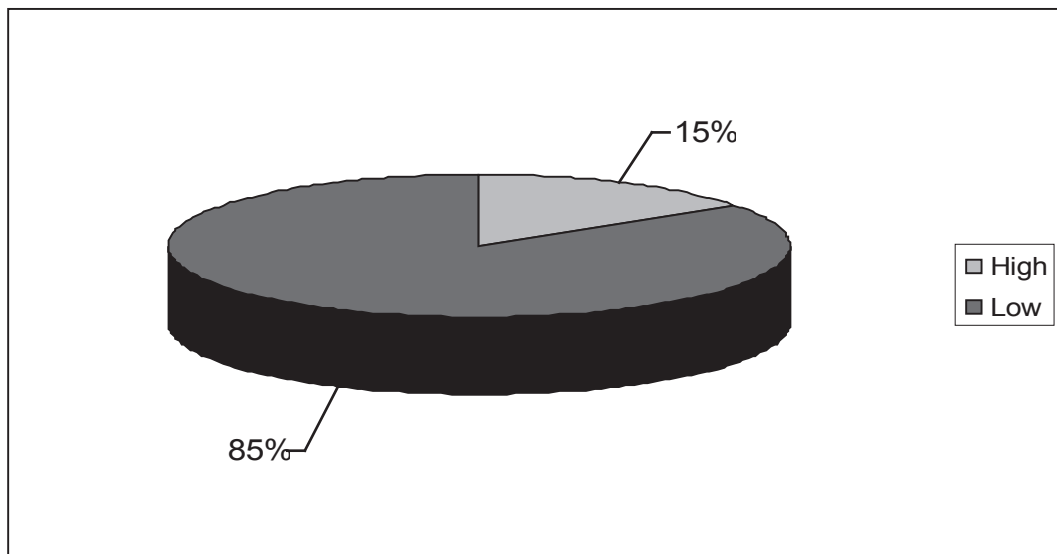
$H_1$ : More than 60% investors invest their money in the low price shares to formulate portfolio (i.e.  $H_1: P > 0.60$ ).

**Interpretation:** At 10% level of significant (90% confidence levels)  $Z_{0.10(tab)}=1.28$  and  $|Z_{cal}|=|-.73|=1.37$ . Since  $Z_{cal} > Z_{tab}$ , therefore, the null hypothesis may be rejected. Therefore, we can say that more than 60% investors invest their money in the low price shares. These types of investors always try to avoid risk. As a result they invest their money on those shares which are low priced in nature.

2. The objective is to determine the market interest rate affecting portfolio formulation. From the survey, the obtained responses from the investors are in the following table.

**Table 3: Investors' Response on Interest Rate**

Interest Rate	Frequency of Response	% of Response
High	৩১	১৫.৩৮
Low	১৭৪	৮৪.৬২
Total	২০৫	১০০



Source: Primary data

**Figure 2: Investors' Response on Interest Rate**

From the above table, it is found that 84.62 % investor invest their money when interest rate is low in the savings fund. It means that the investors prefer low interest rate in the savings funds to invest in the stock market.

### Hypothesis Testing

$H_0$ : 80% investors invest their money in the portfolio when banks pay low interest rate (i.e.  $H_0: p = 0.80$ ).

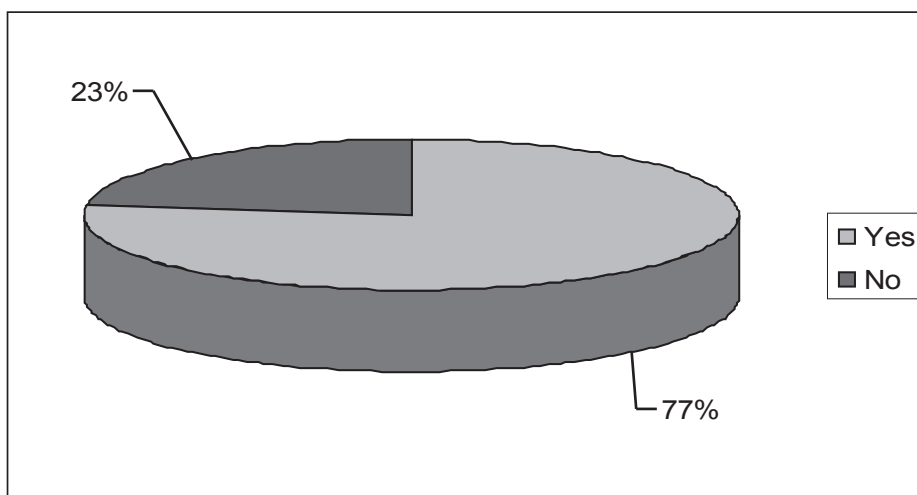
$H_1$ : More than 80% investors invest their money in the portfolio when banks pay low interest rate (i.e.  $H_1: p > 0.80$ ).

**Interpretation:** At 10% level of significant (90% confidence levels)  $Z_{0.10(\text{tab})}=1.28$  and  $|Z_{\text{cal}}| = |-.73| = 1.37$ . Since  $Z_{\text{cal}} > Z_{\text{tab}}$ , therefore, the null hypothesis may be rejected. Therefore, we can say that more than 80% investors invest their money when banks pay low interest rate. When banks offer low interest rate then the investors are motivated to invest in the share business.

3. The objective is to determine the economic condition affecting portfolio formulation. From the survey, the obtained responses from the investors are in the following table.

**Table 4: Investors' Response on Good Economic Condition**

Response	Frequency of r esponse	% of r esponse
Yes	১৫৮	৭৬.৯২
No	৪৭	২৩.০৮
Total	২০৫	১০০



Source: Primary data

**Figure 3: Investors' Response on Good Economic Condition**



The table shows that 76.92 % investors respond to invest in the good economic condition. And only about 23 % investors respond to invest when economic condition is not good.

### Hypothesis Testing

$H_0$ : 70% investors invest their money to formulate portfolio when economic condition is good (i.e.  $H_0: p = 0.70$ ).

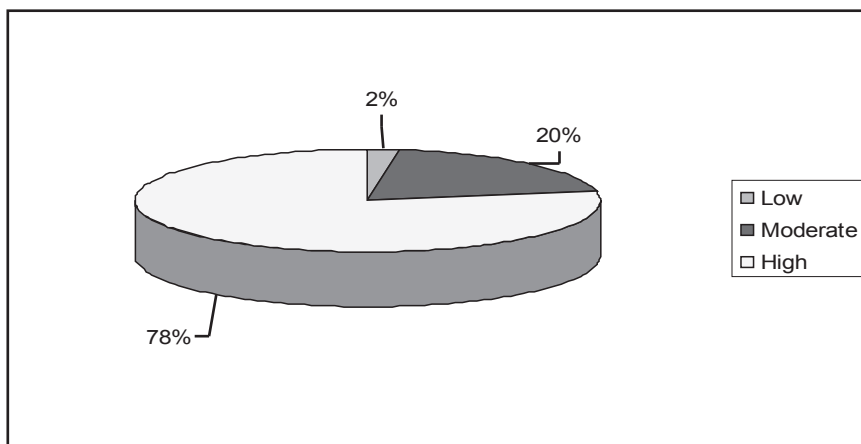
$H_1$ : Greater than 70% investors invest their money to formulate portfolio when economic condition is good (i.e.  $H_1: p > 0.70$ ).

**Interpretation:** At 10% level of significant (90% confidence levels)  $Z_{0.10(tab)} = 1.28$  and  $Z_{cal} = 2.1625$ . Since  $Z_{cal} > Z_{tab}$ , therefore, the null hypothesis may be rejected. Therefore, we can say that more than 70% investors invest their money when economic condition is good. Investors think that they will earn more return from their investment if the company earns more profit during a good economic condition.

4. The objective is to determine the earning per share affecting portfolio formulation. From the survey the obtained responses from the investors are in the following table.

**Table 5: Investors' Response on EPS**

EPS	Frequency of response	% of response
Low	5	2.31
Moderate	40	20
High	160	77.69
Total	205	100



Source: Primary data

**Figure 4: Investors' Response on EPS**

From the table and figure, it is clear that 77.69% investors invest their money to those companies that give high earning per share.

### Hypothesis Testing

H0: 70% investors prefer to invest their money to formulate portfolio of those companies that give high earning per share (i.e. H<sub>0</sub>: p = 0.70).

H1: More than 70% investors prefer to invest their money to formulate portfolio of those companies that give high earning per share (i.e. H<sub>1</sub>: p > 0.70).

**Interpretation:** At 10% level of significant (90% confidence levels)  $Z_{0.10(\text{tab})} = 1.28$  and  $Z_{\text{cal}} = 2.403$ . Since  $Z_{\text{cal}} > Z_{\text{tab}}$ , the null hypothesis may be rejected. Therefore we can say that more than 75% investors prefer to invest their money to formulate portfolio of those companies that give high earning per share. Therefore, to gain continuous earnings from the company, the investors like to invest on those companies that give high earning per share.

5. Here, we adopted an empirical study to show the relationship between share price before declaring dividend and after declaring dividend. To do this, the information about top 20 companies in Dhaka stock exchange of the year 2010 was collected as sample data.

**Table 6: Sample Data for the Year 2010**

Name of Companies	EPS Price before declaring dividend (X)	EPS Price after declaring dividend(Y)
Islamic Bank BD Limited	61.9	64.04
NBL	82.5	73.15
Prime Bank	53.8	69.78
Southeast Bank	37.93	48.7
Dhaka Bank	55.5	48.67
Uttara Finance	251.4	305.8
Bangladesh Lamps	193.5	241.74
Singer Bangladesh	614.38	573.88
BATBC	628.1	632.5
AMCL(Pran)	126.6	170.7
BOC Bangladesh	577.15	684.1
Square Textile	164.9	175
Beximco Pharma	268.8	347.65
ACI Limited	259.45	372.35
Square Pharma	308.5	360.48
Megna Cement	228.3	221
Apex Tannery	124.25	168.75
Bata Shoe	532.4	636.2
Monno Ceramic	63.28	99.66
GQ Ball Pen	152.25	208.7

Source: DSE Monthly data

**Coefficient of Correlation:** The coefficient of correlation is a mathematical measurement to determine the strength of the relationship between two variables. It is a measure of how well the predicted values from a forecast model "fits" real life data.

The mathematical formula for computing r is,  $r = \frac{\sum(x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum(x_i - \bar{x})^2 \sum(y_i - \bar{y})^2}}$ , where the values of r lies between the range  $-1 \leq r \leq 1$ . The + and - signs are used for positive and negative linear correlation respectively.

**Coefficient of Determination (R<sup>2</sup>):** The co-efficient of determination is the ratio of explained variation of the total variation. Its value lies within the range  $0 < R^2 < 1$ . The co-efficient of determination represents the percentage of the data that is the closest to the line of best fit.

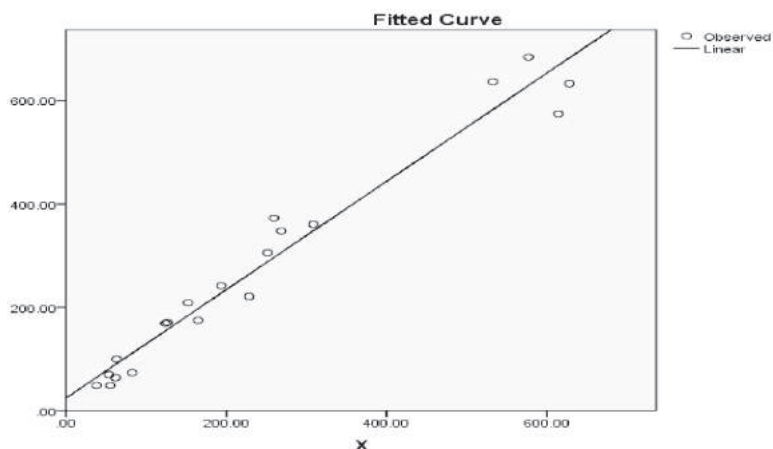
**Table 7: Coefficient of Correlations**

		X	Y
X	Pearson Correlation	1	0.980
	Sig. (2-tailed)		.000
	N	20	20
Y	Pearson Correlation	0.980	1
	Sig. (2-tailed)	.000	
	N	20	20

\*\* . Correlation is significant at the 0.01 level (2 -tailed).

**Table 8: Model Summary and Parameter Estimate**

Dependent Variable Y, and Independent variable X							
Equation	Model Summary					Parameter Estimates	
	R Square	F	df1	df2	Sig.	Constant	b1
Linear	.961	446.800	1	18	.00	24.543	1.047



**Figure 5: Fitted curve of top 20 companies**

**Interpretation:** The fitted curve shows the relationship between share prices before declaring dividend and after declaring dividend which is upward sloping. Since the value  $r = 0.980$ , therefore EPS and share price are highly correlated. Indeed, we can say that when a company declares dividend, the price increases. Since the value of  $R^2$  is 0.9613, it means that the total variation of Y explained by X is 96.13%.

### Paired t-test

#### Hypothesis testing

$H_0$ : There is no significant difference between the share prices of before declaring dividend and after declaring dividend (i.e.  $H_0: \mu_1 = \mu_2$ ).

$H_1$ : There is a significant difference between the share price of before declaring dividend and after declaring dividend (i.e.  $H_0: \mu_1 = \mu_2$ ).

**Table 9: Result of Paired Samples Test**

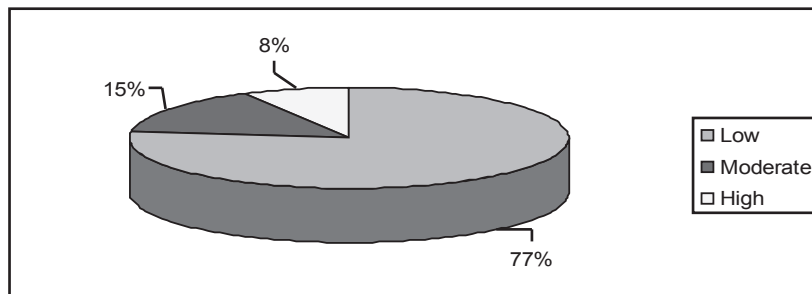
Paired differences					t	df	Sig.(2-tailed test)
Pair-1 x-y	Mean	Standard Deviation	Standard Error	5% CI of the Difference			
	-35.8980	42.3963	9.490	Lower -55.7402 Upper -16.0558	-3.787	19	0.001

**Interpretation:** At 5% level of significant (95% confidence level) with  $(n-1)=20-1 = 19$  df,  $t_{0.05,19(tab)}=2.093$  and  $t_{cal} = |-3.787|=3.787$ . Since  $Z_{cal} > Z_{tab}$ , therefore, the null hypothesis may be rejected. Therefore, we can say that there is a significant difference between the share price of before declaring dividend and after declaring dividend.

6. The objective is to determine the price earnings ratio affecting portfolio formulation. From the survey, the obtained responses of the investors are given in the following table.

**Table 10: Investors' Response on P/E**

P/E	Frequency of Response	% of Response
Low	158	76.92
Moderate	32	15.38
High	15	7.70
Total	205	100



Source: Primary data

**Figure 6: Investors' Response on P/E**

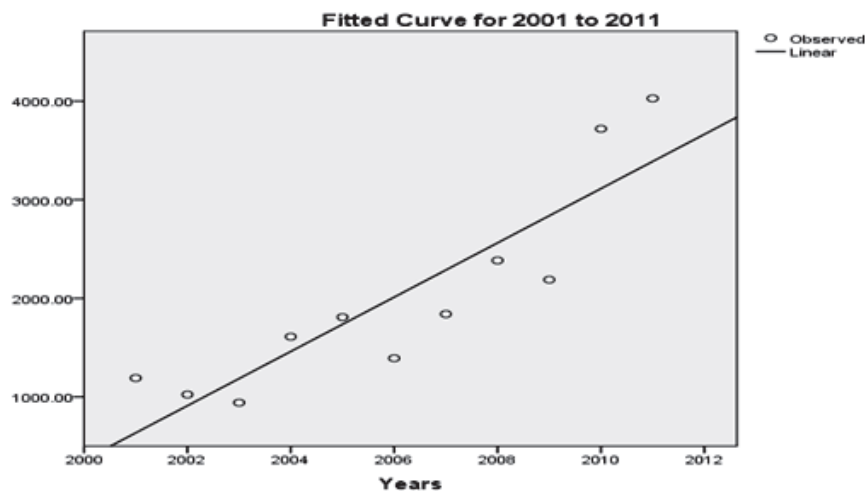
**Interpretation:** Investors prefer to invest in those shares to formulate portfolio that shows low price earnings ratio. The table shows that 76.92 percent investors invest in the low P/E ratio shares. Others invest in the moderate and high P/E ratio share due to being misled or sometimes whimsically.

#### 7. Trend Analysis of Share Prices of DSE General Indexes of 20 Companies (2001-2011):

Here, we have shown the trend analysis of share prices of DSE general indexes of 20 companies to determine the profitability of the investors. The data of DSE general indexes (2001 to 2011) has been used to show the analysis.

**Table 11: Model Summary and Parameter Estimate**

Dependent Variable is Index and Independent Variable is Years							
Equation	Model Summary					Parameter Estimates	
Linear	R Square	F	df1	df2	Sig.	Constant	b <sub>1</sub>
	.790	33.758	1	9	.000	-550367.727	275.364



**Figure 7: Fitted curve for 2001 to 2011**

#### Interpretation

The graph shows that the share prices (DSE general index) according to change of time (Yearly data), is upward sloping, i.e., the share prices were gradually increased. The estimated parameter is  $b_1/275.364$ , which indicates the positive relationship between the time and share prices, but it is very high degree of positive correlation. It is found that the yearly price changes of the year 2001 to 2011 were the positive signal for the investor to invest in the capital market.

#### Summary of the findings

The major findings from the analyses presented above, according to the objective of the study and different tests of hypothesis are based on primary and secondary data. These are summarized below.

To formulate the portfolio, investors prefer those securities which are underpriced. Investors invest their money in the capital market when interest rate is low in the savings fund. Bank interest rate plays a significant role in the portfolio formulation. When the banks provide low interest rate against the deposit, the flow of investment in the capital market has increased. From the survey, it can be concluded that 76.92% investors' response is to invest in the good economic condition. Favorable economic conditions are also the important factors for portfolio formulation. More than 75% of the investors prefer to invest in the capital market when economic conditions remain favorable. From the survey, it can be concluded that 77.69% investors invest their money to those companies that give high earning per share. There is a significant relationship between share price of before declaring dividend and after declaring dividend. Price earnings ratio is one of the significant factors for portfolio formulation. Almost 77% investors are interested to invest in those securities that belong to lower P/E ratio. From the fitted curve, it has been found that the share prices of the years 2001 to 2011 are upward sloping. The share prices (DSE general index) for the year 2001 to 2011 are very dynamic. Therefore, the investors should have a lot of information about past performance and expected future performance of companies, industries, and the economy before taking investment decision.

### **Recommendations**

A portfolio comprises several individual securities. In building up the portfolio, several transactions of purchase and sale of securities take place. It is important to understand that equity shares are not recommended for all investors. The funds available with individual investors may not be large enough to create a well-diversified portfolio of securities. To thrive for the investors, some measurements are given below for formulating well diversified portfolio:

An investor who would like to be rational and scientific in his investment activity has to evaluate a lot of information about past performance and expected future performance of companies, industries, and the economy as a whole before taking investment decision. Before investment, investors should take the investment decision based on company fundamentals, technical analysis, price level, and disclosed information. They should also evaluate the company's previous performance, price earnings ratio, earning per share, net asset value per share, dividend per share, regular AGM, market evaluation, company categories (A, B, N, etc.) and regular trade volume, etc. Investors should invest for long term, and no one should purchase or sell a share on the basis of tips and rumors. Investors should not invest in those companies whose overpriced shares and debt capital are high.

### **Conclusion**

This study attempts to analyses different stages in explaining the impact of declaring dividend, change of share prices, market interest rate, economic condition, earning per share, price earnings ratio, etc., on portfolio formulation. It is found that investors receive low price of share for avoiding risk. When banks offer low interest rate, the investors are motivated to invest in share business. If the economic condition is good, the investors invest much money for earning more profit. To gain continuous earnings,

the investors like to invest in those companies which give high earning per share. There is a significant difference between the share price of before declaring dividend and after declaring dividend. It is also found that the yearly price changes (DSE general index) of the year 2001 to 2011 were the positive signal for the investor to invest in the capital market. The main problem in capital market is based on rumor. People are now addicted to share market, but our share market is so strong. The maximum shares are held by institutional investors. Another problem is speculation. Therefore, it can be concluded that there is a significant relationship among the investment in capital market with declaring dividend, share prices, market interest rate, economic condition, earning per share, price earnings ratio, etc.

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## A Review of Risk Based Pricing and its Application at Banks and Non-Bank Financial Institutions in Bangladesh

Farhana Satter \*

### **Abstract**

*The most important part of banking business is to provide loans and advances to the borrowers as banks' profitability mostly depend on it. Credit approval is one of the most important processes for commercial lenders, as it is their primary source of income. The credit approval process relies upon assessing risk accurately and making a sound decision based on that analysis. Striking a balance between an acceptable level of risk while also meeting customers' needs is key to maximizing revenue and customer relationships. Lenders must minimize their exposure to significant potential losses while maintaining goodwill with their customers and growing the business. Risk-based pricing, also known as tiered pricing, is a method of assigning interest rates and other credit terms based on the customer's credit history. With risk-based pricing, customers are charged according to the default risk they present. The basic concept is quite simple-the higher the risk, the higher the rate; the lower the risk, the lower the rate. In this paper it is tried to assess how risk based pricing can be fixed up by banks and non-bank financial institutions and how it can be applied to ensure profitability of the institutions as well as safety of the depositors. Some recommendations have also been suggested for encouraging banks and financial institutions to use risk based pricing before approving loans and advances.*

**Keywords:** Risk base pricing, BASEL-II, Banks and Non-Bank financial institutions

### **Introduction**

One critical aspect of asset/liability management in financial institutions like Banks & Non-Bank Financial Institutions (NBFI) is the pricing of credit products. Pricing decisions directly impact earnings and capital adequacy. Therefore a financial institution should be able to generate an adequate level of profit to achieve its business and capital management objectives. However, the inability of financial institutions to fully understand the risks they face and the challenges of competition tend to put undue pressure on these institutions to under-price their loans. Indeed, incorrect pricing could create risk/return imbalances and result in lost business opportunities and adverse loan selection.

To survive in the financial sectors and to ensure achieve satisfactory level of returns for the shareholders financial institutions have to be very careful about selection of lending assets. In this context, proper pricing of loans and other products is now becoming crucial from the business and regulatory perspectives. All Commercial Banks and other NBFIs should develop an effective risk-based pricing model for fixing interest rate and

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\* **Farhana Satter**

Associate Professor, Department of Finance and Banking



other charges against each and every loan or advance products. Practicing to develop and exercising a model can meet two objectives; first, it will encourage banks to seek profitability by driving down costs while charging competitive rates; and secondly, to make the policy rate become an effective tool for driving lending rates up or down. From the business perspective, banks need to clearly define measure and price their risks, and control their costs in order to meet the profit maximization objectives. In achieving the profitability goals and objectives, it is important that every staff, particularly loan officers, understands the institution's risk adjusted pricing policy and strategy, and the components of loan pricing decisions.

In every developed countries financial institutions used to follow a standard risk pricing model for pricing their loan products. Bangladesh is not an exception here every banks and NBFIs also have some policy tools and logical framework for pricing their loan portfolio. But the problem is application, whether all banks & NBFIs are following their pricing models meticulously, whether they become impartial for large corporate clients. This article aims to address this issue considering different obstacles faced by banks and NBFIs in Bangladesh to apply the model.

### **Objectives of the Study**

Against the above background, the present study focuses on the following objectives:

1. To analyze the current practices of Commercial Banks and NBFIs for pricing loan products
2. To describe the model of loan pricing that banks and NBFIs are supposed to follow for ensuring interest of the depositors as well as the owners of the institutions and
3. To suggest and recommend measures for solving the problems.

### **Research Methodology**

For the purpose of this study we have used systematic and objective process for gathering, recording, and analyzing data. We have tried to avoid distorting effect of personal bias as much as possible. For the purpose of research, first of all, we have tried to identify the issues. Then we diagnosed those problems. At the end we have selected and evaluated the courses of action. Mainly we have followed secondary data.

For the study most of the information was collected from the following sources:

1. Text Book
2. Banks and NBFIs
3. Bangladesh Bank
4. Present and retired Credit Officers of Banks and NBFIs
5. Different articles of reputed journals

### **Definition**

Risk Based Pricing is offering of different interest rates and loan terms to different borrowers based on their creditworthiness. Risk-based pricing looks at factors such as a borrower's credit worthiness, financial aspects, socio-economic aspects, adverse credit history (if any), employment status and income, depending on the type of loan. Apart from financial institutions, globally types of companies that use risk-based pricing

include credit card issuers, mortgage lenders, utility companies, telecommunications companies and any other company that considers a consumer's credit score before agreeing to do business with them.

Risk-based pricing allows lenders to charge higher interest rates to borrowers who seem less likely to repay their loans in full and on time, and lower interest rates to borrowers who seem more likely to repay their loans in full and in a timely manner. For example, if credit history shows adverse conditions, then loan might be approved with a higher interest rate than another company with good credit ratings. Under the risk-based pricing rule if a financial institution gives a loan or credit card with a higher interest rate than what it charges most consumers for the same product, it is supposed to give an oral, written or electronic notice explaining that loan account has been affected by risk-based pricing.

Financial institutions also use risk-based pricing with existing customers. For example, an existing borrowers based on current credit rating could be charged higher or lower than their previous interest rates. Interest rate is also based on factors beyond borrower's control, like the prime rate and overall economic conditions. Even the most creditworthy borrowers are likely to pay higher interest rates if the prime rate goes up or the economy goes into a recession.

**Risk-Based** is a methodology adopted by many lenders in the mortgage and financial services industries. It has been in use for many years as lenders try to measure loan risk in terms of interest rates and other fees. The interest rate on a loan is determined not only by the time value of money, but also by the lender's estimate of the probability that the borrower will default on the loan. A borrower who the lender thinks is less likely to default will be offered a better (lower) interest rate. This means that different borrowers will pay different rates. In theory, borrowers who are safer-or who are engaged in safer activities-should be more likely to borrow and resources should therefore be allocated more efficiently.

The lender may consider a variety of factors in assessing the probability of default. These factors might be characteristics of the borrower, like the borrower's credit rating, financial strength, collaterals etc. Concerns have been raised about the extent to which risk-based pricing increases borrowing costs for the small business, who are generally more likely to default, and thereby further increases their likelihood of default. Some supporters of risk-based pricing have argued that, at least in certain contexts, default prediction should be limited by ethical considerations and focus on factors that are under borrowers' control.

### **Risk Based Pricing under BASEL-II Framework: Literature Review**

The implications of Basel II on loan pricing have already been investigated by previous literature, even if not extensively, due to the recent publication of the Accord's final version. In a paper devoted to credit risk modeling of small commercial loan portfolios, Dietsch and Petey (2002) assume that a bank has to maximize its expected portfolio return under the constraint that the economic capital requirement must be equal to an exogenous, certain amount. Given an expected Return on Equity (ROE), a 1-year maturity, a fixed recovery rate, and neglecting taxes and operating costs, they

determine the risk-adjusted price consistent with the expected RoE. They show that the price of loans granted to SMEs depends on their classification as retail or corporate exposures.

Repullo and Suarez (2004) analyze the impact of the new capital requirements on the loan pricing in a perfectly competitive market for business loans, where the correlation in defaults across firms is driven by a single systematic risk factor. Furthermore, banks have zero intermediation costs, are funded with fully insured deposits and equity capital, remunerating the latter more than the former, though bank shareholders are supposed to be risk-neutral, and supply loans to a huge number of unrated firms to fund risky investment projects. They find that, under perfect competition and a 1-year planning horizon, the rates which equate the expected payments of a loan to its weighted marginal funding cost, are calculated by maximizing the expected discounted value of its net worth (gross loan returns minus gross deposit liabilities), holding the minimum possible amount of regulatory capital. Considering two groups of banks, lending to high-risk firms and to low-risk firms, respectively, due to the advantageous treatment for low-risk lending in the IRB method relative to Basel I, the rates of low-risk loans will be determined by the capital charges of the IRB approach and will be lower than under Basel I, while the rates of high-risk loans will be determined by the capital charges of the standardized approach. From a quantitative point of view, they show that the IRB approach may imply a reduction or an increase in loan rates, relative to Basel I, depending on the borrowers' creditworthiness. Based on their results, bank lending to high-risk loans will adopt the standardized approach, leaving their rates the same as under Basel I.

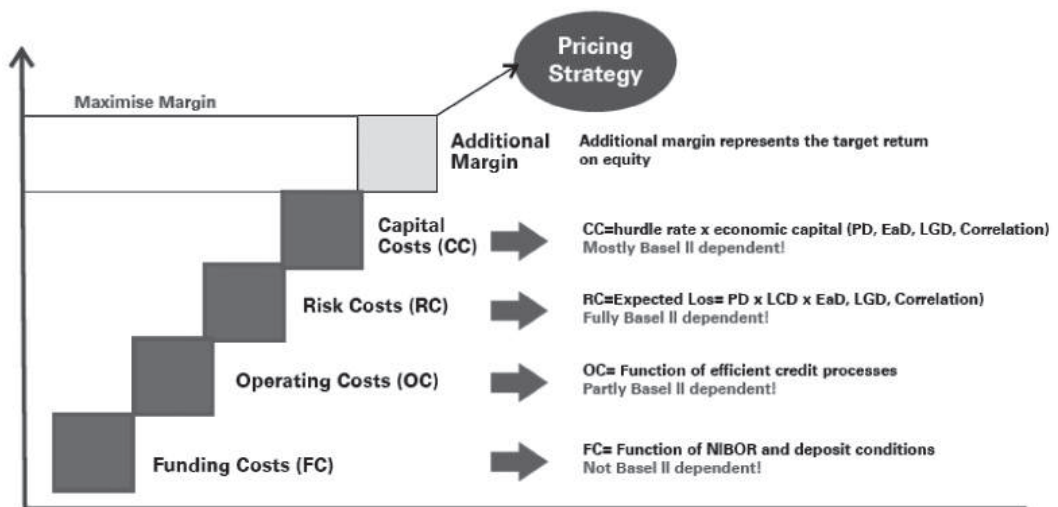
Under the new Basel II regulatory framework, the need for an effective risk-adjusted pricing mechanism has become even more central in banking than in the past: banks are spurred to develop risk-adjusted measures, to avoid wasteful customers' cross-subsidization and support the value creation process for their shareholders. According to Hasan and Zazzara (2006), risk-adjusted pricing can be split into two main parts: a "technical" one, which is based on Basel II-consistent risk factors (probability of default, loss in case of default, exposure at default and maturity); the second part is defined as "commercial" and includes commissions, operational costs, and other subjectively allocated costs. In the paper "Loan Pricing under Basel Capital Requirements" Rafeal Repullo and Javier Suarez (2004) detected how the Internal Ratings-Based approach affects the bank loan pricing mechanism, by developing a multi-period risk-adjusted pricing methodology, which allowed to separate the contribution of the two components of credit losses (the expected loss and the unexpected loss), under the prevalent repayment schemes. The main inputs needed in their pricing formula can simply be drawn from an internal rating model and from easy-to-find market data (risk-free interest rates and shareholders' target return). The pricing formula that proposed this paper was consistent with the new Basel II regulatory approach to credit risk management and provides an immediate support for bank managers in making a loan price-related decision.

## Risk Based Pricing Model

Risk based pricing involves the alignment of loan pricing with the expected credit risk. Typically, the credit risk of a borrower is used to determine the accept/reject decision of a loan and to drive loan pricing. This means charging a higher interest rate for a higher risk transaction and a lower rate for a lower risk transaction. The practice of risk based pricing has beneficial impact on an economy. First, scarce loanable funds will be allocated in a more efficient manner, as businesses with better prospects and associated lower risk would find credits to be less expensive. Secondly, more accurate measurement of, and pricing for, risk would reduce the sometimes disruptive rationing of credit than can occur, especially during economic downturn.

### Risk Based Pricing Methodology

The figure below depicts the components of risk based pricing methodology



### Funding Cost

This represents interest expense related to the monthly average volume of deposits and other funds reported to the regulator on a monthly basis. The interest rates charged on risk assets are influenced by the interest rates paid on the various sources of deposits and funds. The higher the interest rates paid to depositors the higher the loan price and vice versa. The Treasury Management unit is responsible for identifying the cost of funds that is applicable for each loan product prior to the effective date of the loan, thereby allowing sufficient time for loan-pricing decisions and for appropriate notification to be made to the borrower.

### Operating Cost

This includes indirect cost/overheads and statutory costs such as deposit insurance premium, cash reserve requirements, opportunity cost of holding liquid assets in excess of the minimum requirements and the cost of holding nonearning assets.

### **Risk Cost**

This is the expected loss that institution will suffer and it is the product of Probability of Default (PD), Loss given Default (LGD) and Exposure at Default (EaD). The PD estimates is based on rating from the institution's internal rating system. The LGD relates to the loss the institution will suffer given that a default has occurred. EAD is the exposure of the institution at the time the borrower defaults. Under the Basel II framework, an institution is required to conduct credit rating of its borrowers, categorize borrowers into rating classes and calibrate the rating classes to their respective PDs. Hence, this component of risk based pricing is fully dependent on Basel II.

### **Capital Cost**

This is a product of hurdle rate and economic capital. Economic capital is a function of PD, LGD, EaD and default correlation of the asset portfolio. The hurdle rate figure is a board decision and can be determined from the capital asset pricing model (CAPM) or through appropriate benchmarking. Economic capital represents the capital required to cover unexpected losses in the institution, given the risk-specific time horizon and the desired target rating of the institution. This component is mostly Basel II dependent.

### **Additional Margin**

This represents the target return on equity, i.e. the rate of return expected by shareholders. This expectation is guided by economic fundamentals and the long term sustainability of the institution.

So the above mentioned Pricing of loan will be as follows:

Loan Pricing = Funding Cost+Operating Cost+Risk Cost+Capital Cost+Additional Margin.

### **Benefits of Risk Based Pricing**

For an institution, the following are the benefits of risk based pricing:

- Enables an institution to know early enough what kind of price/fees will satisfy its risk/return preferences;
- Enhances shareholders value by ensuring that credit risk associated with the transaction is appropriately measured and priced;
- Improving loan and relationship profitability;
- Enhancing the achievement of credit portfolio goals and objectives; and
- Satisfying regulatory requirements that the risks inherent in loan products and services have been adequately accounted for in the pricing of loans.

### **Risk-Based Pricing in Bangladesh**

In Bangladesh, the practice of risk based pricing is evolving gradually through the foreign and local commercial banks. The inclusion of BASEL-II has influenced financial institutions to focus on the capital requirement against borrowing hence become risk focused while lending.

Still many financial institutions of Bangladesh offer preferential lending rates to their prime borrowers. The risk appetite and collateral based lending of financial institutions is also a barrier for risk based pricing in Bangladesh. For SMEs and consumer

financing, financial institutions are yet to practice this pricing strategy. As the SME business lacks proper financial statements and credit ratings hence it is difficult to set a price for them based on quantifying the risk associated with this lending. Similarly, as consumers in our country are not rated based on their credit score so financial institutions have to rely a bit on qualitative judgments.

In Bangladesh large corporate group also influences pricing of loan. At present numbers of commercial banks and NBFIs are running for few large corporate groups. As per desire of the clients in some cases they are offering lower interest rate without considering key risk issues of the clients.

Name lending is another barrier for implementing risk based pricing in Bangladesh. An expert entrepreneur of still industry may want set up a power plant without having sufficient knowledge of it. Considering the reputation of the said client bank used to fix interest rate at the same rate that he is being offered against facility availed for original business. Under risk based pricing model interest rate against loan facility for setting up power plant should have been more than original business.

### **Recommendations**

In our country, because of regulatory obligations commercial banks have a Credit Risk Management (CRM) Policy where all sort of guidelines are supposed to be mentioned for providing credit facilities to the different clients where one effective Pricing Policy is absent in most cases. If all commercial banks as well as NBFIs have their own pricing policy and they start using it regularly, a fair and competitive credit environment will be established. It will help the financial institutions for ensuring profitability of the owners, depositors' interest as well as borrowers' interest.

While the Western and European example used bankruptcy score and credit score, some of the other variables that may be included in a risk-based pricing matrix are collateral, loan-to-value, debt-to-income, and origination channel. Additional variables that impact the overall pricing model are expected loss, pre-payment rate, anticipated fee income, as well as origination cost, servicing cost, capital requirements, and cost of funds. The cost of capital can be appropriately applied by credit grade - which can be calculated as part of a RAROC (risk-adjusted return on capital) pricing model. Ultimately, the bank can modify the pricing based on the amount of increased or decreased risk and associated capital required as part of the risk-based pricing strategy. Generally, pricing models are dynamic and continually updated based on the bank's experience as well as external factors such as cost of funds. It is important that a bank have the availability of data at the individual loan level over the life of the loan. The bank must be able to assess how they predicted the loan would perform against how the loan actually performed.

For practicing a risk based pricing model institutions has to conduct credit ratings of their borrowers as per Basel II framework. The credit rating is used to quantify risk of the proposed lending to the borrowers. Now borrowers are not many familiar with the concept of credit ratings. Most of the small borrowers are reluctant to do so considering the cost to obtain this. Banks and financial institutions should encourage their borrowers combindly so that fair credit environment can be created at the society. Bangladesh Bank can play a vital role in this regard.

Internal control system should be adequate and efficient to ensure that loan pricing practices comply with the policies and strategy, and that there is an authorization and proper reporting to the Board for all risk based pricing exceptions granted.

There should be a robust IT system in all institutions to support loan pricing decisions.

### **Conclusion**

There are many variables to consider when evaluating a risk-based pricing strategy. For a balanced strategy, the firm must have an appropriate level of focus on quality, profitability, and growth. As global banking system after the recession of 2007 is moving towards risk based pricing, Bangladesh also needs regulations formulated by the central bank to ensure risk based pricing. Risk based loan pricing would benefit not only the financial institutions but also the borrowers.

Risk-based pricing is not the only factor that affects the interest rate of commercial bank. Interest rate is also based on factors beyond one's control, like the prime rate and overall economic conditions. Even the most creditworthy borrowers are likely to pay higher interest rates if the prime rate goes up or the economy goes into a recession.

