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Aim and Scope of the Journal

The *IUM Journal of Case Studies in Management* is an internationally refereed journal published twice yearly by the Graduate School of Management, International Islamic University Malaysia. The journal is dedicated to the development and promotion of case studies in the field of management and related disciplines for the purpose of enhancing our knowledge and understanding in the areas. Cases selected for publication are expected to deal with important issues related to the discipline, which may be used, among others, by instructors of Master of Business Administration and Master of Management programmes. Special consideration will be given to cases that deal with management issues in the Asia-Pacific region. Cases based on both research and secondary sources, will be considered. Also, papers on case writing, case teaching and case analysis will be accepted for publication. Occasionally the journal will publish empirical papers on current issues in management.

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Teaching Notes of the Case Studies, published in this issue, are available ONLY to lecturers and trainers. Please send your request to the Editor-in-Chief (rislam@iium.edu.my) giving details of your job position and institutional affiliation using your institutional email address.



Editorial Note

Business case studies bring forth the issues and challenges that business organisations face in running their businesses. People can learn useful lessons from these cases so that same mistakes are not committed again. Having said this, we must also say that it is not the problems that cases highlight only, cases also describe positive outcomes due to implementation of relevant policies and processes. Within the four cases described in this Issue, the readers can have glimpses on both types of cases.

The first case study highlights an instance when leadership succession planning can potentially have negative repercussions on an institution when not handled judiciously. The case centres on the Tata Group in India, which went through change in leadership in 2012. Issues of corporate governance and leadership styles are also central in the case discussed.

The second case describes the experiences and practices of four corporate foundations established in Malaysia. Comparisons are made between these foundations and selected findings can provide valuable insights on how corporations can or should manage their organizations, talents and programs, as well as how to deal with challenges or issues that may arise.

Over the last two decades, there has been significant growth in the aviation industry in most of the countries of the world. To cater the ever-growing needs of the aviation market, we have seen emergence of many new airlines in the last two decades. Consequently, the industry itself has become very competitive. The case written by Prof. Bose describes the struggle of a prominent airline, namely Etihad Airways in the United Arab Emirates. The case has raised many issues for Etihad which can be very stimulating for class discussion.

Islami Bank Bangladesh Limited or IBBL is one of the leading Islamic banks not only in Bangladesh but also in the whole Muslim world. Over the years, IBBL has gained significant growth in terms of market share as well as total investment assets. Dr. Khan and his colleagues have provided important insights on how the bank is forging ahead and serving the financing needs of the *ummah*. By means of SWOT analysis, Resource-based views analysis and PESTE analysis, the authors have shown how the bank has positioned itself in the competitive marketplace.

Prof. Dr. Rafikul Islam

Editor-in-Chief



Who's at Fault? Tata Sons in 2012 or Mistry in 2016: A Case Study on the Tata Group

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Abstract: Tata group is an Indian MNC founded in 1868 by Jamsetji Tata. His vision envisaged towards nation's development to see India self-sufficient. The company was headed by JRD Tata during 1939-90. His tenure made a significant contribution towards the growth of the group. In 1991, Ratan Tata took over as a chairman of Tata group of companies. His clear vision and desire to achieve along with people's support made the company grow 57 times from the year he was appointed. Since Tata lacked an heir, Cyrus Mistry, second largest shareholder in Tata sons who worked very closely with Ratan and ensured the best of his capabilities with a long term association and commitment, was appointed as the new chairman of Tata Group in 2012, after being on a position of Deputy Chairman for about a year. His leadership viewed major strategic decisions that affected Tata's market image and growth, in the view of Tata trusts. In 2016, a sudden decision of Mistry's exit raised several questions on the governance at the Tata group and the succession experiment that went wrong. The case also talks about the deviations in leadership style and reasons for the elevating trust deficit among the people concerned.

Key words: Corporate Governance, Succession Planning, Leadership, Companies Act, Tata, Ethical Values

Introduction

Tata Sons, promoter of the Tata group of companies and one amongst the largest shareholder decided to oust Mr. Cyrus Mistry from the position of Chairman, Tata group of companies in the year 2016. The group operated more than 100 independent companies into different sectors like steel, IT, automobile, chemicals, hospitality, telecommunications, consumer goods, airlines, health care, financial services, engineering services and real estate. Tata group was known for its core values of integrity, excellence, unity, responsibility and pioneering to its core philosophy and legacy since its inception in the year 1868 by Jamsetji Tata. The operating companies had seen a magnificent growth since then. Tata group was headed by Mr. Ratan Tata from the year 1991 till 2012. He took over from JRD Tata whose power and leadership skills had a proven track record with business spread across world. Tata's were wholly credited for carving the group's image and earning a collective turnover of \$103 billion. Ratan's unique strategies and decision to unite their diversified business under a single corporation had catalyzed this success establishing a storied empire. In 2011, as Ratan T. nearing the age of retirement (seventy-five), the decision of appointing his successor Mr. Cyrus Mistry to the position was taken by Tata Sons. Mistry took over as chairman of the Tata group in the year 2012 as a sixth chairman for a contract period of 5 years. It

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was on December 28, 2016 when a critical meeting with all 11 board members including Mr. Ratan Tata made a decision of ousting Cyrus Mistry from the position of chairman of Tata Group. Since the contract of Mr. Cyrus Mistry was nearing completion, sudden decision by Tata sons of showing the door to Mistry came as a shock and raised several questions on the governance at Tata group.

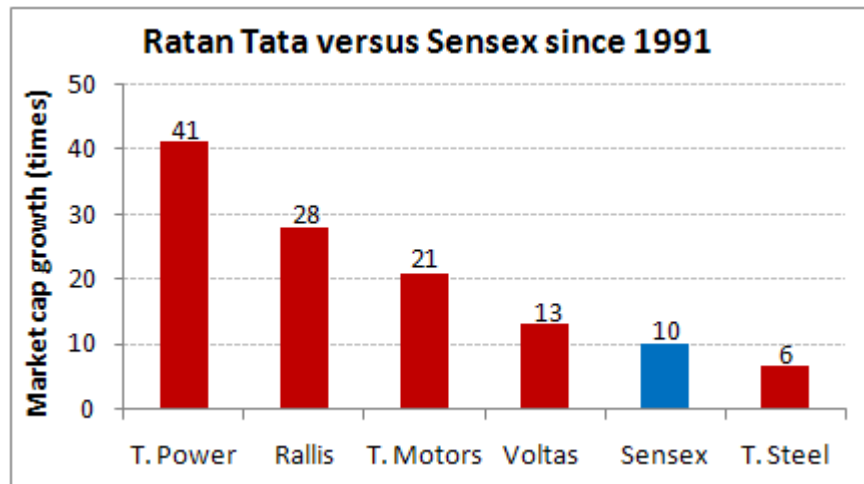
The group that was set up for more than 100 years now, had always been known for its ethical values and governance practices. It was perceived that the strategic decisions under the leadership of Mistry were not taken in good spirits by the Tata trusts: Sir Dorabji trust and Sri Ratan Tata Trust which owned a major part of share in Tata Group. The reason for such a sudden exit from Tata Sons also revealed performance and reliance issues of Mistry, as a chairman during the tenure (as said by Tata Son's). The turnover of the group had dropped down to \$103 billion in 2015-16 from \$108 billion the previous year and net debt had risen to \$24.5 billion in 2016 from \$23.4 billion in the previous year. On the other hand, Mistry's focus, as a chairman was more on consolidation of group finances than getting involved into big ticket acquisitions. Was it a succession experiment that went wrong or the Tata's failed in keeping the status quo of the governance practices? This represented an apprehension that raised many questions un-answered.

TATA trajectory under Mr. Ratan Tata – Chairman of Tata group 1991-2012

Ratan Tata took over as a chairman of Tata Group in the year 1991 from JRD Tata with very little experience and a low profile. In the nineties, due to economic liberalization which was started only after months of the joining of Ratan, it made it quite difficult for Ratan to compete. After inheriting a decentralized organizational structure from JRD Tata, his focus was on improving efficiency and to leverage globalization. In the era of JRD Tata, succession planning was at its nascent stage and that a choice had to be made for the new chairman. JRD always wanted to select a person who can value the ethos of the group and there he strongly had an inclination towards Ratan as a right choice.

The advent of Ratan's leadership saw many restructuring phases with getting rid of un-profitable businesses like Lakme, Merind, Goodlas Nerolac, and Tomco and ACC on one hand and joint ventures with companies like IBM, Mercedes Benz, Pepsi Co and Timex. The group had also diversified its business via getting into the telecommunications sector in 1996.

The chart below depicts the performance of some of the Tata group companies against the Sensex since 1991. It is evident that Tata had out-performed in many sectors in the past 21 years not ignoring the success of TCS. Ratan Tata had always strived for group cohesion and creating the group's identity which was recognized with-in and out of the country via naming it as the best global brand.



Source: Business India, Ace Equity

Progress under Mr. Cyrus Mistry – Chairman of Tata Group (2012-16)

Though the advent of Tata-Mistry battle in 2016 had raised questions on Mistry's management style, it was also noted that Mistry's focus was completely on profits maximization rather being expansionist. His era brought several major decisions in this purview. The sale of a loss making Tata steel business in Europe was highly negotiated to Greybull capital. Though Tata's debt jumped by 2%, net debt, on the other hand, saw a reduction of 3.3 percent. The market share under his leadership had grown to 8.21 lakhs cr. from 4.66 lakh cr. In addition to shell out some unprofitable businesses, Mistry also focused upon expanding the empire by ensuring the capital expenditure in its international operations that earned almost 70% of its revenue. Tata group had also expanded into the defence manufacturing business under his tenure. Mistry also viewed and created Group Executive Council (GEC) to focus on crucial decisions which was in close supervision with him.