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## The Theme of Imperialism in Kipling's *Kim*

Utpaul Kumar Ghosh \*

Md. Kaiser Ali \*\*

### *Abstract*

*This article attempts an exploration of Kipling's Kim mainly in the light of Edward Said's Orientalism and Culture and Imperialism showing Kim's complicity with imperialism. A postcolonial approach to the text, which undermines the liberal humanist claim of universal and timeless significance of a literary composition and considers the specific context, in which a text is produced, will show how Kipling's Kim is complicit in imperial/colonising enterprise in spite of its pictorial and idyllic celebration of India. Kipling's imperialist mentality in Kim is displayed in his stereotyping of India, in giving an imperialist version of Indian history, in delineating Indian characters in a negative and biased way, thus consolidating the Oriental discourse and justifying the Whiteman's rule over the colonised people.*

**Keywords:** Orientalism; Imperialism; Colonialism; Postcolonial; Discourse; Stereotyping; Binarism

Nobel Prize-winning English author Rudyard Kipling wrote *Kim* in the heyday of British expansionism. Critics appear to be divided between those who praise its portrayal of colonial India and Indian people as ideal and those who condemn it as a work having its complicity with imperialism. John McClure, for instance, argues that the work is 'a utopian portrayal of future racial harmony' (William, 480). And Abdul JanMohamed contends that '*Kim* and *A Passage to India* offer the most interesting attempts to overcome the barriers of racial differences' (22). Mark Kinkead Weekes (1964), for his part, argues that the novel is 'the answer to nine-tenth of the charges leveled against Kipling and the refutations of most of the generalizations about him' and adds that in *Kim* 'the eye is caught by a whole kaleidoscope of race, cast, custom, and creed, all seen with a warm affection that is almost unique in Kipling' concluding that 'such a vision involves---the deliberate exclusion of attitude of superiority' (264) Patrick Williams (1994), however, in his renowned article '*Kim* and Orientalism' questions all the critics' views and judiciously argues that *Kim* is definitely implicated in the Orientalist and imperialist projects' (83). Philip Wegner (1993-94) argues that *Kim*'s narrative is governed by a 'rigid racial boundary' and economy of 'absolute difference' between 'whites and Indians, colonizers and colonized' (154).

We agree with the latter groups of critiques who are of the opinion that the novel is complicit with the Orientalist and imperialist projects. A postcolonial approach to the text, which undermines the liberal humanist claim of universal and timeless significance of a literary composition and considers the specific context in which a text is produced,

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\* **Utpaul Kumar Goash**

Associate Professor, Department of English, Dhaka Commerce College

\*\* **Md. Kaiser Ali**

Lecturer, Department of English, Dhaka Commerce College



will show how Kipling's *Kim* is caught up in the sordid fact of imperialism and colonisation in spite of its pictorial and idyllic celebration of India. Kipling's *Kim* brims with Indian noise and heat and colour, roaring bazaars and clamorous caravanserais. The skillful painting of an exotic image of India is achieved through Kipling's strewing the text with passages that describe Indian scenery in bright colours. Kipling also builds a happy father-son relationship between the white boy Kim and the oriental Lama. Despite all his efforts to paint an immaculately faultless image of colonial relations, Kipling fails to overcome his racial bias. His narrative is typically Orientalist, and his Eurocentrism pervades the text. Kipling in line with the Orientalist project represents Indian characters as 'other' of supposedly civilised Europe. He depicts Indian characters racially inferior, gives an imperialist version of Indian history, stereotypes Indian characters, thus consolidating the Oriental discourse and justifying the Whiteman's rule over the colonised people.

As regards the theoretical basis, the study has been conducted primarily in accordance with postcolonial theory, mainly on the basic ideas of Edward Said's two ground breaking books *Orientalism* and *Culture and Imperialism*. In the seminal book *Culture and Imperialism*, Said criticizes the tendency in some literary circles to 'sanitize [culture] as a realm of unchanging intellectual monuments, free from worldly affiliations' and says that culture for centuries 'nurtured the sentiment, rational and above all the imagination of empires.' As a cultural form novels, Said says, cannot be 'chopped off from history and society' (14). Said condemns the notion of literature's autonomy as 'imprecise' and criticizes the habit of some scholars who in their writings about literary works, deal exclusively with them and disregard their historical contexts. As imperialism and colonisation are linked to certain historical process, we will dwell on the issues from historical perspective, placing the literary text in historical process.

Imperialism and colonisation were certainly dependent upon the use of force and physical coercion, but it could not occur without the existence of a set of beliefs that were held to justify the possession and continuing occupation of peoples' land. Kipling wrote this novel in the heyday of British expansionism, and the novel reflects many of the colonial assumptions that support, elaborate, and consolidate the practice of empire. Edward Said, a postcolonial and cultural critique, in his book *Orientalism* unmask the working of this historical process of colonial discourse that created false images assumptions and beliefs of the west to show its justification of the West over the East. We will, here, briefly mention the key points of Said's *Orientalism* that will help us understand how Kipling in *Kim* promotes imperial values. *Orientalism* as defined by Said (1994) is 'the corporate institution for dealing with the Orient--- dealing with it by making statements about it, authorizing views of it, describing it, by teaching it, settling it, ruling over it: in short, *Orientalism* is a Western style of dominating, restructuring, and having authority over the Orient' (3).

The most tangible aspect of *Orientalism*, Said explains, is a massive body of writings 'elaborate theories, epics, novels, social descriptions and political accounts concerning the Orient, its people, customs etc.' (3). These were written by explorers, poets, novelists, philosophers, political theorists, economists, and imperial administrators.

These writers portrayed the life and landscape of the orient in biased and negative ways, as the 'other' of the West. According to Said, Orientalism is a discourse. A discourse is a 'strongly bounded area of social knowledge, a system of statements within which the world can be known' (Ashcroft, Griffiths, and Tiffin, 2001:70). Through discourse, people in a society come to an understanding about themselves, their relationships with each other, and their place in the world. This applies the ruling class and the ruled in a society. But the vision of the world offered through discourse is dependent on the way the ruling class in society wants the world to be known so as to preserve, maintain, and extend its power over the ruled. As a discourse Orientalism was Europe's means of imposing its own vision of the world upon the orient: A vision that represents the globe as Occident and Orient and promote the former as powerful, superior, the center of civilisation, and enlightenment and the latter as weak, culturally inferior, and the heart of backwardness and primitivism.

The basic rule that governs the discourse Orientalism is 'binary opposition.' Binary opposition is not simply a distinction between two different things, but represents the most extreme form of difference. It entails a violent hierarchy, in which one term of opposition is always dominant and having a positive connotation. This positive term is reserved for the White Europeans/colonisers. Very related to the logic of binarism is the extreme logic of essentialism. Essentialism is the logic that groups or categories of object have one or several defining features exclusive to all members of the group. Thus, to say that the colonised is essentialised is to say that he is represented as an 'ontologically' distinct entity from the coloniser. Through binarism a constellation of ideas about non-Europeans is formed that becomes the reference to all those interested in those people. The reiteration and repetitions of the same idea about, for instance, 'oriental despotism, cruelty, sensuality,' (Said, 4) hardens those ideas into clichés and stereotypes that are taken for granted and employed to explain the behaviour of the Orientals. Because the same ideas are persistently repeated and reiterated the colonial discourse, here Orientalism acquires an amazing internal consistency. And this 'consistency' Said says, and this 'constellation of ideas' is the most important thing about the discourse because it gives it strength and 'redoubtable durability' (6)

A close examination of the text will reveal that Kim reflects the ideas of the discourse of Orientalism to justify the western domination over the non-western world. Our doorway into the analysis will be Said's definition of Orientalism. Let us be quite clear that Orientalism and colonial/imperial discourse do not amount to the same thing. Colonial discourses are more complex and variable than Said's model of Orientalism; they encapsulate, to be sure, Orientalism but go beyond it. Therefore, besides Orientalism we will also rely on some other historical issues related to colonialism/imperialism to show that Kipling's Kim reflects the assumptions of the Orientalists and justifies imperialism.

In line with the Orientalist view Kipling believed in the racial superiority of the White to justify imperialism. The belief of the racial superiority of the White over the non-White strikes the readers from the start of the novel. The novel opens on a very symbolic scene where Kipling justifies the white boy Kim's monopoly in the game over

two Indian boys. Kim the British protagonist is seated 'astride Zam - Zammah (a cannon at the Lahore Museum entrance) in defiance of municipal orders' (7) playing the 'king-of-the-castle' game with Abdullah, a Muslim boy, and ChotaLal, a Hindu boy. Kim plays the part of king and prevents the boys from ascending the cannon. Abdullah tries to make Kim step down but Kim tells him 'all Mussalmans fell off Zam-Zammah long ago' (11) ChotaLal, too, tries to ascend the cannon but Kim tells him 'all Hindus fell off Zam-Zammah too. The Mussalmans pushed them off' (11). To explain and justify Kim's monopoly of the role of king and his preventing the Indian boys from ascending the canon, Kipling as the narrator says: 'who hold Zam-Zammah--- hold the Punjab' and there was some justification for Kim [. . .] since the English held the Punjab and Kim was English and White' (11).

Quite explicitly, the child protagonist Kim is the representative of the British Raj in the scene and so of the coloniser. Kim's words, his dominating attitude, and his monopolistic hold of the cannon attest to that, Abdullah and ChotaLal, for their part, are the colonized. They are representatives of the majority religious groups in India, the Muslims and the Hindus and as such of the Indians in general. The Zam-Zammah, the canon, is the symbol of power, and Kim's hold' of it is evidently symbolic of British might and rule in India. The game's name itself - 'king of the castle' - is also symbolic and proves that Kim's play with the Indian boys is not innocent at all. It is a game who rules whom, and it is not coincidence that Kim is the king in the scene. He is the ruler in the game because he is the representative of the effective rulers of India, very conscious of his belonging with the colonizers. Kim's dominance over the Indian boys on the basis of Kim's being 'English' (meaning British, as later Kim appears to be Irish) and 'white'. The supposedly cultural and racial superiority have been implied through the signifiers 'English' and 'White.'

The racial distinction thus announced at the very outset of the novel is persistently maintained throughout the narrative through creating negative images about the natives through the process of binary pairings, essentialising and stereotypical comments. Early in the story Kim remains 'amazed' at Lama's truthfulness because 'speaking the truth' is something 'a native [. . .] seldom 'presents' (26). A few lines later Kipling has his narrator remark that 'Kim is the one soul' who [has] never told [Mahabub Ali] a lie' (36). Very clearly the statement sets him as the opposite image of what the Indians are. Once again and in the same page Kipling adds that 'for his own ends or Mahabub's business, Kim could lie like an Oriental' (36). The natives never tell the truth to strangers unlike their rulers, who are 'open-spoken English people' (199). 'The English do eternally tell the truth,' Creighton said, 'therefore, they are made foolish' (188), thus reinforcing the racial distinction between the Indians and the English.

With a similar fashion Kipling essentialises the Indians as treacherous and cunning people. The woman with Mahabub Ali named Flower of Delight is presented as treacherous. She tricks a man into drinking for a particular end and then unashamedly reprimands him for having drunk against 'the Law of Prophet.' Commenting on her assumed treachery, the narrator says, 'Asiatics do not wink when they have outmaneuvered an enemy'(38). Kipling's' Indians are also represented as rude,

'sometimes very rude,' and abusive as the writing on the door of the Kashmir Serai room attests. On the Grand Trunk Road, for instance, 'the long shouting, deep-voiced little mob [. . .] of native soldiers on leave' say 'the most outrageous things to the most respectable women in sight' (87).

In addition to their being liars, treacherous, rude and abusive, Kipling's Indians are marked by all-level deficiency of character. They are irrational, naive and credulous; and Kim exploits their 'immense simplicity' to get food, shelter and train tickets. The epitome of the Oriental's meekness and naivety is, of course, the Lama who is, in Patrick William's words 'childish, unthinking, incapable to the point of self-destruction-of existence in the real world' (484).

A close observation shows that Kipling's Kim promotes the values of imperialism. In Kim and Lama relationship, we see the text's complicity with imperialism. Firstly, Kim is presented as the guide and the protector of the Lama in the complicated hustle and bustle of Indian life with which the ethereal Lama is unfamiliar. And Edward Said rightly comments that 'the Lama is placed within the protective orbit of British rule in India' (135). Here we see the oriental Lama needs Kim's wits and guide to reach his goal. Kipling holds the view of Hegel that 'Orient is beyond history.' So, it needs the guide and wit of the technologically and racially superior West.

Secondly, Kipling manages to create an affectionate father-son relationship between the Lama and Kim, yet instead of conveying the usual dependence of the son on the father, Kipling inverts the natural turn of things and carefully stresses the priest's total dependence on Kim making the boy figure as the fatherly caretaker of the child-like old man. This reminds the readers Kipling's well-known poem 'The Whiteman's Burden'.

Thirdly, in Kim two quests, the Lama's for the Great Soul and Kim's to play the Great Game of spying to maintain imperial rule, are symbolic. As a spy Kim is to renounce ordinary life as the Lama is to shed all worldly attachments because worldly attachments prevent men from attaining 'nirvana.' Kim as a spy leads a life of disguise and deception, keep conceals his secret motives to anyone. Just as Lama's mission will be understood by a select few among the Buddhist holy men, Kim's mission will be understood by a selected few among the British people overseas. Besides, the male friendship in this context is very significant because colonial discourse is masculine.

Kipling's representation of Indian resistance and resentment is biased, an imperial version of Indian history. By the late nineteenth century, the British Empire was the supreme colonial power in the world, but this does not mean that it did not face any challenges. Dissatisfaction of the natives with the British colonial rule grew manifestly and the signs of cracks in the empire's edifice had already started to show up. India, in particular, 'was well on its way toward a dynamic of outright opposition to British rule' (Said 1994, 135). The relationship between the British and the Indians were changing considerably. The Indian national congress was established in 1885. And about the establishment of Congress Dr. Fakrul Alam in an essay entitled 'Rudyard Kipling at the Indian Moment' says, 'Eighteen eighty four and five were momentous years in Indian history, the movement for greater self rule amidst educated Indians culminated in the formation of the Indian National Congress.'

By the time Kipling wrote *Kim*, the movement for self-rule gained great momentum and feelings of regentment against the Angli- Indians, in particular, at the root of large scale unrest that manifested itself, for instance, in widespread boycotts, protest meetings, marches, bombing, and assassinations. Also, the memory of the Indian Mutiny in 1857, the turning point in the history of colonial relations in India, was not completely forgotten and the fear of future mutinies haunted the minds. But Kipling felt 'unese' and was 'upset' by the notion of an Independent India. Therefore, in spite of great turmoil in the Indian subcontinent Kipling in *Kim* depicts a tranquil and calm picture of India, neglecting the historical reality. In Said's words *Kim* 'resisted the colonial reality' (135).

The choice of a loyalist Indian character to speak about the Mutiny and censure it is very significant. It is a very clever move of a clever artist like Kipling that has the effect of illegitimising any act of resistance to British rule not from the view point of the English but of the Indians themselves. Again the condemnation of the historical Mutiny as 'madness' is a fragrant sign of Kipling's recourse to a rhetorical strategy to censure the least sign of opposition to British rule.

The Orientalists believed that the Orient is backward in every respect; they cannot govern themselves. Kipling also in line with the discourse of Orientalism believed that it was India's best destiny to be ruled by England, and, therefore, he was untroubled by the notion of an independent India. Again Mahabub Ali, a Pathan is shown as a collaborator with the British. Historically, the Pathans were in a state of unspecified insurrectionists with the British throughout the 19th century. Another point noteworthy here is that whereas the late 19th and early 20th western writers gave expressions to pervasive degenerations and disillusionment of the empire, Kipling portrayed an exotic and idyllic picture of India in an age of insurmountable anxieties and disenchantment.

In addition to his pacifying of India and slighting the Indian resistance, Kipling proves to have a critical view of the British colonial policy in the subcontinent, mainly the issue who can best represent British rule and work for its perpetuation. *Kim*, in particular, is replete with signs of uneasiness with those ignorant agents who know the land and the people not from first-hand contact but only from books and encyclopedia, and their ignorance does not but result into misunderstanding and ultimately in conflict, the first source of menace to the Raj. The most explicit expression of this preoccupation in the novel comes out from the mouth of an Indian character, namely the woman of Kulu, who was teased by an English policeman, emphatically, remarks, 'These be the sort to oversee justice. They know the land and the custom of the land. The others, all knew from Europe, suckled by white woman and learning our tongues from books are worse than pestilence.' (104)

Kipling's target for ridicule also includes the Christian ministers of the creed that 'lumps nine-tenths of the world under the title of heathens'. To some extent we can applaud Kipling for exposing the ignorance and bigotry of colonizers, but he never questions the right of these ignorant tools to be in India. Besides, the distinction Kipling is actually making is between those Europeans, such as Creighton and Kim himself who have been in India for long time and know the country well and those 'uncurrried donkeys' (136) who have recently arrived knowing nothing about the country, and bringing with them all that were worst in the British mentality.

Commenting on this view of Kipling, Philip Wegner contends that Kipling's vision [. . .] falls in the line with the late 19th century Orientalist ideologies that maintained that the most effective ruler would be those who truly 'know India.' Saidin his seminal study of Orientalist ideology points out that 'knowledge of subject races or Oriental is what makes their management easy and profitable' and that knowledge gives power, more power requires more knowledge, and so on in an increasingly profitable dialectic of information and control' (36). Of this dialectic of knowledge Kipling proves well-aware, for he shows the relations between the political and ethnographic interest through the character of Colonel Creighton in *Kim*. Creighton is not the only figure that embodies the knowledge power nexus. The protagonist Kim is certainly of great interest. As a boy growing up in Lahore, Kim learns the Indian culture, that is, the customs, traditions, language, religions, modes, and manners. This makes him a successful spy, and he learns to 'tuck' any 'new craft . . . away in his head' because 'the more a man [knows] the better for him' (218). For his cross-cultural 'hybridity' Kim succeeds as an intelligence agent. He is very good at cross-cultural mimicry. He easily mingles with Indians of all cast adopting the proper manner and speaking the vernaculars with perfect fluency. In doing this Kim sets a good example for contemporary Anglo-Indian officials who were expected to strengthen the tie between England and India in an era of increasing Indian political agitation.

Kipling's portrayal of the two Indian characters Mahabub Ali and HureeBabu are in line with the Orientalist discourse. Kipling believes in the superiority of his culture, and like the Orientalists he wanted to inculcate it in the natives. Lord Macaulay, the president of the council of education in India, asserted in his infamous 'Minute on Indian education of 1835: 'We must do our best to form a class of people who may be interpreters between us and the millions whom we govern, a class of people, Indian in blood and colour, but English in taste, in opinions in morals and in intellect' (McLeod, 2007, 141).

Babu in *Kim* is a product of colonial education by which English moral and manners were taught as superiors, universal and a sense of inferiority about native culture, values were inculcated in the colonized subjects. Therefore, HureeBabu while in Ch. 9 accompanying Kim to the station at the end of Kim's vacation, advised Kim to read many dramas of Shakespeare and poems of Wordsworth, and speech of Burk. In N'gugi's words Babu's mind has been colonized. Mahbub Ali too maintains high opinion about the shahibs and demonstrates his role in Kim's growth to manhood. It is Mahabub Ali who persuades Kim to stay with father Victor and learn rather than run away with the horse dealer.

So far Kim's complicity with imperialism is presented in this article. Many critics are also of the view that Kipling's painting of India and Indian people shows his great affection and love for India. Kipling chooses to paint an image of a most harmonious, from the coloniser's point of view of course, relationship in *Kim*. His pictorial and idyllic celebration of India and its people, a careful paying of Raja's 'benevolence' and apparently happy father-son relationship between Kim and Lama deserve special mention in this regard.

The skillful painting of beautiful image of India is achieved through Kipling's strewing the text with passages that describe Indian scenery in bright colours and represent it as beautiful, splendid, and very attractive and at the same time his emphasizing of Kim's excitement at the sight of such scenery and his extreme joy of being in India. An example of such passage is Kipling's description of the beautiful signs of day-coming in India, which Kim happily contemplates: 'Golden, rose, saffron, and pink the morning mists smoked away across the flat green levels. All the rich Punjab lay out in the splendor of the keen sun' (46).

Another more exemplary passage is the following:

The diamond-bright dawn woke men and crows and bullocks together. Kim sat up and yawned, shook himself, and thrilled with delight. This was seeing the world in real truth; this was life as he would have it—bustling and shouting, the buckling of belts, and beating of bullocks and creaking of wheels, lighting of fires and cooking of food and new sight of every turn of approving eye. The morning mist swept off in a whirl of silver, the parrot shot away to some distant river in shrieking green hosts, all the well wheels within earshot went to work. India was aware and Kim was in the middle of it, more awake and more excited than anyone, chewing on a twig that he would presently use as a toothbrush, for he borrowed right and left handedly from all the customs of the country he knew and loved (100-101).

Kipling's beautiful picture of India like these cannot exempt him from the charge that he is a prototypical colonialist. He does not find the beauty in Indian aspirations and dreams for freedom. He disregards the nationalist resistance and resentment. Kipling seems to inform the coloniser how enjoyable to rule India rich in natural resources. He makes his countrymen aware that they have to foil the plans of their colonial rivals and perpetuate their rule on so beautiful a country.

To finalise the image of his utopian India, Kipling presents a harmonious relationship between the coloniser and the colonised in a sort of father-son relationship between the old Lama and Kim. He creates an atmosphere of warm affection between the orphaned Irish boy and the old Buddhist priest whose Indian disciple has succumbed to illness and gradually creates a bond of friendship between them along with their journey together. Very significantly, Kim is presented as a God-sent chela (disciple) whose mission is to take care of the priest in this earthly world. 'He is, I think, not altogether of this world,' says the old Lama to the village priest, 'He was sent to aid me in this search and his name is Friend of all the world' (65).

To create the atmosphere of warm affection between Kim and Lama, Kipling stresses the old man's fondness for Kim and the latter's fondness for the old priest. For instance, not long after their meeting, Kipling has the Lama say to Kim 'my heart went out to thee,' and Kim answers '[a]nd mine to thee' (124). The Lama calls Kim 'child of my soul,' (161). The bond of friendship between Lama, and the boy is gradually developed to the level of fatherly love. In the same manner Kipling emphasises Kim's

love for the old priest. This mystifying rhetoric, of course, reminds one of the Prospero's and Crusoe's rhetoric that presents the shipwreck as a 'fortunate fall' and as determined by God in the aim of 'enlightening' the savage and the heathen.

Besides, Kipling's attitude points not to a truly positive quality in the character of the colonised but to a negative one. Despite Kipling's success to inspire feelings of love and affection for the Lama, the reader cannot fail to sense how immensely the old man's character is defective. He is of an incredible meekness, naivety, credulity and irrationality. Despite his love for Lama, Kim repeatedly remarks that '[h]e is quite mad,' (31) and unscrupulously exploits his credulity and uses him as a cover for his spying mission in the hills. Also, despite his apparent respect for the old man's knowledge and wisdom, Kim is definitely critical of Lama's philosophy of life. The Lama teaches him 'abstain from action,' but Kim says, 'At the Gates of Learning we were taught that to abstain from action is unbecoming a Sahib. And I am a Sahib' (31).

Despite all his efforts to paint an immaculately faultless image of colonial relations, Kipling fails to overcome his racial bias. His narrative is typically Orientalist, and his Eurocentrism, like Defoe's is, so prevailing and so comprehensive that it undermines in advance any positive attitude towards the colonised. This explains why the Indians, the Lama included, are always distinguished from Kim and other English characters, no matter how good they are, they definitely remain inferior to them. Despite being a prominent secret agent, Mahabub Ali, for instance, remains a treacherous and unfaithful Afghan, and despite his learning and his English education Huree Babu remains typically a Bengali figure: superstitious, untrustworthy, and fearful. Neither their loyalty to the Raj, nor, in the case of Babu, his MA diploma from Calcutta University, can elevate them to the level of equality to Kim, Lurgan Sahib, or Colonel Creighton. The agents Mahabub Ali and Babu are condemned to remain 'Asiatics' and 'Orientals', a subject race, inferior to their English counterparts. Kipling maintains the distinction between the coloniser and the colonised and consolidates the latter's status as an inferior in his relation with the former. As Edward Said argues in his study of Kim, the distinction between White and non-White in Kipling's India is absolute. In all his writings, Kim included, Said comments: 'A Sahib is a Sahib and no amount of friendship or camaraderie can change the rudiments of racial difference. Kipling would no more have questioned that difference and the right of the White Europeans to rule, than he would have argued with the Himalayas'. (135)

Besides, Kipling portrays Kim's character in a way which shows that Kim's ultimate loyalty resides with the White, Kipling gives a reductionist view of Indians' aspirations for freedom and portrays Indian characters as the agents of the empire. Like Conrad he believed in racial superiority though they are different in their attitude. When Conrad exposes the hypocrisy going on in the name of civilising mission, Kipling places the colonial India as an undisturbed and tranquil place. In every consideration Kipling's Kim is complicit with the Orientalist and imperialist projects.



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## Banking Sector Reform in Bangladesh - An Overview

Suraiya Khatun \*

### **Abstract**

*Reform means making changes in institutional practice in order to achieve improvement. The banking sector reform comprises policy reforms and basic institutional changes in the status and their respective goals. The aim of this paper is to discuss the major reforms undertaken in the banking industry of Bangladesh along with its economic outcomes by using secondary data. The banking system of Bangladesh followed the arms-length model since 1990s by undertaking a broad-based reform program in the name of FSRP. Afterwards, it undertook BRC/CBRP programs, liberalized interest rate policy, and adopted risk based capital adequacy norms. While evaluating the performance of different clusters of banks, the study finds that, perhaps, by dint of having strong and efficient management and adequate compliance with the policy, the foreign banks were able to have considerably improved performance whereas the local banks lack in achieving the same. However, the paper reveals that although the financial sector of Bangladesh has developed in many aspects, the banking sector still is not free from distortion, fragmentation, and oligopolistic activities even after the financial reform measures. This is due to the existence of high level of nominal lending rates, high nominal spreads, high non-performing loans in different clusters of banks, etc. The statistical test ANOVA reveals that there are significant differences among different type of banks in terms of ROA, ROE, expenditure-income ratio, and non-performing loans. The paper concludes that creating a competent environment for a rational spread rate, introducing tailored products on both assets and liability front and proper management of NPLs along with accurate risk management device may improve financial stability in the banking system in the foreseeable future.*

**Keywords:** Reforms; Non-performing Loans; Profitability; Earning Efficiency; Cost Efficiency

### **1.1. Introduction**

Real economic growth goes hand in hand with an increasing amount and diversity of the financial sector activities. In developing economies, the banking system mainly mobilizes and allocates financial resources at a lower financial intermediation cost and thereby enhances economic growth. However, such reduction of costs requires continuous reforms in the banking system in tune with the technological advancements, prudential laws and regulations, accounting standards, supervisory capability of the banking regulators and efficiency of the bank officials in applying latest tools and techniques to manage the operational, credit, and market risks of a transaction. In the context of Bangladesh, an efficient and developed banking system is essential

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\* Suraiya Khatun

Assistant Professor, Department of Economics, Dhaka Commerce College

for transferring capital from savers to investors in order to channelize scarce resources to maximize production. After the liberation, the then government of Bangladesh nationalized and reorganized all banks and financial institutions except a few foreign banks. The primary objectives of the banking policy at that time were to exercise state control over the financial assets, to save an abandoned banking system from collapse, to spread the coverage of the banking system to the rural areas for mobilizing financial resources and to provide easier access to bank financing. The regulation broadly covered fixation of interest rate on deposits and credits, direction of credit to public sector enterprises (PSEs), priority sectors, and expansion of bank branches to increase the network of the banking system. This system undoubtedly increased bank branches, volume of deposits, and deployment of credits but led to the deterioration in the efficiency of the banking system by increasing a number of unprofitable bank branches, which, in turn, reduced bank's profitability. In 1982, the Bangladesh Government initiated "ownership reform" program and allowed private commercial banks (PCBs) to start their business in the industry to enhance the efficiency of the individual banks. At the same time, the government denationalized two nationalized commercial banks (NCBs). Later on, several reform measures were initiated under the Financial Sector Reform Program (FSRP) and subsequently under Banking Reform Committee (BRC) and Commercial Bank Restructuring Project (CBRP).

### **1.2. Objectives of the Study**

The broad objective of the study is to evaluate the progress in the financial development in Bangladesh. The specific objectives of the study are -

- To review the banking sector reform programs and
- To examine how far the widespread reform measures have increased the efficiency of the banking sector in Bangladesh.

### **1.3. Hypotheses of the Study**

This study is paying attention to testing the hypotheses that

- Hypothesis-1 H0: The average Return on Assets (ROA) does not differ according to the type of banks.
- Hypothesis-2 H0: The average Return on Equity (ROE) does not differ according to the type of banks.
- Hypothesis -3 H0: The average of Expenditure-Income Ratio does not differ according to the type of banks.
- Hypothesis-4 H0: The average ratio of Non-Performing Loans does not differ according to the type of banks.

### **1.4. Research Methodology**

The banking sector in Bangladesh has been divided into four categories, namely, State-owned Commercial Banks (SCBs), State-owned Development Financial Institutions (DFIs), Domestic Private Commercial Banks (PCBs), and Foreign Commercial Banks (FCBs). The report is based on a critical review of secondary data such as

- Various publications and annual reports of Bangladesh Bank;
- Annual reports of different commercial banks;
- Publications of both printed and electronic sources of different banks, Bangladesh Bank and Ministry of Finance;
- Reports of international agencies like IMF, World Bank, Asian Development Bank, etc.; and
- Statements submitted to Bangladesh Bank, etc.

To review the reform measures undertaken so far in the banking sector of Bangladesh, the study segregates the reform measures into four phases. These are -

1. Ownership reform (1982-89),
2. Financial sector reform project (1990-95),
3. BRC/CBRP (1996-2002), and
4. Current reform programs (2003-onwards).

Various ratios were calculated and inter-bank comparisons were made using time series data to compare the financial performance of different types of banks during the period and to reach a reasonable conclusion about the impact of reforms. The impact assessment of reforms in the banking sector has been measured in terms of profitability, earnings efficiency, cost efficiency, and non-performing loans. In this regard, simple accounting techniques, descriptive statistics, and relevant parametric tests have been used. Data have been analyzed using SPSS to compare the various ratios among the various types of banks. In this regard Analysis of Variance (ANOVA) test method has been used. Performance and efficiency of the foreign-owned and domestic banks are analyzed using the above mentioned indicators.

### **1.5. Literature Review**

There are different views regarding the relationship between financial development and economic growth. A number of studies were conducted to find out the relationship. Some authors believe that the economic growth mostly depends on finance (Shaw, 1973; McKinnon, 1973) while some other authors consider that the relationship between finance and economic growth is insignificant (Lucas, 1988). Later on, it is observed that a country having an well-organized banking industry can achieve economic growth rapidly as a consequence of the financial development (Levine, 2005). Most studies concluded that the efficient financial activities channelize savings towards investment in the productive sector which ultimately facilitates economic growth. Literatures analyze several aspects of banking sector reforms and show its consequences in different countries. Though several academic literature and empirical studies show that financial reform develops financial system by improving banking industry's competitiveness, mobilization of savings, and allocation of efficiency whereby achieving economic growth (Besanko and Thakor, 1992; Claessens and Laeven, 2004), there are limited studies that indicate that financial reforms are disruptive and increases the vulnerability of the financial system (Rajan, 1992; Allen and Gale, 2000). There are some empirical evidences in support of the impact of the financial reforms. After reviewing the effect of denationalization and privatization

aspects of financial reforms in Pakistan, Khan and Aftab (1994) conclude that it improved performance of these banks in terms of growth of assets, recovery of loans, and ratio of bad loans.

Regarding credit and interest rate Stiglitz and Weiss (1981) argue that credits are intrinsically rationed in developing economies due to problems of asymmetric information. They note that lenders cannot perfectly select the right borrowers without costs *ex ante* and monitor the behaviour of borrowers *ex post*, and the price mechanism does not clear the excess demand for funds. On the contrary, in the seminal work on financial development, McKinnon (1973) and Shaw (1973) raise questions on the applicability of the neoclassical approach to financial development in developing countries in that the financial system in developing countries is mostly characterized by low levels of formal intermediation with a weak institutional structure. Criticizing the Tobin's model (1965) of economic growth, they argue that money and capital are complements rather than substitutes - the more the real money balances, the greater the incentive to invest. Productive investment and capital accumulation occur as large amounts of real money stocks create greater amounts of loanable funds available to borrowers (McKinnon, 1973; Shaw, 1973 and 1981). In this view, expanded financial intermediation between savers and investors increases the incentives to save and invest which improves the efficiency of investment (Fry, 1982). They argue that financial repression policies usually crowd out high-yielding investments, discourage future saving and shrink the supply of investment finance as this policy make depositors to move away from banks. As mixed results are observed through empirical analysis, it is better to accumulate country experience to argue whether the banking sector reform policy is suitable for ensuring prudence and stability of the banking system.

### **2.1. Reform Measures - Background**

The banking system of Bangladesh, prior to the independence in 1971, was highly concentrated in the urban areas. The banking sector in erstwhile East Pakistan was owned and controlled by erstwhile West Pakistani owners. Bangladesh inherited a narrow and thin banking sector with six commercial banks and few foreign banks. Immediately after the liberation, the then government nationalized and reorganized all banks and financial institutions, except a few foreign banks. In addition, the government established two specialized banks - Bangladesh Shilpa Bank (BSB) and Bangladesh Krishi Bank (BKB) - to cater for the industrial and agriculture financing needs of the country in a planned way. This banking system was operating until the end of 1980s with the directives of monetary authorities aiming at achieving objectives of supplying cheap money to the State Owned Enterprises (SOEs) and priority sectors like agriculture, export, and small and cottage industries in the private sector. For instance, at the time of nationalization (1972), there were only 1116 bank branches across Bangladesh of which 38% were located in the rural areas. At the end of 1980, the bank branches increased to 3748 of which 63% were located in rural areas (Economic Trends, various issues). Similarly, total deposits and credits increased to Tk. 2806.86 and 3049.95 crores respectively in 1980 from Tk. 523.61 and 2806.86 crores respectively in 1972 (Economic Trends, various issues).

## 2.2. Reform Measures

At this stage the government undertook several reform measures to improve competition and efficiency in the banking system, which are as follows:

### 2.2.1. The Ownership Reform Program (1982-1989)

The ownership reform program was initiated in 1982 to encourage the private sector and to strengthen and reinforce overall banking efficiency. As a part of ownership reform program, the government denationalized two out of six nationalized commercial banks (SCBs) and allowed the operation of local private banks. The main reason for allowing local private banks was the desire on the part of the government to demonstrate its commitments to encourage the private sector and to create competition in the banking sector. However, it is argued that during the period of 1983 to 1985, the operational efficiency of the banking sector further declined due to improper allocation of credits which created huge nonperforming loans (NPLs) in the name of "sick industry syndrome". Thus, the government appointed a "National Commission on Money, Banking and Credit" in 1986 to diagnose the malaise and identify ways and means for banking recovery. Based on the recommendations of the Commission, the government undertook a number of steps to improve the efficiency of the banking system which included fixation of recovery targets for the SCBs and DFIs, prohibiting defaulters from getting new loans, self classification of loans by banks based on their quality of loans, and increase of monitoring capabilities of the central bank. Nevertheless, the deterioration in banking efficiency could not be arrested although there was an increase of total number of bank branches, volume of deposits, and credits.

**Table 1: Comparative Share of Different Categories of Banks in Total Banking Activities (1983-1989)**

(Figures in the bracket indicate share in %)

Year	Branch Expansion				Deposit Mobilization (Tk. In Crores)			
	SCBs	DFIs	PCBs	FCBS	SCBs	DFIs	PCBs	FCBS
1983	3270 (71.04)	780 (16.94)	536 (11.64)	17 (0.37)	5215.1 (83.13)	367.4 (5.86)	226.5 (3.61)	464.4 (7.40)
1989	3560 (64.12)	1146 (20.64)	824 (14.84)	22 (0.40)	11597 (64.10)	859 (4.75)	4266 (23.58)	1369 (7.75)
	Deployment of Credit (Tk. in crores)				Operational Efficiency (Profitability in per Tk.100)			
	SCBs	DFIs	PCBs	FCBS	SCBs	PCBs	All Banks	
1982-83	4069 (70.39)	1298 (22.45)	124 (2.15)	290 (5.01)	0.23	0.16	0.32	
1988-89	9898 (53.88)	3822 (20.81)	3563 (19.4)	1087 (5.91)	0.002	0.15	0.11	

Source: Compiled from various issues of Bangladesh Bank Economic Trends, Schedule Banks Statistics, and Annual Reports of different years.

Table 1 shows that the number of branches for SCBs increased from 3270 in 1983 to 3560 in 1989, but in relative terms they shared 64.12% of the total branches in 1989 - a reduction of 6.92% in comparison to the year 1983. Similarly, the volume of deposits and credits for SCBs increased by more than 100% in 1989 as compared to the year 1983, but their relative share in total banking industry decreased by almost 22% and 25% respectively during the same period. Likewise, the volume of deposits and credits for DFIs are found to have a declined trend when a relative measurement is applied. On the other hand, the share of bank branches, deposits, and credits for PCBs and FCBs are found to have an increasing trend during the period of 1983-89. Nevertheless, the operational efficiency of the banking system declined to 0.11% in 1989 from 0.32% in 1983, where SCBs showed to have a very poor performance.

This indicates that the ownership reform program (1983-89) helped to increase financial intermediation in the economy but the overall banking efficiency declined due to the presence of collusive behavior among banks followed by directed credits of the government. There were also improper accounting system for recording accrued interest income, lack of supervision on the part of Bangladesh Bank, inadequate support for debt recovery and absence of prudential rules and regulations that can correct financial failures. All these phenomena ultimately reflected a declining profitability of the banking system.

### **2.2.2. Financial Sector Reform Program (1990-1995)**

In 1992, Financial Sector Reform Program (FSRP) was launched under Financial Sector Adjustment Credit (FSAC) of the World Bank. The broad objective of FSRP was to make NCBs commercially viable for privatization and to help PCBs to increase their market share. FSRP focused to improve the operations of NCBs through introducing financial technologies, adopting international best-practices, setting up IT based banking operation, etc. Major objectives of the Financial Sector Reform Program (FSRP) were -

- Gradual deregulations of the interest rate structure with a view to improving the allocative efficiency,
- Providing market oriented incentives for priority sector lending,
- Making subsidies in the priority sectors more transparent,
- Adoption of appropriate monetary policy,
- Improvement in debt recovery environment, and
- Strengthening of the capital markets.

During the tenure of the program, the FSRP consultants provided extensive training to a large number of bank officials on how to analyze the risk associated with lending, introduce ledger card while sanctioning new loans, report any loan of large monetary amount, supervise, inspect the banks effectively, and to use the MIS effectively and efficiently.

A major policy change introduced in a key policy variable was in the area of interest rate policy. In place of arbitrarily fixed interest rate, Bangladesh Bank introduced a flexible market oriented interest rate structure from January 1990. It also abolished sector specific concessional refinance facility. Interest rate bands were prescribed for

different categories of loans, advances, and deposits within which banks were at liberty to determine their respective rates. Lending rate bands were determined on the basis of shadow lending rates, and deposit rate bands were determined taking into consideration the expected rate of inflation and a positive real return for savers. Interest rate bands were abolished except for export, agriculture, and small and cottage industries. Banks have their discretion to charge differential rates of interest on the basis of risks attached to borrowers and also on term loans on the basis of maturity period. At present, banks are free to fix up their deposit rates on the basis of market forces.

Accordingly, the FSRP brought about a number of developments in the banking system of Bangladesh. Table 2, shown below, summarizes this development into four broad groups such as - screening, monitoring, transparency, and lender's recourse regulations.

**Table 2: New Loan Laws and Regulations**

Screening	Monitoring	Transparency	Lenders' recourse
i) LRA ii) CIB iii) Loans to Insiders and Connected Parties iv) Interest Rate Deregulation	i) NLLC ii) LLRS iii) PPS iv) Off-site Supervision v) Repo and Reverse Repo Operations	i) Loan Classification and Provisioning ii) Risk Based Capital Adequacy iii) CAMELS rating iv) Adoption of IAS 30	i) Money Loan Court Act, 1990 ii) Bank Companies Act 1991 iii) Financial Institution Act 1993
Source: Choudhury and Moral 1997			

In the case of monitoring, the performance-planning system, large loan reporting system and the supervisory role of the central bank was given emphasis, while to ensure stability and transparency in financial intermediations, minimum capital requirement (Tk. 100 crore), capital adequacy ratio (8% of the risk weighted assets), CAMEL rating, and the International Accounting Standard for the preparation of bank accounts were introduced. Banks were also asked to classify their loans, make provision thereof as well as instructed to disregard accrued interest on classified loans as their income so as to protect them from vulnerability. Alongside these measures, the Money Loan Court Act and Bankruptcy Act were enacted to improve the loan recovery performance. However, a review of the outcomes of the FSAC indicates that the reform measures were implemented satisfactorily, but the desired outcome were not very encouraging.

### **2.2.3. Banking Reform Committee (BRC)/Commercial Bank Restructuring Project (CBRP) (1996-2002)**

Just before the expiry of FSRP term, the government formed a Banking Reform Committee (BRC) in October, 1996, in order to fix the problems unveiled by FSRP. The broad objectives of BRC were to place recommendations regarding -

- (i) Improving debt recovery environment of banks;
- (ii) Increasing income, reducing expenditure, and upgrading service standard of banks;
- (iii) Improving the personnel quality of the banks; and
- (iv) Strengthening supervisory capacity of Bangladesh Bank.

Subsequently in May, 1997, the government also undertook a Commercial Bank Restructuring Project (CBRP) funded by the World Bank. The CBRP mainly focused



on improving the supervisory and regulatory framework of the commercial bank, enforcement of the power of Bangladesh Bank in loan monitoring, and restructuring the legal framework related to finance and banking. The report of the Bank Reform Committee (BRC) gave highest priority on restructuring of the supervisory and regulatory set up for ensuring strong system of enforceable oversight of banks. At the same time, the CBRP also asked for strengthening of legal framework and effective restructuring of the SCBs. For reducing the political interference, BRC proposed not to interfere with the affairs of the Bangladesh Bank Board and to set a clear-cut guideline for deficit financing of the government. The BRC also suggested that the Directors of the NCB boards cannot be the Members of Parliament or the office bearer of a political party or loan defaulters. The BRC also opined that the 'regulatory forbearance' on the part of Bangladesh Bank has been responsible for the continuing problems with the "problems banks". The government also removed the floor rates of deposits in 1997. Finally, in August, 1999, the government eliminated interest band on agriculture and small and medium enterprises (SMEs) loans.

#### **2.2.4. Current Reform Programs (2003 onwards)**

After the expiry of BRC/CBRP program, the government of Bangladesh continued undertaking different measures and initiatives to make the banking system robust and competitive. A brief summary of these measures is given below-

- Formation of Audit Committee by individual banks to assist the Board in fulfilling its oversight responsibilities;
- Provision for appointing two independent directors representing the depositors' interest;
- Measures to strengthen risk management through recognition of different components of risk, assignment of risk-weights to various asset classes;
- Several provisions of the three important Acts relating to Banking, viz. the Bangladesh Bank Order, 1972, the Bank Company Act, 1991 and the Banks Nationalization Order, 1972 have been amended during the period 2003 with a view to further strengthening the activities of the banking sector, bringing dynamism, and extending greater autonomy to the central bank;
- Enactment of the Artha Rin Adalat Ain, 2003 to provide mainly for speedy procedures for obtaining decrees and execution with provision made for Alternative Dispute Resolution to ensure early settlement of disputes through settlement conference and negotiations;
- Development of a basic risk management model for selected areas of banking operation;
- Promulgation of "Money Laundering Prevention Act, 2012 repealing Money Laundering Prevention Act, 2009 and Anti Terrorism (Amendment) Act, 2012";
- High priority is accorded to ensure Corporate Governance in Banks;
- Introduction to uniform account opening and KYC profile form for all banks; besides, the National Payment System Council (NPSC) was reorganized to support the development of sound and efficient payment, to support clearing and settlement systems, and to serve as a forum for cooperation in domestic and international payment matters;

- Mapping of External Credit Assessment Institutions (ECAIs) rating with the Bangladesh Bank Rating Grade;
- Introduction of CAMELS supervisory rating system, move towards risk-based supervision, consolidated supervision of financial conglomerates, and strengthening of off-site surveillance through control returns;
- Stress Testing becoming mandatory for the Schedule Banks;
- Introduction to Corporate Social Responsibility;
- Safeguard Policy for the banks on capital market activities;
- Green Banking- a new dimension; and
- On-line CIB services.

### 3.1. Descriptive Statistics

**Table 3: Distribution of Deposits, Advances and Net Profit by Category of Banks**

Year	SCBs			PCBs			FCBs			DFIs		
	Share of Deposits (%)	Share of Advances (%)	Net Profit (Tk.in crore )	Share of Deposits (%)	Share of Advances (%)	Net Profit (Tk.in crore )	Share of Deposits (%)	Share of Advances (%)	Net Profit (Tk.in crore )	Share of Deposits (%)	Share of Advances (%)	Net Profit (Tk.in crore )
1991	61.18	52.66	-38.78	26.99	22.00	-11.45	6.95	6.01	25.32	4.88	19.33	9.81
1992	62.78	49.56	-143.39	25.63	24.75	-7.62	6.48	6.13	38.36	5.11	19.59	-193.4
1993	62.16	52.16	-31.90	28.33	26.25	-9.46	4.17	4.71	54.36	5.44	16.88	-97.14
1994	62.52	50.60	18.82	27.22	27.35	16.40	3.95	5.01	68.32	6.31	17.04	-307.10
1995	61.19	53.13	112.37	27.93	27.59	76.49	4.54	5.14	90.76	6.34	14.14	-250.88
1996	61.33	52.88	28.11	27.83	26.73	137.87	5.30	5.40	98.72	5.54	14.99	-292.07
1997	60.26	53.03	16.77	28.19	26.94	199.73	6.40	5.77	135.02	5.15	14.26	-209.12
1998	60.21	51.09	-5.98	27.22	25.58	160.97	7.36	5.21	149.43	5.02	17.92	-261.02
1999	59.91	50.08	-16.66	27.54	25.92	178.44	6.99	5.21	149.70	5.56	18.07	-296.70
2000	55.81	48.53	24.58	30.30	29.16	309.97	7.93	5.22	220.46	5.96	17.09	-532.37
2001	50.92	46.50	38.24	36.49	34.87	514.48	6.85	6.86	259.81	5.64	11.77	-79.81
2002	50.32	45.56	19.88	36.84	36.16	458.79	7.02	6.81	224.08	5.82	11.47	-114.64
2003	46.00	41.7	68.21	41.1	40.8	475.59	7.4	7.3	276.44	5.5	10.2	-24.32
2004	42.8	39.6	1904.72	44.3	43.5	736.49	7.2	7.2	392.01	5.7	9.7	-87.89
2005	40.0	37.4	—	47.0	45.6	954.71	7.2	7.3	470.18	5.8	9.7	-240.68
2006	35.2	32.7	4415.92	51.3	47.7	931.54	8.1	11.8	624.12	5.4	7.8	-123.00
2007	32.6	33.1	-809.10	53.5	51.4	1995.75	8.5	8.2	723.33	5.4	7.3	-143.62
2008	29.6	31.1	897.68	56.6	54.2	2818.66	8.4	8.0	1138.42	5.4	6.7	-167.17
2009	28.6	28.6	2533.58	59.0	57.4	3947.72	7.0	7.4	708.78	5.3	6.6	40.16
2010	28.1	28.5	1176.26	60.9	58.8	6032.03	6.1	6.6	645.62	4.9	6.1	105.76
2011	27.4	—	—	61.8	—	—	6.0	—	—	4.8	—	—
2012	25.5	—	—	63.6	—	—	6.1	—	—	4.8	—	—
2013	26.0	—	—	62.8	—	—	5.7	—	—	5.5	—	—

**Source:** Bangladesh Bank, Economic Trends, various issues, Bangladesh Bank, Annual Report, various issues  
**Note:** (1) Net profit figures are after Tax., (P) = Provisional.

Table 3 reveals that the share of SCBs and PCBs in total deposits remained constant nearly within 62% and 27% respectively during the FSRP period (1991-95), but the share of deposits for DFIs increased to 6.34% in 1995 from 4.88% in 1991. On the other hand, the share of FCBs in total deposits declined from 6.91% in 1991 to 4.54% in 1995 with a volatile trend. Similarly, the SCBs' share of advances during the stated period was

volatile. Somehow, SCBs' share increased from 52.66% in 1991 to 53.13% in 1995. PCBs' share in advance increased from 22% in 1991 to 27.59% in 1995, but the share of FCBs and DFIs declined from 6.01% to 5.14% and 19.33% to 14.14% respectively during the stated period. However, the amount of net profit of the SCBs increased from Tk. (-) 38.78 in 1991 crore to Tk.112.37 crore in 1995. Similar trend is observed in the case of PCBs and FCBs, but the DFIs are shown to have a declined trend in their net profit that reduced to Tk. (-) 250.88 crore in 1995 from Tk.9.81crore in 1991.

From the table, it is also seen that the share of SCBs in total deposits declined from 61.33% in 1996 to 50.32% in 2002 while that of PCBs increased from 27.83% to 36.84% during the above period (1996-2002). Again the share of FCBs increased from 5.30% in 1996 to 6.81% in 2002. Similarly, the share of DFIs' also increased from 5.54% to 5.82% during the period 1996-2002. In regard to advances, SCBs' share in advances declined from 52.88% to 45.56%, PCBs' share sharply increased from 26.73% to 36.16%, the share of FCBs also increased from 5.40% to 6.81%, but the share of DFIs sharply declined from 14.99% to 11.47% during the FSRP period 1996-2002. The amount of net profit of the SCBs during the same period declined from Tk. 28.11 crore to Tk.19.88 crore, whereas PCBs' net profit increased from Tk.137.87 crore to Tk.458.79 crore. FCBs also remarkably earned Tk.224.08 crore in 2002 from Tk.98.72 crore in 1996. Importantly, the net loss of DFIs declined from Tk.292.07 crore to Tk. 114.64 crore during the stated period 1996-2002. Thus, the BRC/CBRP initiatives improved the financial health of the banking system to a great extent, but failed to curb the NPLs of the banking industry.

**Table 4: Interest Rates, Spread, and Inflation Rates (All Banks)**

Year	Deposit Rate	Lending Rate	Spread	Inflation	Real Spread
1990-1991	9.11	14.99	5.88	8.9	-3.02
1991-1992	8.11	15.12	7.01	5.1	1.91
1992-1993	6.51	14.39	7.88	4.3	3.58
1993-1994	5.34	12.78	7.44	3.28	4.16
1994-1995	4.86	12.22	7.36	8.87	-1.51
1995-1996	6.11	13.41	7.30	6.65	0.65
1996-1997	6.67	13.69	7.02	3.96	3.06
1997-1998	7.07	14.02	6.95	8.66	-1.71
1998-1999	7.28	14.16	6.88	7.06	-0.18
1999-2000	7.21	13.86	6.65	2.79	3.86
2000-2001	7.03	13.75	6.72	1.94	4.78
2001-2002	6.74	13.16	6.42	2.79	3.63
2002-2003	6.29	12.78	6.49	4.38	2.11
2003-2004	5.65	11.01	5.36	5.83	-0.47
2004-2005	5.62	10.93	5.31	6.48	-1.17
2005-2006	6.68	12.06	5.38	7.16	-1.78
2006-2007	6.85	12.78	5.93	7.20	-1.27
2007-2008	6.95	12.29	5.34	9.94	-4.6
2008-2009	7.01	11.87	4.86	6.66	-1.8
2009-2010	6.01	11.31	5.30	7.31	-2.01
2010-2011	7.27	12.42	5.15	10.91	-5.76
2011-2012	8.15	13.75	5.60	8.69	-3.09

Note: Rate of interest on scheduled banks (weighted average)

Source: Bangladesh Bank, Economic Trends Various Issues

For instance, as table-4 depicts, the spread in the banking sector of Bangladesh has increased from 5.88% in 1990-91 to 7.30% in 1995-96. In 2011-12 the spread declined to 5.60%, but in terms of competitiveness this remained very high for the banking system and market distortions increased. The real interest spread is found negative in most of the years during the period of 1990-91 to 2011-12.

#### 4.1. Impacts of Reforms on the Banking Sector in Bangladesh

An economy belonging to either developed or developing zones of the globe is significantly influenced by how well its banking industry performs. In fact, to what extent the reform measures could improve the overall efficiency and stability of the banking system of Bangladesh can be analyzed with several performance indicators that are discussed below.

##### 4.1.1. Profitability of the Banking Industry

Profitability is one of the indicators to measure the improvement in the banking industry. Generally "Return on Assets (ROA)" and the "Return on Equity (ROE)" are the indicators to determine the profitability. ROA and ROE ratios of different clusters of banks over the period 1998-2013 are shown in Table-5.

**Table 5: Profitability Ratios by Type of Banks**

Year	Return on Assets (ROA)					Return on Equity (ROE)				
	Type of Banks					Type of Banks				
	SCBs	DFIs	PCBs	FCBs	All Banks	SCBs	DFIs	PCBs	FCBs	All Banks
1998	0	-2.8	1.2	4.7	0.3	0.3	-36.3	26.8	40.7	6.6
1999	0	-1.6	0.8	3.5	0.2	-1.1	-29.4	15.3	41.8	5.2
2000	0	-3.7	0.8	2.7	0	1.7	-68	17	27.3	0.3
2001	0.06	0.67	1.12	2.8	0.69	2.39	12.28	20.94	32.39	15.9
2002	0.1	0.33	0.75	2.36	0.52	4.21	5.76	13.56	21.47	11.56
2003	0.08	-0.04	0.69	2.55	0.49	3	-0.61	11.37	20.39	9.75
2004	-0.14	-0.13	1.24	3.15	0.69	-5.75	-2.14	19.53	22.47	12.97
2005	-0.1	-0.13	1.06	3.09	0.6	-6.9	-2.0	18.1	18.4	12.4
2006	0	-10.15	1.07	3.34	0.79	0	-2.0	15.19	40.7	14.13
2007	0	-0.27	1.28	3.1	0.89	0	-3.4	16.65	41.8	13.78
2008	0.7	-0.6	1.37	2.94	1.1	22.52	-6.9	16.37	27.3	15.6
2009	1	0.4	1.6	3.2	1.4	26.4	-171.7	21	22.4	21.7
2010	1.1	0.2	2.1	2.9	1.8	18.4	-3.2	20.9	17	21
2011	1.3	0.1	1.6	3.2	1.5	19.7	-0.9	15.7	16.6	17
2012	-0.6	0.1	0.9	3.3	0.6	-11.9	-1.1	10.2	17.3	8.2
2013	0.6	-0.4	1	3	0.9	10.9	5.8	9.8	16.9	11

Source: Bangladesh Bank Quarterly, Annual Reports of different years

It is obvious from the table that ROA and ROE ratios differ largely by type of banks even after the reform measures. The ROA of the SCBs were found to be nil during the period 1998-2000 and 2006-2007, which were even worst (negative) in case of the DFIs. In 2010 these have been 1.1 percent and less than 1.0 percent respectively. SCB's return on equity ratio was 0.3 percent in 1998, but it suddenly rose to 22.52

percent and 26.4 percent in 2008 and 2009 respectively. Though it went negative (11.9 percent) in 2012, it again rose to 10.9 percent in 2013. In case of DFIs, the ROE position remained worst (-171.7 percent) in 2009 due to huge operating losses. On the other hand, the PCB's ROA ratio is found to have a positive but inconsistent trend, whereas the FCB's showed a consistently better trend over the last 16 years. Notably, the difference of ROE between PCBs and FCBs reduced substantially for the years 2005 and 2009 to 2011. The ROE of PCBs and FCBs were strong (21.0 percent and 22.4 percent respectively) in 2009. This reveals a growing competition between FCBs and PCBs after the reform measures. In this context, now it is the matter of interest to know whether the mean difference of various ratios among banks is significant or not. Hence the ANOVA test has been used to test the mean differences.

**Table 6: Descriptive Statistics (ROA)**

Return on Assets (ROA)								
Type of Banks	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
					SCBs	16		
DFIs	16	-1.1262	2.68606	.67151	-2.5575	.3050	-10.15	.67
PCBs	16	1.1612	.37402	.09351	.9619	1.3606	.69	2.10
FCBs	16	3.1144	.51721	.12930	2.8388	3.3900	2.36	4.70
Total	64	.8514	2.07082	.25885	.3341	1.3687	-10.15	4.70

From table-6, it is seen that the mean ROA of DFI's is negative; SCB's and PCB's are positive but very poor compared to FCB's.

**Table 7: ANOVA (ROA)**

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	151.718	3	50.573	25.619	.000
Within Groups	118.444	60	1.974		
Total	270.161	63			

From Table 7, it can be concluded that the mean difference of ROA among banks is significant. And thus we can reject the hypothesis that there is no difference of ROA among banks.

**Table 8: Descriptive Statistics (ROE)**

ঐচ্ছিক ডুভ ইধহশং	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
					SCBs	16		
DFIs	16	-13.1031	21.32685	5.33171	-24.4674	-1.7388	-68.00	12.28
PCBs	16	16.7756	4.46889	1.11722	14.3943	19.1569	9.80	26.80
FCBs	16	26.5569	9.77690	2.44422	21.3471	31.7666	16.60	41.80
Total	64	8.8678	19.66612	2.45826	3.9554	13.7803	-68.00	41.80

Table 8 shows that the mean ROE of DFI's is negative, SCB's and PCB's are positive but poor compared to that of FCB's.

**Table 9: ANOVA (ROE)**

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	13940.895	3	4646.965	26.746	.000
Within Groups	10424.742	60	173.746		
Total	24365.637	63			

From Table 9 it can be concluded that the mean difference of ROE among banks is significant. And thus we can reject the hypothesis that there is no difference of ROE among banks.

#### 4.1.2. Earnings Efficiency

The banking system remained fragmented and distorted even after the reform program. For instance, in almost all cases the lending rates, the nominal spreads and the real spreads of SCBs are found to be lower while comparing the same with the PCBs and FCBs.

**Table 10: Interest Rate, Inflation and Spread of Major Cluster of Banks**

Nationalized Commercial Banks					
Year	Deposit Rate	Lending Rate	Inflation	Nominal Spread	Real Spread
1990	9.29	14.06	9.3	4.77	-4.53
1991	9.12	14.03	8.31	4.91	-3.4
1992	6.98	14.36	4.56	7.38	2.82
1993	6.08	13.14	2.73	7.06	4.33
1994	5.14	11.63	3.3	6.49	3.19
1995	5.43	11.85	8.9	6.42	-2.48
1996	6.89	13.16	6.7	6.27	-0.43
1997	7.3	13.81	3.96	6.51	2.55
1998	7.43	13.98	8.66	6.55	-2.11
1999	7.69	13.69	7.06	6	-1.06
2000	7.36	13.36	2.79	6	3.21
2001	6.9	12.93	1.94	6.03	4.09
2002	6.27	12.42	2.79	6.15	3.36
2003	5.82	11.59	4.38	5.77	1.39
2004	4.88	9.75	5.83	4.87	-0.96
2005	4.59	10	6.49	5.41	-1.08
2006	5.21	10.84	7.16	5.63	-1.53
2007	4.96	11	7.2	6.04	-1.16
2008	4.96	8.92	9.94	3.96	-5.98
2009	5.04	8.51	6.66	3.47	-3.19
2010	5.01	9.18	7.31	4.17	-3.14
<b>Average</b>	<b>6.30</b>	<b>12.01</b>	<b>6.00</b>	<b>5.71</b>	<b>-0.29</b>

<b>Private Commercial Banks</b>					
<b>Year</b>	<b>Deposit Rate</b>	<b>Lending Rate</b>	<b>Inflation</b>	<b>Nominal Spread</b>	<b>Real Spread</b>
1990	9.13	16.44	9.3	7.31	-1.99
1991	9.12	16.5	8.31	7.38	-0.93
1992	8.33	16.73	4.56	8.4	3.84
1993	6.49	14.97	2.73	8.48	5.75
1994	5.33	14.09	3.3	8.76	5.46
1995	4.88	14.05	8.9	9.17	0.27
1996	5.6	14.41	6.7	8.81	2.11
1997	6.21	14.66	3.96	8.45	4.49
1998	6.3	14.88	8.66	8.58	-0.08
1999	6.49	14.91	7.06	8.42	1.36
2000	6.75	14.71	2.79	7.96	5.17
2001	6.84	14.39	1.94	7.55	5.61
2002	7.07	14.12	2.79	7.05	4.26
2003	6.99	13.54	4.38	6.55	2.17
2004	6.46	12.00	5.83	5.54	-0.29
2005	7.4	12.47	6.49	5.07	-1.42
2006	8.62	14.06	7.16	5.44	-1.72
2007	8.44	13.43	7.2	4.99	-2.21
2008	8.91	13.61	9.94	4.7	-5.24
2009	7.14	12.43	6.66	5.29	-1.37
2010	6.8	12.02	7.31	5.22	-2.09
<b>Average</b>	<b>7.11</b>	<b>14.21</b>	<b>6.00</b>	<b>7.10</b>	<b>1.10</b>

<b>Foreign Commercial Banks</b>					
<b>Year</b>	<b>Deposit Rate</b>	<b>Lending Rate</b>	<b>Inflation</b>	<b>Nominal Spread</b>	<b>Real Spread</b>
1990	6.58	15.54	9.3	8.96	-0.34
1991	5.55	14.5	8.31	8.95	0.64
1992	4.7	14.12	4.56	9.42	4.86
1993	3.46	12.86	2.73	9.4	6.67
1994	2.69	11.86	3.3	9.17	5.87
1995	3.52	11.13	8.9	7.61	-1.29
1996	4.71	12.15	6.7	7.44	0.74
1997	5.53	12.8	3.96	7.27	3.31
1998	6.27	13.49	8.66	7.22	-1.44
1999	5.58	13.15	7.06	7.57	0.51
2000	5.04	12.68	2.79	7.64	4.85

2001	4.04	12.27	1.94	8.23	6.29
2002	4.57	11.97	2.79	7.4	4.61
2003	4.78	12.1	4.38	7.32	2.94
2004	4	11.45	5.83	7.45	1.62
2005	3.96	11.83	6.49	7.87	1.38
2006	4.77	12.89	7.16	8.12	0.96
2007	4.81	13.57	7.2	8.76	1.56
2008	5.25	14.58	9.94	9.33	-0.61
2009	3.81	13.07	6.66	9.26	2.6
2010	3.01	11.84	7.31	8.83	1.52
<b>Average</b>	<b>4.60</b>	<b>12.85</b>	<b>6.00</b>	<b>8.25</b>	<b>2.25</b>

**Source:** Scheduled Banks Statistics, 1990-2010, Bangladesh Bank

According to table-10, the average real spread of SCBs was much lower, - 0.29%, in comparison to the PCBs (1.10%) and FCBs (2.25%). However, with respect to the nominal deposit rates among the cluster of banks, SCBs are found to be higher in comparison to that of PCBs and FCBs during the period 1995-2001 whereas in other periods (1990-94 and 2002 -2010), a reverse situation (lower deposit rates) can be seen, except in some cases. Importantly, the nominal deposit and lending rates for every cluster of banks are found in a declining trend, except in some cases, indicating increased competition within the banking system during this period. While real spreads of FCBs are found positive in most of the cases, the real spread of SCBs and PCBs are found to be varied with negative and positive outcomes. Importantly, the real spread of SCBs and PCBs became negative from the year 2004 onwards as compared to FCBs during the same period that ultimately reflects that the banking system remained uncompetitive, distorted, and inefficient even in the liberalized regime.

**Table-11: Net interest income by type of banks (in billion Taka)**

Type of Banks	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
SCBs	2.2	3.1	-1.2	-1.8	-1.5	-0.3	-1.1	7.7	9	7.4	7.9	12.1	19.8	34.3	14.9	-5.4
DFIs	0.5	-0.1	1	2.7	1.4	1.3	1.8	1	1.7	1.4	1.9	1.9	6.2	4.9	4.7	3.8
PCBs	2.3	3	6.1	9.2	10.2	12	13.7	21	25.4	36.1	48.5	56.7	82.8	91.4	115	118
FCBs	2.2	1.8	2.5	3.3	3.4	3.6	4.2	5.6	8.2	69.9	12.6	10.7	13	16.1	19.6	15.8
Total	7.1	7.8	8.4	13.4	13.5	16.6	18.3	35.3	44.3	54.8	70.9	81.5	121.9	146.7	154	132

**Source:** Bangladesh Bank Quarterly and Annual Reports of different years.

Table 11 represents the aggregate net interest income (NII) of the banking sector. It reveals that the NII of the banking system positively and consistently increased from Taka 7.1 billion in 1998 to Taka 132 billion in 2013. SCBs are able to increase their NII after 2004 and during 2011 it was Taka 34.3 billion. However, it began to fall afterwards and became negative (- 5.4) in 2013. NII of DFIs is also on positive trend for the last couple of years and their NII was Taka 6.2 billion in 2010. But the trend



shows a declining rate during 2011 to 2013. However, the upward trend in NII of PCBs and FCBs during 2010 indicates that they enjoyed a high spread between interest rates of lending and deposit collecting. Likewise, the NII of the PCBs has shown positive trend since 1998. In the year 2013 it rose to Taka 118 billion. This also implies that the banking system of Bangladesh remained fragmented and oligopolistic.

#### 4.1.3. Cost Efficiency

Table 12 represents expenditure to income ratio as an indicator of the operating efficiency of the banking system.

**Table-12: Expenditure-Income Ratio of Banks**

Year	Type of Banks				
	SCBs	DFIs	PCBs	FCBs	All Banks
1998	99.8	99.8	86.3	60.1	95.4
1999	100.5	100.5	90.4	67.4	96.6
2000	99.4	99.4	90.8	77.7	99.9
2001	99	99	88.1	75.7	91.2
2002	98.5	98.5	91.9	78.3	93.3
2003	98.8	98.8	93.1	80.3	93.9
2004	102.3	102.3	87.1	76.3	90.9
2005	101.9	101.9	89.3	70.8	92.1
2006	100	100	90.2	71.1	91.4
2007	100	100	88.8	72.9	90.4
2008	89.6	89.6	88.4	75.8	87.9
2009	75.6	75.6	72.6	59	72.6
2010	80.7	80.7	67.6	64.7	70.9
2011	62.7	62.7	71.7	47.3	68.6
2012	73.2	73.2	76	49.6	74
2013	84.1	84.1	77.9	50.4	77.8

Source: Bangladesh Bank Annual Report of different years

It is revealed from Table 12 that the expenditure-income (EI) ratio of the DFIs was very high with 180.4% in 1998. The position, however, improved after 2000, and the ratio came down to 89.1% and 95.9% in 2001 and 2002 respectively. However, it again rose to 101.1% in 2003. Later on, the DFI's EI ratios were increased to 112.1% in 2009 due to huge operating losses and improved to 87.8% in 2010. But it starts to increase afterwards and rise to 94.8% in 2013. Similarly, the EI ratio of the SCBs increased to 102.3% in 2004, which was improved to 62.7% in 2011. Likewise, the EI ratios of PCBs were found to be substantially high due to deduction of loan loss provision, other assets and corporate tax from current income. However, it improved to 67.6% during 2010. In this regard the FCB's EI ratio is found to be the lowest in the banking system, indicating that FCBs are better operationally managed than SCBs, DFIs and PCBs.

**Table 13: Descriptive Statistics (Expenditure-Income Ratio)**

Type of Banks	M	Mean (Percent)	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
SCBs	16	91.6312	12.46867	3.11717	84.9872	98.2753	62.70	102.30
DFIs	16	111.5188	29.25445	7.31361	95.9302	127.1073	87.80	180.40
PCBs	16	84.3875	8.25460	2.06365	79.9889	88.7861	67.60	93.10
FCBs	16	67.3375	10.97390	2.74348	61.4899	73.1851	47.30	80.30
Total	64	88.7188	23.25350	2.90669	82.9102	94.5273	47.30	180.40

Table 13 explores that mean of expenditure-income ratios of DFIs is about 111.52% which indicates that the average expenditure of DFIs is more than its average income. This table also shows that mean expenditure-income ratio of FCBs is lowest among the banks which implies that average expenditure of FCBs is less than its average income.

**Table 14: ANOVA (Expenditure-Income Ratio)**

	Sum of Squares	Df	Mean Square	S	Sig.
Between Groups	16067.844	3	5355.948	17.855	.000
Within Groups	17997.834	60	299.964		
Total	34065.678	63			

Table 14 reveals that mean of expenditure-income ratios between banks is significantly different from each other. Hence, we can reject the hypothesis that there is no difference of expenditure-income ratios among the banks due to their types.

#### 4.1.4. Non-Performing Loans

The Non-Performing Loans (NPLs) Ratio is the most important indicator to identify the problem inherent in asset quality. Initially the FSRP could not curb the NPLs of the banking sector of Bangladesh. For instance, in 1990 26.09% of the total loans were classified as NPLs, which increased to 32.04% in 1995. As per different cluster of banks, NPLs for SCBs increased to 31% in 1995 from 27.95% in 1990 and NPLs for PCBs increased to 39.43% from 23.73% during the same period (Banking Regulation and Policy Department, Bangladesh Bank, 1995). However, NPLs for FCBs reduced to 5.40% in 1995 from 20.65% in 1990. The ratios of non-performing loans (NPLs) to total loans as per different clusters of banks are provided in the table below-

**Table 15: Ratio of Non-performing loans (Percentage)**

Year	Type of Banks				
	SCBs	DFIs	PCBs	FCBs	All Banks
1998	40.4	66.7	32.7	4.1	40.7
1999	45.6	65	27.1	3.8	41.1
2000	38.6	62.6	22	3.4	34.9
2001	37	61.8	17	3.3	31.5
2002	33.7	56.1	16.4	2.5	28
2003	29	47.4	12.4	2.7	22.1
2004	25.3	42.9	8.5	1.5	17.6
2005	21.4	34.9	5.6	1.3	13.6
2006	22.9	33.7	5.5	0.8	13.2
2007	29.9	28.5	5	1.4	13.2
2008	25.4	25.5	4.4	1.9	10.8
2009	21.4	25.9	3.9	2.3	9.2
2010	15.7	24.2	3.2	3	7.3
2011	11.3	24.6	2.9	2.9	6.1
2012	23.9	26.8	4.6	3.5	10
2013	19.8	26.8	4.5	5.5	8.9

**Source:** Compiled from various issues of Bangladesh Bank and Annual Report of different years

For instance, as Table 15 depicts, the NPL ratio of the banking system reached the highest level (41.11%) in 1999 although it reduced to 6.1% in 2011. It also reveals that FCBs have the lowest and DFIs have the highest ratio of gross NPLs to total loans. SCBs had gross NPLs to total loans ratio of 19.8% whereas in case of PCBs, FCBs and DFIs, the ratios were 4.5%, 5.5% and 26.8% respectively in 2013. The overall aggregate NPLs ratio is still very high. The scenario is improving to a large extent after 1999 when the ratio reached its peak. FCBs could maintain a significant low ratio of NPLs to total assets. SCBs and DFIs experienced much higher NPLs to total assets ratio before 2002. Later on, they started strengthening the mechanism of loan recovery and the situation has improved a lot. The ratio of NPLs has decreased to 8.9% in 2013.

**Table 16: Descriptive Statistics (Ratio of Non-performing loans)**

Type of Banks	M	Mean (Percent)	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
SCBs	16	27.5812	9.42544	2.35636	22.5588	32.6037	11.30	45.60
DFIs	16	40.8375	16.48704	4.12176	32.0522	49.6228	24.20	66.70
PCBs	16	10.9813	9.39328	2.34832	5.9759	15.9866	2.90	32.70
FCBs	16	2.7500	1.21600	.30400	2.1020	3.3980	.80	5.50
Total	64	20.5375	18.11180	2.26398	16.0133	25.0617	.80	66.70

Table 16 reveals that the mean of non-performing loans ratios among banks are significantly different from each other. DFIs have the highest mean of NPLs ratio whereas that of FCBs is the lowest.

**Table 17: ANOVA (Ratio of Non-performing Loans)**

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	13910.744	3	4636.915	41.183	.000
Within Groups	6755.606	60	112.593		
Total	20666.350	63			

Table 17 shows that the mean of NPLs ratios differs significantly among different type of banks. Hence, the null hypothesis can be rejected and it can be said that there is difference of Non-performing loan ratios among the banks due to their types.

### 5.1. Limitation of the Study

The limitation of the study is that all required data were not available which might assist to furnish the study better.

### 6.1. Conclusion

Bangladesh Bank and the Government of Bangladesh have promoted a number of reform measures with a view to solve the problems underlying the banking system of the country. But the banking system is still found to be geographically fragmented, distorted and non-competitive. The public sector banks (SCBs and DFIs) have remained more or less dominant in the banking sector. Still SCBs and DFIs hold 32.9% of deposits and 34.6% of advances in the banking sector of Bangladesh. Although their NPLs ratios have gradually declined, it was comparatively high. However, the reforms were in fact successful to a great extent. A good number of banks and other financial institutions with various types of financial instruments have emerged. The institutional network and volume of operations of the financial sector have expanded and diversified. The banks' involvement in non-traditional activities and the increase in profits from these activities have contributed to the improvements in banking sector performance in terms of profitability, cost efficiency, and earnings efficiency. In addition, long term investments are stimulated, competitiveness within the industry has been enhancing, and the profitability scenario of the banking industry has been improved. Profitability of SCBs has declined whereas the profitability of PCBs and FCBs have showed an increasing trend in the post-reform stage. The performances of the foreign banks are significantly better in comparison to the local banks in every aspect. Hence, it can be concluded that creating a competent environment for a rational spread rate, introducing tailored products on both assets and liability front and proper management of NPLs along with accurate risk management device may improve financial stability in the banking system in the foreseeable future.

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# Dowry Phobia of the Poor Parents and Its Impact on Their Girl's Education in Rural Bangladesh

Md. Zahedul Kabir \*  
Syed Afzal Hussain \*\*

## **Abstract**

*Dowry is an evil practice rooted in our society since time immemorial causing immense troubles in family life. The main objective of the study is to show how the girls are deprived of education in the rural areas of Bangladesh due to dowry phobia of their poor parents. In order to collect necessary data three villages have been selected wherefrom 30 parents' interview has been taken. Among them 10 parents are from each village. The interviewee parents are those who married their 13-15 aged girl children off in 2004. The non-survey qualitative data reveal that fathers can neither avoid the tradition of offering dowry nor they can marry their daughters off in their proper age. As a result, they prefer the marriage of their minor girls to educating them properly in view of their pecuniary condition. Therefore, these girls are deprived of education because there remains no scope of continuing education after marriage.*

**Keywords:** Dowry Phobia; Poor Parents; Girl Child Education; Rural Bangladesh

## **Introduction**

According to social norms, it is the responsibility of parents to marry their daughters off (Blanchet, 1996). But it is customary in Bangladesh that bride's parents have to offer dowry to the groom at the time of wedding although it often becomes impossible for poor parents to offer any. Therefore, they become free after marrying their teenage daughters off with a less dowry (Sarker, 1997). As teenage brides, married early, cannot go to school, they are deprived of the light of education. Bangladesh is a land of villages and about 80% people live there (BBS, 1996). Among them approximately 90% people are poor (BBS, 1996). It is the most difficult task for the poor parents to arrange dowry after meeting the basic needs of the family members with their scanty income. On the contrary, if the parents are late to marry their daughters off, they consider themselves guilty. So, in order to implement their responsibility and keep their social prestige, they are ready to marry their teenage daughters off within their poor economic condition. As teenage girls are little educated and they do not need highly qualified grooms, handsome dowry is not required for their marriage.

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\* **Md. Zahedul Kabir**

Assistant Professor, Department of English, Dhaka Commerce College

\*\* **Syed Afzal Hussain**

Assistant Professor, Department of English, National University

This study emphasizes the specific behavior of those parents who are afraid of giving dowry. Teenage girls are forced to accept their wedding as they are victims of the poor socio-economic conditions of their parents. Their light of education is extinguished, dreams shattered, and they are forced to go to their husbands' house to become permanent homemakers.

Many researchers (Blanchet, 1996. Naila, et al, 1997 and Sarker, 1997) have expressed their opinion from different viewpoints about the prime cause of girls' being deprived of education. However, in the light of this study, it can be opined that it is not yet focused that minor girls are being deprived of education due to their parents' dowry phobia. Assuming that the poverty-stricken parents in the rural areas are afraid of offering dowry due to their poor economic conditions and social prestige, they arrange their minor girls' marriage before they reach their puberty ignoring the prevailing law regarding marriage (Sarker, 1997). Consequently, those girls cannot go to school and give up their studies at last.

The main focus of this study is to find out the causes of parents' dowry phobia and its impact on their girl children's education in rural Bangladesh.

## **Background**

### **Dowry System**

Dowry is a social custom. At the time of marriage the bride party is forced to offer hand-cash, furniture, or other financial benefits to the bridegroom through negotiation between the two parties. Here the pecuniary condition of the bride party is not considered (Atik, 2000). According to the Hindu law, girls have no legal share in their parents' property and therefore, it is customary in Hindu society to offer hand-cash and furniture at the time of their daughters' marriage (Sarker, 1957). In the ancient times, necessary furniture and belongings were presented to the newly married couples in order to adorn their house (Haque, 2000). After some periods the aim and objectives of this practice have evolved into the custom of offering dowry chronologically. Osmotically this practice has spread into Muslim society due to the change in socio-economic norms. It is a matter of great regret that the tradition of dowry is not only a severe problem to those parents who are burdened with the responsibility of arranging marriage of their daughters from both Hindu and Muslim communities but also a social curse.