The Battle of Words

The civil war between Tata son's and Mistry had its inception since the time when Tata son's perceived that all the decisions of Mistry were rather an attempt to dismantle the conglomerate structure of the group, thereby, making Tata trusts less relevant. In view of Tata sons, Mistry had defended their long run strategy of empowering group operating companies and that this would bring effective decision making and group cohesiveness. Mistry, however, viewed Tata son's involvement as interference that made him face lots of challenges during execution of significant strategies in place.

Mistry's idea was to place people with domain expertise on the group operations that resulted in effective decision making in the best interests of the companies. On the contrary, it didn't go in favor of Tata sons principles as there was a commonality in the era of Ratan Tata. Tata sons were one binding shareholder and that ethical practices and governance prevailed.

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In 2015, the rolled out bidding of defence contract for futuristic infantry combat vehicles viewed Tata group of companies bidding with different external parties which was an evident picture of the fading commonality among the group companies. Another aspect that was questioned by Tata sons was the Group Executive Council (GEC) that was created by Mistry with an objective to handle companies operation independently and to keep close connects with Mistry. Tata sons had reservations against some of the council members who were acting in contravention to the values and ethics of Tata group of companies.

Mistry also highlighted his dissatisfaction with the tweaked amendments in the Articles of Association at the time of his joining as the Chairman, which said that any significant business decision requires affirmative vote of Tata trusts nominated directors. According to Mistry, this amendment was considered in a different way where the Tata trusts assumed that any crucial matter needs to be discussed with the trusts directors independently before it has to be put on table in the board meeting. This led to gradual decision making and questioned the role clarity of Mistry as a chairman. A source close to Tata trusts said that Ratan Tata was, however never interested in looking for commercial details but had only concentrated on the broader aspects like values and ethics of Tata group holistically. Mistry was supposed to put in place the governance practices framework that outlined roles of stakeholders and Tata sons and trusts that were not implemented.

One another key aspect that raised allegation upon Mistry's performance was declining revenue received from the Tata group of companies from INR 1000 crore in 2013 to INR 768 crore in 2016. Tata sons were disappointed with Mistry for not putting materialistic contribution to TCS which outperformed in every aspect. Mistry, on the contrary, focused on the businesses that were inherited by him like Tata steel, Tata Motors' passenger vehicle and IHCL via strategies like restructuring, divestment of assets of Tata steel in Europe for more efficient use of capital.

Tata sons and Mistry also had divergent views with reference to the loan extended to C. Sivasankaran Siva's group. Mistry alleged that interference of Tata trusts questioned his position as a chairman. The boardroom battle went to an apex when it was found that crucial business decisions had been taken without keeping Tata sons and Tata trusts in the loop. Therefore, on October 24, in an official meeting between the shareholders, the decision of Mistry's exit was taken after voting where six votes were favoring the exit and two against. On one hand, where Tata sons admitted giving chance to Mistry to resign and had an respectful exit, Mistry claim that the exit came to him as a shock and was never discussed with him.

Key Reasons for Rift between the Two Leaders

- The leadership style being different, Mistry considered the suggestion of experts close to Tata trusts as interference from the trust in general and Ratan Tata, specifically.
- Ratan Tata and his nominees expressed their dissatisfaction upon the decision taken by Mistry and his team with regards to the investment of 10 crore for the state assembly elections as it could have an adverse impact upon the high ethical standards of Tata Group with the policy of investing only in parliamentary elections
- With respect to the biddings for Joint Venture with Strategic equipment Division (SED) and Bharat Forge, the interlocutors close to Ratan Tata, viewed JV with SED as a fruitful bidding, however it was not taken in good spirits by Mistry and was presumed as sheer interference
- 2016 also saw the turndown of the proposed merger with the US pizza chain Little Caesars through Mistry and his team by Ratan Tata in view of understanding that it may pull down the image of the Tata group and that it can be handled by separate Tata entities like Starbucks under Tata Global Beverages which already has a reputation in the market
- Tata group's credibility was at stake when Mistry, in view of Ratan Tata failed to manage empathetic and smooth relations with Japanese workers and that Tata-Docomo dispute worsen the situation
- Mistry's emphasis on getting into real estate business concerned Ratan Tata to the extent of taking a firm decision on continuing Mistry as a Chairman, Tata Group

After ousting Mistry, the GEC, which was the conglomerate's brain trust and close to Mistry was also dismantled. Mistry was not happy about the manner this exit was implemented and further, he wrote an explosive letter addressed to Tata group expressing the challenges during his tenure at Tata sons as chairman and that the "legacy hotspots" he inherited from Ratan entailed a write down of 1.18 lakh crore over the coming years. While Ratan Tata took over as an interim chairman for a period of four months to ensure stability and continuity till the new successor was decided by the board, Mistry remained the director of various companies. Tata sons were determined to take out Mistry from the companies' directorship. As a result, Mistry was replaced by other key persons from different companies. Tussle between Tata and Mistry also resulted in ejection of Mr. Nusli N Wadia, chairman of Bombay Dyeing and close friend of Ratan Tata from the position of independent director of three companies: Tata Steel, Tata chemicals and Tata Motors. It was perceived by Tata sons that Wadia acted as a catalytic agent in scoring support for Mistry, a charge which Wadia denied. Developments under this battle also made Tata's in 2017 propose to convert itself in a private limited holding with 75% of the shareholders giving the proposal a green signal, thereby restricting "free transferability" of shares owned by Mistry and his family who had 18.4 % stake in the Tata Group. This step in view of Ratan Tata was taken in the best interest for the group as a whole, however considered by Mistry as an attempt to oppress minority shareholders interest.

The Future Impression

Mistry did not accept and treated this ousting as illegal had filled a case against Tata sons and Ratan Tata resulting in negative implication on the group's brand image and market reputation. Legal experts following the case viewed this as a lack of corporate

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governance and had expressed a strong need to revise the governance policies with respect to protect the security of independent directors. Experts also questioned the succession planning strategy that was adopted and experimented. The Tata-Mistry battle also had an impact on stocks of Tata group of companies that declined to a large extent. In addition to this Tata Sons opined that repeated exoduses from the culture and ethos of the company resulted in the increased trust deficit among Tata trusts with Mistry. *Was the leadership style of Mistry appropriate enough to lead the teams effectively? Is the lack of effective communication possible reason to such a situation? Will Tata regain their inherited reputation of being ethical in governance that is being questioned and bring back the cohesive culture and values?*

Discussion Questions

1. “Mistry claimed that his ousting was illegal and represented lack of governance”. Do you agree? Comment in light of the issues discussed in the case.
2. Discuss the way succession planning was executed and how it could have been implemented in an effective manner.
3. What is the role of independent directors? Comment its significance in the case.
4. A big question still remains: Who’s at Fault? Debate with respect to the succession planning strategy in 2012 and Mistry’s lack of governance allegation against the ousting in 2016.



Cases on Competitive Analysis of Selected Corporate Foundations in Malaysia

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Abstract: There are many foundations formed in Malaysia. However, there are cases of success and failures. Therefore, this case study focuses on exploring the strategies used in the successful foundations and how they overcome obstacles to achieve their objectives. This study used a qualitative design that involved content analysis and interviews with the Chief Executive Officer and officers in charge of the foundations. Four foundations were selected for this purpose. The practices of the foundations were examined and comparisons were made between the foundations chosen. From this research, it is found that all four corporate foundations have fewer similarities but more differences in terms of operations. Findings from this study can be lessons learnt to other foundations on how the corporate foundations manage their organization, talents, challenges, and programs.

Keywords: corporate foundations, sustainability, comparative analysis

INTRODUCTION

This case study provides an analysis of selected corporate foundations in Malaysia that provide educational assistance and corporate social responsibility activities. The selected foundations are Foundation A, Foundation B, Foundation C and Foundation D. The following sections will give an overview of the foundations and analysis of their operations. The information for the foundations is valid for 2017.

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OVERVIEW OF THE FOUNDATIONS

Foundation A was established in 2005, when a member of the parent company proposed to the management during an Annual General Meeting, to set up an education fund. During the initial stages, this education fund was gathered solely from members' contribution and was managed by the parent company's staff. Later, in the year 2006, the management of the parent company decided to set up the foundation under the Trustee Act 258. In 2008, Foundation A began allocating the education fund to its scholars. In 2015, with the objective of increasing the education fund, each shareholder of the Parent Company contributes 0.5% of the principal profits to Foundation A.

Foundation B was incorporated in June 1982. The foundation started with a scholarship program for students that had the opportunity to pursue their studies in prestigious international universities such as the University of Cambridge and the University of Oxford. In 2007, the parent company of the foundation merged with two other companies and their education funds was transferred to the foundation to be given as a scholarship to the deserving scholars. Over the years, the foundation has expanded its wings from offering only scholarships to outstanding and deserving individuals to funding impactful conservation, outreach, and developmental programs.

Foundation C was established in July 2000 as an avenue for its parent company to channel its corporate philanthropic activities, with education as its main thrust. The foundation is entrusted with supporting the nation's quest for human capital of distinction, in selecting, supporting, and nurturing high deserving achievers who will eventually be the future leaders of the nation. The foundation enjoys tax exemption status in accordance with Section 44(6) of the Income Tax Act 1967.

Foundation D was incorporated in 17 Mei 2016 with the objective to perform and manage the implementation of CSR programs in a systematic manner towards the development of the society mainly in education, humanitarian aid and others. As a new foundation, it is currently waiting for approval from LHDN on their application to be a tax exempted organization. Once this status is achieved, 50% of the income of the Foundation would be used for charitable purposes.

METHODOLOGY

Interviews were conducted with the Chief Executive Officer and officers in charge of the foundations to find their response towards issues related to their organization, talent management, challenge, and programs organized by the foundations. In addition, this study also reviewed the annual report of the foundations. The expert analysis was used in analyzing the data. The following sections discuss the findings from the interviews and annual report analysis.