### **Child Marriage**

According to the social custom of Bangladesh, the marriage age of girls is eighteen years (Naila et al, 2000). Marriage below this age will be considered child marriage. According to the religious and social norms, it is the obligatory responsibility of the parents to marry their daughters off when they reach their puberty and all parents are highly aware of this sacred duty. The practice of traditional early marriage in rural Bangladesh has certain functional features, apart from preventing illicit sex and illegitimate birth. The female chastity is highly valued in Bangladesh irrespective of different castes and religions. To protect the chastity of their daughters, the parents arrange early marriage. Girls should be married at the age of 13 to 14 when they attain their puberty. By this time they know about husband, family and their role in the husband's family. If the girls remain unmarried beyond that time, there is possibility of

going to "kupath" (evil path) (Sarker, 1997). Early marriage also reduces the economic burden involved in supporting daughters, particularly in disadvantaged families (Sarker, 1997). Unmarried girls are social and economic liabilities because of dowry and other requirements, and this may enhance with the increase of the age of the girls. Moreover, it assures maximization and procreation, and helps to remove stigma of barrenness (Nag, 1975).

### **Education of Girl Children**

In the rural areas of Bangladesh, the rate of female education in primary level is satisfactory though it is not appreciable at high school level (BBS, 1996). Female education does not necessarily refer to taking part in primary level alone. Females should study in secondary, higher secondary, and tertiary levels because those girls will be mothers and they will contribute to the familial prosperity. So, knowledge of child rearing as well as family planning in their conjugal life is also essential. As most of the village women are illiterate or less educated, different kinds of social problems exist connected with over population, family agitation and child marriage (Atik, 2000).

### **Methodology**

In order to investigate how the girls are deprived of education due to dowry phobia of their poor parents in the rural areas of Bangladesh, three villages (A, B, C) have been selected, and non-survey data collection process was used. Case study and interview methods have been given emphasis with the help of local leaders of each village. Thirty families have been included (ten from each village) where parents have married their daughters off from 13 to 14 years of age in 2004 and separate four case studies have been taken from the three villages. Interview has been taken from the fathers of each family and from the mothers where fathers are not alive. The selective questions are the following: the age of the girls at the time of marriage, the educational qualification of the girls, the cause of dropping out from school if she has already left it, the opinion of father/mother about marriage, law, and dowry, the income and savings of the parents per month, the amount of dowry, the source of collection, and finally, the occupation of the parents.

### **Respondents' Profile**

In Bangladesh most of the families are father dominated. Among the selected families for research, twenty-one families are father dominated and the rest nine are mother-dominated family. Since fathers are not alive in nine families, mothers have become the guardians in those families. Among the families, 23 are Muslims and 7 are Hindus. The monthly income of every family ranges from 2500/- to 3000/-. Among twenty-one parents, the educational qualification of fifteen fathers varies from class-I to IV, and the rest of the fathers are illiterate. Among nine mothers, only three studied from class-1 to 4, and the rest of the mothers are illiterate. Most of the fathers are day laborers, and the others are rickshaw pullers whereas all the mothers are housewives. They earn their livelihood by raising poultry and rearing cattle in the house. It has been known from the interview that brides who studied from Class-III to IV required less amount of dowry than those completed higher secondary education.



## **Findings**

### **Financial Inability of the Parents**

It is customary that the teenage girls need less dowry for their marriage. Most of the poor landless villagers live from hand to mouth, and it becomes a burden for them if they have to offer a handsome dowry to the bridegrooms from their scanty income. For this reason, they arrange marriage of their daughters instead of educating them.

*"There are three daughters in a family aged 17, 14, and 09. Three years ago the elder daughter got married when she was 14 years old. Her parents offered Tk-10,000/- as the dowry at the time of her marriage. Out of Tk. 10,000/-, he has borrowed Tk.6,000/- and collected Tk.4,000/- by selling his own property. They have not yet paid off their loan. At present, they are greatly anxious. They have married their elder daughter off with the borrowed money with great efforts and still two girls are to be married off. They are perplexed about how they can manage the proposed dowry (village-A)."*

It can be presumed from the above case study that because of the financial incapability, many parents marry their daughters off at their tender age so that they can offer lump sum dowry. In consequence, the career of those daughters is doomed to failure.

### **Girls' Higher Education and Maturity, the Causes of Excessive Dowry**

If girls are highly educated, it becomes difficult for parents to marry their daughters off with more qualified husbands. For example, if the bride passes the SSC exam, the bridegroom needs to complete HSC, BA, or MA. But in the society of Bangladesh, the more the qualified bridegroom is, the more dowries will be needed.

*"After passing the H.S.C examination a girl is waiting for her marriage in a family, and now she is 20. Recently she has got married to a service holder who is an MA, and the bride party has to offer Tk. 70,000/- at the time of marriage. The social prestige of parents is hampered if they fail to marry their educated daughter with an educated person. It is the tradition that you have to offer a handsome dowry to an educated groom. Again, if the girl is aged due to education, she needs a huge dowry for her marriage (village-B)."*

It is apparent that it is a non-profitable investment for the parents to make the girls highly educated because they have not only to bear the expenses to make their daughters educated but also to offer a handsome dowry at the time of their marriage where the parents get nothing in return. Since girls are not the source of income of their parents, they are not willing to offer a handsome dowry by making their daughters educated properly. Rather they are inclined to marry their daughters off with a less dowry. On the other hand, if marriage is delayed in view of higher education, financial inability, or less physical beauty, the girls become over aged and the bridegroom party demands more dowry for those factors. As teenage brides are of great demand in the case of marriage, parents feel interested to be free from the burden by marrying their daughters off. Parents become anxious for economic pressure as well as the payment of dowry for their daughters. Therefore, considering all these factors from different perspectives, they think it better to marry their teenage daughters early lest they should have to offer more dowry. As a result, girls are deprived of education.

## **Social Dignity**

Parents' honor is directly related to the question of marrying their daughters off at proper age. Carnal desire arises when boys and girls grow up gradually. They want to satiate their sexual instinct either legally or illegally. Therefore, if the girls make love with anyone before marriage, and if it is exposed to neighbors, parents get puzzled at this because their social status is degraded and in some extreme cases they are excommunicated.

*"A girl of 15 falls in love with a boy residing in the village next to her and she becomes pregnant because of making love with each other. She gives birth to a female child after a few months. As it is an illegitimate sexual relationship, the very boy did not marry the girl with whom she developed physical relationship. As a result of this, the parents of that girl were dishonored by the village people and none comes to marry her (village-C)."*

The case study clarifies that if marriage does not take place after an illegitimate relationship, it becomes difficult for the parents to marry their girls off. Again, if the marriage takes place at any cost, it requires a handsome dowry. On the other hand, if miscreants rape a girl, it defames her parents' honor, and nobody wants to marry that girl, and if someone agrees to marry her, parents have to offer a handsome dowry. Thus, in order to be free from all types of hazards and to keep their social prestige upright, parents marry their daughters off at tender age depriving them of their right of education.

## **Avoiding Dowry Almost Impossible**

Though, according to the social law, giving and receiving dowry is an offence, the parents burdened with aged daughters cannot avoid it because arranging marriage of the daughters at the proper age is the prime concern of the parents. But if, because of the social rules, nobody comes forward to marrying a girl without a dowry, the age of the bride goes up after a prolonged waiting. In consequence, parents have to offer a big amount of dowry. A father who married his daughter off at tender age has said, *"The government has finished its duty by enacting anti-dowry law. But if marriage of girls does not take place due to the refusal of giving a dowry, the government will not settle the marriage of the girls. As I am the father of the girl, the problem is mine, and it is I who have to solve the problem by offering a dowry (village-A)."*

Therefore, criminal law and the reality of the society are two different things. The parents burdened with daughters cannot ignore dowry at any cost. So, poor parents have to give consent to offering dowry and they arrange their daughters' marriage within their economic means. As a result, for fear of offering a big amount of dowry, parents arrange settled marriage for their daughters before they reach their puberty avoiding the social norms. As a result, maximum girls cannot continue their education or simply cannot go to school.

## **Concluding Remark**

The findings of this study reveal that poor people can hardly manage their family with such a low income in this high price market. On top of that, they cannot but collect money for the wedding of their daughters. From the interview it appears that 95% parents have borrowed money for the proposed dowry, and it has become more

difficult than their daughter's marriage to pay back the loan. Therefore, considering their poor economic condition and the fear of offering dowry, parents have married their daughters off at the age of thirteen to fifteen after making them educated only up to Class III to IV. Generally, girls aged thirteen to fifteen are supposed to be the students of Class IX or X. But instead of that the minor and teenage girls become drop-outs from the primary school and undergo training on household chores in their parents' house, and finally they go to their husbands' house at the age of thirteen to fifteen. This situation is an obstacle in their way of receiving formal education. According to the social custom of Bangladesh, children are traditionally taught that there is no way of becoming indifferent to the wishes of the parents as according to the religious belief, Heaven lies under the feet of their parents. Therefore, girls have to accept their marriage at a tender age. On the other hand, in order to keep their prestige high and for the fear of offering a huge amount of dowry, parents arrange their daughters' marriage as early as possible. Moreover, they feel honored and satisfied thinking that they have been able to marry their daughters off before becoming victims of any scandal. Parents consider their daughters a burden of the family, and they also regard spending money for them a loss project. Above all, it is a mammoth task for the poor parents to arrange a dowry for their daughters.

Therefore, considering all aspects from every point of view, this study asserts that the responsibilities to marry their daughters off and to keep their social prestige high are very strong to the poor people of the villages. They cannot ignore the traditional custom of offering dowry on one hand, and, on the other hand, they prefer their daughters' marriage to their education due to their poor economic conditions. As a result, girls have to exist in the society as an illiterate or less educated mother undesirably, which is not beneficial to the country and to the nation as a whole. It should be noted here that the government has banned the dowry system and it is an offence according to the social law. However, there is no consistency to social law and the practical circumstances of the society. Therefore, child marriage and dowry system are rampant in our society for which our girls are deprived of education. In fact, an objective research is highly required in Bangladesh in this field in order to make the social law fruitful and spread female education throughout the whole country in the truest sense.

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# The Relationship between Job Satisfaction and Salary in Banking Sector: a Case Study on Some Selected Public and Private Banks in Bangladesh

Sigma Rahman \*

Farjana Rahman \*\*

## **Abstract**

*Job satisfaction and salary have been a topic of research for decades. Whether job satisfaction influences employees' performance in organizations remains a crucial issue for managers. This article is prepared based on some public and private banks in Bangladesh, where many managers and practitioners believe that the magical way to increase the job satisfaction is to raise the salaries and financial benefits. The employees also share these ideas. They believe that the increase of the salaries will absolutely increase their job satisfaction, which will be reflected on their motivation to work and raise the level of human performance or the quality of products or services. However, individual factors such as age and gender did not significantly influence employee job satisfaction in banks. In such situation, the job satisfaction of bank employees becomes an important issue that has to be taken care of in order to achieve the ultimate goals of the banking sector in Bangladesh. To analyze the data, this study has used descriptive statistics. The research data have been analyzed through computer using IBM SPSS Statistics version 22. The research data and information required for the study were collected from both primary and secondary sources. Primary sources include structured questionnaire. Secondary data were collected from newspapers, journals and magazines, annual report of banks to develop theoretical background for the study.*

**Keywords:** Motivation; Job Satisfaction; Productivity; Economic Development; Performance; Financial Motivators

## **1. Introduction**

It is no longer a news that salary anchors job satisfaction. One of the most important goals of an organization is to maximize employee performance in order to accomplish those goals (Butler and Rose, 2011). In doing this, the organization needs not only highly motivated, but also satisfied and psychologically balanced employees to increase performance and productivity in the organization. Employee satisfaction, performance, and retention have always been very important issues in employee management literature and among human resource management practitioners in our country.

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\* **Sigma Rahman**

Lecturer, Department of Management, Dhaka Commerce College, Dhaka-1216

\*\* **Farjana Rahman**

Lecturer, Department of Management, Dhaka Commerce College, Dhaka-1216

It may give the impression of an attractive and logical idea, but the questions that arise here are- Can the amount of the salary alone increases the level of job satisfaction in a proportional or absolute relation? And, Will the employees consider the work as a source of income only, regardless of other work conditions? However, such questions, need further investigation and deeper analysis. Literature indicates that the root of this abstract view of work stems out from the early beginnings of the Industrial Revolution and of what has emerged later from the movement of the scientific management founded by Frederick Taylor in the early twentieth century. In addition to providing the principle of work division to simple tasks, the movement has shown that humans are rational and motivated by physical components, and money alone is what creates happiness and reinforces workers to increase their performance (Taylor, 1947). But this view was faced with many oppositions and critics. However, an anti group was formed later on by Elton Mayo, which was later known as the Human Relations (Mayo, 1949). One of the basic principles of this movement is that the worker is not a machine, and money is a tool, but not an aim, and that the psycho-social conditions of work are more important than wage or salary. This movement developed a logo that says "the productive worker is the happy worker". The happiness is linked to the quality of the social relationships at work (relationships with coworkers and supervisors). Furthermore, job satisfaction and motivation can be affected by other work conditions, such as job significance and responsibility (Parker and Wall, 1998).

In view of that, this study aims to examine the effect of earnings on job satisfaction using survey data from employers. Specifically, this study aimed at investigating whether the relationship between salary and job satisfaction is a linear one. In addition, the study aimed at investigating the predictability of job satisfaction based on the amount of salary in comparison with employee demographics (sex, age, tenure, and education).

## **2. Literature Review**

Job satisfaction has a great importance in the theoretical and the practical reality of the organizations. Therefore, many organizations were concerned with measuring the degree of job satisfaction among employees in attempting to predict some important behaviors such as leaving work (Carsten and Spector, 1987 and Hom, 2001); citizenship behavior at work (Battman and Organ, 1983); absence from work, (Scott and Taylor, 1985; Smith, 1977), and excellence in work performance (Ivancevich, 1978). Smith (1992) stated that job satisfaction can lead to cost reduction by reducing absences, task errors, and turnover. Therefore, both management theorists and practitioners are concerned with methods for improving job satisfaction because greater job satisfaction equates to a better quality of life, better health, and potentially greater performance and productivity.

However, one of the important aspects of job satisfaction is earnings and financial benefits. This issue was investigated by some economists (e.g, Oswald, 1996; Bender and Heywood, 2004; and Garrido, et. al., 2005). Yet, the researchers in this field analyzed their data from a purely economic standpoint, and their aim was to determine whether there is a relationship between salary and job satisfaction, but not investigating

the type of relationship to determine whether it is a linear relationship or curvilinear one. From a theoretical perspective, it is important to increase our understanding of the type of relationship between salary differential and job satisfaction. From a practical standpoint, it is vital to provide practitioners with key information that could enable them to make important decisions about the accurate method for increasing employees' motivation and satisfaction especially those with high salaries. Thus, this study is dealing with issues that were potentially important for educators and practitioners alike. In the following section, a review of the relationship between salary and job satisfaction will be presented.

A great extent of empirical research has been conducted to define the factors of job satisfaction. For example, some studies have shown that job satisfaction is influenced by gender and age (Mesh'al, 2001; Gazioglu, Tansel, 2006), or tenure and the level of education (Zhanh, Lam and Baum, 1999; Lura, et al., 2010) and, of course, the level of income (Oshagbemi, 2000; Bender and Heywood, 2004; Janes and Sloane, 2007). According to the income, some studies noted that the level of the salary is a secondary variable that cannot stand alone and its influence may be limited when the work quality is unsatisfactory. A study conducted by Brown and his colleagues (Brown, et al, 2007) supports this notion. The researchers surveyed 16266 workers and employees who work in more than 800 institutions to determine the factors of happiness at work. The results indicated that the level of salary minimally influenced job satisfaction. Yet, when the researchers looked at an employee's work position in a company, they found a strong link with job satisfaction and concluded that gradually increased happiness to a great extent when compared with higher salaries. The researchers explained this relationship and indicated that rank influenced how proud employees were with their professional achievements. In a similar study conducted on nurses, Shields and Ward (2001) found that the lack of opportunities for career advancement or the possibility of promotion affect the job satisfaction of employees more than the size of the salary.

Other studies indicated that salary rise can only influence jobs with low level income, but not the high level ones, and in some cases rise might have a negative effect on job satisfaction. Therefore, there might be some evidence to suggest that the relationship is not linear but rather a curvilinear one. For example, Bender and Heywood (2004) found that university professors who receive high income -in comparison with other jobs- have low job satisfaction because they think that Ph.D. holders who work in the industry earn more than they do. Such comparison may affect job satisfaction because of the feelings of injustice.

In another study by Clark, Oswald, and Warr (1996) on the relationship between age and salary and job satisfaction, the researchers found out that there is a direct correlation between job satisfaction and salary after controlling the age variable. This means that job satisfaction for the salary increases with age due to the low financial responsibilities with the growth of age. In similar studies by Clark and Oswald (1996), the researchers examined data collected from more than five thousand employees. The result was that the job satisfaction declines with high level of education. The theory suggests that education has a negative impact on job satisfaction because increased education is

associated with higher expectations. Such a person may become dissatisfied with performing the routine tasks required of most jobs even if their salary might be higher than younger employees. Such studies may indicate that the salary does not influence job satisfaction directly but through other factors.

Other studies indicate that salary amount is not important for job satisfaction. Rather, it is the comparison of income that the employees are setting up as referential point. Clark and Oswalds' (1996) study supports this notion and indicates that job satisfaction depends on income relative to a "comparable" or reference level but not the salary amount. This suggests that even if the salary of the employee is high compared with the level of salaries in the organization, he or she works in, he or she will feel dissatisfied if he/she believed that others in other institutions who have similar qualifications and specifications take a higher salary amount than they.

Upon the above review, two conclusions might be reached here. The first one indicates that salary does not have a continuous linear relationship with job satisfaction. Second, job satisfaction does not increase by a single factor, such as salary (as managers think), and there might be other factors that contribute more powerfully to job satisfaction level. Accordingly, this study seeks to answer two main questions:

- 1) Whether the relationship between job satisfaction and salary is a linear or curvilinear one.
- 2) To investigate the predictability of job satisfaction based on the amount of salary in comparison with demographics (sex, age, tenure, education and sector).

### **3. Objective of the Study**

The present study aims at finding out the relationship between job satisfaction and salary of bank employees in Bangladesh through different dimensions and density of satisfaction levels.

### **4. Methodology and Procedures**

The research data and information required for the study were collected from both primary and secondary sources. Primary sources include structured questionnaire. Primary data were collected by the authors. Secondary data were collected from newspapers, journals, and magazines to develop theoretical background for the study.

**4.1. Population and Sample:** Firstly, the research process has been identified, and the research problems have been formulated. Then, there was also a discussion about the instruments to be used and the decisions to be made in achieving the purpose of the research. As a quantitative study, conclusions are based on the questionnaires distributed to respondents. This quantitative study used statistical data as a medium to obtain the needed information. This study aims to determine the relations between the independent variables and the dependent variable. The findings and the conclusion of the study will solely depend on the full utilization of the statistical data collected. In this study the population targeted employees of banks (Including Private and Public Banks). A simple random sampling technique was used in this study to select 858 employees from 18 different banks.

**4.2. Salary range:** Respondents were asked to checklist the range of their monthly salary. Three categories were used. The first category represents the low-level salaries, which are less than BDT 60,000. The second category represents the medium-level salaries, which range between BDT 60,000-1,20,000. And, the third category represents the high-level range, which is BDT 1,20,000 and more.

**4.3. Demographics:** Participants were asked to write down their sex, age, and tenure and to checklist their education level.

**4.4. Procedures:** Local banks were directly contacted and encouraged to participate in the study. 18 private and public banks positively responded and participated in the study. Agreements were signed to secure the involvement and confidentiality. Some banks were provided, upon their request, with briefings regarding possible outcomes of the current research and its relevance to the bank's employees' job satisfaction, and future planning. While a wide range of instruments are used for measuring job satisfaction, section A consists of questions related to the biographical information of the employees. Section B relates to overall job satisfaction. Section B consists of 15 items, and respondents are asked to indicate on a seven-point Likert scale response format that is related to general factors affecting employee job satisfaction in banks, for example: 1. Extremely dissatisfied, 2. Moderately dissatisfied, 3. Slightly dissatisfied, 4. Neither satisfied nor dissatisfied, 5. Slightly satisfied, 6. Moderately satisfied, and 7. Extremely satisfied. There were no reversed scored items. The scale has acceptable reliability rate in the present sample (Chronbach Alpha = 0.84).

**4.5. Statistical analysis:** To analyze the data, we used descriptive statistics as mean or average, standard deviation to estimate the variations produced for all variables and the overall job satisfaction, distributed according to age, gender, tenure, education, salary and sector variables. Age was re-coded into four intervals 1= less than 30 years, 2= 30-40 years, 3= 40-50 years, 4= more than 50 years. The tenure was re-coded into four intervals 1= 0-3 years, 2= 3-6 years, 3= 6-10 years, 4= more than 10 years. Education, salary and sector level were entered as they were indicated by participants. The overall job satisfaction score was produced for each individual by adding up the scores of all the 15 items. Therefore, the hypothetical range of the job satisfaction score was 15-105. The research data have been analyzed through computer using **IBM SPSS Statistics** developed by Nie, et. al., (1975), Version 22.

## 5. Results

Summary statistics are presented in Table (1). Job satisfaction means (M), standard deviations (SD), and the percentages are distributed according to salary, sex, age, tenure, education levels and sector.



**TABLE 1: Descriptive Statistics for Job Satisfaction Means Distributed According to Salary, Sex, Age, Tenure, Educational Level and Sector**

Variables	Variables Categories	N	Percent age	Job Satisfaction Mean	Job satisfaction SD
Salary	Less than 60000 BDT	499	58.2	55.5	2.62
	From 60000-120000 BDT	243	28.3	68.8	2.67
	More than 120000 BDT	116	13.5	52.4	2.27
Sex	Male	652	76.2	56.7	1.99
	Female	206	23.8	68.2	2.63
Age	Less than 30	302	35.2	54.2	2.72
	30-40	407	47.4	58.6	2.61
	40-50	92	10.8	62.4	2.66
	More than 50	57	6.6	78.3	3.24
Tenure	Less than 3 years	182	21.2	68.4	2.91
	3-6 years	305	35.5	65.4	2.44
	6-10 years	238	27.8	68.2	2.46
	More than 10 years	133	15.5	66.2	3.20
Educational level	Diploma	57	6.6	65.2	1.62
	BA/BSc(pass)	84	9.8	72.2	2.45
	BBA/ BA/BSc(hons)	609	71	66.4	2.62
	Masters/MBA	108	12.6	54.3	1.63
Sector	Public	396	46.15	67.2	2.12
	Private	462	53.85	70.2	2.45

Table (1) indicates that 76.2 % of the sample were males, 23.8 % of the sample was females and 35.2% of the sample age ranges from Less than 30, 47.4% from 30 - 40, 10.8% from 40 - 50, and 6.6% more than 50 years. For the tenure, 21.2% of the sample were working for the same organization for less than three years, 3 - 6 years 35.5%, 6 - 10 years 27.8%, and more than 10 years 15.5%. The educational level of participants was as follows: 6.6% Diploma, 9.8% BA/BSc (pass), 71% BBA/ BA/BSc (hons), and 12.6% Masters/MBA educational level. Regarding the salary of participants, 58.2% of them earns less than 60,000 BDT per month, 28.3% earns 60,000-1,20,000 BDT per month, and 13.5% of participants earns more than 1,20,000 BDT per month.

In addition, Table (1) indicates that there are differences in the means of job satisfaction, according to salary, sex, age, tenure, and educational level. As for the salary, the lowest job satisfaction mean was for the employees who receive the highest salary range (more than 1,20,000 BDT) ( $M = 55.5$ ,  $SD = 2.62$ ) while the highest job satisfaction mean was for the employees who receive a median salary range (60,000-120,000 BDT) ( $M = 68.8$ ,  $SD = 2.67$ ).

According to other demographics, there were also mean differences according to the sex, age, tenure, and education. In general, females have more job satisfaction means than males ( $M=56.7$ ,  $68.2$  simultaneously). Furthermore, Table (1) indicates that the highest job satisfaction was for employees aged more than 50 years ( $M= 78.3$ ,  $SD= 3.24$ ) while the lowest job satisfaction was for employees aged from 30 to 40 ( $M=58.6$ ,  $SD= 2.61$ ). In addition, there were differences in job satisfaction means based on tenure. Employees who spent three years or less in the same organization have the highest job satisfaction mean ( $M= 68.4$ ,  $SD= 2.91$ ). In addition, according to educational level, the results indicate that employees with BA/BSc (pass) degree have the highest job satisfaction ( $M= 72.2$ ,  $SD= 2.45$ ) while employees who have MBA, Masters, or Diploma certificate have the lowest job satisfaction ( $M= 54.3$ ,  $SD= 1.63$  for both of two categories). Finally, according to sector wise, the results indicate that there are very few differences in job satisfaction between the employees of public banks and private banks. The job satisfaction mean of private banks is 70.2 while that of public banks is 67.2 and SD for public bank is 2.12 and 2.45 for private banks.

The second step of the analysis was producing the zero order correlations using Spearman formula. Table (2) provides a summary of the findings.

**Table 2: Zero Order Correlation between Job Satisfaction and Demographics**

Variables	Salary	Age	Tenure	Educational level	Sex	Sector
<b>Job Satisfaction</b>	-0.25*	-0.05	-0.44*	-0.22	-0.30*	-0.10

\*  $P \leq 0.01$

Table 2 indicates that the highest correlation between demographics and job satisfaction was for the tenure ( $R= -0.44$ ,  $\infty \leq 0.01$ ), then for the sex ( $R= -0.30$ ,  $\infty \leq 0.01$ ), followed by salary ( $R= -0.25$ ,  $\infty \leq 0.01$ ). Age and education correlated weakly and insignificantly with job satisfaction.

T test and line chart were used to answer the first question in the study, which try to find the type of the relationship between job satisfaction and salary, and whether it is linear or curvilinear one. Table 3 and Figure 1 provide the results of these statistics.

**Table 3: The Results of t-Test between Salary Range and Job Satisfaction**

	t	Df	P
Job satisfaction and salary	-183.53	857	$\leq 0.01$

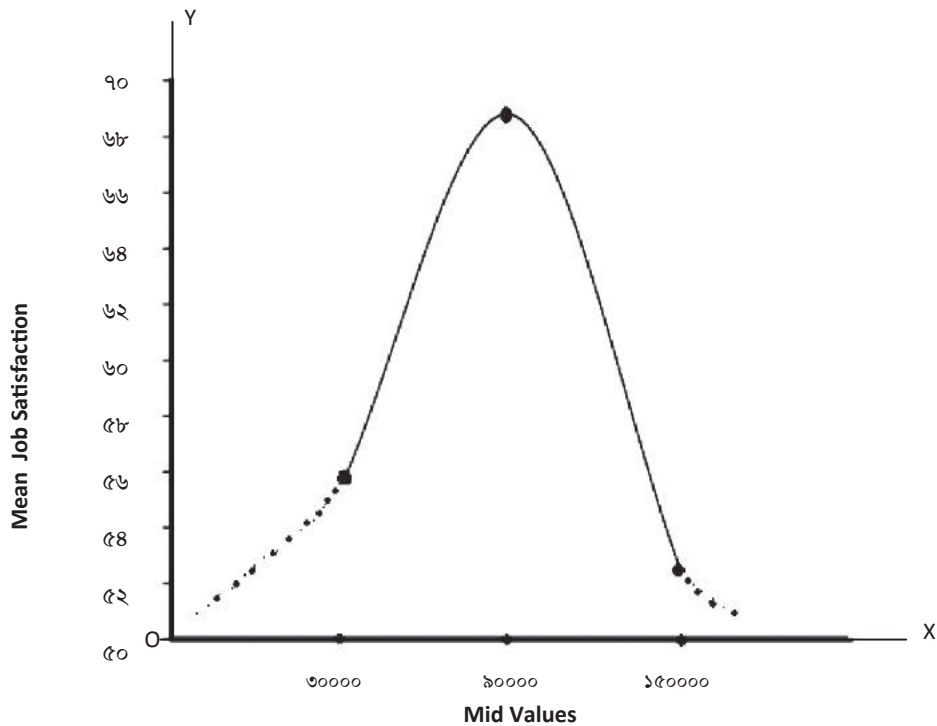
Table 3 indicates that there is significant relationship between job satisfaction and salary ( $t= -183.53$ ,  $\infty \leq 0.01$ ).

Following is the required calculation table that are needed to draw a job satisfaction curve using the salary and job satisfaction categories.

**TABLE 4: Calculation Table**

Class	Assumed Class	Mid Values	Mean Job Satisfaction
Less than 60000	0-60000	30000	55.5
60000-120000	60000-120000	90000	68.8
More than 120000	120000-180000	150000	52.4

Using the above table values in MS Excel program we get the following curve-



**FIGURE 1: Means of Job Satisfaction Distributed According to Salary Categories**

Here, X-axis indicates salary category and Y-axis indicates job satisfaction mean. Figure (1) represents a job satisfaction means distributed according to the salary categories (low, medium, and high). The figure indicates that the job satisfaction is curvilinear with salary and has a bell-shape relationship. The top of the bell is for the salaries ranging from 60,000-1,20,000 BDT (medium category), while the tails of the bell are in the low and high salaries (less than 60,000 BDT and more than 1,20,000 BDT). Above curve indicates that when the salary increased gradually job satisfaction also increased. But at some stages job satisfaction, raise to extreme and after that it falls down. Therefore, it indicates that the only salary increase cannot achieve the job satisfaction of the employees' of an organization.

The question in the current study was for checking the predictability of salary in comparison with other demographics (sex, age, tenure, educational level and sector). Linear regression was used to produce the "Beta" and "adjusted R2" coefficients. Each of the demographics entered into a regression as an independent variable with job satisfaction as the dependent variable. Table (5) is providing a summary of the results.

**TABLE 5: The Results of Linear Regression between Demographics and Job Satisfaction**

Regressions	$\beta$	T	$R^2_{\Delta}$
Salary and job satisfaction	0.044	*5.91	0.02
Age and job satisfaction	0.055	1.38	0.001
Tenure and job satisfaction	0.065	*4.03	0.04
Educational level and job satisfaction	0.017	1.05	0.005
Gender and job satisfaction	0.50	*3.12	0.03

\* P = 0.01,  $R^2_{\Delta}$  = adjusted r square,  $\beta$  = beta value

Table (4) indicates that the variable that has the highest predictability factor was the tenure variable which predicted 4% of the total variance ( $R^2_{\Delta} = 0.04, \infty \leq 0.01$ ). The second variable was the sex which predicted 3% of the total variance ( $R^2_{\Delta} = 0.03, \infty \leq 0.01$ ) while the salary took the third place by predicting 2% of the total variance ( $R^2_{\Delta} = 0.02, \infty \leq 0.01$ ). Finally, education level and age weakly predicted the job satisfaction and the regression was insignificant.

## 6. Discussions

This study aimed at whether the relationship between job satisfaction and salary is a linear or curvilinear one. In addition, the study aimed to investigate the predictability of job satisfaction based on the amount of salary in comparison with demographics (sex, age, tenure, education and sector).

The results of the statistical analysis indicated that there are differences in the job satisfaction means depending on the salary range. The results indicated that the highest job satisfaction level was with the medium-range salary, which comes between 60,000-1,20,000 BDT per month ( $M=68.8, SD=2.67$ ). Also the job satisfaction is at a low level with salaries less than 60,000 BDT ( $M=55.5, SD=2.62$ ). We can also find that the job satisfaction descended to reach it's lowest level with the employees who earn more than 1,20,000 BDT per month ( $M=52.4, SD=2.27$ ). Distributing these means on a line chart indicates that the relationship between job satisfaction and salary amount is a curvilinear one. This means that the job satisfaction is low with the high and low salaries, and it is in the highest level with the medium range salary. The last result is in line with some previous research such as Brown, et. al., (2007) in which they indicated that happiness at work has a curved relationship with the amount of salary.

On the other hand, one may understand why employees who receive low range salaries have low levels of job satisfaction, but it might be slightly confusing for those who receive high range salaries to have low levels of job satisfaction (at least from the slip

behavior literature and may have two possible explanations. The first reason may be due to an exaggerated expectation of employees who receive high salaries, but still the amount of salary is under their expectations. Generally, there is a positive relationship between salary and the academic level and the individual's skills (e.g, Oshagbemi, 2000). If the employee receives a salary below his/her expectations (regardless of the amount), he or she will be disappointed, and this would affect his or her satisfaction and motivation level (expectancy theories in satisfaction and motivations by Vroom, 1964). Accordingly, one may conclude that employees who already receive high range salaries may develop high expectations about the salary that he or she should receive because they might be well educated or having professional skills. Such employees do not necessarily compare their salaries with the rate of their organization, but they might compare themselves with other groups. This has been indicated by a study conducted by Bender and Heywood (2006). The researchers found that Ph.D. holders who work at universities feel unsatisfied with salaries because their peers in the industry receive higher salaries than what they earn.

The second explanation for the curved relationship may be due to unsatisfactory job characteristics. Theoretically, employees who have high salaries should have higher responsibility and a positive work environment. Such employees require specific job characteristics such as authority, social status, mentally challenging tasks, recognition, etc. Therefore, if the high salary does not come in parallel with positive job characteristics, the employee will be disappointed, and the salary will have a negative effect on the satisfaction and happiness of the workers (see the studies of Oswald, 1985; Shields and Word, 2001; Rice, et. al.). Such explanation may fit some organizations in which higher salaries do not come necessarily in parallel with higher responsibilities or positive job characteristics.

The second result of the current study was identifying the predictability of the salary in comparison with other demographics (sex, age, tenure, education level and sector). Salary has taken the third place after tenure and gender. The salary amount has predicted only 2% of the total variance while sex predicted 4%. This indicates that the salary amount does not have a major role in the whole relationship of the job satisfaction. In other words, not every person who has a big salary is satisfied and happy in his job. Similar conclusion has been reported by Bender and Heywood study (2004) on his study on the academics. Also Brown, et. al., (2007) reported that the salary minimally influences job happiness. Additionally, Shield and Word's (2001) study indicated that salary took the third factor in job satisfaction list after position and job rank.

In summary, it can be concluded that the salary is acatalectic factor for job satisfaction but not a major one. Salary can persuade job satisfaction if other job characteristics are affirmative and satisfactory. As a result, and against what expected, increasing the employees' salaries without enriching job characteristics and work life quality may not influence job satisfaction level (look at Schabracq, et al, 2003 and Parker and Wall, 1998 for a revision of the research on job enrichment and work life quality).

## 7. Findings of the Study

We tried our best to collect data for the study and find out the reality. Based on the data generated during our study period, we can sum up our findings here as follows:

- Employee job satisfaction doesn't depend on pay package only- such as salary. The less job satisfaction was for the employees who receive the highest salary range (more than 1,20,000 BDT) than the highest job satisfaction was for the employees who receive a median salary range (60,000-120,000 BDT).
- Female (M=68.2) employees were more satisfied across all of the measured aspects of employment than male (M=56.7) employees.
- The most satisfied employees were in aged more than 50 group. In the contrary, aged from 30-40 group was least satisfied with their job, aged less 30 group employees were second satisfied group and aged from 40-50 group were located in third place.
- There was a positive relationship between the years of experience and level of employee satisfaction. Employees with more than 10 years' experience had the highest level of satisfaction in comparison to others. New employees with less than 3 years working experience was in the second place while 6-10 and 3-6 years working experience's employee had the lowest level of satisfaction respectively.
- Employees with BA/BSc (pass) degree had higher job satisfaction than the employees with MBA, Masters, or Diploma certificate.
- According to the results of our study, the job satisfaction of bank employees (public bank and private bank) significantly depends on these factors; pay package, safe working environment, job security etc.
- Satisfaction regarding salary, pay package, safe working environment was significantly higher among the private bank's employees than the public bank's employees;
- Private bank's employees were dissatisfied with job security as compared to public bank's employees.

## 8. Recommendations of the Study

Opportunities for further study have emerged as a result of this study. In addition to overcoming the limitations of data gathering, additional research is needed to observe the relationships between job satisfaction and work conditions, pay back, fairness, and promotion. The limitations have contributed to the lack of arriving at many strongly statistically proven findings and conclusions. For future research, the following suggestions should be considered:

- It is suggested that for future research a random sample be used to compare several public sector and private sector institutions using a larger sample.
- The research is needed to further investigate the potential relationships and affects these variables and other extraneous variables, such as role ambiguity, job level, contingent rewards, and co-workers have on job satisfaction.
- Qualitative investigators must conduct research regarding the job satisfaction in the banks.

This research method will provide a different perspective of employees' job satisfaction and contribute a more in-depth understanding of how employees view their job.

Based on this study and analysis of factors affecting bank employees' job satisfaction, this paper makes the following recommendations to bank managers:

- Create favorable work conditions for the company. Guide the staff to communicate effectively, build a good interpersonal environment within the company, and create good work conditions.
- To improve the pay treatment of bank employees, banks should improve the overall wage level of employees. On the other hand, two shifts is a way to reduce the workload of the staff.
- To improve fairness in banks, create a scientific performance appraisal system in the organization. Utilize the other developed countries' scientific performance systems, use these systems to evaluate employee work performance, and evaluate employee service quality.
- Concern about the employees' education and training. Bank employees generally have high levels of education. Organizations have to provide the employees with effective training in science and cultural knowledge. And, let the employees acquire practical knowledge.

## 9. Conclusion

This study focused on the factors that affected job satisfaction in banks. The central objective of this study was to establish the impact of the chosen variant: work conditions, pay, fairness of promotion, and relationships on employee job satisfaction with banks. A literature survey was made to form the theoretical premises for the study. The rationale for the study was simply an observation that some employees seem better adjusted and happier at work and are able to cope well with the demands of the working environment while others are not. Another observation is that management seems not to be aware of what motivates their subordinates and to strategically utilize those motivational tools to maintain high levels of job satisfaction, high productivity, and morale. Through the analysis of bank officers/executives job satisfaction, we can conclude that salary should not be taken as the single factor which can increase the job satisfaction level in the organization. In reality, financial effect is fast but has short effect. Therefore, if job satisfaction is required for long term, management should consider the factors affecting employee job satisfaction in the bank, which are working conditions, fairness, promotion, pay, education level, marriage, age, gender, and work experience. Among these four key factors affecting employees' job satisfaction in the bank are: work condition, pay, fairness (fair distribution of compensation, rewards, and consequences, such as wages, evaluations, and disciplinary processes, profit-sharing, promotions, etc.), and promotion. In spite of these limitations, this study provides evidence that the amount of salary is a catalectic variable and is not a core predictor of job satisfaction, especially with individuals who receive higher salaries. The study emphasizes the importance of looking at psycho-social variables in the work environment, such as responsibility and job status, etc. This may result in increasing the motivation and the job satisfaction levels of employees.

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### Appendix-I:

List of the 18 banks where the samples were collected for this study.

1. AB Bank Ltd.	1. Bank Asia Ltd.
2. Brac Bank Ltd.	2. Eastern Bank Ltd.
3. HSBC	3. Jamuna Bank Ltd.
4. Modhumoti Bank Ltd.	4. NRB Bank Ltd
5. Janata Bank Ltd.	5. Rupali Bank Ltd.
6. Social Islami Bank Ltd.	6. Southeast Bank Ltd.
7. First Security Islami Bank Ltd.	7. Islami Bank Bangladesh Ltd.
8. The City Bank Ltd.	8. Standard Chartered Bank
9. Union Bank Ltd.	9. Trust Bank Ltd.