OPERATION OF THE FOUNDATIONS

STRUCTURE AND DIRECTION

Foundation A is dedicated to improve students' learning process through innovative, replicable, and evidence-based strategies that prepare students to thrive in their studies, careers, and lives. Foundation A is committed to achieving its vision which is to encourage diversified lifelong learning, holistic knowledge, strengthen communities and environment conservation through innovative and creative education for the

underprivileged. To achieve this vision, Foundation A's mission is to work in synergy with their partners to:

- i. Effectively manage and administer the funds and contributions received to ensure the sustainability of the foundation.
- ii. Promote knowledge enrichment, creative and innovative education for the betterment of the socio-economy of the underprivileged and Malaysians
- iii. Conserve, improve and protect our natural environment for current and future generations.

For Foundation B, the vision is to lead and make a sustainable impact and difference in the lives of others. While their mission is dedicated to enhancing lives and delivering sustainable value through their 5 pillars:

- i. Education,
- ii. Environment,
- iii. Community and Health,
- iv. Youth and Sports, and
- v. Arts and Cultures.

This Foundation practices high ethical values and observes good corporate governance.

Meanwhile, Foundation C shares the same vision and mission of its parent company. The vision is to continuously provide infrastructure and related services that connect communities and improve their lives. Its mission is to connect and improves the lives of communities by relentlessly enhancing and engineering the way its foundation progress. The foundation empowers their workforce, simplify solutions, and implement world-class innovations.

For Foundation D, it focuses on four objectives. The objectives are; (1) to carry-out CSR activities, inter-alia, humanitarian aid and contribution following the event of mishaps or natural catastrophes, (2) to administer and manage effectively and systematically the fund allocated by its parent company and its subsidiaries for the purpose of scholarships awarded to children and legal wards of its employees and retirees. (3) To promote and undertake research in Islamic scholarship, Islamic banking, Medical and other branches of Syariah Law that will accord direct benefits to the Malaysian and the global community.

TALENT MANAGEMENT OF THE FOUNDATIONS

In Foundation A, each member was nurtured to be a leader that *walks the talk*. Everyone must be responsible to keep their promises. Mentoring and coaching are widely practiced in Foundation A. Anyone with better knowledge will be a mentor to another. *Open door concept* is also practiced in Foundation A for discussion, advice, and positive criticism. However, everyone has to note the line of authority between levels and there must be respect for one another. Every year there will be team building activities to ensure teamwork spirit is fostered. Staff is also sent for training for their career development and to motivate them further. Foundation A's operations are executed by 26 staff, and 10 of them are their former scholars.

Foundation B focuses on multitasking in which its executives should be able to perform many tasks at the same time. In short, the foundation should be able to gather resources to perform multitasking and, in a sense, can be considered as an "all-rounder" in the

performance of their duties. As much as possible, diversification of job will be avoided as it will lead to competitiveness amongst staff and unit. Top management empowers staffs to make their own decisions on which task to be performed. Top management also practices participative leadership for all staffs to participate in the tasks of the Foundation. To develop staff's ability, job rotation is practiced to ensure all staff is equipped with the skills to perform the varied tasks of the foundation. The Foundation also uses *mirror strategy* or *buddy system technique* to ensure continuity of all programs executed when the person in charge is not around.

In Foundation C, to manage its talents, all staff is required to attend internal and external training that could assist them to perform their task well. Staffs that went for training would then be required to share it with their colleagues. All staffs are required to support each other to cover the variety of needs in operating the foundation. They are also required to undergo training in coaching and psychology. This training is crucial to groom the staff at the Foundation so that they are able to understand each other better and can handle the different expectations of each other well.

As a new foundation, Foundation D is currently led by a staff from its parent company, but soon it will be managed fully by the management of Foundation D itself. It is planned that this foundation will be managed by a general manager and two managers, two executives and 10 supporting staff.

CHALLENGES

Foundation A's activities are mostly done during weekends. Therefore, the staff is required to be ready to work during the weekends when required. Another challenge for Foundation A is to get staffs' commitment between departments to support activities of the foundation that are run during weekdays. This is because the staff of each department has their own core tasks to perform. Nonetheless, support from within and intra- department is important as to support the activities of Foundation A.

Some of the steps taken by Foundation A to overcome this issue are to offer job rotation and to recruit new scholars who have graduated to support the activities of the Foundation. This has helped to overcome the shortage of manpower to carry out the activities of the Foundation. As Foundation A is moving towards a computerized system, the foundation also frequently received phone calls from parents who are not knowledgeable on IT. In cases like this, Foundation A has strongly advised the parents to inform their children to contact the Foundation for assistance.

Managing fund is also another challenge for Foundation A. Foundation A does not have any issue in getting the fund. Therefore, it needs to properly plan suitable activities to ensure the fund is fully utilized for that particular year. For example, in 2016, Foundation A has received RM600,000 from the Ministry of Higher Education on a program that they have co-organized. Foundation A needs to plan the activity wisely so as to ensure that the activities carried out would meet the objectives of the Foundation. Thus far, the foundation has been able to manage this well.

The first challenge faced by Foundation B is an unstable flow of funds. This is because, for the moment, Foundation B is not allowed to generate its own income. Therefore, it is difficult for them to plan their funding activities. Another challenge faced by the

foundation is related to governance practice. Due to a tight and detailed audit for all funds, beneficiaries have to follow strict governance set by the foundation. In this context, the foundation needs to ensure all the staff is experts with all the policy and procedures in managing the foundation. The third challenge faced by the foundation is regarding the scholars who breached the scholarship agreement. As most of the scholarship recipients are sent to prominent universities, some of the scholars wished to work overseas instead of in Malaysia.

Foundation C faces the same problem with their scholars. There is a lack of sense of responsibility by the scholarship recipients to the scholarship provider. One of the requirements of Foundation C is the recipients are required to serve its parent company. However, in many cases, some of the scholars are reluctant to comply with this requirement as they are given better job offers in another country. Another challenge faced by this foundation is that the foundation needs to adapt its working policy to that of its parent company which sometimes can be difficult as their function and operations might not exactly be the same match as that of the parent company.

As a new foundation, Foundation D faced difficulty in setting up its operation. At the moment, there are only three staffs handling operations of the Foundation. This made it difficult to manage the tasks of the Foundation. Example includes processing of more than 3000 scholarship applications that it received. On top of it, the Foundation has not been granted a Tax Exempted Institution for the moment.

PROGRAM AND ACTIVITIES

Program and activities of Foundation A focused on education. Foundation A executes a scholarship program and programs that "bring education to the community". The scholarship program that is provided by Foundation A is Convertible Education Loan. Other programs executed by Foundation A includes Volunteer Program, Children's Football Championship, Education Seminar, Students Exploration Program, Foundation A's Environment sustainability program, Motivational Programs by National Icons, Marine Awareness Program, Robotic Workshop, Graduate Employability Program, Free Tuition Classes, and A Smart Bus.

Foundation A practiced National Blue Ocean Strategy (NBOS) strategy in managing all programs and activities. By implementing NBOS, it would help the organization to reduce the cost and maximizing the output (Ramli, Ahmad, & Harith, 2016). NBOS strategy is applied by working directly with the main provider and avoiding the use of intermediaries. It helps in cost savings and increases the efficiency of the Foundation. For example, programs or activities are conducted using the facilities of the university, instead of renting a room in a hotel and call out a lecturer to teach.

Foundation B is an organization established to organize and operate all philanthropy activities of its parent company. Initially, Foundation B's activities include offering scholarships to qualified students to pursue their tertiary education. Beginning 2009, however, it diversified their activities to other charity programs. Then the Foundation expands its focus according to the five pillars as described in their mission statement. Currently, the main activities of Foundation B are to offer scholarship and sponsorship programs. Scholarship programs are financial support given to students who perform well academically. For sponsorship program, the Foundation provides support in terms

of financial and expertise to any organization or event that shares the same mission with it.

Foundation C is an avenue for its parent company to channel its corporate philanthropic activities like providing the scholarship to deserving students and also having a college of its own in offering academic programs. There are about 534 students in its college and RM5 million was allocated annually for the scholarship. Other than that, this Foundation also contributed to several programs that are education related.

Foundation D is a newly established foundation and thus not many activities have been done. The main focus of the Foundation will be offering the scholarship to the deserving students who have received offer letters from universities to continue their education. The Foundation offers the scholarship for courses that are in line with the needs of its parent company. On top of providing scholarship, this foundation also focuses on students' development by organizing various activities under Foundation D Student Society Club.

FINDINGS AND DISCUSSION

This section will compare the four Foundations based on the area of contribution, programs/courses which the Foundations sponsor, educational financial assistance offered, human resources that the Foundations have and state of financial health of the foundations.

AREAS OF CONTRIBUTION

For the purpose of comparison, there are five areas of contributions or social responsibility activities that the foundation can focus on. They are: (i) Education, (ii) Community, (iii) Sports, (iv) Culture, and (v) Environment.

Foundation A covers all areas of contribution except culture. Foundation B covers all the areas of contribution. Foundation C only focuses on education. Meanwhile, Foundation D focuses on education and community. Table 1 shows the main area of contribution of all foundations is education, knowing that it is very important to have the manpower of the right competency to serve the nations need as well as the Foundation's needs.

Table 1: Corporate Foundation's area of contribution

Contribution Area	Foundation A	Foundation B	Foundation C	Foundation D
Education	Yes	Yes	Yes	Yes
Community	Yes	Yes		Yes
Sports	Yes	Yes		
Culture		Yes		
Environment	Yes	Yes		

EDUCATIONAL FINANCIAL ASSISTANCE

In the education area, the foundations provided assistance of selected level of educations only. The financial assistance can be in form of loans, a full scholarship and convertible loan. Mainly, the foundations provided educational assistance starting from

skill certificate level until the doctorate Ph.D. level. All foundations provided financial assistance at the degree level. Table 2 summarizes the level of education and financial assistance provided by each foundation.