# A SWOT Analysis of Aarong

Ummea Salma \*

## **Abstract**

*SWOT stands for strengths, weaknesses, opportunities, and threats. This is a method of analysis of the environment and the company's standing in it. SWOT analysis indicates a framework for helping the researchers or planners to identify the priorities of the business's goals and to further identify the strategies of achieving them. SWOT analysis is a technique to analyze the strengths, weaknesses, opportunities, and threats of business. When examining the potential for a new business or product, a SWOT analysis can help determine the likely risks and rewards. By using the SWOT analysis method, this article analyzes the internal capability and external environment for the development of AARONG which explore the development status from four dimensions including strengths, weaknesses, opportunities, and threats.*

**Keywords:** SWOT analysis; Aarong; SWOT matrix

## **1. Introduction**

Sizing up a firm's resource strengths and weaknesses and its external opportunities and threats, commonly known as SWOT analysis provides a good overview of whether a firm's business position is fundamentally healthy or unhealthy. SWOT analysis is grounded in the basic principle that strategy-making efforts must aim at producing a good fit between a company's resource capability and its external situation as reflected by industry and competitive conditions, the company's own market opportunities, and specific external threats to the company's profitability and market standing.

## **2. Literature Review**

The SWOT analysis is simple and useful for organizing information, especially for preliminary research but also as a basis for more applied and theoretical work. SWOT analysis was created in the 1960s by business gurus. According to Robbins, Coulter, and Vohra (2009) the combined external and internal analyses are called a SWOT analysis, which is an analysis of the organization's strengths, weaknesses, opportunities, and threats. After completing a SWOT analysis, managers are ready to formulate appropriate strategies that (1) exploit an organization's strengths and external opportunities, (2) buffer or protect the organization from external threats, or (3) correct critical weaknesses.

The comparison of strengths, weaknesses, opportunities, and threats is normally referred to as a SWOT analysis. The central purpose is to identify the strategies to exploit external opportunities, counter threats, build on and protect company strengths, and eradicate weaknesses ( Hill and Jones, 2009).

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\* **Ummea Salma**

Lecturer, Department of Management, Dhaka Commerce College

Kotler, Keller, Koshy, and Jha (2012) opine that the overall evaluation of a company's strengths, weaknesses, opportunities, and threats is called SWOT analysis. It is a way of monitoring the external and internal marketing environment. A business unit must monitor key macro environment forces and significant macro environment factors that affect its ability to earn profits. It should set up a marketing intelligence system to track trends and important developments and any related opportunities and threats.

The SWOT analysis has been used to identify a company's strengths, weaknesses, opportunities, and threats. However, this kind of analysis is static and seldom leads to the development of distinct alternative strategies based on it. Therefore, the TOWS Matrix has been introduced for analyzing the competitive situation of the company or even of a nation that leads to the development of four distinct sets of strategic alternatives. (Weihrich, Cannice, and Koontz, 2013).

Griffin (2013) described that SWOT is an acronym that stands for strengths, weaknesses, opportunities, and threats. SWOT analysis is a careful evaluation of an organization's internal strengths and weaknesses as well as its environmental opportunities and threats. In SWOT analysis, the best strategies accomplish an organization's mission by (1) exploiting an organization's opportunities and strengths, (2) neutralizing its threats, and (3) avoiding (or correcting) its weaknesses.

From the above discussion it is seen that many research scholars have identified the same views that SWOT analysis is one of the most important steps in formulating strategy. Using the organization's mission as a context, managers assess internal strength (distinctive competencies) and weaknesses as well as external opportunities and threats. The goal is then to develop good strategies that exploit opportunities and strengths, neutralize threats, and avoid weaknesses.

### **3. Objectives of the Study**

The valuable part of SWOT analysis is determining the company's situation and thinking about what actions are needed. This study involves evaluating the strengths, weaknesses, opportunities, and threats of Aarong. The objectives of the study are as follows:

1. Determining Aarong's strengths, weaknesses, opportunities, and threats; and
2. This article analyzing, through SWOT, the internal capability and external environment for the developments of Aarong.

### **4. Research Methodology**

This study is descriptive and exploratory in nature. The study is made out of primary and secondary data. Present and previous data have been collected from financial statements of BRAC in Bangladesh, journals, research articles, internet, research monographs, different textbooks, cases, and various published and unpublished materials on the subject. Primary data have been collected by interviews with employees working at various levels and Managers of Aarong. Primary data have been collected by a structured questionnaire, which is given in the appendix.

## 5. SWOT Analysis Method

The SWOT analysis method was first proposed by Wehrich, a professor of Management in the University of San Francisco. He proposed the method when he studied the competitiveness and strategies of enterprises in the early 1980s. SWOT is the abbreviation of four words: strength, weakness, opportunities and threat, in which "S" and "W" are internal factors, while "O" and "T" are external factors (Wehrich, Cannice, and Koontz, 2008).

It is commonly accepted that an industry's strengths and weaknesses demonstrate the industry's internal characteristics and are controllable. And an industry's opportunities and threats are determined by external factors on which the industry has no direct control but can react to its own advantage.

SWOT analysis is a methodology allowing an industry to understand and plan to use their strengths to exploit opportunities, to recognize and repair or avoid their weaknesses, and to defend against or sidestep any known threats. The method has been widely used as a strategic planning tool, and it was found effective (Zhao, Shen and Zuo, 2009).

SWOT is made of two parts. The strengths and weaknesses refer to the internals of a company while the opportunities and threats are external to the company and exist in the environment. Strength of a company could be in managing the branding process quickly and comprehensively. Its weaknesses could lie in the distribution of products or payment delays. These are internal problems / issues and have to be understood and dealt with on an ongoing basis. Often consultants are called in to assess these two aspects on the belief that an outsider could give more insights into the company. The two external factors - opportunities and threats - are not in the company's control. The environment (composed of social, economic, legal, regulatory, national, and even international events) has to be continuously scanned to track these. Though SWOT is meant to act primarily as an assessment technique, its lengthy record of success makes it an invaluable tool in project management in a business context; the SWOT analysis enables organizations to identify both internal and external influences. Outside of business, other organizations have found much use in the method's guiding principles. SWOT's primary objective is to help organizations develop a full awareness of all the factors, positive and negative, that may affect strategic planning and decision-making. This goal can be applied to almost any aspect of industry.

Table 1

<b>Potential Resource Strengths and Competitive Capabilities</b>	<b>Potential Resource Weaknesses and Competitive Deficiencies</b>
<ul style="list-style-type: none"> <li>• A powerful strategy support by competitively valuable skill and expertise in key areas</li> <li>• A strong financial condition: ample financial resources to grow the business</li> <li>• Strong brand name image/company reputation</li> <li>• A widely recognized market leader and an attractive customer base</li> <li>• Ability to take advantage of economics of scale and / or learning and experiencing curve effects</li> <li>• Proprietary technology/superior technological skills/important patents</li> <li>• Superior intellectual capital relative to key rivals</li> <li>• Cost advantages</li> <li>• Strong advertising and promotion Product innovation skills</li> <li>• Proven skills in improving production processes</li> <li>• Sophisticated use of e-commerce technologies and processes</li> <li>• Superior skills in supply chain management</li> <li>• A reputation for good customer service</li> <li>• Better product quality relative to rivals</li> <li>• Wide geographic coverage and/or strong global distribution capability</li> <li>• Alliances/joint ventures with other firms that provide access to valuable technology, competencies, and/or attractive geographic market</li> </ul>	<ul style="list-style-type: none"> <li>• No clear strategic direction</li> <li>• Obsolete facilities</li> <li>• A weak balance sheet burdened with too much debt</li> <li>• Higher overall unit costs relative to key competitors</li> <li>• Missing some key skill or competencies/lack of management depth/a deficiency of intellectual capital relative to leading rivals</li> <li>• Super profitability</li> <li>• Plagued with internal operating problems</li> <li>• Falling behind rivals in putting e-commerce capabilities and strategies in place</li> <li>• Too narrow a product line relative to rivals</li> <li>• Weaker dealer network than key rivals and/or lack of adequate global distribution capability</li> <li>• Super e-commerce systems and capabilities relative to rivals</li> <li>• Short on financial resources to fund promising strategic initiatives</li> <li>• Lots of underutilized plant capacity</li> <li>• Behind on product quality and/or R&amp;D and/ or technological know-how</li> <li>• Not attracting new customers as rapidly as rivals due to ho-hum product attributes</li> </ul>

<b>Potential Company Opportunities</b>	<b>Potential External Threats to a company's well-being</b>
<ul style="list-style-type: none"> <li>• Serving additional customer groups or expanding into new geographic markets or product segments</li> <li>• Utilizing existing company skills or technological know-how to enter new product lines or new businesses</li> <li>• Using the Internet and e-commerce technologies to dramatically cut costs and/or to pursue new sales growth opportunities</li> <li>• Integrating forward to backward Failing trade barriers in attractive foreign markets.</li> <li>• Openings to take market share away from rivals</li> <li>• Ability to grow rapidly because of sharply rising demand in one or more market segments</li> <li>• Acquisition of rival firms or companies with attractive technological expertise</li> <li>• Alliances or joint ventures that expand the firm's market coverage or boost its competitive capability</li> <li>• Openings to exploit emerging new technologies</li> <li>• Market openings to extend the company's brand name or reputation to new geographic areas</li> </ul>	<ul style="list-style-type: none"> <li>• Likely entry of portent new competitors</li> <li>• Loss of sales to substitute products Mounting competition from new Internet start-up companies pursuing e-commerce strategies</li> <li>• Increasing intensity of competition among industry rivals-may cause squeeze on profit margins</li> <li>• Technological changes or product innovations that underline demand for the firm's product</li> <li>• Showdowns in market growth</li> <li>• Adverse shifts in foreign exchange rates and trade polices of foreign governments</li> <li>• Costly new regulatory requirements Growing bargaining power of customers or suppliers</li> <li>• A shift in buyer needs and tastes away from the industry's product</li> <li>• Adverse demographic changes that threaten to curtail demand for the firm's product</li> <li>• Vulnerability to industry driving forces</li> </ul>

Source: Thompson and Strickland (2008) *Crafting and Executing Strategy*, 16th edition

**Table 1:** Table 1 indicates the kinds of factors to be considered in determining a company's resource strengths, weaknesses, opportunities, and threats.

## 6. Background of Aarong

Aarong began as a cause - a means to an end for a quiet organisation fighting to uphold the dignity of the marginalised. In 1976, when BRAC, a Bangladeshi NGO dedicated to alleviating poverty and empowering the poor, first began encouraging sericulture for women in Manikganj. Their only buyers were a few scattered retailers in Dhaka. Weeks even months would pass between supply and payment until BRAC intervened. Aarong was born out of a need to ensure that the penniless silk farmers of Manikganj were paid for their goods upon delivery so that they could feed their families.

Today, Aarong's reach has spread beyond Manikganj to the rest of the country. It has grown into a thriving international enterprise showcasing ethnic wear to beautiful crafts from silks, handloom cotton, endi to terracotta, bamboo, jute, and much more. From a single shop, Aarong has grown into one of Bangladesh's biggest retail chains, with eight stores spread across the major metropolitan areas of the country - in Dhaka, Chittagong, Khulna, Sylhet, and one in London, UK. The details of Aarong are as follows:

<b>Name</b>	Aarong
<b>Type</b>	NGO
<b>Founder</b>	Ayesha Abed Martha Chen
<b>Headquarters</b>	Dhaka, Bangladesh
<b>Area served</b>	Bangladesh
<b>Key people</b>	Fazle Hasan Abed, Chairman, BRAC Mushtaque Ahmed, Executive Director, BRAC Tamara Hasan Abed, Senior Director, CEO Abdur Rouf, COO Sasi Kumar, General Manager, AAF
<b>Logo</b>	
<b>Founded</b>	Dhaka, Bangladesh (1978)
<b>Industry</b>	Design, sales of clothing, accessories, jewellery, home goods, development, economic empowerment of women
<b>Website</b>	<a href="http://www.aarong.com">www.aarong.com</a>
<b>Profit</b>	534,42,43,106.00(in Taka) FY-2014

## 7. The Activities of Aarong

Today, Aarong's reach has spread from Manikganj, where it started functioning, to the rest of the country. From a single shop, Aarong has spread its reach throughout the country with 13 Ayesha Abed Foundation Centres (with nearly 653 sub-centres) catering to over 1000 artisan groups and entrepreneurs and ensures the livelihood of over 65,000 (85% women) artisans and their families, thus directly benefiting around 320,000 people. The enterprise has over 2300 people (60%, women) employed when ploughs back its profit into BRAC's development initiatives - both economic and social, such as free health programs, micro credit, legal services, education, etc.

**7.1 A fair trade organization:** Aarong symbolizes fairness in the global village. The organization has identified three basic constraints for gainful employment for the low income and marginalized people in the rural areas: lack of working capital, marketing support, and opportunity for skills development. In order to bridge these gaps, Aarong provides a wide range of services to its workers and suppliers:

- Spot payment on product delivery to encourage efficiency and productivity;
- Reach out to producers in remote areas to ensure fair value for their efforts;
- Marketing communication and information for artisans;
- Advances against purchase orders where necessary;
- Training and Education in skills development to raise product quality and marketability;
- Product Design and Support in Product development; and
- Quality control to increase producer awareness of the importance of quality.

**7.2 BRAC and Aarong:** The women Aarong employs are among the country's most disadvantaged. Through Aarong they have been offered a way out of destitution and degradation where they had none before. And the benefits that they receive extend well beyond simply the wages they earn for their products. Since every single woman who works in Aarong-owned production facilities is also a beneficiary of BRAC's multifaceted development programme. As a support entity of BRAC, a significant portion of Aarong's earnings go directly into financing the NGO's development programmes in healthcare, education as well as economic and social development.

**7.3 Artisans:** Holding steadfast to its original mission, Aarong today supports the lives and livelihoods of nearly 65000 rural artisans and handicraft producers, 85% of who are women. More than 40000 of these women work directly for Aarong in its 13 production centers in Baniachong, Gorpara, Jamalpur, Jessore, Kushtia, Manikganj, Rajbari, Sherpur, Pabna, Pollobi, Kurigram, Nilphamary, and Jhenaidah, and 653 other sub-centres spread across Bangladesh. 25000 independent cooperative groups and traditional family-based artisans also market their crafts through Aarong. Potters, brass workers, jewelers, jute workers, basket weavers, handloom weavers, silk weavers, wood carvers, leather workers, and various other artisans with specialized skills from all over the country come to Aarong for marketing and support services.

**7.4 Aarong Production Centre:** The Ayesha Abed Foundation (AAF) is an organization that aims to provide avenues for employment and income generation for underprivileged rural women. It is an enclave for women, formed to uplift them economically through their work as producers and socially through their development into entrepreneurs. The Foundation provides an appropriate working environment, financial and technical assistance, and training to develop the women's skills in various crafts. The Foundation was established to commemorate the memory and work of late Mrs. Ayesha Abed, a co-worker and wife of the Founder and Chairperson of BRAC. The work that is done in the Foundation is a testament to her commitment to the issues of education, training, and employment opportunities for disadvantaged women. It was she who in 1976 initiated all the present major activities of AAF in Manikgonj.



**7.5 Products of Aarong:** Aarong, the leading fashion and craft retail of Bangladesh, has been playing a role in energizing the traditional Arts and crafts of Bangladesh. By using the goods of the country, Aarong offers a huge range of exciting products from traditional to western household goods to shoe bags, jewelry, and leather accessories. It has become the Mecca of Deshi products. The creativity and quality of the products have promoted it to the leading position in the fashion and craft industry of this country.

## 8. SWOT Analysis of Aarong

### A. Strengths

#### 1. Strong Financial Condition

**Table 2:** Financial condition of Aarong

Particulars	Financial year-2013 in Tk	Financial year-2014 in Tk
Cash / bank balance	141,288,244	157,376,177
Net asset	3,343,872,537	3,814,164,037
Revenue	4,748.618,174	5,344,243,106
Net surplus (after inter program allocations)	387,142,721	439,744,616

**Source:** Audited Financial Statement of BRAC in Bangladesh for the year ended in December 2014

Table-2 shows that the amount of cash/bank balance is from TK -141,288,244 in 2013 to TK 157,376,177 in 2014. Net Asset is from TK 3,343,872,537 in FY- 2013 to TK 3,814,164,037 in FY- 2014 and the Revenue and Net surplus (after inter program allocations) are from Tk 4,748.618,174 and Tk 387,142,721 in FY- 2013 to TK 5,344,243,106 and Tk 387,142,721 in FY- 2014 respectively. The cash/bank balance, revenue, net asset, and net surplus of Aarong have been increasing rapidly.

**2. Powerful Strategy:** Aarong has a powerful strategy supported by competitively valuable skill and expertise in key areas. Aarong also continued to expand its production capacity with the addition of three new AAF centres. However, by the late 1990s and early 2000s, Aarong faced a financial setback as a result of mediocre management and lack of innovation. Between 2001 and 2004, the company was restructured to improve everything from costing, pricing, design, and marketing to new product introductions and brand innovations. In 2004, armed with an improved set of processes, a brand new vision and a new management team led by Tamara Hasan Abed, Aarong resumed its impressive performance. In 2004, its sales totaled almost USD 14 million. Aarong earned a profit of USD 1.96 million for BRAC which was distributed among its agriculture, education, and health programme, with the majority going to special programme for the ultra poor. In 2013, Aarong had crossed USD 50 million in sales.

**3. Strong Distribution Channel:** It has captured 68% of total handicraft market share in Bangladesh. Aarong - a Bangladeshi fair trade organization and member of the World Fair Trade Organization is BRAC's largest social enterprise, with 15 outlets in Bangladesh, and a network of over 65,000 skilled artisans.

**4. Unique Idea:** Aarong is creating an image that they are fair trade organization dedicated to bring about positive changes in the lives of disadvantaged artisans and underprivileged rural women. This idea of selling is unique which is creating an image in the customer mind that they are doing business which directly helps the extremely poor people. Their UK branch is making huge profit as foreign customers have high perceived value for their products.

**5. Brand Image:** Aarong has successfully created a brand in the customers' mind. Their unique idea draws the attention of the customers. People's perception about Aarong is positive because they claim themselves socially responsible. People do not mind paying high price for the same product which is much lower in price in other stores. Customers come to them because they obtain certain value from Aarong's products.

**6. Strong Team Management:** Aarong has a strong management and marketing team who are continuously giving their great effort to make it a successful one. It has maintained a dedicated marketing staff to assist with major marketing initiatives including traditional print and billboard advertising, exhibitions, and fashion shows. In 2008, Aarong celebrated its 30-year run by participating in numerous fashion shows and sponsoring a Nakshikantha exhibition titled Story of Stitches at the National Art Gallery of Bangladesh.

**7. Low Production Cost:** Aarong has almost "Zero" production damage rate which reduces their cost. Aarong is making a huge profit as their cost of production is extremely low. There is not any factory cost, and the cost of making the product is cheap. They are able to meet the huge demand of the customers because they have a large workforce. They have 65000 employees working under them who make the products.

## **B. Weaknesses**

**1. Limited Budget in Research and Development:** Aarong has captured maximum handicrafts market share and is generating a huge profit but has a limited contribution to research and development department which can come up with more innovative products and superior marketing strategy.

**2. Inefficient Human Resource Department:** The responsibility of Human Resources Department is to select the right person for the right place to increase efficiency. But customers are not satisfied with their customer service as the sales persons are slow in doing transaction in computing. Its sales force or sales girls within the outlet are not properly trained up.

**3. The Website is Not up to the Mark:** Though they are revolting in website it provides very less information about them for online based customers from countries like UK, USA, and Australia. They should have online buying option to be more competitive in the market.

### C. Opportunities

**1. Huge Potential Market:** Aarong can capture more market share in the handicraft industry in Bangladesh, it has expanded its business globally and enjoys a huge potential market. It can enter the United States, Australia, and New Zealand as they are having a good business in England now, they can shift their target towards other countries that are willing to accept the traditional handicrafts and clothing of Bangladesh.

**2. Seasonal Fashion:** According to the season change, people also change their preferences in buying products, and considering this scenario Aarong can produce products on the basis of seasonal variations.

**3. New Trend:** They can come up with some modern and classical types of designs, mixing up both together so that people might love it because it is something unique.

**4. Local Events and Fashions:** People are now trendier about local events and functions like Pohela Falgun, Pohela Boisakh, Victory Day, Independence Day, etc., and they want to buy new and special products for these events. Aarong can make new products to sell in those special occasions.

**5. Grow Rapidly:** Aarong has ability to grow rapidly because of sharply rising demand in one or more market segments. It has successfully grown its export customer base over the last 20 years through the addition of a number of fair trade organizations in Europe, North America, Australia, and New Zealand.

**6. Product Innovation Skills and Diversifications:** Aarong has good reputation for fine quality products, new product development, and creativity. They are innovative and always bring some new products in the market which meets customers' requirements and expectations. The organization is a respected employer that values its workforce. It has more than 100 fashion and lifestyle product lines. Sometimes, people do not get the size of Panjabi, Kameez, but still they prefer Aarong. It has established itself as an extensive design library of our rich craft heritage, such as Nakshikantha art and Jamdani patterns. It has created such a brand image that when we even think about presenting a souvenir to a foreign friend, many prefer to present Aarong products as they reflect the country's unique contemporary fashion.

### D. Threats

**1. Competitors:** Aarong does not have any big competitors right now. But they have some small competitors like KayKraft, Anjans, Deshal, Jatra, Khubsurti, Rina Latif, OZ, Rang, Nogordola, Bibiana, Banglar Mela, and some other Boutiques established at Banani 11, Kamal Ataturk, Dhanmondi, Mohammadpur, Malibagh, Uttara, Mirpur and

in many other areas in Dhaka and other divisions which are taking their 32% customers and increasing in a slow rate. Aarong always faces price wars with their competitors. Its competitors have some superior products like OG's Panjabi shape, Khubsurti's design of Salwar Kameez, Rang's Shari's color, which are decreasing Aarong's market share as well as sales.

2. Higher Price: Aarong charge higher price relatively than its other competitors. As a result some times customers lose their interest to buy products from them. But now they are repositioning their brand to compete.

3. Entry of Portent New Competitors: Aarong faced mounting competition from new Internet start-up companies pursuing e-commerce strategies.

### 9. SWOT Analysis Matrix of Aarong

Internal factor	Internal strengths (S) 1. Strong financial condition 2. Powerful strategy 3. Strong distribution channel 4. Unique idea 5. Brand image 6. Strong team management 7. Low production cost	Internal weaknesses (W) 1. Limited Budget in research and development 2. Inefficient human resource department 3. The website not up to the mark
External factor		
External opportunities (O) 1. Huge potential market 2. Seasonal fashion 3. New trend 4. Local events and fashions 5. Rapid growth 6. Product innovation skills and diversifications	SO strategy: Maxi-Maxi  Strategies that use strengths (S) to maximize opportunities (O)	WO strategy: Mini-Maxi  Strategies that minimize weaknesses (W) by taking advantage of opportunities (O)
External threats (T) 1. Competitors 2. Higher price 3. Entry of portent new competitors	ST strategy: Maxi-Mini  Strategies that use strengths (S) to minimize threats (T)	WT strategy: Mini-Mini  as reduction, winding-up, joint venture, or minimize weaknesses and avoid threats

**Source:** Weihrich, Cannice, and Koontz (2008) and Primary Data

From above Table-3, this article found that Aarong has already had a good foundation for the development of strategic emerging market. The existing internal factor, superior financial condition, talents resources, policy advantages, and cost advantages should be made full use of to strengthen the capability of independent innovation, to grasp the good opportunity that governance at all levels (national, and local), support the development of strategic emerging industries vigorously, make strategies bigger and stronger, and to enhance the core competitiveness in the domestic and overseas markets. Aarong should enhance the ability of independent research and development and innovation to research and develop its own brand products.

## 10. Actual SWOT Analysis of Aarong

Internal strengths (S)	Internal weaknesses (W)
<ul style="list-style-type: none"> <li>· Strong financial condition</li> <li>· Powerful strategy</li> <li>· Strong distribution channel</li> <li>· Unique idea</li> <li>· Brand image</li> <li>· Strong team management</li> <li>· Low production cost</li> <li>· High production qualities</li> <li>· Excellent working conditions</li> <li>· Variety of products</li> <li>· Maximum levels of sales</li> <li>· Customer loyalties</li> <li>· Specialist marketing expertise</li> </ul>	<ul style="list-style-type: none"> <li>· Limited Budget In research and development</li> <li>· Inefficient human resource department</li> <li>· The website not up to the mark</li> <li>· Sales persons needing more training</li> <li>· The compensation package in Aarong not attractive</li> <li>· Employee turnover rate high because of the salary structure</li> </ul>
External opportunities (O)	External threats (T)
<ul style="list-style-type: none"> <li>· Huge potential market</li> <li>· Seasonal fashion</li> <li>· New trend</li> <li>· Local events and fashions</li> <li>· Rapid Growth</li> <li>· Product innovation skills and diversifications</li> <li>· Capturing more market share</li> </ul>	<ul style="list-style-type: none"> <li>· Competitors</li> <li>· Higher price</li> <li>· Entry of portent new competitors</li> <li>· Changing technology</li> <li>· Political instability</li> <li>· Competitors have some superior products</li> <li>· Price warring with competitors</li> </ul>

**Reference:** Interviews with outlet Managers of Aarong (primary data)

## 11. Conclusion

Aarong is vigorously fostering and developing strategies in domestic market; however, there are numerous challenges and problems. It is necessary to explore the internal and external factors that affect the present situation and future development of Aarong. Using SWOT analysis approach (the strengths, weaknesses, opportunities, and threats factors in Aarong), strategies are assessed. This study found that major strengths of the industry are strong financial condition, strong distribution channel, unique idea, brand image, strong team management, production cost, etc., whereas the major weaknesses are limited budget in Research and Development, inefficient H.R. department, and the website is not up to the mark. On the other hand, the external opportunities are huge potential market, seasonal fashion, new trend, local events and fashions; product innovation skills, etc. Meanwhile, the external threats are competitors, higher price, and entry of portent new competitors. According to the consequences of SWOT matrix analysis (Table-3), this paper concluded strategies for the development of Aarong strategies. However, these SWOT factors will vary with the changing environment. Therefore, continuous assessment should be made to explore the comprehensive situation of Aarong.

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## Reasons behind the Practices of Green Banking by Commercial Banks: An Empirical Study on Bangladesh

Md. Mahmud Hasan \*

Md. Shariful Islam \*\*

### *Abstract*

*Green banking is a new initiative throughout the world. The leading bankers and entrepreneurs have come forward to save human from environmental disasters. In the context of Bangladesh, if we think about it, we will find the situation terrible. Our people have little awareness about environment, air, and water pollution, and industrial, medical, and household wastes. In this way, we can say green banking is nothing but an eco-friendly socially responsible banking system which drives the whole nation towards a healthy environment and presents an excellent and hazardless banking. We have selected bankers as the possible sample of this study and have conducted probability stratified sampling technique. The total 60 respondents have been selected by the rules of factor analysis. Factor analysis then has been used to analyze the data and to draw the findings. From the factor analysis, it has been found that three factors namely loan and legal factor, environmental factor, and economic factor are the real influencers. These three factors have consolidated variance of 74.957% of the decision with respect to the appropriation of green banking by the commercial banks to ensure sustainable economic development.*

**Keywords:** Green Banking; Green Products; Climate Change Issues; Paperless Banking; Online Banking; Mobile Banking; Automated Teller Machine (ATM)

### **Introduction**

Earth is a unique planet composed of oceans, mountains, vast forests, and life. It is the only habitat for human race. Growing urbanization, over-use of fossil fuel, excessive carbon emission, and the recurrent competition to destroy forests for daily use are pushing us to the dangers of global warming. The earth has become endangered. The lives of the species, including humans, have become endangered. In the last few decades cyclones, rain, and flood have increased. At the same time, due to sea level rise our beloved motherland, Bangladesh, is on the verge of being submerged into sea. Therefore, this is a crucial time to think green, and to live with green. We need to build a planet where we can breathe to our heart's content in the green. We want to bring about a qualitative change in our lifestyle, in which our progeny would grow up in a pollution-free green environment. At the same time, the demand of present era is to adapt our client general banking to green banking.

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\* **Md. Mahmud Hasan**

Assistant Professor, Department of Accounting, Dhaka Commerce College

\*\* **Md. Shariful Islam**

BBA (Hons.), MBA (Marketing), Jahangirnagar University

It evaluates all the factors before giving the loan whether the project is environment-friendly and has any implication on the future people and planet. Green finance as a branch of green banking makes significant contribution to the transition to resource efficient and low carbon industries, i.e., green industry and green economy in general. Green banking is a component of the global initiative by a group of stakeholders to put aside environment. Green banking or ethically responsible banks not only advance their own initiatives but also affect socially responsible behaviour of other businesses. Green Banking Product Coverage includes Green mortgages, Green loans, Green credit cards, Green savings accounts, Green checking accounts, Green CDs, Green money market accounts, Mobile Banking, Online banking, Remote deposit (RDC), etc. It is found that following are some of the steps that can be taken for going

- |                            |                                   |
|----------------------------|-----------------------------------|
| ✓ Online banking           | ✓ Green Accounts (ATM Service)    |
| · Paying bills online      | ✓ Green Financing                 |
| · Remote deposit/ bKash    | ✓ Power Savings Equipments        |
| · Online fund transfers    | ✓ Green Debit Cards/ Credit Cards |
| · E statements             | ✓ Save Paper                      |
| · Automated clearing house | ✓ Mobile Banking                  |

### Literature Review

Global warming, which is one of the most flaming and discussed issues, has the worst impact on the climate of the planet as a whole. The rapid change in climate will be too great to be adapted by the eco-systems since the change have already made direct impact on biodiversity, agriculture, forestry, dry land, water resources, and human health. As such, issue of global warming calls for a global response. Due to unusual weather pattern, rising greenhouse gas, declining air quality, etc., society demands that businesses also take responsibility in safeguarding the planet (Banking Regulation and Policy Department, Bangladesh Bank, 2011).

The word green banking has been conceptualized to implement the broader concept like sustainable development. According to World Commission on Environment and Development (WCED), *"Sustainable development is development that meets the needs of the present without compromising about the ability of future generations to meet their own needs"* (Smith, Rees, and Gareth 1998). *In order to ensure sustainable development, world environmentalist groups consider that green banking would be one of the valuable arms. As a result, today's environmental stakeholders are pushing financial community to strictly implement green banking policy which they consider will help to protect the environment.*

Turning to Rana Plaza disaster, Dr Atiur said: *"We need to be determined and united to keep our commitments ensuring that no industry building will be there without building code compliance and there'll not be a single industry building without environmental and social risk assessment"* (Hossain, 2015). *"So let's contribute effectively from our own status to building more and more green industries, Bangladesh's apparels as green could add more value to our export earnings,"* he said (Hossain, 2015). Atiur also mentioned that the central bank has been contributing to green banking for the last half a decade. Some 47 green products in 10 categories have been introduced since 2009.



Despite the factors like customer demand and environmental awareness, there are some other factors that influence banks to implement green banking. Cost saving is one of the importance of green banking (Heim and Zenklusen, 2005). In few cases the environmental management system resulted in lower risk, greater environmental stewardship, and increase in operating profit (Jeucken, 2001). In future, market will reward those industries or the companies which emerge as the efficient users of the energy and raw materials and will penalize the less efficient one. Further, the investors in the stock market are equally aware of environmental pollution and would take a stand against those industries/institutions that do not comply with pollution norms (Gupta, 2003; Goldar, 2007). According to Biswas, (2011), "Some other benefits of green banking rationalizing the paper use by giving free access to do all the banking transactions through Internet Banking, SMS Banking, Phone Banking and ATM Banking, free Electronic Bill Payment Services, and E-Remit services for remitting funds to the customers' home country. This is a unique service.

To Ullah (2010), some important features of green banking operations are that

- (1) banks can help environment through automation and online banking;
- (2) green banking focuses on social safety and security through changing the negative impacts of the society;
- (3) in financing, it always gives priority to investments / loans which consider risk factors regarding environmental conditions;
- (4) it always cares for sustainable and green growth in industrialisation and for social purposes;
- (5) it creates a congenial atmosphere inside and outside the bank;
- (6) it considers the clients as its family members, and as such, guides, and supervises the projects to reduce pollution and thus implement scientific methods in the real sense by implementing environmental due diligence (EDD) checklist;
- (7) it reduces cost and energy, thus saving money and increasing GDP of a country;
- (8) it changes the mental faculties of the officials and customers, in line with green sensibilities; and
- (9) it helps institutions, men, and the nation in general live with dignity.

### **Justification of the Study**

Green banking is a new concept that is derived from the awareness of intellectuals, scientists, bankers, and entrepreneurs, who thought about the future of mankind regarding sustainable growth, saving the nations from painful, un-healthy environment, natural calamities, and disasters. Mankind is the best creation of this earth, which has to survive with dignity. But if the society is adverse, unity gets disrupted, the environment is against the healthy survival, and man has to face uncertainty, diseases, and other maladies. We, the conscious people, want to save mankind and environment for the betterment of our nations. Therefore, we would like to propose some rationales for green banking.

**Objective of the study**

We have carried out this study to figure out some key issues about green banking of Bangladesh. Subsequently we have built up a few objectives of this study.

**Core objective**

The core objective of this study is to find out what factor or factors/reasons are pursued to influence bankers to espouse green banking.

**Specific objectives**

Some specific objectives of this study are as follows:

- To give new idea to people through green banking like paperless banking, online banking, etc.;
- To enhance brand image through receiving green banking tactics;
- To create positive idea regarding banks through green banking activities rather than other financial institutions;
- To study management of environmental risk and identify opportunities for innovative environment friendly financial products; and
- To create financial products and services that support commercial development with environmental benefits.

**Methodology*****Sampling and Data Collection***

For this study, sample of 60 bankers in Dhaka city, Bangladesh, were chosen with the aim of identifying factors or reasons behind the practices of green banking by commercial banks. For Malhotra and Dash (2010), as a rough guideline, there should be at least four or five times as many observations (sample size) as there are variables. In this study, there are 14 variables which four times is 56 so that we select 60 as sample size by random. We have considered the green banking activities of the banks of Bangladesh as criteria to be included into stratum and have chosen those banks that have significant green banking activities. The selection of stratum has been based on the secondary data. We have then selected samples from each stratum by using simple random sampling procedure.

***Measurement and Data Collection***

The questionnaire has been structured to the factors or reasons behind the practices of green banking by commercial banks with 14 variables in which bankers had been asked to what extent they agreed or disagreed with each variable on a seven-point scale with descriptive anchors ranging from (1) 'strongly disagree' to (7) 'strongly agree'. We collected data from several bankers from June to July, 2015, who are currently working in different private and government banks in Dhaka city. We selected bankers rather than customers because of adequacy of knowledge. The bankers are more informative regarding Green banking.

### ***Method of Analysis***

As the objective of this study is to find out the factor or factors that influence banks to undertake green banking activities, factor analysis comes as the first analysis tool. Factor analysis has been used to find out the answers to all the questions that we have generated. Through careful secondary data analysis like literature and newspaper, we have been able to pinpoint some initial variables that have been considered as an influential element that force banks to undertake green banking strategy.

### **Analysis of the study**

By conducting factor analysis, we have tried to identify the factors behind adopting green banking policy. We did a pilot study to get some new variables, and then we adjusted new variables in our questionnaire. The first step in this analysis has been to measure the appropriateness of factor analysis and the following results have been produced to make the decision. At first, the variables that we used in our questionnaire to get our outcome are -

- V1: Customer Demands
- V2: Bangladesh Bank's Directions
- V3: Greater Working Revenue
- V4: Global Climate Changes
- V5: Improving Brand Image
- V6: High Interest Rates for Green Banking Loan
- V7: High Demand for Green Banking Loan
- V8: Stress through Environmentalist Team
- V9: Stress through Worldwide Business
- V10: Worker Efficiency
- V11: Municipal Culture Reassurance
- V12: Staying Away from Customers Associated Lawful Difficulties
- V13: Paperless Banking to Reduce Transaction Cost
- V14: Lower Credit Risk of Green Banking Loan

### **Hypothesis Testing**

H0:  $R^2 =$  The variables are not correlated in the population.

H1:  $R^2 =$  The variables are correlated in the population.

**Table 1: KMO and Barlett's Test**

Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy		.687
Barlett's test of sphericity	Approx. Chi-Square	342.233
	df	137
	Sig.	.000

Table 1 shows the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy indicates that factor analysis is appropriate as the result of 0.687 is greater than 0.5 (values between 0.5 and 1 shows that factor analysis is appropriate). Bartlett's test of sphericity tests the null hypothesis that the variables are uncorrelated in the population. Here, Bartlett's test of sphericity produces a Chi-square of 342.233 with a significant value of 0.000. The significant value of 0.000 is less than the threshold value of 0.05. This suggests that null hypothesis can be rejected. Thus, variables are correlated in the population. The results obtained from KMO and Bartlett's test are good indication of the suitability of the application of factor analysis.

**Table 2: Correlation Matrix**

	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	V13	V14
V1	1.000													
V2	.726	1.000												
V3	-.718	-.416	1.000											
V4	-.473	-.326	.473	1.000										
V5	-.054	.151	-.242	-.016	1.000									
V6	-.783	-.606	.665	.365	-.275	1.000								
V7	-.706	-.331	.492	.362	.222	.420	1.000							
V8	.169	.334	.157	.120	-.142	-.073	.154	1.000						
V9	-.204	.087	.693	.222	-.319	.252	.291	.528	1.000					
V10	-.431	-.330	.432	.328	-.313	.419	.283	.164	.258	1.000				
V11	-.606	-.575	.648	.408	-.403	.638	.436	.228	.421	.623	1.000			
V12	-.580	-.606	.489	.391	-.402	.575	.342	.084	.144	.534	.820	1.000		
V13	1.000	.726	-.718	-.473	-.054	-.783	-.706	.169	-.204	-.431	-.606	-.580	1.000	
V14	-.080	-.027	.497	.200	-.566	.153	.214	.555	.771	.270	.428	.325	-.080	1.000

Correlation matrix gives an idea regarding the relationship among the variables. It likewise gives an initial idea regarding the set of variables or factors that can be summed up.

### Relationship set

There is a high correlation among V1 (Customer Demands), V2 (Bangladesh Bank's Directions), and V13 (Paperless Banking to Reduce Transaction Cost).

There is a strong correlation among V2 (Bangladesh Bank's Directions), V8 (Stress through Environmentalist Team), and V13 (Paperless Banking to Reduce Transaction Cost).

There is a strong correlation among V3 (Greater Working Revenue), V7 (High Demand for Green Banking Loan), V9 (Stress through Worldwide Business), and V11 (Municipal Culture Reassurance).

There is a strong correlation among V4 (Global Climate Changes), V6 (High Interest Rates for Green Banking Loan) and V11 (Municipal Culture Reassurance).

There is a strong correlation among V8 (Stress through Environmentalist Team), V9 (Stress through Worldwide Business), and V14 (Lower Credit Risk of Green Banking Loan).