Table 2: Corporate Foundation and its education level assistance

Education Level	Foundation A	Foundation B	Foundation C	Foundation D
Skill Certificate	Yes	Yes		
Skill Diploma	Yes	Yes		
Diploma	Yes	Yes		
Pre-University			Yes	
Degree	Yes	Yes	Yes	Yes
Professional	Yes			
Master	Yes	Yes		
Doctorate Ph.D.	Yes	Yes		

ACADEMIC PROGRAMS SPONSORED

The academic programs offered by the foundations include; (i) Business Management, (ii) Social Science, (iii) Science and Engineering, (iv) Medical and Health Science, and (v) Professional Certificate and Professional Qualification.

a. Business and Management

Business management field consists of knowledge of the activities associated with running of an organization such as controlling, leading, monitoring, organizing, and planning. It can be seen that the popular programs offered by all foundations are accounting and economics course. Table 3 shows the programs that each foundation provides financial assistance for.

Table 3: Selected academic program in Business Management

Academic Program	Found. A	Found. B	Found. C	Found. D
Business Management	Yes		Yes	
Business Administration	Yes	Yes		
Business Commerce	Yes	Yes		
International Business	Yes	Yes		
Accounting	Yes	Yes	Yes	Yes
Investment	Yes			Yes
Actuarial Science	Yes	Yes		Yes
Finance	Yes	Yes	Yes	
Corporate Finance	Yes			Yes
Banking	Yes			Yes
Economy	Yes	Yes	Yes	Yes
Wealth Management	Yes			Yes
Marketing	Yes	Yes	Yes	Yes
Hospitality	Yes			Yes
Tourism & Legacy	Yes			
Law	Yes			Yes



b. Social Science

Under the social science field, Foundation A aid all programs, Foundation C does not provide any assistance for the program. Foundation B provides financial assistance to pursue Chinese language and Foundation C does not provide financial assistance for Social Science programs.

Table 4: Selected academic program in Social Science

Academic Program	Foundation A	Foundation B	Foundation C	Foundation D
Human Resources	Yes	Yes		Yes
Psychology	Yes	Yes		Yes
Communication	Yes			Yes
Media	Yes			
Communication				
Chinese Language	Yes	Yes		

c. Science & Engineering

Science and engineering programs consist of courses in engineering, technology and science. Table 5 shows the list of courses that are classified as Science & Engineering in this study. Foundation A provides financial assistance for all academic programs in the areas of Science and Engineering. Foundation B offers financial assistance to do programs in agriculture science, plantation technology and environmental science mainly to support their line of business. Foundation C provides financial assistance in engineering and building management to support their main business. Foundation D provides assistance in some engineering programs, IT, architecture, and science and food technology.

Table 5: Selected academic program in Science and Engineering

Academic Program	Foundation A	Foundation B	Foundation C	Foundation D
Agriculture Science	Yes	Yes		
Plantation Technology	Yes	Yes		
Environmental Science	Yes	Yes		
Engineering & Technology	Yes			
Mechanical Engineering	Yes	Yes	Yes	Yes
Electrical Engineering	Yes	Yes	Yes	Yes
Civil Engineering	Yes		Yes	Yes
Quantity Surveying	Yes		Yes	
Town Planning	Yes		Yes	
Land Surveying	Yes		Yes	
Building Services	Yes		Yes	
Building Management	Yes		Yes	
Architecture	Yes			Yes
Information Technology/ Information System	Yes	Yes		Yes
Computer Science	Yes	Yes		
Digital Marketing	Yes			

Data Science	Yes	Yes	
Mathematics/Statistical Science	Yes	Yes	
Physical Science	Yes		Yes
Food Technology	Yes		Yes
Halal Industry Science	Yes		Yes

d. Medical and Health Science

Medical and Health Sciences include programs in medical assistance, medical laboratory technology, physiotherapy and nursing. Table 6 shows that only Foundations A and B offer financial assistance in this area. This could be because Foundation B has its own college that offers a diploma in medical support courses.

Table 6: Selected academic program in Medical and Health Science

Academic Program	Found. A	Found. B	Found. C	Found. D
Diploma in Nursing	Yes	Yes		
Diploma in Medical Laboratory Technology	Yes	Yes		
Diploma in Physiotherapy	Yes	Yes		
Diploma in Medical Assistance	Yes	Yes		

e. Professional Certificate and Professional Qualification.

Professional certificate and professional qualification are open to applicants with excellent performance and the academic area is in line with the Foundation's needs. Financial assistance is open to staff and scholars of the foundation. Foundation A aids all programs listed in Table 7 except for Aviation (license). Foundation B provides financial assistance in certificate in heavy equipment, automotive and basic healthcare whereas Foundation D offers financial assistance to those who want to do professional accountancy. Table 7 shows the professional and certificate course that each foundation provides their assistance.

Table 7: Selected academic program for professional and certificate program

Academic Field	Found. A	Found. B	Found. C	Found. D
Certificate in Heavy Equipment	Yes	Yes		
Certificate in Automotive	Yes	Yes		
Certificate in Basic Healthcare	Yes	Yes		
Association of Chartered Certified Accountants	Yes			Yes
Chartered Institute of Management Accountants	Yes			Yes
Certified Public Accountants Institute of Chartered Secretaries and Administrators	Yes			Yes
Malaysian Association of Certified Public Accountants	Yes			Yes
Aviation (license)				

SIZE OF MANAGEMENT TEAM AND JOB SCOPE

Table 8 shows the management team available at the foundations. For the management team size, it shows that Foundation A and Foundation B have the highest number of staff in their management team. This could be because Foundation A and Foundation B have been established for more than 10 years and their job scope might have increased with the activities that they committed over the years. In addition, compared to the other foundations, Foundation A utilizes their scholars efficiently. Scholars of Foundation A are encouraged to be volunteers to help in executing the programs organized by Foundation A. This will not only help Foundation A to run the program smoothly but also to assist the scholars in developing their management skills when they are promoted to a higher position in management.

Foundation C has less number of staff in its management team compared to Foundation A and Foundation B as it is more focused on its own College. Therefore, the foundation has a separate team who manages the affairs of the college and the Foundation. For the Foundation, only 9 staff is available to run the operation of the Foundation.

Foundation D has the least number of staff in its management team as it is a newly established foundation and that for the moment is partly supported by the management team of the parent company.

Table 8: Feature of corporate foundation’s organization structure

Features	Foundation A	Foundation B	Foundation C	Foundation D
BOD Size	8	5	7	2
Management Team Size	26	30	9	5
Job Scope				
All rounded		Yes		Yes
Admin & Human Development	Yes			
Finance	Yes		Yes	
Corporate Communication	Yes			
Program Development	Yes		Yes	
Scholarship	Yes		Yes	
Succession Planning			Yes	

As for the job scope, it can be seen that Foundation A and Foundation B have many units/departments in their organization as compared to Foundations B and C. This could be because the foundations run their management team differently, with more decentralization in Foundation C and Foundation A, and more centralized in Foundation B and Foundation D. Foundation B and C might want to emphasize on multitasking by their staff rather than focusing on the specialization of work by its staff.

FINANCIAL STABILITY

In general, all the foundations have limited fund, except for Foundation A. Foundation A, Foundation B and Foundation C are operating with funding from their parent company.

However, for Foundation A, the foundation may engage in business activities with a condition that it will only use 25% of the accumulated funds on the first day of the

assessment year. All income earned from business and investment must be reinstated into the fund to achieve the objectives of Foundation A or charitable work approved by the parent company. Foundation D has also been provided fund from its parent company, but it is allowed to generate funds by other means as well. For foundations B and D, they are not allowed to initiate any activities that can generate money. They are given the mandate from their parent companies to utilize the money provided to them and to serve as a philanthropic medium to the community.

The recipient of the sponsorship from Foundation C will be required to pay back the sponsored fee if there is breaches of the agreement or when the scholars have not quite meet the requirements of achievements set by the Foundation. Funds need to be collected for the sustainability of the Foundation and to ensure enough funds to be given to the new batch of scholars. It can be seen that Foundation C imposed very strict regulations to its scholars. This could be so because this Foundation provides a larger amount of financial assistance to its scholars as compared to the other scholars. Defaulters are required to pay back in full the amount that they have received from the foundation. Foundation D plans to stabilize their financial by gaining tax exemption from the Inland Revenue Board of Malaysia (LHDN). The Foundation believes that once it has received this status, it can then provide more financial assistance to its scholars and can conduct more activities.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITY

As a non-profit organization, the foundations utilized the concept of smart partnership in organizing the activities. Smart partnership and corporate social responsibility activities by the foundations help them to improve their public image and positioning. Foundation A, has conducted programs such as Volunteer Program with the main objective to motivate the young generation and instill in them the value of sharing and playing a role to make a positive impact to the community and the country through acts of kindness and community service. Another example is Students Exploration Program, which this program teaches kids on how to make choices for themselves, expands kids' realm of thinking, of trying, of doing — and foster a renewed love and passion for learning. Other programs include One Day with HERO Program to help secondary school students and youth develop the confidence, self-esteem and skills they need to be successful in school and in life and also to nurture interest in career development by providing encouragement, support and guidance to students.

As there are many activities needed to be organized by Foundation A, the foundation depends highly on a smart partnership with other organizations. For example, Children's Football Championship program is jointly held with the Ministry of Education with the aim aims to nurture human capital through wholesome participation amongst school children in sports throughout the year, cultivating a sporting culture amongst students so that they become a member of the society with an active, balanced and healthy lifestyle, forming good values and self-discipline and creating a track record towards sporting excellence. Another example is the Education Seminar which is a collaborative program between Foundation A and a local newspaper since 2003. By having this collaboration, the activity benefited more than 200,000 students across the country, especially in rural areas including in Sabah and Sarawak. This number is difficult to achieve if Foundation A works on its own.

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Meanwhile, Foundation A's Environment sustainability program focuses on a holistic approach to education based on soil conservation, waste management, forestry, water and efficient energy consumption. Other program includes the Marine Awareness Program which is part of CSR program conducted by Foundation A together with its partners to conserve and preserve the environment as well as to create economic opportunity for the local coastal community.