There is a strong correlation between V10 (Worker Efficiency) and V11 (Municipal Culture Reassurance).

**Table 3: Communalities**

	Initial	Extraction
Customer Demands	1.000	.962
Bangladesh Bank's Directions	1.000	.778
Greater Working Revenue	1.000	.782
Global Climate Changes	1.000	.369
Improving Brand Image	1.000	.844
High Interest Rates for Green Banking Loan	1.000	.710
High Demand for Green Banking Loan	1.000	.744
Stress through Environmentalist Team	1.000	.677
Stress through Worldwide Business	1.000	.829
Worker Efficiency	1.000	.464
Municipal Culture Reassurance	1.000	.812
Staying Away from Customers Associated Lawful Difficulties	1.000	.746
Paperless Banking to Reduce Transaction Cost	1.000	.962
Lower Credit Risk of Green Banking Loan	1.000	.817

The initial value for each variable under communality table is 1 as the unities were inserted in the diagonal of the correlation matrix. The next column gives the data of the extracted values of each variable. The extracted values are less than the initial value because all the 14 factors will not be retained and this will be clarified later in the analysis.

**Table 4: Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	6.341	45.291	45.291	6.341	45.291	45.291	6.027
2	2.664	19.032	64.323	2.664	19.032	64.323	2.866
3	1.489	10.634	74.957	1.489	10.634	74.957	2.467
4	.859	6.135	81.092				
5	.673	4.806	85.898				
6	.560	4.002	89.900				
7	.411	2.933	92.833				
8	.320	2.287	95.121				
9	.263	1.879	97.000				
10	.171	1.225	98.225				
11	.122	.870	99.094				
12	.072	.517	99.611				
13	.054	.389	100.000				
14	-1.151E-016	-8.222E-016	100.000				

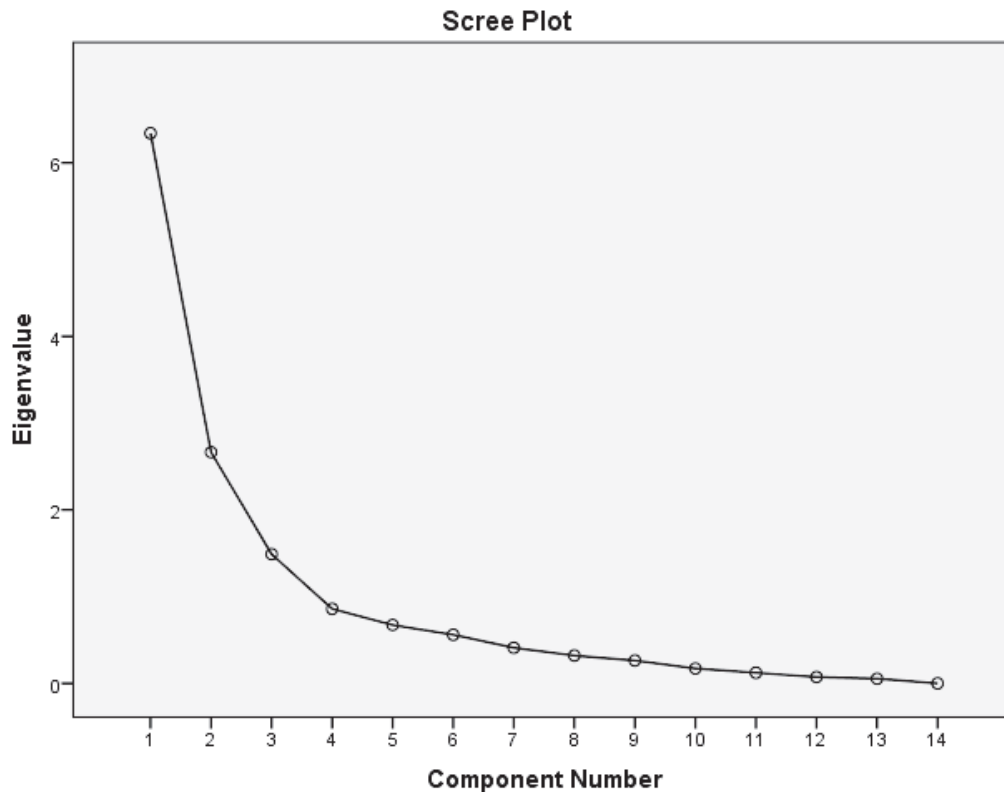
The table initial eigenvalue shows the value of eigenvalue. The eigenvalue for a factor explains the power of variance. The eigenvalue of component 1 is 6.341 which have 45.291% variance power. The total 14 components have 100% variance power. As a result, component one has 45.291% of the variance of the adoption of green banking policy and component two has 19.032% of the variance and so on.

Extraction sums of squared loadings show those variables that are retained. Here 3 components are retained which have total 74.957% of the total variance. Here those components are retained whose eigenvalue is more than one.

### Determination of the number of the factors

One very important question of factor analysis is how many variables are to be extracted. There are several theoretical instructions about the extraction of the factors. Here in this study, we are extracting 3 factors, and our decision is based on the following grounds:

1. We are extracting those factors whose eigenvalue is more than 1 and three factors have that score;
2. The cumulative variance of three factors is 74.957% which is satisfactory, and that is why we are extracting three factors;
3. Scree plot also gives an idea about the number of factors to be extracted. A scree plot shows the eigenvalues on the y-axis and the number of factors on the x-axis. It always displays a downward curve. The point where the slope of the curve is clearly leveling off indicates the number of factors that should be generated by the analysis. Unfortunately, both criteria sometimes yield an unreasonably high number of factors. In the above example, a cut-off of an eigenvalue  $>1$  would give us three factors. Here, the extracting three factors cover most percentages. The following scree plot also shows the number of factors to be extracted.



**Figure 1: Scree Plot**

**Table 5: Pattern Matrix**

	Component		
	1	2	3
Customer Demands	-1.005	.133	-.115
Bangladesh Bank's Directions	-.729	.432	.290
Greater Working Revenue	.727	.395	-.052
Global Climate Changes	.578	.164	.085
Improving Brand Image	.151	-.218	.890
High Interest Rates for Green Banking Loan	.777	-.085	-.223
High Demand for Green Banking Loan	.785	.226	.441
Stress through Environmentalist Team	-.144	.830	.020
Stress through Worldwide Business	.199	.858	-.029
Worker Efficiency	.440	.127	-.396
Municipal Culture Reassurance	.637	.191	-.448
Staying Away from Customers Associated Lawful Difficulties	.587	-.038	-.532
Paperless Banking to Reduce Transaction Cost	-1.005	.133	-.115
Lower Credit Risk of Green Banking Loan	.050	.786	-.342

The pattern as showed in Table 5 matrix is an unrotated factor matrix which shows the relationship between the factors and the individual relationships. One major problem of this pattern matrix is that one variable is sometimes related to several factors which create interpretation problem. In order to solve this problem, rotated factor matrix or structure matrix is important because it will solve the problem.

**Table 6: Structure Matrix**

	Component		
	1	2	3
Customer Demands	-.964	.015	.075
Bangladesh Bank's Directions	-.732	.304	.388
Greater Working Revenue	.789	.496	-.246
Global Climate Changes	.582	.230	-.052
Improving Brand Image	-.059	-.302	.884
High Interest Rates for Green Banking Loan	.811	.042	-.371
High Demand for Green Banking Loan	.725	.277	.254
Stress through Environmentalist Team	-.040	.809	-.047
Stress through Worldwide business	.317	.887	-.169
Worker Efficiency	.537	.231	-.501
Municipal Culture Reassurance	.754	.326	-.601
Staying away from Customers associated Lawful Difficulties	.691	.100	-.647
Paperless Banking to Reduce Transaction Cost	-.964	.015	.075
Lower Credit Risk of Green Banking Loan	.222	.832	-.443



From the above structure matrix, it will be possible to interpret the extracted factors with the percentage of variance explained and also the variables to be included in each factor.

**Table 7: Factors Labelling**

Factor	Factor Interpretation (% variance explained)	Loading	Variables included in the factor
F1	Loan and Legal Factor (45.291%)	0.789	Greater Working Revenue
		0.582	Global Climate Changes
		0.811	High Interest Rates for Green Banking Loan
		0.725	High Demand for Green Banking Loan
		0.537	Worker Efficiency
		0.754	Municipal Culture Reassurance
F2	Environmental Factor (19.032%)	0.691	Staying Away from Customers Associated Lawful Difficulties
		0.809	Stress through Environmentalist Team
		0.887	Stress through Worldwide Business
F3	Economic Factor (10.634%)	0.832	Lower Credit Risk of Green Banking Loan
		0.075	Customer Demands
		0.388	Bangladesh Bank's Directions
		0.884	Improving Brand Image
		0.075	Paperless Banking to Reduce Transaction Cost

### Findings

At the earliest reference point, hypothesis testing is used to distinguish the presence of relationship between the variables and the population. The analysis suggests that the relationship exists between these two groups. Appropriateness of factor analysis is measured through Kaiser-Meyer-Olkin test, and the result shows that factor analysis is the ideal method of analyzing the data. Initial eigenvalue indicates the control of individual component. Among 14 components, 3 components are retained on the basis of eigenvalue. These three components have total 74.957% of variance. As a result, it can be summarized that these three components have 74.957% influential power in adopting green banking by commercial banks. The total eighteen variables are extracted into three factors, and these three factors are labeled as follows: loan and legal factors, environmental factor, and economic factor. Finally, it can be said that these three factors make the main reasons behind adopting green banking by Bangladeshi commercial banks. Banks are adopting green banking policy because it thinks avoiding green banking will not only create some legal problems from various stakeholders, but it will also be economically wrong. Commercial banks also understand assuming green banking will improve its brand image to its market and especially among the environmentally conscious citizens.

## Recommendations

This study reveals that the banks are pursuing green banking because of some multifaceted factors. After identifying the findings we think that the following recommendation may help to improve the practices of Green Banking by commercial banks:

- Bangladesh Bank must monitor the adherence of green banking guidelines by the commercial and non-commercial banks and help the banks to make better use of its guideline. Bangladesh Bank also should take innovative steps so that it is more helpful for sustaining eco-safety banking.
- Bangladesh Bank ought to focus on all the benefits of green banking to the commercial banks in order to fully implement green banking.
- Bangladesh Bank should explain the economic benefits of green banking to the commercial banks in details.
- The Government of Bangladesh should emphasize on environmental safety banking and supervise the practices of different banks. The government should also pay special remuneration to those banks which make the theory of eco-friendly banking into empirical in the field of banking sector in Bangladesh.
- Government encourages the general people about green banking awareness through the electronic and print media. Different seasonal and occasional exhibition arranged by Bangladesh Bank will also make the common people more aware.
- Commercial banks should make all the steps to make all the branches as Green branches by establishing solar panel, fully fledged internet, and paperless banking, etc.
- Employees should be properly trained about green banking in terms of green banking loan, internal green environment, etc.
- Encouraging borrowers to go green. In reality, the green banking practices should not be only limited within banks but also should be extended to the mass customers. Then they will feel that it is very necessary for them to not only do business but also think about our green planet to make it more beautiful and liveable.
- It should develop green fund portfolio for the environmentally friendly projects with a lower interest rate.
- Finally, the commercial banks may be held responsible in future for the contamination by its own customers as these banks give the loan to these clients,

## Conclusion

Green Banking now is not only limited to awareness but also in practice. It is now expected from all scheduled banks that they would not only allocate budget but also ensure the efficient utilization of budget allocation. Bangladesh Bank will fix target from this year for green finance for each of the bank, and fulfilment of the targets would be one of the major considerations for the evaluation process of a bank. Then again, we will need to take solid position against our inward polluters. Bangladesh Bank, which has the legal power to shape the conduct of the banks, will need to drive every one of the banks to actualize green banking an account approach to check its own ecological contamination, offering credits to earth inviting tasks and decreasing interest in naturally destructive undertakings. This green banking can assume a huge part in executing the more extensive idea like sustainable financial advancement. Finally, we can say that going green should be the motto of all commercial banks.

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# A Comparative Study of Job Satisfaction between the Employees of Private Commercial Banks and Islamic Banks in Bangladesh: A Case Study in Dhaka City

Mohammad Abdullahil Baki Billah \*

Tanmoy Sarker \*\*

## *Abstract*

*Job satisfaction has been widely studied over the last few decades because of its direct relationship to the quality as well as quantity of output. Contributing significantly towards socio-economic development, banking has become a very crucial part of an economy. Presently, in Bangladesh, there are 30 private commercial banks of which 23 are conventional (interest based) and 7 are Islamic (profit or non-interest based) banks. However, most of the conventional banks in the country are increasingly becoming interested in starting Islamic banking facilities. Islamic bankers in Bangladesh are in front of dual competition, i.e., competition among themselves and competition with conventional bankers. Hence, for the betterment of output, each type of bank must study the job satisfaction of the employees. To understand and compare the level of job satisfaction, in the period of September to November 2013, among the employees of privately owned conventional and Islamic banks of Bangladesh, this study was conducted in Dhaka city by collecting data purposively through a structured questionnaire of 50 respondents from each type of banks. The study reveals that in Bangladesh the mean job satisfaction in both of the bank employees is satisfactory, and the job satisfaction of the employees of privately owned conventional bank and these of Islamic bank does not differ significantly due to sex, marital status, academic discipline, job status, and experience. According to the respondents, transport facility and lack of promotion rules are the first and the second problem respectively.*

**Keywords:** Job Satisfaction; Private; Commercial; Conventional bank; Islamic Bank

## **1. Background**

Job satisfaction is the expression of the feeling and emotions of employees in an organization. It comprises the behavior pattern of people that can be favorable or not. The improvement of work is directly related to job satisfaction. If employees are dissatisfied with their jobs, the overall improvement is affected. As job satisfaction is positively related to its goal, achievement has gained enthusiastic attention of researchers all around the world after the beginning of industrialization, but now it is applied to each and every organization. Hoppock (1935) defined the term as circumstances combination of psychological, physical, and environmental factors that

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\* **Mohammad Abdullahil Baki Billah**

Lecturer, Department of Economics, Dhaka Commerce College

\*\* **Tanmoy Sarker**

Assistant Professor, Department of Management, Dhaka Commerce College

cause an employee to state his feeling on any tasks or events associated with. Locke (1976) defined job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience. Bullock (1952) viewed job satisfaction as an attitude which results from a balancing and summation of many specific likes and dislikes experienced in connection with the job. Job satisfaction is a set of favorable or unfavorable feelings and emotions, with which employees view their work, and the supervisors need to be alert about employees' job satisfaction level (Newstrom, 2007).

Banking is a very critical part of an economy that plays a momentous contribution towards the socio-economic development of a country. It forms the core of the money market and plays a very crucial role in mobilizing resources for productive investments in a country, which in turn contributes to economic development. The efficiency of the sector is very important for overall development of the country. This efficiency of the employees is the outcome of job satisfaction. The quality as well as quantity of the productivity of a satisfied employee is much better than that of a dissatisfied one. Therefore, for the betterment of the banking sector of the country, job satisfaction must be ensured.

## **2. Survey of Related Literature**

Lund (2003) viewed that job satisfaction has been widely studied over the last four decades of organizational research. The job satisfaction issues are placed high across industries, but little research was done on the financial institutions' employees (Mansor, 2012).

Khan, et al., (2013) performed a study in Pakistan to understand the job satisfaction of the Islamic bank employees. In this study they found that higher age group managers were more satisfied compared to higher age group officers. And the low age group managers were also significantly showing their satisfaction level as compared to low age group officers. The study also revealed that males were more satisfied regarding their jobs and jobs descriptions than females. Ahmed (2011) conducted a study on the public and private sector commercial bank employees in Bangladesh and concluded that both the managerial and non-managerial employees in the commercial banks are almost equally satisfied with their jobs. On the other hand, Rahman and Hossain (2000), and Hossain and Ullah (2009), revealed that employees of the private banks were more satisfied with their jobs than those of the public banks. Haque and Taher (2008) examined the ability of different core job characteristics to influence the levels of job satisfaction in terms of gender, marital status, and age in the context of Bangladesh. Ahmed, et al., (2013) explored that the teachers who are female, married, and have academic result up to moderate, the teachers whose academic discipline is humanities, and also the teachers whose experience is more than five years are satisfied with their job in the domain of public primary schools in Bangladesh. Zainol, et al., (2008) conducted a study in Malaysia whose findings yielded that employees in Islamic banks are more optimistic than their counterparts. Herzberg's Two Factors Theory is concerned with two separate sets of condition which are satisfier or motivator, and dis-satisfier or hygiene factors which are incapable of providing motivation or

satisfaction. Satisfier includes the work itself, responsibility achievement, recognition, advancement, and growth. On the other hand, dissatisfier includes working position, interpersonal relationship, salary, status, job security, supervision, company policy, and personal life (Herzberg et al., 1959). Adam and King (1996) stated that there are several aspects or factors of job satisfaction that influence perception of overall job satisfaction such as career advancement opportunities, communication, management, reward and other things. On the other hand, dissatisfaction will bring negative effects to an organization. Saleh and Otis (1964) discovered that in holding the job category constant, there are positive relationship between age and job satisfaction, and negative relationship between education level and job satisfaction; and inconclusive relationship that women are more satisfied than men. Studies in different developing countries proved that elder workers have higher job satisfaction level than their younger counterparts (Kaya, 1995; Janson and Martin, 1982). Job satisfaction is a function of a combination of situational characteristics and situational occurrences. The situational characteristics commonly proposed as key factors in job satisfaction are the work itself, pay, promotion, supervision, and co-workers although other variables such as employee involvement and organization commitment (Crossman and Zaki, 2003). Ali et al., (2011) exposed that satisfaction or dissatisfaction among the employees in the job causes success or failure of any system or organization.

### **3. Objectives of the Study**

The study attempts to achieve the following objectives:

- To understand the level of job satisfaction among the employees of private owned conventional and Islamic banks of Bangladesh, and
- To explore the relationship of employees' socio-economic, demographic, and educational status with the level of job satisfaction.

### **4. Hypotheses of the Study**

This study is paying attention to testing the hypotheses that -

- there is no difference in the level of job satisfaction of employees due to the nature of banks, and
- the level of job satisfaction of employees does not differ due to the variables, namely, sex, marital status, educational status, and the length of service.

### **5. Rationale of the Study**

Bangladesh, having around 170 million Muslim populations, is the third largest Muslim country in the world. The hope and aspiration of the people of the country to run religiously compliant banking system came into reality after the start of journey of the first Islamic bank 'Islamic Bank Bangladesh Limited (IBBL)' on 30th March, 1983. Because of strong collaboration between public and private sector, banking has grown significantly over the last two decades in Bangladesh. Presently, three Muslim countries namely Iran, Pakistan, and Sudan have officially converted own conventional banks into Islamic financial systems. Malaysia and Bangladesh have implemented parallel banking system. In those systems, besides conventional banks, there are Islamic banks which are operating based on special law (Shari'ah). According to Bangladesh Bank (BB), growth of deposits is more in Islamic banks than in conventional banks (dhakatribune, 2013). Most of the conventional banks in the country are increasingly

becoming interested in starting Islamic banking. Presently, there are eight Islamic banks in Bangladesh and fifteen conventional banks which have Islamic banking facilities. Islamic bankers in Bangladesh are in front of dual competition, i.e., competition among themselves and competition with conventional bankers. Hence, for the betterment of output, each type of bank must study the job satisfaction of the employees. Moreover, job satisfaction basically indicates the health of an organization. The job satisfaction issues are placed high across industries, but little research was done there on the employees of financial institutions. Probably till now in Bangladesh, no study has been conducted in this area. As a maiden study, it has got enormous significance. Top management and policy formulators will have ideas relating to various aspects of job satisfaction of the employees of private owned conventional and Islamic banks of Bangladesh. Findings of this study will help the top management and policy formulators to take appropriate measures to enhance the overall job satisfaction levels among the employees of private owned conventional and Islamic banks of Bangladesh.

## 6. Methodology

This research study was conducted in Dhaka city, Bangladesh, in the period of September 2013 to November 2013. To smooth the study, the newly established and the foreign private banks and also the public sector banks have not been taken into account in the sampling. Sample size was chosen applying two stage sampling method. In the first stage, from the local private commercial banks, we have purposively selected five conventional banks namely, AB Bank Ltd., Uttara Bank Ltd., Dutch Bangla Bank Ltd., National Credit and Commerce Bank Ltd., and Eastern Bank Ltd. out of 23 (BB, 2013) and five Islamic banks namely Islami Bank Bangladesh Ltd., Al-Arafah Islami Bank Ltd., Social Islami Bank Ltd., First Security Islami Bank Ltd., and Shahjalal Islami Bank Ltd. out of 7 (BB, 2013). In the second stage, purposively we have collected data from 100 respondents from each of the conventional and Islamic banks equally.

Primary data have been collected through a structured questionnaire. The researchers approached the respondents personally and explained the purpose of the study and distributed questionnaire. Through personal contact 100 employees out of 160 responded the questionnaires which make the response rate 62.5%. The sections of the questionnaire were personal information of the respondents, Job Satisfaction Scale by Brayfield-Rothe (1951), and open-ended questionnaire. In order to measure the level of job satisfaction Brayfield-Rothe model (1951) was adopted in which there are eighteen item scales. For the purpose of scoring, the items were cast into a Likert format with five categories of responses, viz. Strongly agree - 5, Agree - 4, Neither agree nor disagree - 3, Disagree - 2, and Strongly disagree - 1. Out of the eighteen items nine items were negatively phrased and, thus, reverse scored. The maximum and minimum scores were 90 and 18 respectively. High score indicates high level job satisfaction. Reliability of the scales has been assessed by using test-retest reliability approach, and validity has been assessed by examining content (face) validity. The secondary data have been collected through desk study which covered research articles, research monographs, textbooks, and various published and unpublished materials on the subject. The research data have been analyzed through computer using SPSS developed by Nie, et al., (1975) version 16.0.

## 7. Findings and Discussion

The research data have been analyzed through computer using SPSS developed by Nie, et al., (1975) version 16.0. Among the respondents, 70 per cent are male, and 74 per cent are married. The designation of 40 per cent employees is up to officer. A brief descriptive statistics of the respondents is given in Table 1.

**Table 1: Descriptive Statistics**

Name of Variables	Category	Types of Bank		
		Conventional	Islamic	Total
Sex	Male	32	38	70
	Female	18	12	30
Marital Status	Married	37	37	74
	Unmarried	13	13	26
Designation	Vice President	3	2	5
	Assistant Vice President	3	2	5
	Senior Principal Officer	3	2	5
	Principal Officer	1	1	2
	Senior Officer/ Executive Officer	21	22	43
	Officer	6	5	11
	Assistant Officer/ Junior Officer	13	16	29
Academic Qualification	Degree/ equivalent	3	0	3
	Honors/ equivalent	6	4	10
	Masters/ equivalent	38	44	82
	Others	3	2	5
Academic Discipline	Humanities	4	6	10
	Science	7	5	12
	Social Science	2	0	2
	Business Study	36	39	75
	Others	1	0	1
Experience	Average in Year	5.84	6.46	6.15
Age	Minimum	26	26	-
	Maximum	54	57	-

**Source:** Field Survey

For the purpose of scoring, the items were cast into a Likert format with five categories of responses, viz. Strongly agree - 5, Agree - 4, Neither agree nor disagree -3, Disagree -2, and Strongly disagree -1. Table 2 shows the categorical percentage of the respondents of the eighteen items.



**Table 2: Categorical Percentage of the Respondents of the Eighteen Items**

Statements	Scores are in Percentage*									
	SA		A		U		D		SD	
	CB	IB	CB	IB	CB	IB	CB	IB	CB	IB
My job is like a hobby to me.	28.0	14.0	18.0	20.0	6.0	14.0	12.0	22.0	36.0	30.0
My job is usually interesting enough to keep me from getting bored.	34.0	26.0	36.0	52.0	6.0	10.0	14.0	10.0	10.0	2.0
It seems that my friends are more interested in their job.	10.0	10.0	22.0	14.0	16.0	40.0	20.0	24.0	32.0	12.0
I consider my job rather unpleasant.	4.0	6.0	10.0	8.0	4.0	12.0	44.0	46.0	38.0	28.0
I enjoy my work more than my leisure time.	32.0	34.0	32.0	40.0	14.0	4.0	14.0	14.0	8.0	8.0
I am often bored with my job.	10.0	12.0	18.0	18.0	16.0	38.0	40.0	16.0	16.0	16.0
I feel fairly well satisfied with my present job.	36.0	28.0	38.0	40.0	12.0	14.0	10.0	16.0	4.0	2.0
Most of the time I have to force myself to go to work.	4.0	6.0	12.0	12.0	6.0	14.0	48.0	42.0	30.0	26.0
I am satisfied with my job for the time being.	40.0	36.0	48.0	44.0	8.0	12.0	0.0	8.0	4.0	0.0
I feel that my job is no more interesting than others I could get.	6.0	6.0	16.0	20.0	30.0	30.0	30.0	24.0	18.0	20.0
I definitely dislike my work.	8.0	2.0	10.0	8.0	6.0	12.0	42.0	34.0	34.0	44.0
I feel that I am happier in my work than most other people.	26.0	36.0	46.0	34.0	18.0	14.0	6.0	14.0	4.0	2.0
Most days I am enthusiastic about my work.	38.0	48.0	44.0	40.0	4.0	4.0	6.0	6.0	8.0	2.0
Each day of work seems like it will never end.	8.0	8.0	8.0	14.0	14.0	20.0	50.0	34.0	20.0	24.0
I like my job better than the average worker does.	26.0	32.0	32.0	38.0	30.0	16.0	10.0	8.0	2.0	6.0
My job is pretty uninteresting.	2.0	14.0	16.0	8.0	14.0	28.0	52.0	36.0	16.0	14.0
I find real enjoyment in my work.	30.0	36.0	40.0	36.0	14.0	14.0	10.0	8.0	6.0	6.0
I am disappointed that I ever took this job.	4.0	6.0	6.0	2.0	4.0	18.0	36.0	34.0	50.0	40.0

**Source:** Authors' calculation

\*Note: CB = Conventional Bank and IB = Islamic Bank

SA = Strongly Agree; A = Agree; U = Undecided; D = Disagree and SD = Strongly Disagree

In order to measure the level of job satisfaction Brayfield-Rothe model (1951) was adopted in which there are eighteen item scales with five categories of responses. Out of the eighteen items, nine items were negatively phrased and, thus, reverse scored. The maximum and minimum scores are 90 and 18 respectively. High score indicates high job satisfaction. The level of job satisfaction is considered from the score of the answer and was classified into 5 levels of the Best's criteria (1977) which is

$$\frac{\text{Higher Score} - \text{Lower Score}}{\text{Number of Levels}} = \frac{90 - 18}{5} = \frac{72}{5} = 14.4$$

**Table 3: Criteria for understanding the level of job satisfaction**

Mean Score	Level of Job Satisfaction
18.00-32.4	Very Unsatisfied
32.41-46.8	Unsatisfied
46.81-61.2	Moderate
61.21 -75.6	Satisfied
75.61-90.0	very Satisfied

Before conducting the t-test, to know whether differences exist between groups, 'Levene's Test for Equality of Variances' is performed to justify the homogeneity of the variances of comparing two groups as the sample size of all groups is not equal. In case the probability of F is less than 0.05, it is assumed that the population variances are relatively unequal, and hence the t-value, degrees of freedom, and two-tailed significance have been used for the unequal variance estimates to determine whether differences exist between groups and vice versa.

**Table 4: Statistical Analysis of Tests**

Variables	Groups	N	(Mean)	Std. Deviation	Std. Error Mean	Levene's Test for Equality of Variances		t-test for Equality of Means				
						F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Nature of Bank	Conventional (C)	50	67.0800	11.3134	1.5999	.003	.958	.501	98	.617	1.1200	2.2336
	Islamic (I)	50	65.9600	11.0212	1.5586			.501	97.933	.617	1.1200	2.2336
Sex	Male (Total)	70	65.8714	10.8800	1.3004	.000	.991	-.890	98	.376	-2.1619	2.4304
	Female (Total)	30	68.0333	11.7282	2.1413			-.863	51.398	.392	-2.1619	2.5052
	Male(I)	38	66.5789	11.4222	1.8529	.174	.679	-1.235	54	.222	-4.1433	3.3556
	Female (C)	18	70.7222	12.3660	2.9147			-1.200	31.178	.239	-4.1433	3.4538
	Male (C)	32	65.0312	10.3159	1.8236	.012	.912	.299	42	.766	1.0312	3.4500
	Female (I)	12	64.0000	9.8350	2.8391			.306	20.699	.763	1.0312	3.3743
Marital Status	Married	74	66.1757	10.7223	1.2464	.397	.530	-.520	98	.604	-1.3243	2.5459
	Unmarried	26	67.5000	12.3749	2.4269			-.485	38.999	.630	-1.3243	2.7283
Academic Discipline	Business	75	67.9333	10.1426	1.1711	2.599	.110	2.245	98	.027	5.6533	2.5185
	Other than Business	25	62.2800	12.9792	2.5958			1.985	34.304	.055	5.6533	2.8478
Designation	Up to officer	40	67.8000	11.2710	1.7821	.014	.905	.939	98	.350	2.1333	2.2724
	Higher than officer	60	65.6667	11.0402	1.4253			.935	82.529	.353	2.1333	2.2819
Experience	5 Years	57	67.8246	11.9823	1.5871	2.291	.133	1.356	98	.178	3.0338	2.2378
	< 5 Years	43	64.7907	9.7457	1.4862			1.395	97.406	.166	3.0338	2.1743

Source: Authors' calculation

From Table 4, it is shown that the probability of F for each of the groups is greater than 0.05. It can be assumed that the population variances of each group are relatively equal, and hence the t-value, degrees of freedom and two-tailed significance can be used for the equal variance estimates to determine whether differences exist between groups.

It is observed from Ttable 4, that the mean job satisfaction of both of the bank employees is satisfactory. The mean job satisfaction of the employees of conventional bank is 67.08, with a standard deviation of 11.3134 and standard error of mean is 1.5999 whereas that of Islamic bank employees is 65.96 with a standard deviation of 11.0212, and standard error of mean is 1.5586. That means the mean job satisfaction of the employees of conventional bank is higher than that of Islamic bank employees. As the observed two-tailed significance level is greater than 10%, the mean difference 1.12 is negligible and may conclude that the job satisfaction of the employees of private owned conventional bank and Islamic bank does not differ significantly in Bangladesh.

Similarly, the study also reveals that in Bangladesh the job satisfaction of the employees of private owned conventional and Islamic bank does not differ significantly due to sex, marital status, academic discipline, job status, and experience.

### 8. Job Related Problems

The part of open-ended questionnaire has been used to find the problems that the employees are facing. The respondents ordered transport and lack of proper rules for promotion as first and second respectively among the problems they faced. Other job related problems as perceived by the employees of private commercial bank in Bangladesh are given in Table 5.

**Table 5: Job Related Problems**

Job Related Problems	Conventional Bank		Islamic Bank	
	Percent of Respondents	Rank Order	Percent of Respondents	Rank Order
Transport facility	29.63	1	21.52	1
Lack of proper rules for promotion	16.67	2	16.46	2
High working hour	14.81	3	6.33	6
Colleagues not co-operative	7.41	5	15.19	3
Absence of creativity	7.41	5	5.06	7.5
Load of work	7.41	5	2.53	10
Nepotism	5.56	7.5	7.59	5
Monotony	5.65	7.5	2.53	10
Lack of regular training	1.85	10	12.66	4
Political irritation	1.85	10	1.27	12.5
Posting not in home district	1.85	10	-----	-----
Harassment in getting leaves	-----	-----	2.53	10
Absence of proper performance evaluation	-----	-----	5.06	7.5
Fulfillment of target	-----	-----	1.27	12.5
Total	100.00		100.00	

Source: Authors' calculation

### 9. Scope for Further Study

Due to the limitations of budget and time, data have been collected determining only 100 respondents as sample from a very large population. As only a few variables have been covered in the present study, to formulate an effective plan, some comprehensive study should be conducted to determine Flexible Working Hours (FWH), comparative job satisfaction of various officer levels; comparative job satisfaction of metropolitan area and district level, and other related socio-economic variables covering more representative sample.

## 10. Conclusion

Islamic bankers in Bangladesh are confronting dual competition, i.e., competition among themselves and competition with conventional bankers. This study aims at investigating the level of job satisfaction among the employees of private owned conventional banks and Islamic banks in Dhaka city of Bangladesh, based on their nature of banking, designation, sex, marital status, academic discipline, and experience. The study finds that the average level of satisfaction of the employees of private commercial banking sector in Bangladesh is very low. The study also reveals that in Bangladesh the job satisfaction of the employees of private owned conventional banks and Islamic banks does not differ significantly due to sex, marital status, academic discipline, job status, and experience. According to the respondents, transport facility and lack of promotion rules are the first and the second problem respectively. Therefore, to enhance the overall level of job satisfaction of the private commercial banks' employees in Bangladesh, the owners of the banks should provide special transport facilities and formulate proper rules and regulations for promotion.

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 mtEj| fvBtqi mvt\_ thgb fvBtqi gñbvgnj b` ntZ cvti, th cñZtekv wect`i mgq mevi

AvtM GwMtq Avtm, Zvi mvt\_l thgb SMov ntZ cvti, wK tZgwb tRtj cvovi emm`vt`i gta` SMov nq| Zvt`i gta` ag`btq wctiva tbB, ag`K AvNvZ Kti tKD K\_v etj bv| Zvt`i Ab` atgP gvb|t`i wect` tdjvi tbsiv gvbwmKZvl tbB, wbR atgP KvDtK Ab`vqfvte euPvfbvi tPovl tbB| tKvfbv KviY Ktei-Awgbjil i mvt\_ SMov ntj nqtZv Rni gws Gtm etj , Oktei evB Qvovb `vl | Avti tnvB Awgbjil , mvgvj t` | tcvj vcvfbi civv KvBRv Kim, ZMi kig bvB?07 gj Z m`c`wZ ati ivLvB Zvt`i gL` Dti`k`|