Foundation B dedicates itself to supports initiatives that reduce gaps in access to quality education between urban and rural societies, and those that improve access to basic education for the marginalized. The foundation also dedicates itself to the protection and preservation of the environment and the conservation of biodiversity. Priority is given to vulnerable and/or endangered species and the preservation of the forest reserve. They also provide support to Universiti Kebangsaan Malaysia (UKM) on professorship of environmental issues like climatic change and sustainable development.

Foundation B also supports community-based programs and sustainable initiatives intended to promote the well-being and health of disadvantaged people, reduce socio-economic disparities, and enhance the welfare of neglected children and senior citizens, vulnerable women, people with disabilities and other marginalized groups. For example, the foundation collaborates with the Woman Aid Organizations to protect battered woman and children in Malaysia. Foundation B also committed with the programs related to HIV/AIDS issues and patients.

Foundation B also supports programs that promote the all-round development of youths to enable them to become trustworthy, conscientious, and productive members of society. The foundation selects sports that less selected by other funder but have a promising future. For example, track cycling, cricket, golf, tennis, and sailing. The foundation also sponsors initiatives that promote local arts and artists towards achieving international recognition. Furthermore, it also provides a fund to preserve heritage monument like The Royal Press building.

Foundation C focuses more on educating the community in terms of its corporate social responsibility. This includes assisting with primary school and supporting national agenda of capacity building for the community. For example, the foundation had fully sponsored the three-year English Literacy Program involving more than 50 schools. The program, which is also the first and largest education initiative to be undertaken by a Malaysian company focused on equipping over 100 primary school teachers with key skills and knowledge required to help them conduct English teaching and learning process, which in turn benefited some 15,000 students. Under this program, the foundation aims to help raise the academic performance of students at its adopted schools through the implementation of key initiatives, which include tuition classes, environment awareness, smart learning and team building activities.

Foundation D focuses more on community like assisting the less fortunate who includes single parent and the needy and students' skill development. For example, through their Student Society Club, the foundation organized various beneficial activities for the youths including Examinations Guidance Seminars in collaboration with Berita Harian, Kem Hebat Solat and Choral Speaking Competition. At the university level, this club organized more than 13 programs like character building, spiritual development and analytical thinking enhancement. The foundation also organized a program targeting

underprivileged students who are excellent in their studies. The selected students will be given school items and pocket money amounting to RM500 for each student. In an effort towards developing these exceptionally excellent students, various activities also designed to support their Mental Development – enriching knowledge; Personality Development – nurturing good values; Potentials Development – identifying and polishing talents and Identity Development – inculcating civic consciousness and responsibility.

CONCLUSION

Foundation A can be described as the foundation that has been able to utilize their scholars efficiently. Scholars are encouraged to be volunteers to help in executing the programs that Foundation A organizes. Foundation A also engages in the community program that uses their scholars to help serve the community. This includes Volunteer Program, One Day with HERO, and A Smart Bus.

Foundation B focuses most on corporate social responsibility. It has covered all the five areas in its activities/programs which include: (i) Education, (ii) Environment, (iii) Community and Health, (iv) Youth and Sports, and (v) Culture and Arts. In addition to education, Foundation B focuses its efforts in conserving wildlife and near extinct species like orang utan and sun bear, and in assisting the needy such as vulnerable women, HIV & AIDS patients, and disabled person. Foundation B also supports cricket, track cycling, and sailboat racing which are less favored sports.

Foundation C focuses more on education and can be seen to handle their scholarship defaulters well. Defaulter is required to pay a lump sum of scholarship received in case of default.

Foundation D is waiting for its application of tax exemption status in order for it to increase its activities in providing scholarships and generating income for the foundation.

The four foundations chosen in this study provides educational assistance through loan and scholarship programs and also embarks on corporate social responsibility. Most of the foundations operated with a limited financial support and thus they have to plan their activities wisely and innovatively.

DISCUSSION QUESTIONS

1. Identify the growth stage of each of the foundation.
2. Perform SWOT analysis for Foundation A, Foundation B, Foundation C and Foundation D.
3. Identify the strategies and innovation needed for each foundation to be sustainable in the long run.
4. If you were the top management of the foundations, how would you justify the value of the foundations' activities to the shareholders?
5. Looking forward, what opportunities, if any, do you see for all foundations to collaborate in organizing their activities in the future?

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CONFLICT OF INTEREST

The authors declare that there is no conflict of interest regarding the publication of this case study.

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The Strategic Environment of the Aviation Industry in UAE: A Case Study on Etihad Airways

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Abstract: UAE is one of the most dynamic aviation markets in the world, with three world class airports, including the busiest airport of the world; millions of passengers travelling through these airports and many highly competitive local and international airlines operating from here. Etihad Airways is one of the frontrunners among them. The intense competition has forced all the airlines operating from UAE to continuously become more innovative and best in service delivery. Etihad is also encountering some challenges since its inception and still has emerged as one of the most profitable and fastest growing airlines in the world. The present paper has taken Etihad as a case study and analyzed the same with relevant strategic model such as PESTLE model. Different recommendations have been developed at the end of the discussion and those can be further used in future.

Key words: Etihad Airways, aviation market, competitive analysis, strategic analysis, case study

INTRODUCTION

Strategic management involves a major aspect applied by companies in the formulation and implementation of its initiatives and goals. Etihad Airways is Abu Dhabi's national carrier and it is one of the airlines that are growing exponentially across the globe with an advantage of UAE's attractive strategic location between all the continents of the world and the support from the government of the United Arab Emirates (Nataraja & Al-Aali, 2011). The strategic analysis report is written based on the Etihad Airways as the selected company from the listed companies. According to the strategic management theory, strategic analysis is the science and art that deals with the formulation, implementation evaluation of cross-functional decisions that enable a company to realize its objectives. This paper is mainly focused on integrating finance, marketing, management, information technology, operations, research, and development to analyze the position of Etihad Airways in the airline transport industry of the United Arab Emirates.

Strategic environment of aviation industry in UAE:

A review from Etihad Airways' perspective

Etihad Airways is one of the major air transport companies in the United Arab Emirates and it is the major carrier based in Abu Dhabi. It is a multinational company that aims at competing with other existing international airlines in the United Arab Emirates. Such competition is enough to explain its marketing strategy for widening of its market beyond the existing markets. Massive promotional and publicity campaigns have been undertaken by the company in this regard. Campaigns like 'Hello Tomorrow' and 'Keep

Discovering' have become the global identity for Etihad airways; those have contributed towards a creation of valuable brand image of the company (Khalifa, 2011). The main target of the company in the market is to be more competitive against the incoming low-cost companies that are actually its main rivals in the United Arab Emirates as of today. Other airlines such as Fly Dubai and Air Arabia are providing lower flight charges that have significantly posed challenges to the Etihad Airway, since last few years on some of its traditional profitable routes in Asia, Europe and Americas.

Therefore, it can be said that Etihad has faced serious market related challenges in recent times, though it has tried harder to remain in the market and to improve its current market positioning in the air transport service sector. Etihad Airways was inaugurated in 2007 by the Abu Dhabi ruling family and it is fully owned by the government of Abu Dhabi. The company is currently serving in over 116 destinations while making more than 25,200 flights per week and it currently has 120 aircraft (Rodrigues, 2010). Etihad Airways was founded by the Sheikh AHammed Bin Zayed Al Nahyan in partnership with other entrepreneurs with a vision to reflect the considerate, cultured, generous and warm Arabian hospitality and enhance the prestigious position of the city of Abu Dhabi. It is well known and has been statistically found that the airline companies have played significant role in the economic growth of the United Arab Emirates. These airlines companies have not only connected the entire world to UAE, but also brought valuable foreign exchanges in billions through direct and indirect promotion of tourism, trade and commerce etc. Etihad Airways as the flagship carrier of Abu Dhabi has remained a major player also in this regard. It has served on an average 209 passengers per flight and it has virtually flown millions of passengers since inception from every nook and corner of the world.

The great success the Etihad Airways has accomplished till date can be linked to continuous persuasive advertisements, publicities and adoption of all possible marketing strategies, including market expansion, market sustainability and international collaboration strategy (Khalifa, 2011). The operating expenses have remained a major problem of Etihad airways, whereas the low cost airlines companies operating from UAE have been able to restrict the same at a much lower level (Papatheodorou, 2006). An estimate has shown that the operating cost of the immediate competitors of Etihad has remained almost 20%-27% less since last few decades. Even, another full service airline from UAE, i.e., Emirates has been able to restrict its operational cost much lower than Etihad (Ethos Consultancy, 2010). In spite of these developments, Etihad Airways has emerged as one of the leading airlines not only from the Middle East, but also globally. The report of 2016 shows that the major strategies of the company include expansion of its market by making the strategic alliance, building strong brand equity among its customers, investing in large carriers and expanding its new destinations (Nataraja & Al-Aali, 2011).

In addition, the Etihad Airways is strategic in developing sustainable business by maintaining social and corporate responsibility, hiring professional employees and contributing to international development through foreign direct investment in specific countries where it is operating (Nataraja & Al-Aali, 2011). Therefore, the strategic management in the context of Etihad Airways situation calls for a considerable measure of attention. External analysis reveals that there is minimal attention in the form of dynamics as well as trade-offs that have been applied in theoretical and practical

performance. As such the airlines performance has remained in the state of static positioning with additional characterization of being fragmented and backwards. This has led to outcomes that are adverse at which point there is needs to apply a systematic perspective within a holistic approach for performance measurement integration with multiple dimensions, functions and time horizons as spread in the field of performance. This systematic approach to performance measurement can take into account the functionary interdependencies and the dynamic influence for individual and organizational performance on the whole.

The external analysis of the macroeconomic environment in which the Etihad Airways operate, can be made by the application of multi-dimensional PESTLE (Political, Economic, Social, Technological, Legal and Environmental) model. A PESTLE analysis and subsequently the PESTLE model is a framework to analyse the key factors influencing an organisation from the outside. In application of such a comprehensive PESTLE model in analysing the strategic environment and the initiatives by the Etihad Airways, following observations can be made. For example, politically, UAE government in general and Abu Dhabi government in specific have sincerely attempted to establish better political connectivity across the globe; those could enhance all possible business growth, including the impacts on the aviation industries of UAE. The government of the United Arab Emirates has signed business agreements with other Asian, European and American countries. Such agreements have proliferated the opportunities for all the emirates to strengthen the political integration and maintain favourable trade exchange between countries with an improvement in the aviation industry (Kraus & Koch, 2006). Such strong agreements have strengthened the airlines of the United Arab Emirates to broaden its network across the globe.

Economically, the airlines has initiated following initiatives under the support of the government of Abu Dhabi. The government of Abu Dhabi supports the growth and development of the Etihad Airways by improving the airline infrastructure to make the transport sector favourable for the passengers (Nataraja & Al-Aali, 2011). The Etihad Airways have already established an exclusive terminal for all its carriers in the Dubai and Abu Dhabi airports while serving its passengers at low charges compared to other firms. Similar opportunities have advanced the growth of the Etihad Airways because of the open skies policy of the UAE, the easy to issue visit visa policy, the no taxation policy and the work permits for expatriates to fulfil the labour market demands and the employment requirement of the Abu Dhabi government. However, disregard of such opportunities, the challenge of political insurgencies in the Middle East region continues to put the operations of the company at stake in such countries like Syria, Yemen, and other MENA (Middle East and North Africa) countries and this limits the forecasted growth of the company in the coming years.

Environmentally, the Etihad Airways is eco-friendly and suitable for all the operation it undertakes. Socially and scientifically, the company has taken initiatives, those can also be highlighted. The goal of the company is to ensure that it has reduced the carbon print and the Gaseous emission following the United Arab Emirates environmental policy. Being friendly to the ecosystem implies that the company is committed to reducing expenses and operational costs with a reduction in environmental pollution (Nataraja & Al-Aali, 2011). Technology is one of the most effective components in the UAE airline industry and its significance for the success of the newly recently established

companies in the competitive market. Technological advancement assists the UAE airline industry in providing high-quality services at fewer costs by minimizing the fuel usage and reduced the sound pollution. The newly established information systems such as E-Ticketing system will in future reduce the customer service expenses and the time taken to by a customer to obtain a ticket thus enabling the Etihad Airways to provide better services to its customers.

Etihad Airways is one of the profitable airlines in the United Arab Emirates. In 2014, the company recorded full-year EBIT of 137 Billion US dollars which contributed to a 36% growth of the company's revenue. However, there are some capability factors that currently hinder its effective operations in the airline industry (Arab News, 2014). The company is operating in a high rival market both domestically and internationally. The entrance of new competitors with low-cost airlines such as Fly Dubai in Abu Dhabi and Air Arabia in Sharjah as well as Gulf Air and Qatar airlines in GCC (Gulf Cooperation Council) and other global British and Lufthansa Airways are likely to impede its market expansion strategy and increase the operational costs of the Etihad Airways in some countries (Lin & Hong, 2006). In addition, the airline industry in the Middle East is disturbed by unfavorable economic crises and other economic changes such as variations in the exchanges rates that have caused many airlines to enter greater losses or run bankrupt and God forbids such situation should never affect the progress of the Etihad Airways in the UAE airline industry.

In addition, fluctuations in the oil prices and exchange rates affect the operations of the company and if the trend continues, the company is likely to find itself in a tragic moment of economic bankruptcy in the next five years since oil is one of the main portions of the company's operational expenses (Lin & Hong, 2006). More so, natural disasters such as floods and earthquakes and the acute diseases such as yellow fever and Hepatitis B in some parts of the world such as Africa, Eastern Europe, and Australia are currently affecting travelling and tourism in different parts of the world and such unpredicted circumstances are likely to hamper the operations of the company in the near future (Nataraja & Al-Aali, 2011). The strategic position of the Etihad Airways was analyzed using Porters value chain analysis to determine the competitive advantage of the company against the existing airlines. Etihad Airways gain a reasonable benefit by creating strong relationships with suppliers of specialized training services and advanced access control systems.

Currently, the company has a workforce of expert engineers, cabin crew, airline maintenance personnel, flight deck crew and aircraft controllers in addition to sufficient pilots and airlines across the United Arab Emirates. This helps the company to effectively manage the flight time hence ensuring better and reliable services to the customers (Dubai Chronicle, 2014). In addition, the Etihad Airways is giving excellent customer services through offering a variety of airline types in the Abu Dhabi International Airport. The company airlines operate various fleets of Boeing and Airbus airplanes and such airplanes are very rare airlines that can be used for all-wide-body aircraft fleet (Rodrigues, 2010). However, the company has a plan to increase its invaluable flight services in various destinations. More so, the company gather its aircraft and other equipment required in the possible time and offer emergency services to specific clients to maintain its outbound logistics very effective in the UAE airline industry. One of the greatest financial positioning of the company is to maintain its

business supervision by reporting its audit, settlements, and EDI. The customers are picked suitably and the company maintains its flight schedules according to the stipulated time. In sales and marketing, the company implements the vertical relationship with its business arrangements through technology implementation, Marketing, and production operations. So far, the company has diversified its airline investment by offering a variety of transport services to the airport in addition to improving its infrastructure in the operational destinations. Therefore, the Etihad Airways is growing every day and its service is becoming appropriate to suit the needs and desires of their customers (Dubai Chronicle, 2014).

Amidst all the strengths and prosperity that Etihad Airways has obtained in the market, there is a need for the company to invest a lot in electronic commerce with greater security so that the existing market position can be strengthened by the Information technology infrastructure, lessen cyber threats and minimise the operational expenses hence capturing more passengers per flight (Squalli, 2014). In addition, there is a need to work hard and ensure that fuel supplies have been fixed for a certain duration of time for purposes of mitigating the threat of the incoming oil crises in the United Arab Emirates (Squalli, 2014). One of the corporate strategies of the Etihad Airways is to be the leading airlines in the entire world, to become more profitable and appropriately suit the 2030 plan of Abu Dhabi (Rodrigues, 2010). The 2030 plan of Abu Dhabi is planned and created by the Abu Dhabi urban planning council under the chairmanship of the His Highness Sheikh Mohamed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and the Chairman of the Abu Dhabi Executive Council.

The “2030 Plan Abu Dhabi”, is the Urban Structure Framework Plan, is designed to help Abu Dhabi filter and respond to current and future development needs, establish a planning culture and introduce strong guiding principles for new development in terms of economic, environmental, social and scientific parameters. (The National Business, 2014). In 2010 the executive leaders of the top management of Etihad Airways were focused on growing and achieving a large-scale operation and developed a suitable business process under the broader principle of the 2030 plan. As of today, that company has successfully delivered to the vision (Dubai Chronicle, 2014). However, the implementation phase of such strategies is likely to be hampered by a number of limitations that will end up complicating the ability of its airlines to reach the desired profitability. One of the challenges that the company is likely to face is the issue of buyer response to substitutes (Bitelmal, 2010). Because of various companies in the airline market, the risk of substitute services is likely to remain high because of three customer perceptions namely luxury, low cost and competition’s issues that are likely to cause profit variations especially when customers decide to buy lower cost tickets in shorter distance flights (Zeithaml, 1998). Secondly, because there are only two suppliers of the airline equipment and machinery i.e. Airbus and Boeing, it is very expensive for the Etihad Airways to change and switch to any other suppliers, because of supplier rigidity, it becomes easier to remain exploited by the monopolies.

CONCLUSIONS

Etihad Airways is considered as at the cross-road. In spite of its formidable growth story and excellence in accomplishment of sustainable objectives, the company still faces some of the biggest challenges for its survival and growth. Changing national and international business environment issues and factors have not only facilitated its growth story, but also posed many challenges, those are needed to be tackled through appropriate strategies.

END NOTES

To address the above-identified strategic issues, the company needs to maximize its profitability in various geographical areas of its operations. It is imperative for the company to enter the code-share alliances with other airlines especially in places where its profitability is now becoming weaker (Koch, 2007). By undertaking the strategic alliance option, Etihad Airways will minimize its operational costs and gain more market benefits because of having a sizable network of partners and this will also save the company from the massive competition in duopolistic destinations (Koch, 2007). Secondly, the company has to strategize in price competitions for purposes of widening the market coverage, especially in the low-cost markets. Customers are more sensitive to price and the airline industry is currently drifting drastically in the United Arab Emirates (Papatheodorou, 2006). The expansion strategy of the company must continue by establishing unique and new destinations. The most productive geographic location of the United Arab Emirates is closer to Asia and Europe, Pacific and Africa, such positioning offers a greater opportunity for the Etihad Airways to widen its market in such locations by establishing new destinations (Kraus and Koch, 2006). There is a need to keep up the same strategy of investing in research and development to come up with unique and attractive luxurious services and offer better onboard experience to its customers. Since one of the major concerns of the company is the massive operational costs, the company has to diversify its investments and start low-cost divisions for purposes of obtaining a large market share.

DISCUSSION QUESTIONS

1. Identify the strategic environment that the aviation industry is facing in UAE in particular and in the Middle East.
2. Evaluate the strategic environment of Etihad Airways as a major aviation player from UAE.
3. Based on the above strategic recommendations, evaluate the futuristic prospects of Etihad Airways and their validities.
4. Prepare a strategic map for Etihad Airways in the context of future challenges and opportunities.

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The Strategic Environment Analysis of Islami Bank Bangladesh Limited (IBBL)

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Abstract: Strategic environment analysis is an integral part of any business to create and sustain a competitive position in competitive business arena. IBBL is one of the leading and the pioneer of Islamic banking in Bangladesh. This study focuses on the IBBL's both the internal & external environment and competitive position. Some very common environmental analyzing tools such as strengths (S), weaknesses (W), opportunities (O), and threats (T), value chain analysis (VCA), resource based view (RBV) analysis, political (P), economic (E), social (S), technological (T), and ecological (E), BCG matrix, along with five competitive forces analysis are used to observe the competitive position of IBBL in Banking industry. The study describes all the analysis after analyzing the IBBL's business environment under Savar zone.