Aa`vcK k`k`Kqvi et` `vcva`vq etj tQb, Odcb`vmwLi me`k`b`\_y nBtZtQ Bnvi msKxY` cwi wai gta` mbvZb gybe ce`E`\_wj i q`i`msNvZ l g`yD`Oqfmi h\_vh\_ mxgwb`R | GB axei cjxi RxebhvIvq wkvqZ AwfRvtZ`i gwRZ iyP l D`P Av`k`et`i QvqvcvZ nq bvB|08 axei`i gta` hw AwfRvtZ`i fve `vKZ, Zvntj nqtZv Zvivi ag`eY`RvtZi tMwovgi evBti AvmtZ cviZv wKbv m`n, thgb cvtiwb tgRevej mvaviYZ thLvfb wkvqZ, f`a gvb|t`i KvQ t`\_tK axei`i min`Zv, m`c`wZteva tkLvi K\_v, Zvi cwi etZ`axei`i gta` th ag`q m`c`wZ t`\_vL Zv m`vZ`B we`sqKi | Kxfvte atgP msKxY`MExi evBti wMtq mevBtK Avcb fveZ nqN axei`i KvQ t`\_tK wkvqZt`i GB wkvqWv tbqv DwPZ| tRtj cvovi w`y`ggnj gvb|t`i gta` f`a mgvRi gtZv tOqvOqvi tMwovg tbB| Zviv GKUvov msKxY`P`sv-bv Kti c`qvRtb ag`q tMwovgi teov wQbeKti GtK AcitK mnthvMzvi nvZ emotq t`q| Awgbjil i `x-cy` giv hvq| Avevi tm bZb Kti msmvi cvZvi Avkvq tnvfmb wqvvi K\_vq gqbvOxtc hvl qvi Rb` tbSkvq l tV| Ggb mgq Awgbjil i tetP hvl qv GKgvI tqtq wgb Avj\_yj ytetk Gtm Oevchvbd etj Ggbfvte tKt` tQ, gtb nq GLbB b`xtZ Suc t`te| b`xi NvtU ZvtK aivi gtZv Avi tKD bv `vKvq tKvfbv fvebv-wP`sv-bv Kti MtYtki teS Dj`cx ZvtK Rvotq ati m`š`v t`q| ZrKvj xb f`a mgvR cvtci K\_v wP`sv` Kti Zvt`i ct`q| Ab` atgP KvDtK `uk`Kiv Am`e wQj | tRtj t`i ct`q m`e nqtqQ| KviY atgP cvc-c`Y`i tgvtni gta` Zviv k`Lj ve`x bq| tRtj cvovi ggnj gvb|t`i gta` l atgP Abjvmb gvbvi Zxe`B`Ov tbB| Zviv tQov PU, m`c`w MvtQi cvZv w`tq emoi Pvi cvtk teov w`tq ivLtj l KtVvi fvte c`P c`v tgfb Pij bv| tqtqiv Nti i gta` ew` `vtK bv| Zvt`i b`xtZ Rj AvbtZ thtZ nq, ml`v wKbtZ t`vKvfb thtZ nq, j vD-Kgov-wWg we`v` Ki tZ Mtg thtZ nq| GLvfb w`y`ggnij gt`i gta` tPZbvq tKvfbv cv`R` tbB Ges Zviv m`m`te i mvt\_ emevm Kti | m`c`w`wqK m`c`wZi t`k Avgt`i GB t`k | hM hM ati `yGkUw we`v`QbeNUbv evt` w`y`ggnij giv kws`eY`fvte emevm Kti Gtm tQ| m`L-`t`L Dfq m`c`w`vq GtK Actii mnthvMx| i ay GKUw m`c`w`vtqi K\_v etj mgvRi mvgwMk ifc dtU l tV bv, eis ZvtZ tj LtKi GKtPvLv `w` aiv ctQ| gwmbK et` `vcva`vq GLvfb Dfq m`c`w`vtqi K\_v Av`š`i Kfvte Ztj ati Avengvb evsjvi wPi Kvj xb ifc dU tQ Ztj Zvi Amv`c`w`vqK tPZbvi B cwi Pq w`tqtQb|

tnvfmw wqv-Kteii m`uK`thb Rb`-Rb`š`i | AtbtK gtb Ktib, tnvfmw wqv KteitK Avcb Kti wbtqtQ gqbvOxtc tbi qvi Rb`, wbt`v`fv`fvtevmv bq| tnvfmw wqv-Kteii Amv`c`w`vqK fvte vevmtK Gfvte msKxY` w`tZ t`Ltj Zvt`i l ci AwPvi Kiv nte| tnvfmw wqv tZv tKZcti i mevBtK gqbvOxtc wbtZ cvi tJ B Zvi kQ mv`R` wetePbv KitZv| wK` tm Avj`v` Kti tKb KteitK tPvtLi gwY Kti titLtQ? eo fvbti mvt\_ thgb tQvU fvbti m`uK`\_i`i mvt\_ thgb wktl`i m`uK`\_tZgwb tnvfmw wqv mvt\_ Kteii m`uK`\_tKZcti



gynj gvbiv \_vKvi cil tm ag<sup>e</sup>tY<sup>o</sup> K\_v wPŠv-bv Kti wn`yKteitK Avcb Kti wbtqtQ | Ktei hLb wecť` ctoťQ, Kvřiv mnvřh`i c0qvRb Abřfe KtiťQ, tgN bv PvBťZ cwb i gťZv tnvřmb wgvv Gřm nwiRi nřqtQ | eřwi nvZ t\_ťK ewPvi Rb` Ktei th mvgv` Qb tiťLťQ Zv gvj vi AvZ0 Nři wevQťq w řqtQ | tnvřmb wgvv etj wQj KteitK Qb t`te | tnvřmb wgvv KvDťK tKvřbv K\_v w řj Zv e\_v nřZ cvři bv | tnvřmb wgvv Kj KvZv hvevi AvřM Kteiti i Rb` Qb tiťL tMťQ | Ktei-MřYk iť\_i tgj vq hvevi Rb` hLb c0Z nřqtQ, ZLb Zviv tnvřmb wgvvřK t`LťZ cvq | eřwi Rb` tgj vq thřZ tnvřmb wgvv gvbv Kti wKbv wRÁmv Kiťj tnvřmb ej j , 0hvev bv K`vb? Wi wKřmi? Avmgvb t`BLv i l bv w`ev, Avmgvb t`BLv wdi ev | ev`j v w řbi So Rvbvb w`qv Avřn !0° Ggb Avřwi Křvřte ZLbB K\_v ej v hvq, hLb gřbi w`K t\_ťK KvDťK Avcb gřb Kiv nq | tnvřmb wgvvi AvR th Aw\_Ř Ae`v, ZvřZ Kteiti i gťZv Mwi e řRřj i mřť\_ Zvi K\_v ej vi c0qvRb cto bv | A\_P tnvřmb wgvvi mg`-řPZbv Rřto thb weivR KtiťQ Ktei | ivmygqvb0xc t\_ťK `x-mřvb nwiťq tKvřbvřZ wbtři c0ř wbtq tKZcři GřmťQ | tnvřmb wgvvřK kw`-t`evi Rb` cxZg gwSi ewotřZ mřv etmťQ | tmLřtb mevi gťZv Kteil Dcw`Z nřqtQ | tnvřmb wgvv mevi AvřM Kteiti i l ci `w0 w řq etj řQ, 0wctQ eBj `v K`vb Ktei evB? AvMvBqv e l | Lvbwcbv nq bvB?0<sup>10</sup> thLřtb AvR tnvřmb wgvvi kw`-nevi K\_v, thLřtb mevB ewKv `wotřZ Zvi w řK ZwKřq AvřQ, řmB msKUKvj xb gynřZ<sup>o</sup> tnvřmb wgvv KteitK řj řZ cvřiw, mevi AvřM Zvi l ci `w0 ctoťQ, Zvi mřť\_ K\_v etj řQ | Gi Kg Avřwi KZvcř<sup>o</sup>m`úK<sup>o</sup>ZLbB Mřo l řv, hLb `řtb GKvZřnřq hvq |

tnvřmb wgvv-Kteiti i gřa` agřq Kms`vi tbB etj B gynj gvb tnvřmb wgvv tKvřbv wPŠv-bv Kti B wn`yKteiti i Nři iwř hvctři Rb` AvmřZ tctiťQ | Avevi Kteil tnvřmb wgvvřK Nři AvbřZ GKw evřii Rb`l mřřKvřřeva Křiw | tnvřmb wgvvi cvřqi ařj v Zvi Nři covq Ktei wbtřřK ab` gřb KtiťQ | Kteiti i tgřq řMvřx tKvřbv mřkq bv Kti tnvřmb wgvvřK NwřZ cwb cvb KiřZ w řqtQ | Kx w řq Avc`vqb Kiťj tnvřmb wgvv Lřk nře řmB wPŠvř Ktei Aw`i | gynj gvb gvb | gysm c0>` Kři, ZvB wmai j t\_ťK th Lwmi e`Ab cvevi K\_v, ZvB w řq Avc`vqb KiřZ Pvq | Ktei Avevi řvře, tnvřmb wgvvi GLb th Aw\_Ř Ae`vi Dbwř nřqtQ, ZvřZ ZvřK tLťZ ej řj Acgvtřeva bv Kři, eis tgj v t\_ťK th Avg Avbv nřqtQ ZvB ZvřK tLťZ t`B | tnvřmb wgvv Kteiti i Nři cwb Qvov wKQy Lvqvb KteitK wřbřatg<sup>o</sup> gřb Kři bq, wKQy tLřq Kteiti i `wi`řK evotřZ Pvq bv | eis tnvřmb wgvv hLbB tKvřbv mřřhvM tctiťQ ev Ktei hLb wecť` ctoťQ řvZv nřq tnvřmb wgvv Awefř nřqtQ | Awkřbi řto řRřj cvovi AřbtřKi gťZv Kteiti i Niwřl řřřř hvq | tnvřmřbi mřřhvMZvř řvřv Ni`řj v bZb Kři DVřj l Zvi BwřřZ Kteiti i Niwř l řv mevi AvřM | tnvřmb wgvv gynj gř` i řenk mřřhvMZv Kivi wPŠv-bv Kři mevřřK mgvb `wotřZ t`řLťQ | abAřqi řbřKvř KvR nwiťq Ktei hLb řvel`řzi wPŠvř w řknviv, ZLbB tnvřmb wgvv Awefř nřq KteitK Zvi řbřKvř KvR Kivi mřřhvM w řq thb bZb Rřeb `vb KřiťQ | Gi gva`řg řevř hvq, tnvřmb wgvv-Kteiti i m`úK<sup>o</sup>KZ Avcb, KZ gaj, KZ c0řeř-, KZ Amv=c0 wqK | Kteiti i gřa` atg<sup>o</sup> řMwovř tbB, atg<sup>o</sup> evovewo řm c0>` l Kři bv, thgb Kři bv tnvřmb wgvv | Kteiti i gřa` atg<sup>o</sup> QřZgvM<sup>o</sup>ř`wL bv | řj vK wbtq gqvb0řc hvl qvi mgq ivbwi `wqZi cto Kteiti i l ci | A`ři gynj gvbř` i Rb` ivbře KiřZ imřřj řevb bwQebřK t`řL Kteiti i gřb nřqtQ, 0Kx řřwř gynj gvtřbi ivbře LvBřj ?

WwOvi Mötg hrviv gwU Qvnbqv RweKv ARB Kti Zvnt` i gta` atgP cv\_R` \_vK, cÜvb`xi gwSiv mKtj GKagP<sup>11</sup> Kteii mvt\_ MfYk, k=P l eMv bv \_vKtj Ktei wbtRi Rb` ivbæbv Kti bWQetbi ivbæLZ| cW\_exi me gvb| mgvb, th Kvfv nvtZ Lvevi Lvl qvi gta` j<sup>3/4</sup>vi wKQy tbB, gwbtKi GB Amv=cÜ wqK gvbwmKZvB thb wZvb Kteii gL w` tq ewj tqtQb|

tnvmb wgvv tRtj cvoivi Öfv½v-tPviÜ gvb| t j v wbtq gqbvÖxc GKwU Av`k@cjx Mto Zj tZ Pvq, thLvfb gvbfl-gvbfl, tkÖvtZ-tkÖvtZ, atg@atg, etY@etY@tKvfbv cv\_R` \_vKte bv| tnvmb etj, ÖgqbvÖxc tgvj v cvgyKB? ivRemoi AmRR Qvne Kb, gqbvÖxc klRbv gvb| nvj Avi gmvR` w` wj Avi wnu`fi Rvcb bv w` wj wMqv \_vKwZ cvtib| Zv cvig bv wgvv| wnu`ybv wvbj gvb| cvgyKB? wnu`ybvj gmvR` w` gybv| K`vgtb w` gyKI? gvj gvtb gmvR` w` wj, wnu`y w` e VvKi NiN bv wgvv, Avgvi Öxici gw` I Kvq Pj te bv|<sup>12</sup> GwU cKZ agbict¶Zvi DrKó w`kÖ| tnvmb wgvv tKej gL bq, ev`teI gqbvÖxcK agbict¶fvte Mto Zj tQ| tnvmb wgvv gqbvÖxc gmvR`-gw` i`Zwi Kti ewm`vt` i gta` agP cv\_R` tK Dt` w` tZ Pvqvb| tm memgq tPtqtQ GB Öxici ewm`viv thb kmSeyPvte emevm Kti Zvi `cK mv\_R` Kti| tnvmb wgvv weicb bvtg IvU eQtii GK exK tgvj KtiQ Amv=cÜ wqK tPZbv t\_tKB| tnvmb wgvv AeZgvtb weicbB Zvi `cK mv\_R` Kti tZvtj | ZvB tmLvfb wefbaatgP tj vK evm Kij l agPkw`K Amv=cÜZv tKv\_vl t`Lv hvq bv| gj Z tnvmb wgvv GB Amv=cÜ wqK tPZbvi gta` gwmbK et`vcva`vtqi gvbwmKZv dtU l tvtQ| gwmbK et`vcva`vq th aitbi Avevm`j Kvgbv Ktib, th aitbi mgvRe`e`v Kvgbv Ktib, th aitbi ivtöf `cvt`Lb, ZvB thb gqbvÖxc|

wbPz tkÖvi gvbfl i Rxeb tenk ev`etNlv, mtZR Ges ewj ö| ZvB gwmbK et`vcva`vq ce<sup>©</sup> evsjvi tRtj t` i mvt\_ Aš½fvte Rxeb-hvcb KtiQb| Gi dtj wZvb th Rxbti K\_v Ztj atitQb Zv wej vmx tj LtKi gvqvKvbæbq, ev`e AvfÁZvi dmj | ÖGB MÖši tKv\_vl AmZkh` tbB, AwZiÄb tbBN` tLtK wZvb thgb AKvitY ewotq t`Lbvb, mltK tZgvb t`bvb AcÖc` gungvN` wktí i tPtq RxebB Zwi KvQ Mfxi Zi mZ`|<sup>13</sup> Zwi mwnitZ`i gj wfvE wQj gvbfl i cÜZ mYfxi fvvtj vevmv| wZvb gvbfl i Kms`vi l eePZvtK cKÖ bv w` tq gvbe mf`ZvtK GwMtg wbtZ tPtqtQb| ÖDcb`vtmi wKí KtgP wePvti tj LtKi gvbmePvi B ntq \_vtK|<sup>14</sup> ZvB Zwi tkÖ iPbv ÖcÜvb`xi gwSÜ Dcb`vtm wZvb agP tMwongtK cKÖ bv w` tq Amv=cÜ wqK mgvR Mto Ztj tQb| wZvb th tPZbv aviY Ktib, ZvB wZvb Ztj atitQb tKZctii tRtj t` i m=cÜZi gva`tg| wZvb th agbict¶ mgvRe`e`v Kvgbv Ktib, ZviB Av`k@wntmte wZvb gqbvÖxcK `wo KivtZ tPtqtQb| Avgvt` i `fM, Zwi gtZv GKRb we`sqKi cÜZ fvevb tj LtKi gw 48 eQi eqtm bvbv tivtM fM Ges `wii`i Rb` cW\_ex t\_tK AKvtj Stí thtZ ntqtQ| wZvb Avgvt` i tQto tMtj l evOwj i `šZtZ wPw`b Agi ntq \_vKteb| evsjv mwnitZ` wZvb `Zš; AZj bxq, Amvavi Y Ges Abb`|

**Z`mĤ**

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## Vocabulary Learning Strategies in an ESL Context

Rehana Akter Rinku \*

### **Abstract**

*The paper attempts to demonstrate the kind of pedagogical measures needed at the methodological level and the kind of steps to be taken to improve the overall teaching and learning of vocabulary in the context of teaching ESL. In fact, vocabulary is the most sizable and unmanageable component in the learning of any language. It is definitely a lifelong struggle on the part of the students to develop mastery over the seemingly endless storage of English vocabulary. A great number of students fail to succeed in the struggle. Although very few manage to achieve some level of competency that is not adequate for practical purposes. Almost all students memorize words from list and dictionary rather than following technical and scientific methods. Teachers are also not using the up-to-date techniques in building vocabulary store. As a result, our learners learn minimally by which they cannot use it in diverse real life situations. As a consequence, our learners remain dumb in English. Here comes the responsibility to help students to effectively store and retrieve words in the target language that necessitates the use of effective pedagogical methods in teaching vocabulary yet to be developed in Bangladesh. Hence, there is a need to reconsider the prevailing strategies and incorporate some up-to-date techniques at the Secondary and Higher Secondary level. The study also tries to examine what the constraints of teaching vocabulary are, what problems the teachers as well as the students face during the teaching / learning activities, how effective the methodology for the teaching of vocabulary is, etc.*

**Keywords:** ESL; CLTA; Language pedagogy; Four basic skills; Lexical access; Exposure

### **1. Introduction**

Teaching vocabulary is a key to developing readers. In fact, it is worthy to have a great storage of foreign or second language vocabulary which enhances the language users' proficiency. That is why, until mid 1980s, vocabulary was considered to be a "neglected aspect" (Maiquasca, 1993 and Meara, 1981), the 1990s offer a remarkably different picture. Vocabulary is once again a "Current word" in language pedagogy, and research in the field is expanding. Thus, the crucial role of vocabulary knowledge across the four skills- listening, speaking, reading and writing has been well recognized in first language (L1) situation, and this has appeared to be true of second language (L2) setting as well.

However, it is daunting to be reminded that the vocabulary of a language like English consists of several hundred thousand words. In the socio-cultural set up of Bangladesh,

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\* **Rehana Akter Rinku**

Lecturer, Department of English, Dhaka Commerce College

where English is designated as a second language in school curriculum, little is known about how learners acquire a satisfactory level of vocabulary knowledge, what the appropriate ways to teach and learn English vocabulary are, how many words a learner needs to know, how many words are remembered and forgotten, and what the implications of teaching are and so on. Given that students and teachers often consider vocabulary as the biggest hurdle in mastering the four basic skills in English, teachers of English in secondary and higher secondary level in Bangladesh have been frequently confronted with the same. Moreover, in Bangladesh, students, teachers, and parents are more concerned about the examination and results rather than acquiring the target skill. As a result, students are not becoming competent in English vocabulary to use in the performance of the four basic skills. Since vocabulary conveys the core meaning of things, it is mandatory for learners to acquire competence in the vocabulary. This paper examines the lexical environment of secondary and higher secondary English language classrooms in Bangladesh in order to measure the richness, in terms of frequency and variety, of oral vocabulary input and output in the classroom environment. The paper also explores the methods by which new words are explicitly taught and the opportunities that the classroom provides for implicit vocabulary acquisition through identical exposure to new words.

## **2. Methodologies**

To prepare the article, the primary and the secondary sources of information have been consulted. As primary sources, the researcher has taken the information both from the students and the teachers because both are important for the total process. He has consulted books and scholarly journals as secondary sources of data. He has used his personal observation in this respect as well.

## **3. Literature Review**

Vocabulary is principal contributor to comprehension, fluency, and achievement. Vocabulary development is both an outcome of comprehension and a precursor to it, with word meanings making up as much as 70-80% of comprehension (Davis, 1972, Nagy and Scott, 2000, and Pressley, 2002). Fluent readers recognize and understand many words, they read more quickly and easily than those with smaller vocabularies (Arlington, 2006 and Samuels, 2002). Students with large vocabularies understand text better and score higher on achievement tests than students with small vocabularies (Stahl and Fairbanks, 1986).

The role of vocabulary in reading comprehension is complex. To construct a mental representation of text, in other words, to understand meaning of the text, one will have to be able to decode the printed message (Adamson 2004; Alderson 2000; Day and Bamford 1998). Inability to recognize words in text and the presence of high density of unknown words in a text may impair comprehension (Chall 1987; Curtis 1987; Nation 2001). Beck, Mckeown, and Omanson (1987:148) remark that 'given the complexity of processing involved in comprehending text, a high level of word knowledge may be needed'.

Fast and efficient word recognition, word encoding and lexical access are necessary for higher level of meaning comprehension (Adams 2004; Just and Carpenter 1987; Lesgold and Perfetti 1981). Consistent and reliable correlation between vocabulary and comprehension has been found in numerous factorial analytic studies (Anderson and Freebody 1983 a, 1983b; Mezynski 1983). Readability indexes, not surprisingly, include vocabulary as a major component, suggesting that word difficulty affects text comprehension (Chall, 1987, Graves 1986, and Stahl, 2003).

Stenberg (1987:90) emphasizes that one's level of vocabulary is highly predictive, if not deterministic, of one's level of reading comprehension within the context of second language research in reading findings on the reading process and vocabulary threshold have consistently shown the significant contribution and the importance of vocabulary knowledge in reading comprehension performance (Barnet 1986, Koda, 1994, Laufer, 1997, and Nation 2011).

However, "There is a great division between what we know about vocabulary instruction and what we (often still) do" (Greenwood, 2004, p. 28) Teachers also know that one of the challenges of struggling middle school readers is their limited vocabulary and knowledge of the world (Broaddus & Ivey, 2002). While teaching vocabulary well in every curriculum is only one aspect of developing engaged and successful readers, it is a key aspect. Traditional vocabulary instruction for many teachers involves having students look words up in the dictionary, write definition, and use words in sentences (Basurto, 2004). Again, Word lists, teacher explanation, discussion, memorization, vocabulary books, and quizzes are often used in an effort to help students learn new words. But these methods ignore what research and theory tell us about word learning and sound vocabulary instruction.

#### **4. Importance of Teaching Vocabulary**

For a long time, teaching approaches such as the Direct Method and Audio lingual method gave greater priority to the teaching of grammatical structures. In order not to distract from the learning of these structures, the number of words introduced in such courses was kept fairly low. Those words which were taught were often chosen either because they were easily demonstrated, or because they fitted neatly into the "structure of the day". However, the communicative value of a core vocabulary has always been recognized. The advent of the communicative approach in the 1970s here set the stage for a major re-think of the role of vocabulary. The recognition of the meaning-making potential of words meant that vocabulary must become a learning objective in its own right. In 1984, for example, in the introduction to their Cambridge English Course, Swan and Walter wrote that "Vocabulary acquisition is the largest and most important task facing the language learner." Course books began to include activities that specifically targeted vocabulary. Because without grammar very little can be conveyed, without vocabulary nothing can be conveyed. David Wilkins (1985) adds, 'if you spend most of your time studying grammar, your English will not improve very much. You will see most improvement if you learn most words and expressions. You can say very little with grammar, but you can say almost anything with words.'

However, most language courses were (and still are) organized around grammar syllabuses since grammar is considered more productive. Grammar being a system of rules multiple, vocabulary being a collection of items merely adds. Here development in the lexical syllabus and recognition of the role of lexical chunks in the acquisition of language and in achieving fluency were to challenge the hegemony of grammar. Thus vocabulary is no longer treated as an 'add-on'. Much more attention is now given to the grammar of words, to collocation, and to word frequency which is reflected in the way course books are now promoted. The back covers of recent courses for example claim:

- Well-defined vocabulary syllabus plus dictionary training and pronunciation practice, including the use of phonetics, (from New Headway English Course).
- Strong emphasis on vocabulary, with a particular focus on high frequency, useful words and phrases.

(Source: Cutting Edge Intermediate)

### **5. Constraints in Teaching Vocabulary**

Although the communicative approach has been launched in the form of textbooks and curricula, a large number of teachers do not fully comprehend the concepts of communicative competence and the communicative approach. It is observed that teachers frequently revert to the traditional grammar translation and rote-learning methods. They teach English vocabulary in the same way they used to follow some twenty years back by recommending learners to memorize words from dictionaries, word lists, and particularly from the text. They make students learn English vocabulary explicitly whereas the communicative Language Teaching Approach (CLTA) advocates that learners should develop excellence in vocabulary incidentally through the performance of various communicative tasks in the classroom as well as in real life situations because it is only the implicit acquisition that provides learners with sufficient information about the communicative appropriacy of words. Here Ellis (1994) argues that native-like vocabulary knowledge can only be acquired incidentally and points out that first language vocabulary is acquired during childhood almost wholly by incidental means. Hulstijn (1992), too, argues that learners cannot acquire a large, native-like lexicon by explicit learning methods, on the ground that opportunities for explicit teaching are few: 'no matter how effective their memorization or practice strategies are, language learners simply do not have time to learn that amount of vocabulary intentionally.'

However, the real situation is contrary to the expectation because there is hardly any institution in our country in which the Higher Secondary class follows the principles of communicative syllabus while teaching vocabulary. That is vocabulary is taught explicitly within the framework of communicative syllabus. As a result, neither the communicative competence nor the competence in vocabulary is achieved satisfactorily. Besides, the class size in most of the institutions is notably large. Therefore, it is quite impossible on the part of teachers to address each and every student personally within the stipulated time. As a result, the learners cannot achieve mastery over the four basic skills let alone vocabulary. Moreover, learners have extremely limited exposure to spoken or written English outside the classroom. Thus, whatever vocabulary they learn in the classroom, in whatever the way, is quickly forgotten in absence of practice in real life situations. Furthermore, students' selective approach of over-emphasizing some lessons which are likely to be answered in the examination and neglecting others do not help them to acquire good competence in vocabulary.

## 6. Backgrounds to the Teaching of Vocabulary

Vocabulary teaching and learning must fit into the broader framework of a language course. A language course is seen as consisting of four strands to make sure that there is a balanced range of learning opportunities:

- 6.1. Learning from meaning-focused input:** Learning through listening and reading;
- 6.2. Deliberate language-focused learning:** Learning from being taught sounds, vocabulary, grammar and discourse;
- 6.3. Learning from meaning-focused output:** Learning by having to produce language in speaking and writing; and
- 6.4. Developing fluency:** Becoming quick and confident at listening, speaking, reading, and writing.

### 6.1. Learning from Meaning-focused Input

It involves learning from listening and reading. In this strand, learners need to know 98% of the running words. That is, at most, there should be only one unfamiliar word in every fifty running words (Hu and Nation, 2000). This one unknown word in every fifty is something that can be learned through guessing from context and it does not stop comprehension of the text. Graded readers are important sources of the strand.

### 6.2. Deliberate Learning

It involves paying deliberate attention to language features such as sounds, spelling, vocabulary, grammar, or discourse that are presented out of context. It involves studying vocabulary on bilingual word cards, building word families by adding prefixes and suffixes to a stem. Although it is an essential strand, it should not overwhelm the other strands.

### 6.3. Learning from Meaning-focused Output

It involves producing spoken or written messages. For example, when having to say that someone had their breakfast, the speaker has to choose the right verb- do people eat, have, or take breakfast?

Curson (1997) remarks that academic vocabulary needs to be learned both receptively and productively because being able to produce is one way of showing that you are part of a particular discourse community.

### 6.4. Fluency Development

It aims at helping learners make the best use of what they already know. It is important to see fluency as being related to each of the four skills of listening, speaking, reading, and writing with fluency needed to be developed independently in each of these skills.

Distinguishing the strands means that there is a balance of deliberate learning and incidental learning, of learning from input and output, of learning through oral and written skills, and of learning and fluency development.

## 7. Principles for Teaching Vocabulary

Vocabulary learning is a large and a continuous process. Teachers always provide learners continue learning. Hence, if the learners are provided with a principled approach for learning vocabulary, they are sure to get the best return for their effort. A set of five guiding principles can be suggested here to be applied in a variety of teaching and learning situations:



### **7.1 Measuring Learners' Vocabulary Size**

Measuring students' vocabulary size at the beginning of a course allows teachers to establish the language goals for the course within communicative language teaching. Curtis (1987) provides a convincing rationale for measuring learners' vocabulary size. She adds that, with the exception of students who have rich knowledge bases but experience difficulty in word recognition, students with low vocabulary scores are those who are missing information that can affect their comprehension and their ability to use reading as a means for acquiring new knowledge. Vocabulary testing can tell us which students need instruction in the kinds of knowledge they have been unable to acquire on their own (Curtis 1987:48).

### **7.2. Focus on the Most Useful Vocabulary**

The most useful vocabulary that every English language learner needs for listening, speaking, reading, and writing or for formal and informal situation is the most frequent 1000 word families of English. This vocabulary is so useful that it covers around 75% of the running words in academic texts and newspapers, over 80% of the running words in novels and about 85% of the running words in conversation. Thus, it is possible to say and write a lot using only the first 1000 words of English.

Then the most useful vocabulary depends on the goals of the learners. If learners want to do academic study in senior high school or university; the academic word list is the most useful to them. This is a list of 570 word families that occur frequently in a wide range of academic texts. Again, each subject has its own special technical vocabulary that needs to be learned while studying that subject.

Beyond that, the rest of the vocabulary is low frequency words. At the most conservative estimate, English language contains 120,000 low frequency words which largely excludes proper nouns. Learners need to learn low frequency words but, except for special needs, they are best learned after the high frequency words are known.

### **7.3. Focus on the Vocabulary in the Most Appropriate Way**

This principle refers to the ways how the words should be taught or learned. Here the four most important vocabulary learning strategies are worth mentioning. They are as follows:

**7.3.1. Using Word Parts:** The core of the English language is the Germanic words from Anglo-Saxon and Norse, which make up most of the function words as well as over half of the first 1000 words of English. These are words like the, a, home, because, instead, etc. Beyond the first 1000 words, most of the words, around 60%, came into English from French (through conquest), Latin (through religion), or Greek (through scholarship) which are typically made of prefixes, stems, and suffixes: as/ soci/ ation/ de/ fin/ ition/, con/ tain, un/ in /form/ ative, etc. That is to say, using word part knowledge is a very useful way of learning low frequency words.

**7.3.2. Guessing from Context:** High frequency words, that cover a large proportion of the running words of a text, provide a helpful context to allow learners to guess the meaning of the low frequency words. That is, developing skill in reading and skill in guessing from context is an effective strategy for coping with many of the low frequency words that learners meet while reading.

**7.3.3. Using Word Cards:** This strategy involves making small cards and writing the English on one side and the first language translation on the other. It can be followed for deliberate learning. These cards are kept in packs of about fifty and are looked at when the learner has a free moment, while waiting for a bus or during TV serials. Although the technique is very unfashionable, research (Nation, 2000) has shown it to be very effective.

#### **7.4. Giving Attention to High Frequency Words across Four Strands of a Course**

High frequency vocabulary needs to occur in all four strands of a course. It should get deliberate attention through teaching and study. Besides, high frequency words should be used in communicating messages in listening, speaking, reading, and writing. It should also be fluently accessible for receptive and productive use.

#### **7.5. Motivating Learners and Taking Responsibility for Learning**

Learners' realization of the fact that they must be responsible for their own learning is, in fact, itself an important principle lying behind choosing and learning. Taking this responsibility requires -

- (1) knowledge of what to learn and the range of options for learning vocabulary
- (2) skill in choosing the best options, and
- (3) the ability to monitor and evaluate progress with those options.

However, learners often find it difficult to take on this responsibility, partly because of the way they have learned in the past. Here, teachers can help them do this in the following ways:

- (1) Informing learners of the various types of vocabulary;
- (2) Training learners in the various ways of learning to familiarize them with the range of learning options available for them;
- (3) Providing genuine opportunities for choosing what to learn and how to learn; and
- (4) Motivating learners as well as providing them with opportunities to reflect on their learning and to evaluate it. In fact, these are the ways that include knowledge, skill, and awareness.

### **8. Presenting Vocabulary**

Presentation of vocabulary refers to the pre-planned lesson stages, in which learners are taught pre-selected vocabulary items. For this, there are possible sources of vocabulary input. A motivated language learner might be able to acquire a large vocabulary simply by using the following sources:

#### **8.1. Translation**

Translation has the advantages of being the most direct route to a word's meaning. It is, in fact, the most widely used means of presenting the meaning of a word in monolingual classes.

#### **8.2. Real Things**

This can be done either by using real objects (called realia) or pictures or mime. This approach is especially appropriate in teaching the beginners and where translation is not an option.

### 8.3. Explaining Meaning

Non-visual verbal means of clarifying meaning is an alternative to convey the meaning of a new word for which we do not have any visual aids or realia at hand which include:

- providing an example situation;
- giving several example sentences;
- giving synonyms, antonyms, etc.; and
- giving a complete definition.

### 8.4: Highlighting Forms

This means drawing learners' attention to the way the word sounds or highlighting the spoken form of a word. There are a number of ways for this including listening drills, oral drills, and board work.

### 8.5. Involving Learners

The word 'presentation' has connotation of teacher as transmitter and learners as passive recipient of language facts. Hence, learners need to be involved actively in the learning of vocabulary. Elicitation is one such technique to involve the learners. A standard elicitation procedure is for the teacher to present the meaning of a word (e.g., by showing picture) and asking learners to supply the form, e.g.,

**Teacher** : (Showing the picture of a skyscraper) What is this? Mina?

**Student** : Building?

**Teacher** : Not exactly, Shohan?

**Student** : Taller Edifice

**Teacher** : Correct.

Again, the teacher can supply the word and elicit a definition, synonym, or example, e.g.,

**Teacher** : What is a skyscraper?

**Student** : Like the Empire state Building?

**Teacher** : Yes, exactly.

## 9. Conclusion

The study has revealed many constraints in the teaching of vocabulary. The discrepancy lies in the syllabus and methodologies. Teachers are not very conscious of modern techniques and practices and, therefore, cannot lead students to follow the most suitable ways to learn vocabulary. As a result of competency of learners in vocabulary and the four basic skills remain static. Here, taking the constraints in careful consideration, the paper tries to direct our attention to some of the most important techniques that can be followed up in the classroom for the greater benefit of the students in learning vocabulary.

The teachers' role is to focus on the most useful vocabulary, to provide strategy training for the low frequency vocabulary, to ensure that vocabulary learning has a chance to occur in all parts of a course, to help learners take control of their own vocabulary learning. In fact, vocabulary learning cannot be left to itself because it is a very complicated process. It needs to be strengthened by careful planning and well-directed teaching. This requires teachers who are passionate about words and language, who immerse their students in language, and who provide direct instruction that is thoughtful, intentional, and varied.

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## Suspicious Behavior Detection Framework for Social Networking Sites Using Hidden Markov Model

Md. Hossain Shuvo \*  
Suaiba Haque Turabi \*\*

### *Abstract*

*The prevalence of technology and the robustness of it functioning potentially have prevailed and been dominating the entire world by clutching the ascendance onto it. To be synchronized with these emerging techs and evolving world, individuals are making themselves familiar with these innovative inventions. The more the technology is getting boosted, the more the human life is getting easy. This scenario is only the facade but the impact on the rear is quite unlikely. People are getting deviated from the moral norms of utilizing these technologies. Its persuasive exercise is now obvious in more or less every sphere including education, financial, and social domain. Financial transactions are eavesdropping, privacy is being compromised, depression is being escalated, and people are being isolated and so on. Especially people are getting prone to social media and committing various crimes. Several new methods and techniques are being implemented to reduce these problems, but sometimes these methods fail, and their functionalities end in vain. At present seizing the compromise of social media, preventing its negative employment, and anomalous behavior are some of the bigger concerns to researchers. Researchers are also continuously looking for the way out of anomalous behavior by implementing several innovative techniques. Among them classification based techniques, clustering based technique, Nearest Neighbor based technique, statistical technique, and theoretical and spectral based techniques are some of the widespread techniques [15]. In this paper we have used one of the most celebrated classification based techniques widely known as Hidden Markov Model to detect and prevent anomalous behavior by filtering anomalous features from the user behavior.*

**Keywords:** Hidden Markov Model; Viterbi's Algorithm; Baum-Welch Algorithm; Unsupervised Learning; Anomaly Detection; Probability Distribution; Social Network

### **Introduction**

The process of globalization is being expedited with the development of electronic technology. People of several parts from the world are coming closer of one another. Hence the concept of global village provided by Marshal McLuhan [17] is now forged into effect. Accordingly, as a mode of communication, social networking sites are now playing a significant role in this regard. However, social networking sites are

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\* **Md. Hossain Shuvo**

Lecturer, Department of Statistics, Computer and Mathematics, Dhaka Commerce College

\*\* **Suaiba Haque Turabi**

Lecturer, Department of Statistics, Computer and Mathematics, Dhaka Commerce College

no longer bound in only providing social network to its users, rather they have now turned into a source of earning and financial activities. They have now become a great attraction to the product manufacturer, ads provider, competitive business organizations, small business entrepreneur, and, of course, to the amateur and professional hackers. At present most of the popular social networking sites like Facebook, Twitter, and so on are bounded by several ads. A user sometimes gets distracted when he/she enters into his/her panel. Sometimes, users click on several ads which are suspicious, and they have to get their account compromised. However, it is not the ending. Even clicking on several suspicious posts, published in their own panel, remain undetected cause passing his identity to the attacker that may later on be used negatively. Therefore, securing people's identity in social networking sites has now become indispensable because of the frequent appropriation of a user's identity, creation of fake identity, and grasping the control of different systematic functionalities of social networking sites. Social networking sites have become a covetable mode of rapid and cheap marketing, raising popularity, and exposing oneself in the cyberspace. And, to accomplish these, several types of anomalous and suspicious behaviors are being observed. These behaviors change its pattern soon to nullify the functionalities of existing detection system. Therefore, in this paper, we will focus on several existing system and their drawbacks, illustrate several anomalous behavior detection method, and propose a new, robust, and effective proposal for detecting and also for preventing those behavior.

### **Organization of the Paper**

We have categorized this paper into several sections in a logical consecutive manner. Each section is concerned for providing related theoretical or mathematical background. In section 3, findings of related facts including finding recent trend, related work, and existing system have been presented. As we are focusing the detection of anomalous behavior of social networking sites, some examples of common suspicious behavior or activities have been depicted in this section. Later on, because we are going to use Hidden Markov Model (HMM) as our classifier, to make the concept of Hidden Markov Model lucid, we have given a brief overview and related mathematical foreground of the functions, algorithm, and working functionality of this method in section 4. Section 5 is crucial because the whole methodology, including the flow chart of our proposed method and implementation of HMM in detecting abnormal behavior, has been presented and, last of all, simulation of our proposed system and performance analysis have been experimented in the following section.

### **Findings**

This section is aimed to exhibit the statistical view of recent trend of using social networking sites, the conventional behavior of a user both in active or deactivated session in social networking sites, and the conduct of users pertaining to the abnormal behavior. The use of social networking sites are growing at a sharp rate with the intention of satisfying several needs of people including communication, marketing, blogging, networking, and entertaining. According to the Pew Research Center [10], approximately three quarters of adult internet users use social networking sites. Lately,

Facebook, Instagram, LinkedIn, Twitter, Pinterestare, etc., have become some of the social networking sites of interest. From the period of 2005 to 2013, the number of social networking users rose sharply by approximately 65%. The following figure depicts the ratio of social networking users by different age group from the period of 2005 to 2013.

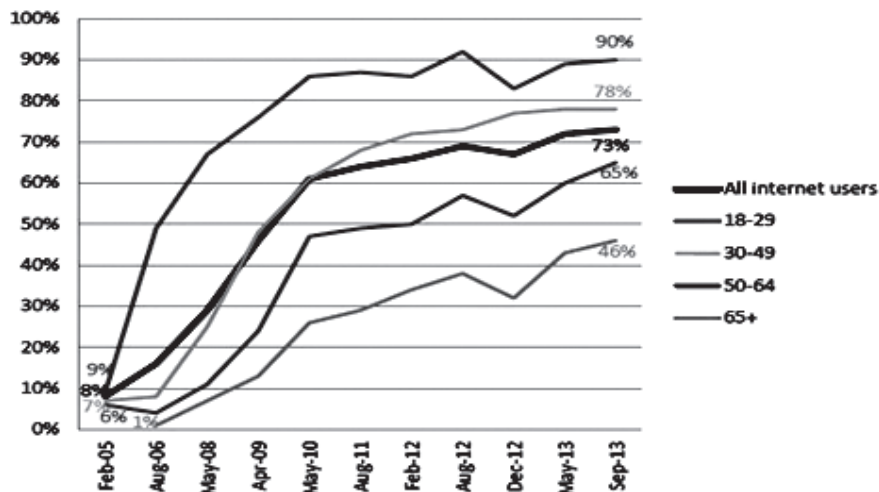


Figure 1: Ratio of social networking sites users in chronological order

With this growing number of users of social networking sites, it has now become a target of several fraudulent to satisfy self-need or to make damage to the private online property of others. As in this paper we are interested in the anomalous behavior of the users and entire functioning system and detection of those abnormal behaviors by analyzing the fetched feature from the user conduct without having any entire knowledge or in unsupervised manner, it needs to make a comparison between normal and abnormal behavior. Conventional users mostly behave in a rationally, and their flow of deportment in social networking sites follow the beaten track in most actions. A handful of behavior [6] mostly performed by the users of the social networking sites and the notion of deviation from this should be taken into consideration. Fundamentally, behavior may be classified into two categories:

- a) Temporal and
- b) Spatial behavior.

Temporal behavior is concerned with the behavior that is performed with respect to time [13] whereas spatial behavior is the reaction depending on the surrounding sphere [1].

In this paper, we mainly focus on temporal behavior of the users because, actions executed in social network are time sensitive, and anomaly of conduct may be detected by analyzing the time series pattern of any action. Fake message with suspicious link of phishing script may be sent to the victim repeatedly in abnormal manner. This is because when a normal login to the user panel performs a series of defined data, the time interval of each action mostly remains stationary. Exception may occur even during successful login such as password mismatch or futile attempt to login more than once.

However, in this paper, these features or exceptions will also be trained to our model and later will be considered a normal action to an extent or to a cut up threshold by our proposed method using Hidden Markov Model.

Today social networking sites are being used for black market business to grasp abundance of followers, likes in artificial manner. These anomalous behaviors are also time series oriented because the interval of invoking a like or followers may be in a manner which is quite unrealistic or deviated from the normal delay. The observation of an action and its visible outcome may be compared with recent normal activity or the convention of normal activity to recon the inconsistencies to decide whether the action is normal or suspicious.

Moreover, while performing these shady activities, the intruders usually use malware software or robot that works itself very rapidly generating harmful scripts that keep the computer kernel operation and the network busy even if the users remain idle. To prevent automated script execution, social networking sites are using several techniques like using CAPTCHA verification. Different researches have shown different effective method for bypassing CAPTCHA verification [9]. Using shape context machine, Mori and Malik fruitfully bypassed CAPTCHA. Correlation algorithm developed by Moy, et al., was 99% successful for spotting the character in an EZ-Gimpy challenge, recently Serrated. AI demonstrates several strategies for decoding CAPTCHA. Therefore, the weakness and vulnerability of traditional CAPTCHAs lead to formulate and implement new effective techniques for preventing the social networking sites from being safe.

[Note: CAPTCHA: A CAPTCHA (an acronym for "Completely Automated Public Turing test to tell Computers and Humans Apart") is a type of challenge-response test used in computing to determine whether or not the user is human.]

Apart from these activities, new forms of activities, in terms of attack for compromising social networking sites are being observed [12] which are subject to detection in this paper using the proposed method. A few of these activities are depicted below:

**Activity 1:** As previously stated, black market business is growing poring the social networking sites. "Like Jacking" is now one of the most lucrative modes of black marketing. Here e-criminal produces several tempting posts on seasonal upshot, attractive news, amazing facts, and so on as a mode of enticement for the users that lead the users to click on those posts which in turn unexpectedly execute automatic script behind the post and re-post the content on the victims' timeline repeatedly. The most common consequence owing to this fact is the automatic like of a particular page in absence of users' consciousness.