Keywords: Environment analysis, SWOT analysis, RBV analysis, Value Chain analysis, Five forces analysis, PESTE analysis, BCG matrix, IBBL, Bangladesh

INTRODUCTION

Strategic environment is an integral part of any business because of the thoughtful, extensive effect on a firm's performance. Successful strategic decision making facilitates business firms to uphold competitive positions, support internal operations along with exterior environments, and endure challenges and threats (Mueller, 2007). In banking business the performance is fully depends on service. To provide better service as per customer expectations, the strategic environmental analysis is must for any bank in anywhere of the globe. To gain the environmental support, countries progressively depend on organized assistance guides and delegate to worldwide institutes the ability to propose and execute environmental programs (Keohane and Levy, 1996). For that consequence, an external and internal environment analysis is vital for firms' short term and long-term survival and effectiveness. (Miles & Snow, 1978; Snow & Hrebiniak, 1980; Smith, Guthrie, & Chen, 1989). Many researches reveal how the environment and its factors affect on financial institution & services. The analysis of Macro environment is an essential part of methodical strategic planning. For numerous number of today's organizations, victory or collapse, earnings or loss, expansion or turn down depend on

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how smartly they react to macro political/regulatory, economic, social, technological, or modifications-the external macro environment (Ginter & Duncan, 1990).

Few researchers found some positive impact on different environmental factors. For example (La Porta et al., 1998; 1999; 2000; 2003) revealed firms' corporate ownership and country's legal system affect the financing activities. For creating favourable business environments, the businesses more probably select the commercial form in countries with established financial sectors and well-organized legal systems, strong investor and creditor privileges, little regulatory troubles & business taxes, and proficient bankruptcy procedures (Demirguc-Kunt et al., 2006). Bantel and Jackson (1989) stated innovative banks are handled by more knowledgeable teams who are assorted with term to their functional expertise areas. These associations stay significant when the following factors like location, organizational size, and team size, are controlled for. Maintaining stable policy, keeping controlled crime, and undertaking the reforms of financial sector to lighten up financing restraints are expected to be the most useful methods to endorse firm growth (Ayyagari et al., 2008). Khandwalla (1972, 1973b) explained how active, antagonistic and diverse environments create the demand for more structural ambiguity diminution, differentiation and amalgamation. Subject matters on the associations between environment and organization are also to be revealed in the typical works by Perrow (1970), Thompson (1967) and Burns and Stalker (1961).

In Bangladesh not many research have been done regarding the analysis of business environment. This study found some literature scarcity regarding the topic compared to the Bangladeshi banking business environment. However the study would have a great attempt to learn the banking business environment, more specifically the Islami Banking environment in Bangladesh. The study has designed to analyze different strategic environmental tools such as SWOT, RBV, BCG matrix, Value chain, five forces analysis, and PESTE analysis in the context of IBBL. Finally, the study would try to analyze and provide an overview of both the internal and external factors which affect the business operation of IBBL.

ENVIRONMENT ANALYSIS

For analyzing the environment, the analysis can be classified in two basic categories of environment such as Internal Environment and External Environment (Griffin, 2008). The External Environment is divided into three types: Remote environment, Industry Environment, and Operating or Task Environment (Pearce, Robinson, & Mital, 2012; Griffin, 2008; Porter, 1979). The common internal analysis tools are SWOT analysis, Value Chain Analysis (VCA), & Resource Based View (RBV) analysis (Pearce *et al.*, 2012). Five forces theory is used for analyzing Industry Environment (Porter, 1979) and PESTE is basically used for analyzing Remote Environment (Pearce *et al.*, 2012).

A. Internal Environment & Its Tools for Analysis

The internal environment comprises with environment and forces inside the organization (Griffin, 2008). Different parties like employees, board of directors, owners, cultures, and physical work environments are the main issues of internal environment.

a) *SWOT Analysis*

SWOT analysis was developed by Albert Humphrey; a widespread future oriented strategic analysis and planning technique which is suitable to assist and formulate strategy (Kim et al., 2009; Profession Academy, 2018; Dayson, 2004). However, recently SWOT analysis has been observed as somewhat obsolete and archaic by resource and competency based planning (Wenerfelt, 1984; Grant, 1991; Ulrich & Lake, 1990). Different researchers used SWOT analysis as a tool for analyzing the internal environment like and found positive evidence regarding strategic planning and formulation (Jackson, Joshi, and Erhardt, 2003); (Hill & Westbrook, 1997). On the other hand, few studies demonstrated the negative impact on strategic decision making (Valentin, 2001; Yüksel & Dagdeviren, 2007).

b) *Value Chain Analysis (VCA)*

The perspective of VCA is seen as a sequence of actions that convert inputs into outputs that creates customers value in business (Perace et al., 2012). VCA provides precious insight into strategy formulation and execution (Kaplinsky, 2000). By centering on the capability of VCA to plot input-output associations, and by categorizing power unevenness along the chain, it is likely to investigate the factors elucidating inter-country delivering results in agricultural 'commodity' (Fitter, 2001). VCA has turn into an increasingly handy approach to achieve a widespread view of the diverse inter-looking phases concerned with taking a good/services from raw material to manufacturing and then to the ultimate customer (Schmitz, 2005)

c) *Resource Based View (RBV)*

To use RBV a firm must spot and assess its resources to find those that offer the foundation for potential competitive advantage (Perace et al., 2012). The RBV is a rising framework that has stirred discussion between researchers from three perspectives of research.

1. Resource-based theories integrate conventional strategy insights regarding a firm's distinguishing competencies and varied capabilities, along with value-added propositions.
2. The RBV fits contentedly surrounded by the organizational economics model
3. The RBV is corresponding to the research regarding industrial organization (Mahoney & Pandian, 1992).

Few more researches (Wernerfelt, (1984) (1995); Peteraf, (1993); Hart, (1995)) have analysed the internal environment through using RBV.

B. External Environment & Its Analysis Tools

The components ahead of the control of the firm that persuade its preference of direction and battle, internal processes, and the structure of organization are called external environment. The external environments comprise with three components: Remote Environment, Industry Environment, and Operating Environment (Perace et al., 2012).

a) *Remote Environment*

Political, Economic, Social, Technological, Legal, and Ecological factors (PESTLE) are basically used for analyzing Remote Environment (Pearce *et al.*, 2012); (Zalengera *et al.*, 2014); (Dcosta, 2011); (Makos, 2015). In case of Blest Corp., the PESTLE analysis that can assist the company to produce innovative technology can fix problem which occurs with daily basis (Maliki *et al.*, 2012). Another PESTLE analysis of Tidal Industry for risk identification and the study reveals many issues that can be alleviated through this analysis tool (Kolios & Read, 2013). A study on Malawi energy situation, a PESTLE analysis is afforded to concentrate on the political (P), economic (E), social (S), technological (T), legal (L), and environmental (E) challenges that restrict the expansion of Malawi renewable energy expertise (Zalengera *et al.*, 2014).

b) *Industry Environment*

Industry environment is considered as the wide-ranging situation for rivalry that persuades all businesses that offer analogous products and services. (Pearce *et al.*, 2012); (Porter, 1979). In a study, the 'Five Competitive Forces theory is used to find out the competitive position of China's Automobile Industry, Spain's business market, small bakery in Croatia (Min, 2005); (Hernández-Espallardo & Delgado-Ballester, 2009); (Renko, Sustic & Butigan, 2011). This five forces theory had also been used in effective leadership & innovation (McMillan, 2010). The soundness and the consistency of "Five forces" framework that reveal comparative steadiness of industry configuration over the time, and noteworthy level of affirmative impact on the structure of a industry determinants firm's efficiency (Dulčić, Gnjidić & Alfirević, 2012).

METHODOLOGY

Source of Data: Three managers and few employees of IBBL from few branches located Savar & nearby Savar have been asked about their business operation through personal interview by the researchers. Last few years business operations of IBBL and the movement of IBBL in response to the environmental changes in this particular area. The annual reports and website of IBBL are the other sources of data collection.

Analyzing Tools: The tools used are SWOT, Value Chain Analysis (VCA), and Resource Based View (RBV) analysis (Pearce *et al.*, 2012). Five forces theory is used for analyzing Industry Environment (Porter, 1979) and PESTE is basically used for analyzing Remote Environment (Pearce *et al.*, 2012). BCG matrix is for multi-business strategy (Pearce *et al.*, 2012).

ANALYSIS AND RESULTS

The following findings have been obtained for IBBL and the results are given below:

International Environment Analysis of IBBL

Internal environment consists of circumstances and forces surrounded by the organization. The common tools are SWOT, VCA, & RBV analysis.

SWOT Analysis of IBBL

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • IBBL provides its customer excellent and consistent quality in every service. • IBBL is a financially sound company. • IBBL utilizes state-of-the art technology to ensure consistent quality and operation. • IBBL provides its works force an excellent place to work. • IBBL has already achieved a good will among the clients. • IBBL has a research division 	<ul style="list-style-type: none"> • IBBL lacks well-trained human resource in some area. • IBBL lacks aggressive advertising • The procedure of credit facility is to long compare to other banks. • Employees are not motivated in some areas.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Emergence of E-banking will open more scope for IBBL. • IBBL can introduce more innovative and modern customer service. • Many branches can be open in remote location. • IBBL can recruit experienced, efficient and knowledgeable work force as it offers good working environment. 	<ul style="list-style-type: none"> • The worldwide trend of mergers and acquisition in financial institutions is causing problem. • Frequent taka devaluation and foreign exchange rate fluctuation is causing problem. • Lots of new banks are coming in the scenario with new service. • Local competitors can capture huge market share by offering similar products.