**Activity 2:** Some social networking sites like Facebook are open platforms that let everyone enable to develop several applications including game applications, future prediction applications, and so on. Those attract the users to play or execute and consequently pass the users' confidential information to the attackers.



**Activity 3:** The limitation of character in each post in Twitter leaves an opportunity for the attacker to make small, attractive, and appealing advertisement like promotion for free vouchers, job advertisement, and so on for spamming <sup>[17]</sup>.

**Activity 4:** Fake links published by attackers mostly redirect users to a suspicious download page or execute a reflexive process that install malware into the victim's computer on clicking on the link.

**Related works:** Because of the current growing popularity of social networking sites, preserving its security, and protecting unique user identity has become a great concern which in turn leads to several researches. Various works have been done and are being conducted on it. Most of the researches detect anomaly by differentiating the abnormal behavior from normal behavior using several classification and cluster methods.

Egele, Stringhini, Kruegel, and Vigna developed a tool named *Compa* for detecting anomalous behavior in social networking sites that work based on clustering algorithm <sup>[3]</sup>. In their paper on "*Detecting anomalous behavior*", they made a framework of regular behavior of individual user. Also a statistical model will fetch users' past behavior to make a generic model of user behavior. Any action or behavior not complying users' generic behavior model will be detected as suspicious.

Viswanath, Bashir, Crovella, and Guha presented unsupervised anomaly detection technique<sup>[9]</sup> titled "*Towards detecting anomalous behavior in online social networks*" where they filter the anomalous behavior from the user behavior using Principal Component Analysis (PCA) that observes the substantial diversion from normal behavior and they used spatial and temporal features.

Rose, Xinrn, and Yan focus on group anomaly detection by stating the occurrence of anomaly in social networking sites as group event rather than single point anomaly and suggest the consideration of collective behavior rather of individuals' conduct [11]. The use of hierarchical Bayes model like Group Model Anomaly Detection (GLAD) is presented which can take both pair wise and point wise data as input. The noteworthy part of their work includes modeling the problem of group anomaly detection, building up a graphical GLAD model that can explore the group structure of social media and detect anomalies and conduct experiment using both synthetic and real world datasets.

**Existing System:** Giant social networking sites like Facebook, Twitter, and Instagram, having lot of users worldwide, are concerned about the security of their user accounts and are preventing them from being compromised using advanced systematic method.

**Facebook Immune System:** Modern hackers or attackers are affluent with vast resources and skill to compromise classified security system. To forestall them from satisfying their motive, Facebook developed their own real time protection system named Facebook Immune System which employs adversarial cycle [14]. Adversarial cycle basically has two levels where one is upper level known as Attacker Controls segment, and another one is lower level known as Defender Controls segment.

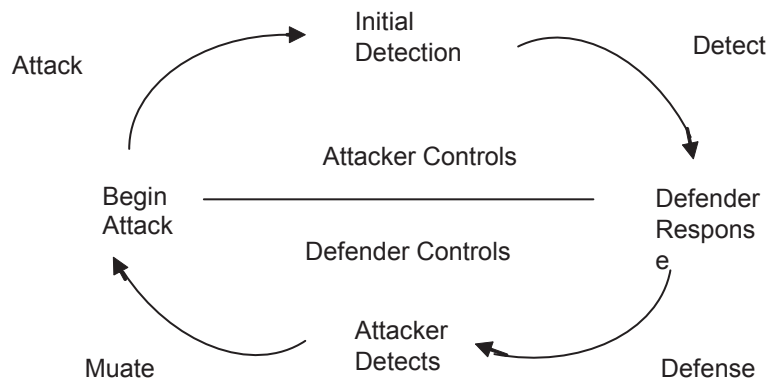


Figure 2: The Adversarial Cycle

In this adversarial cycle, the phase length varies and a successful defence to an attack requires the defender length that is the upper phase to be increased, and attacker phase that is the lower phase length to be shortened. Here the attacker phase is made abridged by ameliorating the detection method so that the detection process takes place rapidly. On the other hand, the defense phase is made longer by making the response vague.

**Mathematical Foundation:** Illustrating the underlying mathematical approach and related terminologies for the accomplishment of the desired estimation of behavioral pattern is the basic objective of this section. Hidden Markov Model, forward and backward algorithm, or Baum-Welch algorithm are to be described in this section.

**Hidden Markov Model:** Hidden Markov Model is an erotic model used in stochastic temporal pattern [7]. The fundamental difference exhibited between Hidden Markov Model and Markov Model is in terms of visibility of the underlying states producing observation sequence where the states are visible in Markov Model, but states are hidden in Hidden Markov Model.

**Properties of Hidden Markov Model:** An HMM has the following properties

- Alphabet  $S = \{ b_1, b_2, \dots, b_M \}$
- Set of hidden states  $Q = \{ 1, \dots, K \}$
- Transition probabilities between any two states
  - I.  $a_{ij}$  = transitionprobe from state  $i$  to state  $j$
  - II.  $a_{i1} + \dots + a_{iK} = 1$ , for all states  $i = 1..K$  (The sum of the transition probability from one state to all other state must be equal 1)
- Start probabilities  $a_{0i}$ 

$$a_{01} + \dots + a_{0K} = 1$$
 (The sum of the probabilities of initial states must be equal 1. If the start probability of initial statat the first position is 1, start probabilities of the rest of the states will be 0)
- Emission probabilities within each state
 
$$e_i(b) = P(x_i = b | p_i = k)$$

$$e_i(b_1) + \dots + e_i(b_M) = 1, \text{ for all states } i = 1..K$$

**Central issues of HMM:** There are three central issues or problems of HMM that need to be solved to be implemented [4].

- I. Evaluation Problem
- II. Decoding Problem and
- III. Training Problem

	Evaluation Problem	Decoding Problem	Training Problem
<b>Given</b>	An HMM $M$ , and a sequence $x$	An HMM $M$ , and a sequence $x$ ,	An HMM $M$ , with unspecified transition/emission probs., and a sequence $x$ ,
<b>Find</b>	$\text{Prob}[x   M]$	the sequence $p$ of states that maximizes $P[x, p   M]$	parameters $q = (e_i(\cdot), a_{ij})$ that maximize $P[x   q]$

**Table 1: Tabular representation of HMM fundamental issues**

For decoding problem Viterbi's algorithm and for evaluation problem Forward-Backward algorithms are to be used. Steps for Viterbi's Forward and Backward algorithm are mentioned below

**VITERBI** [16]

**Initialization**

$V_0(0) = 1$ ;  $V$  denotes the Vitterbi's Path

$V_k(0) = 0$ , for all  $k > 0$

**Iteration**

$V_i(i) = \max_k (a_{ki} V_k(i-1))$

**Termination**  $P(x, p^*) = \max_k V_k(N)$

**FORWARD** [19]

**Initialization**

$f_0(0) = 1$

$f_k(0) = 0$ , for all  $k > 0$

**Iteration**

$f_i(i) = \max_k (a_{ki} f_k(i-1))$

**Termination**

$P(x) = f_k(N)$

**BACKWARD** [19]

**Initialization**

$b_k(N) = 1$ , for all  $k$

**Iteration**

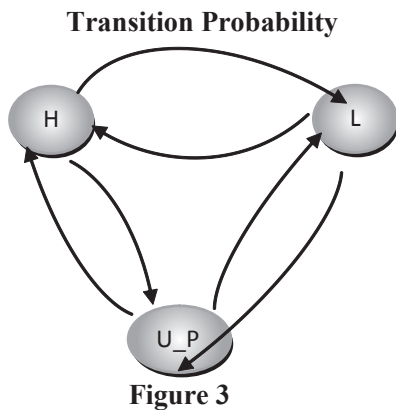
$b_i(i) = \max_k (e_i(x_{i+1}) a_{ki} b_k(i+1))$

**Termination**

$P(x) = a_{0k} e_k(x_1) b_k(1)$

**Methodology**

**Generalization of the Approach:** Users of social networking sites always go through a rational process of execution of actions. Bona fide users ordinarily follow specified number of steps while performing in social networking sites. For example, for login process in any social networking site, a user-system interaction takes place mostly in accordance to the following order of transition.



	H	L	U_P
H	0.2	0.5	0.3
L	0.6	0.2	0.2
U_P	0.2	0.5	0.3

**Table -2**

**Figure 3, Table-2: State transition on associated probability for a generalized user-system interaction [19]**

Mnemonics used in the above figure hold the following meanings

**H:** Home page before login

**L:** Login

**U\_P:** User\_Panel

Here a user first lands on the home page of the visited social networking site. Then he may stay on the same page or surf to the login page for login into his panel. Successful login will redirect the user into his authorized user panel. Abortive or unsuccessful login attempt will restrain the user remain in the login page for a limited number of failure attempt as well as fixed time duration. The initial probability distribution of each state is mentioned. Depending on the user interaction with the system, the probability will be adjusted to be synchronized with the successful user behavior depending on the very recent action of users. Once the user lands on its panel that is in U\_P state mentioned in the above figure, the user will not return to the previous state in accordance with our model. During the transition of one state to another, remarkable deviation from the probability of normal behavior probability will be considered an anomalous behavior.

**Overview of the Approach:** As the model used to accomplish the goal of detecting suspicious behavior is Hidden Markov Model, which is a classifier model, and so our model will classify the normal and anomalous behavior which was mentioned previously. Therefore, in order to classify any pattern using a classifier, it needs to provide sample or training features or pattern to the classifier so that it can estimate and optimize itself depending on the feature or sample sets. Therefore, the approach of detecting the anomalous behavior in this article will follow the following sequence of steps.

First, there will be an initial Hidden Markov Model where the parameter of the model will be associated with initial probabilities. Then the model will try to estimate the deviation of the parameter values (feature or behavior) from the normal behavior to

find out the possibility of anomalous behavior based on the initial probabilities. The process of estimating will be done using Baum-Welch algorithm or forward and backward process [5] which will generate marginal probability for estimation. During the execution of the process, the model will optimize itself repeatedly by making it familiar with new form of intrusion or behavioral action. This phase is usually known as training or learning of the classifier model. Several algorithms have been used to train the classifier like Viterbi's algorithm. The whole process is demonstrated below in algorithmic representation.

- Step 1** : Initialize the parameter of HMM with initial probability
- Step 2** : Estimate the normal or anomalous behavior
- Step 3** : Use of Forward-Backward algorithmic process for estimation
- Step 4** : Training or learning of Hidden Markov Model
- Step 5** : Update parameter based on training or learning
- Step 6** : If merged then an optimized model predict the behavior
- Step 7** : Else optimize the model, based on step no 4

The graphical representation of the above steps is drawn below to make it lucid.

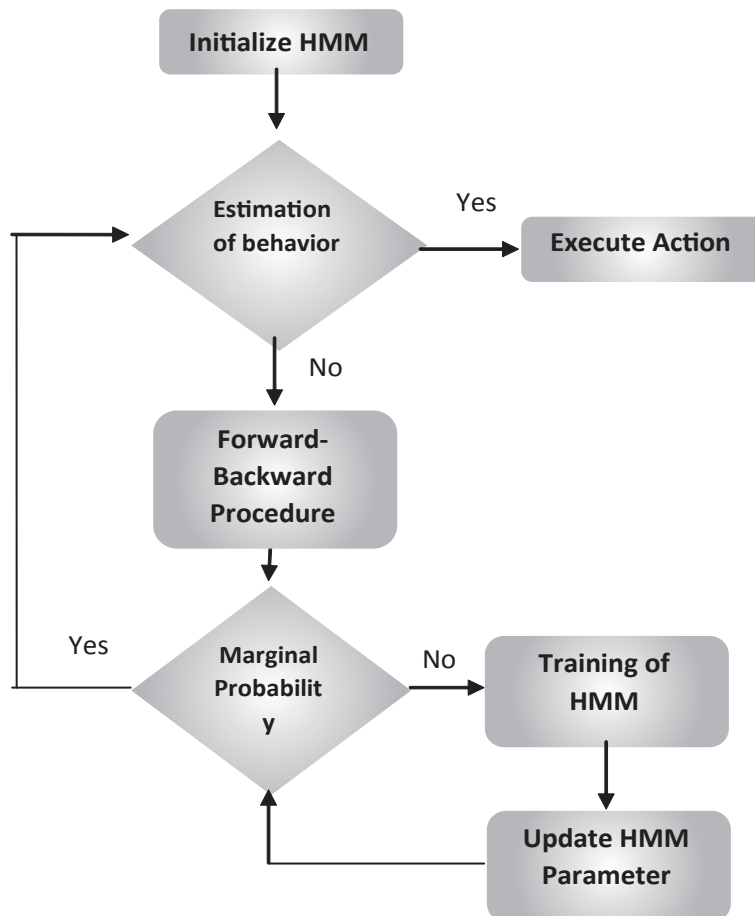


Figure 4: Graphical representation of the process for detection of anomalous behavior

Formal description of the process: In this section, we will illustrate the insight or mathematical abstraction of our proposed Hidden Markov Model, and how exactly our model operates consecutively. Before proceeding to the depth of the model, we will generalize our process with a simple example to make the concept of our detection perspicuous.

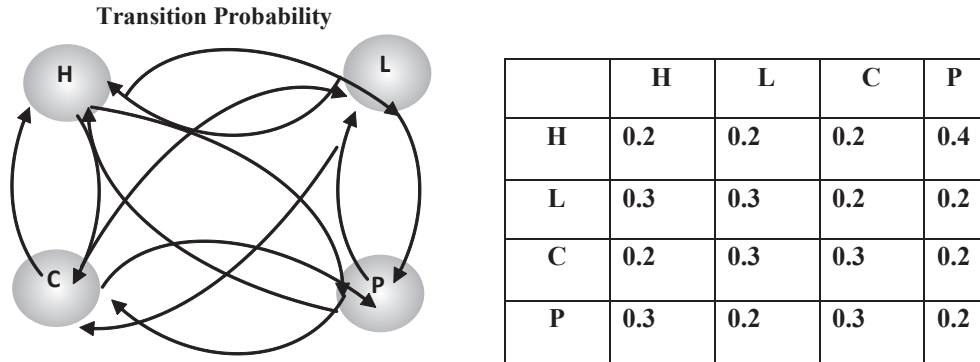


Table - 3

Figure 5, Table 3: State transition based on associated probability for simple user actions [19]

Mnemonics used in the above figure hold the following meanings:

- H** : Home page after login
- L** : Like Event
- C** : Chat
- P** : Post Event

The above figure depicts the transitions of an user with initial probabilities assigned with each transition from one state to another based on pragmatic user behavior in social networking sites. This facilitates to calculate the probability of a specific sequence of user action in logged in state. For instance, an user lands on home page after successful login, and his sequence of an action is

Chat → Home → Post → Post → Like → Like → Like

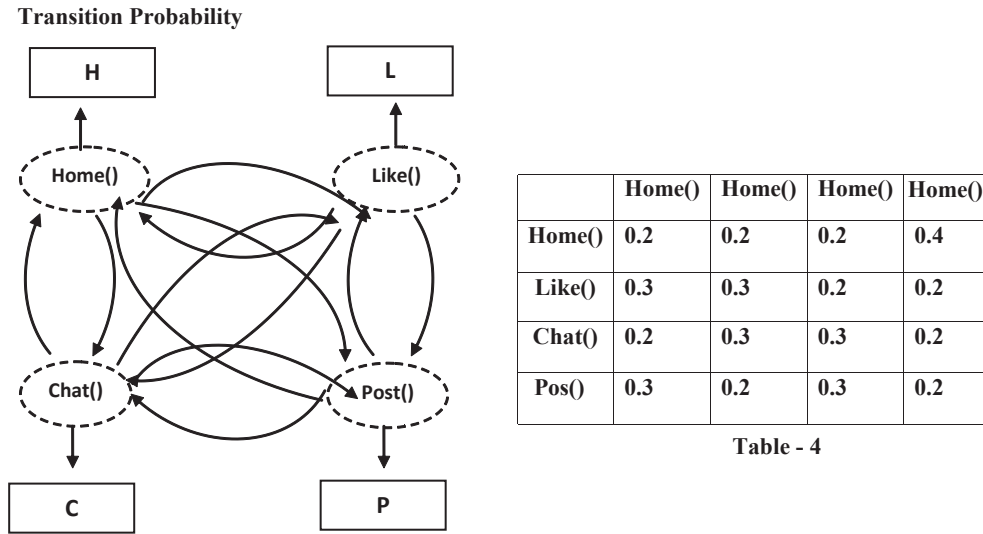
To calculate the probability, let the current state depend only on the previous state which is First Order Markov Model.

$$P(\text{HHPPLLL}) = P(\text{C}|\text{H}) P(\text{H}|\text{C}) P(\text{P}|\text{H}) P(\text{P}|\text{P}) P(\text{L}|\text{P}) P(\text{L}|\text{L}) P(\text{L}|\text{L})$$

$$P(\text{HHPPLLL}) = (0.2) (0.2) (0.3) (0.2) (0.2) (0.2) (0.2) (0.3) (0.3) = 0.000001728$$

So, the probability is calculated in the above manner and if the probability of any sequence of actions is below the assigned threshold for that sequence then it will be considered as anomalous sequence or behavior.

Therefore, the probability is calculated using First Order Markov Model. Let us re-calculate it using Hidden Markov Model which is the proposed method or model to be applied to achieve the goal. Now let us change figure 5 a little bit to make it compatible to Hidden Markov Model.



**Figure 6, Table 4: State transition and observation on associated probability for users' actions [19]**

In the above figure (Figure-6) there is an observation with each state and the states are dashed because in this occasion the states are hidden and only the outcomes of states that are observations associated with each state depending on transition probability will be visible those are delineated using rectangle. Here the states marked with Home(), Like(), Chat(), Post() are the system calls (A system call is an instruction for requesting a service from the operating system's Kernel. The operating system may be windows operating system or currently running server). The actions of a user will be performed through a set of system calls which remain hidden. This model depicted resembles Hidden Markov Model. Now again consider the same sequence of actions of a user and calculate the probability of occurrence for such type of actions.

**Chat → Home → Post → Post → Like → Like → Like**

To calculate the probability, let the current state depend only on the previous state which is First Order Hidden Markov Model.

$$P(\text{HHPPLLL}) = P(\text{Home()Home()Post()Post()Like()Like()Like()}) = P(C|H) P(H|C) P(P|H) P(P|P) P(L|P) P(L|L) P(L|L)$$

$$P(\text{HHPPLLL}) = P(\text{Home()Home()Post()Post()Like()Like()Like()}) = (0.2) (0.2) (0.3) (0.2) (0.2) (0.2) (0.2) (0.3) (0.3) = 0.000001728$$

This is how the probability of any sequence of actions can be calculated and matched up with the normal behavioral action sequence to detect suspicious behavior. But each observation mentioned in the above figure (Figure 6) does not usually get tied with only for that state rather it may appear in rest of the states for specific transition probability because of its stochastic behavior and suspicious performance of user or intruder. It may be rendered as below

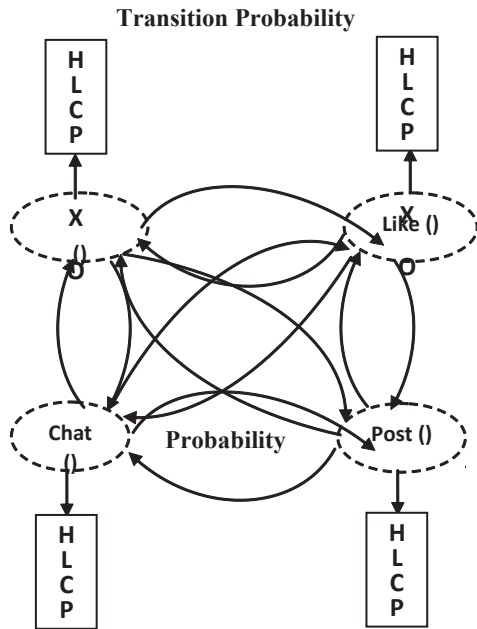


Figure 7

	Home()	Home()	Home()	Home()
Home()	0.2	0.2	0.2	0.4
Like()	0.3	0.3	0.2	0.2
Chat()	0.2	0.3	0.3	0.2
Post()	0.3	0.2	0.3	0.2

Table - 5

	H	L	C	P
Home()	0.6	0.1	0.1	0.2
Like()	0.1	0.7	0.1	0.1
Chat()	0.1	0.1	0.6	0.2
Post()	0.1	0.1	0.1	0.7

Table - 6

**Figure 7, Table 5, and Table 6: State transition and observation on associated transition and emission probability for users' actions [20]**

Because of the highly stochastic department of social networking sites for its vast proportion of users and tremendous variation in action sequences, an efficient formal procedure of Hidden Markov Model needs to be followed to accomplish the detection process of anomalous behavior [18]. There are basically three problems of Hidden Markov Model needed to be figured out:

- Evaluation Problem
- Decoding Problem and
- Training or learning problem

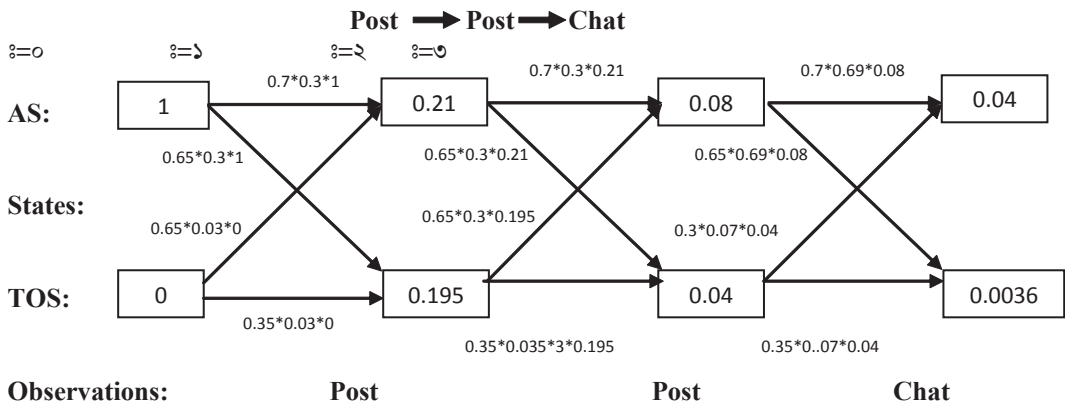
**Evaluation Problem for Proposed Model:** In our proposed model, primarily the model (HMM model) and the possible observation sequence are given. The evaluation problem is to determine the possibility or probability of that sequence to be generated by the given model. For this, we have to consider all possible paths through the given model.

For instance, if the Hidden Markov Model given is ? (Initially, model is constructed based on the normal behavior or trend), and the observation sequence is  $O_1, O_1, O_1, \dots, O_n$ . for evaluation problem to be solved, we need to find out the probability of the sequence  $O_1, O_1, \dots, O_n$ . to be generated by given HMM model?.

Now for practical implementation, if an HMM with initial state transition probabilities and an user's temporal action sequence or a sequence of system calls are given, we





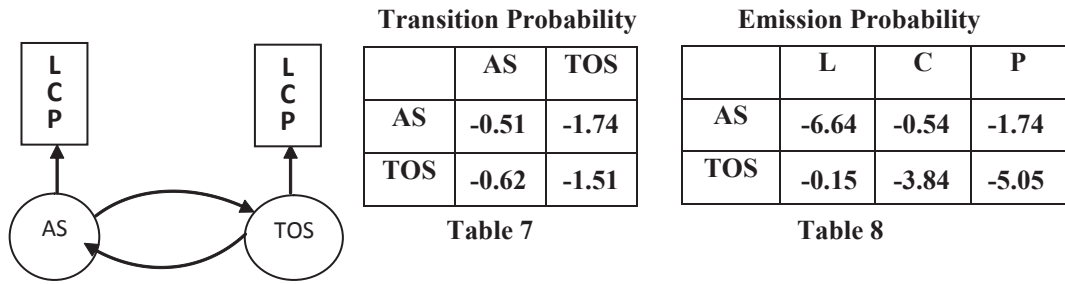


**Figure 9: Calculation of probability using trellis for a designated user action sequence**

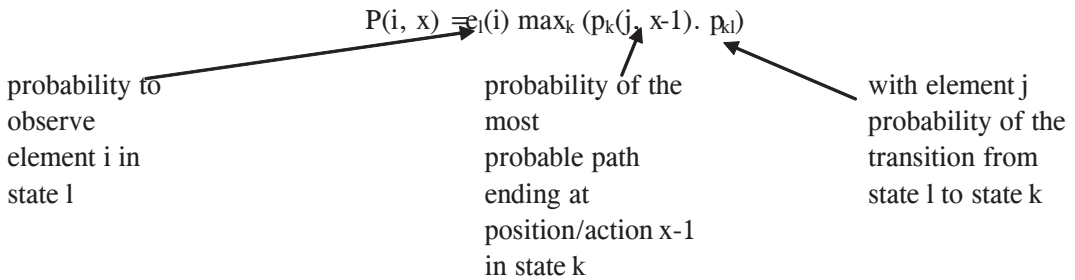
Therefore, after calculating in accordance to the Forward algorithm at different time instance, it is obvious that the probability of the given observation sequence by the given HMM model is 0.04 where the user must be in AS (Active Session). The probability is quite small because of the stochastic manner of the Mode 1<sup>[16]</sup>.

**Decoding Problem:** As previously stated in section 4 that, decoding problem is intended to find out the most likely state sequence or the hidden state for given HMM model ? and observation sequence  $O_1, O_1, O_1, \dots, O_n$ . For our problem of anomaly detection, we are concerned of finding the possible path (State Sequence) for a specific user action. It is necessary to observe whether a sequence of observation or an action sequence is performed by the user through designated path or not. Because in social networking sites, intruder or hacker can accomplish an action in abnormal manner bypassing the security system of that site using malware or other fishy scripts .Significant deviation from the path will be considered as anomalous behavior which will prevent the user from his action to be done. For decoding problem we have used Viterbi's Algorithm. *Again detail theory regarding the calculation can be found in section 4.*

We will use the same model (figure-8) with a little change. This time the transition and emission probability will be expressed in  $\log_2(P)$  manner which allows to calculate the sums instead of product that facilitates the calculation to be more precise because of getting rid of floating points. Thus the model from figure-8 and Table-7 and Table-8 model is mentioned below:



Now let the observation sequence is **Login** → **Post** → **Chat**  
 The following formulation has to be followed for Viterbi's Algorithm.



For instance, the probability of most likely path terminating at AS (Active Session) রিফ্র observation Post in the second action will be

$$P(\text{Post}, 2) = e_{AS}(\text{Post}) \max(P_{TOS}(\text{Login}, 1) + P_{ASAS}, P_{AS}(\text{Login}, 1) + P_{ASAS})$$

When an user surf to the social networking site, he may land on a previously logged in webpage that an AS(Active Session) state or on a page whose session is timed out that is in TOS (Timed Out Session) So, let the probability of landing on AS state or TOS state is 50%-50% that is  $0.5(-1 \text{ in } \log_2)$  for each state.

Now, Probability (in  $\log_2$ ) that Login in the first action is observed by state AS:

$$P_{AS}(\text{Login}, 1) = -1 - 6.64 = -7.64$$

And the probability (in  $\log_2$ ) that Login in the first action is observed by state TOS:

$$P_{TOS}(\text{Login}, 1) = -1 - 0.15 = -1.15$$

Probability (in  $\log_2$ ) that Post at the 2nd action is observed by state AS:

$$\begin{aligned} P(\text{Post}, 2) &= -5.05 + \max(P_{AS}(\text{Login}, 1) + P_{ASAS}, P_{TOS}(\text{Login}, 1) + P_{TOSAS}) \\ &= -1.74 + \max(-7.64 - 0.51, -1.15 - 0.62) \\ &= -1.74 - 1.77 \\ &= -3.51 \end{aligned}$$

Probability (in  $\log_2$ ) that Post at the 2nd action is observed by state TOS:

$$\begin{aligned} P(\text{Post}, 2) &= -0.15 + \max(P_{AS}(\text{Login}, 1) + P_{ASTOS}, P_{TOS}(\text{Login}, 1) + P_{TOSTOS}) \\ &= -6.64 + \max(-7.64 - 1.74, -1.15 - 1.51) \\ &= -6.64 - 2.66 \\ &= -9.3 \end{aligned}$$

To avoid complexity of the calculation process let represent it in tabular form to determine the most probable path

	Login	Post	Chat
<b>AS (Active Session)</b>	-9.68	-9.51	-8.62
<b>TOS (Timed out Session)</b>	-2.25	-9.9	-28.65

### Figure 10: Probability of states to several observations

The designated path (TOS, AS, AS) of performing the above action is explored after solving decoding problem of Hidden Markov Model using Viterbi's algorithm.

**Training or Learning problem:** This phase is crucial for HMM model to be trained for making itself adaptable to new features, environment, or actions performed by users. This phase is concerned to determine the parameter of HMM model including the transition and emission probabilities given by the behavior of the HMM model. Here the past actions and their probability will be taken as input to determine new parameter. Training can be supervised or unsupervised, and for our model of "anomaly detection process" the training will completely be in unsupervised manner where our model will be trained without having any prior knowledge because of the capricious behavior of intruders. For training of our HMM in unsupervised manner, we again use Viterbi's training of HMM. The process of training is mentioned below:

#### Input:

- I. An HMM model with its initial parameters including transition and emission probability distribution and
- II. An DB of previously observed action sequences.

**Output:** New optimized or converged transition and emission probabilities

**Step 1:** Training of the model with Viterbi's algorithm starts with the finding of the most feasible path from the start to an end of an user's action sequence, and the process regarding finding Viterbi's path at time instance  $t$ ,  $V[t]$  has already been depicted in decoding problem section. Viterbi's path must be determined for each and every action sequence for HMM model ?

**Step 2:** Next step is to estimate model parameter using Viterbi's path. That is to update the parameter of HMM each time the Viterbi's path updates. This process will continue until the iteration converges.

The process can be delineated as follows:

If an HMM at initial point with its transition and emission probability  $a$  and  $e$  respectively are

$O[0] = \{A[i, j], E(i, s)\}$  and a DB with previously observed sequences to be used for learning or training is  $D$ , the iteration process till convergence follows the following procedure <sup>[17]</sup>

- I. Compute the Viterbi paths of  $D$ :  $V[t] = V[D, ?[t]]$ ;  $V$  denotes the Viterbi's path.
- II. Count frequencies  $F[V[t]] = \{A(i, j), E(i, S)\}$
- III. Update  $\{A(i, j), E(i, S)\}: ?[t+1] ? F[V[t]]$

As previously stated, training or learning process is totally unsupervised where the HMM will be update dynamically based on users actions.

## 2 Simulation Using Octave

We have performed an Octave (Alternative to Mat lab) Simulation to evaluate the performance of our proposed model. It is previously stated that we need to be concerned with three fundamental issues of HMM for any problem to be solved. This requires the state transition probability distributions and emission or observation

sequence probability distribution to be presented. A sample experimental data is given below for Octave Simulation.

In the figure below the symbols used, bear the following meaning:

**AS:** Active Session, **TOS:** Timed Out Session, **DS:** Dormant Session, **LI:** Login, **C:** Chat, **P:** Post, **LU:** Logout, and **LK:** Like.

Transition Probability				Emission Probability					
	AS	TOS	DS		LI	C	P	LU	LK
AS	0.6	0.2	0.2	AS	0.01	0.01	0.01	0.01	0.01
TOS	0.55	0.25	0.2	TOS	0.9	0.9	0.9	0.9	0.9
DS	0.3	0.3	0.2	DS	0.1	0.1	0.1	0.1	0.1

**Figure 10: State transition and observation on associated transition and emission probability for users' actions**

#### Data preparation and simulation command for Octave:

```

Trans prob = [0.6,0.2, 0.2; 0.55, .025, 0.2; 0.3, 0.3, 0.2];
out prob = [0.01, 0.39, 0.3, 0.1, 0.2;
            0.9, 0.04, 0.035, 0.015, 0.01;
            0.01, 0.05, 0.05, 0.7, 0.1];
[sequence, states] = hmm generate (40, trans prob, out prob)
vpath = hmm viterbi (sequence, trans prob, out prob)
symbols = {'LI', 'C', 'P', 'LU', 'LK'};
state names = {'As', 'Tos', 'Ds'};
To generate a random sequence of states and emissions and Viterbi path from the model,
use hmmestimate
[sequence, states] = hmm generate (40, trans prob, out
prob, 'symbols', symbols, 'state names', state names)
Vpath = hmmviterbi (sequence, trans prob, out prob,
'symbols', symbols, 'state names', state names)

```

Here *seq* is the sequence of emission and *states* is the sequence of states.

#### Result and Discussion

The above sample is just an example which can be used for any sequence of states. Our motive is to just generate only 40 of sample sequence to make the calculation simple. (hmm estimate (40, transition, emission; Number of sample sequence can be changed from the parameter of the mentioned line of code consequently change the Viterbi's path which will later estimate the behavior of user matching with user action sequence. The simulation result from Octave is shown below:

**sequence =**

Columns 1 through 20:

3 4 3 2 4 3 1 2 4 5 4 5 2 3 3 5 4 1 2 2

Columns 21 through 40:

1 1 2 1 5 4 1 3 2 2 2 4 2 2 3 4 3 1 5 2

Columns 41 through 60:

1 2 2 4 4 2 2 4 4 1 2 3 3 2 3 2 4 1 3 2

Columns 61 through 80:

4 5 4 4 3 3 2 4 4 1 2 1 4 4 5 2 3 1 2 3

Columns 81 through 100:

3 4 4 1 2 2 3 1 4 1 2 2 5 5 2 2 2 5 1 2

**states =**

Columns 1 through 20:

1 3 2 1 3 1 2 1 1 1 3 1 1 3 2 1 3 2 1 2

Columns 21 through 40:

2 2 1 2 1 3 2 1 1 3 1 3 1 1 1 3 1 2 1 1

Columns 41 through 60:

2 1 1 1 3 1 1 1 3 2 1 1 1 1 1 1 3 2 1 1

Columns 61 through 80:

3 1 3 3 3 1 2 3 3 2 1 2 3 3 1 2 1 2 1 1

Columns 81 through 100:

1 3 1 1 1 1 1 2 3 2 1 1 1 1 1 1 1 1 2 1

**vpath =**

Columns 1 through 20:

1 3 1 1 3 1 2 1 3 1 3 1 1 1 1 1 3 2 1 1

Columns 21 through 40:

2 2 1 2 1 3 2 1 1 1 1 3 1 1 1 3 1 2 1 1

Columns 41 through 60:

2 1 1 3 3 1 1 3 3 2 1 1 1 1 1 1 3 2 1 1

Columns 61 through 80:

3 1 3 3 1 1 1 3 3 2 1 2 3 3 1 1 1 2 1 1

Columns 81 through 100:

1 3 3 2 1 1 1 2 3 2 1 1 1 1 1 1 1 1 2 1

```

sequence =
{
  [1,1] = LU [1,26] = As [1,9] = As [1,34] = As [1,17] =
  [1,2] = LI [1,27] = As [1,10] = As [1,35] = As [1,18] =
  [1,3] = P [1,28] = As [1,11] = As [1,36] = As [1,19] =
  [1,4] = C [1,29] = Tos [1,12] = Ds [1,37] = As [1,20] =
  [1,5] = LI [1,30] = As [1,13] = Ds [1,38] = As [1,21] =
  [1,6] = LU [1,31] = As [1,14] = Ds [1,39] = As [1,22] =
  [1,7] = P [1,32] = As [1,15] = Tos [1,40] = As [1,23] =
  [1,8] = LU [1,33] = Tos [1,16] = }
  [1,9] = C [1,34] = As [1,17] = vpath =
  [1,10] = LK [1,35] = As [1,18] = {
  [1,11] = LU [1,36] = As [1,19] = Ds [1,1] = Tos [1,25] =
  [1,12] = P [1,37] = As [1,20] = Ds [1,2] = Tos [1,26] =
  [1,13] = C [1,38] = As [1,21] = As [1,3] = Tos [1,27] =
  [1,14] = LU [1,39] = As [1,22] = As [1,4] = As [1,28] =
  [1,15] = LI [1,40] = Ds [1,23] = As [1,5] = As [1,29] =
  [1,16] = LU [1,41] = As [1,24] = As [1,6] = Tos [1,30] =
  [1,17] = } Ds [1,24] = As [1,7] = Ds [1,31] =
  [1,18] = Ds [1,25] = As [1,8] = As [1,32] =
  [1,19] = Tos [1,26] = As [1,9] = As [1,33] =
  [1,20] = Ds [1,27] = Ds [1,10] = As [1,34] =
  [1,21] = As [1,28] = As [1,11] = As [1,35] =
  [1,22] = As [1,29] = Tos [1,12] = Ds [1,36] =
  [1,23] = As [1,30] = As [1,13] = As [1,37] =
  [1,24] = As [1,31] = As [1,14] = Ds [1,38] =
  [1,25] = As [1,32] = As [1,15] = Tos [1,39] =
  As [1,33] = Tos [1,16] = Ds [1,40] =
  }
}
states =
{
  [1,1] = Tos
  [1,2] = Ds
  [1,3] = Tos
  [1,4] = As
  [1,5] = As
  [1,6] = Tos
  [1,7] = As
  [1,8] = As
  [1,9] = Tos
  [1,10] = As
  [1,11] = As
  [1,12] = Tos
  [1,13] = As
  [1,14] = Ds
  [1,15] = Tos
  [1,16] = Ds
  [1,17] = }
  [1,18] = Tos
  [1,19] = Ds
  [1,20] = As
  [1,21] = Tos
  [1,22] = As
  [1,23] = Tos
  [1,24] = As
  [1,25] = Tos
  [1,26] = Ds
  [1,27] = Tos
  [1,28] = As
  [1,29] = Tos
  [1,30] = As
  [1,31] = Ds
  [1,32] = Tos
  [1,33] = Ds
  [1,34] = Tos
  [1,35] = As
  [1,36] = Ds
  [1,37] = As
  [1,38] = Ds
  [1,39] = Tos
  [1,40] = Ds
  [1,41] = }
}

```

The above data set is generated after simulation of the above code using Octave which in turn generates a sample action sequence for our HMM model. We can evaluate the performance of any classifier through four terms. Those are- True Positive, True negative, False Positive and False Negative. Basically, Hidden Markov Model is less sensitive to False Positive and False Negative and usually provides most probable sequence path that is True Positive and True Negative state sequence which can be observed from the above simulated result.

## Conclusion

As our proposed model of anomaly detection system is formulated employing behavioral based method rather than signature based method, its robustness of functioning will dominate over any other conventional anomaly detection system. But, it is noteworthy that our anomaly detection framework is no longer confined in only social networking sites. Preferably it can also be used as a standard building block for any malware detection system. In a word, the proposed model, if implemented, will add up a new dimension to the security system of cyber space.

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