Source: Authors' Analysis along with few Branch Managers of IBBL

Resource Based View Analysis (RBV)

Resources: IBBL has three basic resources. They are

- **Tangible Assets:** Different types of Receivable accounts, Cash, Infrastructure, Technological Instruments etc.
- **Intangible Assets:** Islamic Banking Concept, Reputation etc.

Capabilities: Appearance of E-banking will unlock more scope for IBBL.

- IBBL can commence more innovative and modern customer service.
- Numerous branches can be open in remote locality.
- IBBL can recruit efficient, experienced, and knowledgeable workforce as it provides congenial working environment.

IBBL's Strategies:

- IBBL provides its customer excellence and consistent quality in every service.
- IBBL is a financially sound company.
- IBBL utilizes state-of-the art technology to ensure consistent quality and operation.
- IBBL presents its workforce an outstanding place to work.
- IBBL has already attained goodwill among the clients.
- IBBL has its research division.

Competitive Advantage:

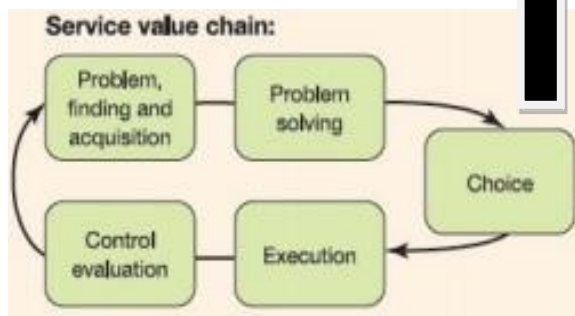
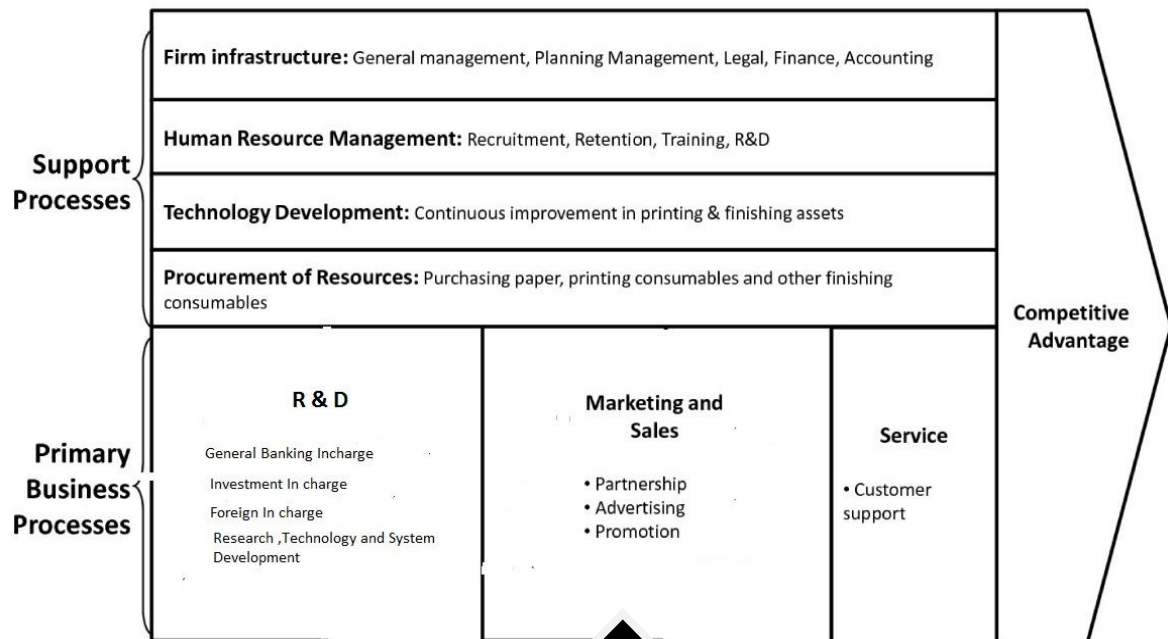
- Pioneer of Islamic Banking concept in Bangladesh
- Largest Distribution Network
- IBBL has a great Competitive advantage in Visa processing system. In visa Service they used a modern card name Kidma Card. Its bear lower cost that no bank does not Provide.

The Resource Gaps Need to Fill: IBBL has a resource gap that has been found is the Lack of modern Technology and lack of Branches. In banking area they should increase the deposit Interest rate from 6% to 8% or more. If the bank fulfils the resource gap they will be the leading bank in Bangladesh of banking system.

Value Chain Analysis (VCA)

- **General Banking In charge:** GBI Division controls 4 departments. They are Cash , Account opening, Bills, Alternative Delivery Channels (ADC)
- **Investment In charge:** This division has 3 departments, SME, Project & commercial loan, and Recovery Department
- **Foreign In charge:** Foreign In charge Division has also 3 departments, Import, Export, and Remittance
- **Research, Technology and System Development:** IBBL uses two modern technologies, Online ADC, Immediate Deposit Machine (IDM)
- **General Administration:** Chairman, Board of Directors, Managing Director &CEO, Branch and Office staffs.

The Strategic Environment Analysis of Islami Bank Bangladesh Limited (IBBL)



Source: Authors' Observation

- **Products:**
 - Deposit Products (Al-Wadiah Accounts, Mudaraba Accounts)
 - Investment Products
 - Rural Development Scheme (RDS)
- **Services:**
 - NRB (Non Resident Bangladeshi) Entrepreneurs Services
 - Remittance Card
 - Investment Scheme for Foreign Expertise
 - Mudaraba NRB Bond
 - SME (Small Management Enterprise)
 - Foreign Exchange Business Service
 - Locker Service
 - Offshore Banking Units (OBU)

Remote Environment Analysis:

This environment is comprised with Political (P), Economic (E), Social (S), Technological (T), and Ecological (E) factors. The following analysis is done for IBBL.

Political Factors

Political changes have a great impact on IBBL as the management panel has been changed by the current government. IBBL also contributes the following ways with government activities. IBBL joins in trade fairs with a huge amount of services, helps the Government by collecting tax and collects tax from many exporters.

Economic Factors

- a) **Deposit Mobilization:** Those who are Non Initiative Individuals, organization, firms and other institution IBBL give them loan to minimize the poverty from our country. In 2016-17 FY (fiscal year)

- Tk. 7, 55, 000 million in Deposit mobilization and (growth rate of 10.81%)
- Tk.7, 10, 000 in investment registering (growth rate of 15.30%)
- The Return on Equity (ROE) = 9.63%
- Return on Asset (ROA) = 0.55%
- Earnings per Share (EPS) = Tk.2.91.
- Total assets of the Bank rose to Tk.8, 99, 960 million (growth rate of 12.82%)

- b) **Deployment of fund:** Contribution in GDP, Creation of Job, Poverty Elimination, Micro financing and Industrialization. In 2016-17 FY (fiscal year)

- Growth in foreign exchange (handling export business of Tk. 240,026 million, having almost 9% market share).
- Handled import business of Tk. 385,194 million, having growth rate of 13% over the previous year securing (more Than 9% market share)
- Foreign remittance Tk. 2, 33, 052 million (20% market share)
- Total number of members in RDS (Rural Development Scheme) and UPDS Urban Poor Development Scheme was 9.90 lac (5.5% growth) in 2017, this number rose to 11.09 lac (11% growth) over 2016.
- The microfinance investment has also been enhancing. The total amount of outstanding RDS & UPDS investment is Tk. 28,433 million (growth rate 16.2%)

- c) **Overall Economic Changes in operating Zone**

- Total deposit accounts rose to 108.4 lac (5.1% growth)
- The number of investment accounts rose to 11.80 lac (9.30% growth) and total no. of account around 2.4 lac.
- In school banking having 17% market share.
- Agent Banking of IBBL started its journey. IBBL has opened 30 agent banking outlets, which opened 1,320 accounts having Tk. 34.20 million of deposit.

(Source: Annual report of IBBL, 2017)



Social Factors

People's beliefs, values, norms, attitudes, and tastes have a huge impact on the banking sector. Islami bank concept is religiously purposed banking concept so social factors play a vital role in it. IBBL contributes a great role for society by doing Corporate Social Responsibilities (CSR); such as participating Iftar Party, many cultural programs, scholarship program for meritorious students (having GPA 5.00 in SSC & HSC level). IBBL provides scholarship about 10000 students in every year. In the recent Ramadan month, 400 packets of Iftar for the unprivileged poor people were distributed. Each Packet contains 1500 BDT.

Social responsibilities of Islami Bank Foundation (IBF) are income generation, service to the distressed people; promote a people oriented mass education system. IBBL grants scholarships among the wards of the bank officials and the meritorious students. IBBL spent Tk. 1,057.77 million for CSR activities and Tk. 6,055.65 million for millions for the beneficiaries.

Technological Factors

Some new modern technologies are invented for better service for banking sector. The following factors help to improve the profitability of IBBL.

- IBBL achieved the vision of 'One man one computer' for all the employees.
- IBBL set up more than seven hundred (700) IP Phones and twenty-five (25) Video Phones. (Set up 500 IP Phones in upcoming year).
- For smooth performance and becoming skilled in ICT (Information and Communication Technology) IBBL arranged more than IT related 50 training & workshop sessions in each year where more 3000 employees attended these programs.
- Quick Customer Services through online data centre and disaster recovery site, IBBL online money transfer, and iBanking are in action.
- IBBL has more 420 ATM (Automated Teller Machine) networks of its own and having 562 ATM booths all over the country. The number of transactions has been increasing since 2013 till now with having 10.66% growth rate from the previous year.
- VISA debit card, Shariah based Khidmah Credit Card, Prepaid Card, Travel Card, Salary Card, Hajj Card and Remittance Card services are in live operation.
- Modern Technologies in banking sectors such as SMS banking, agent banking, mCash, IBBL contact center.

(Source: Annual report of IBBL, 2017)

Ecological Factors

Ecology refers to the association between other living things and the human. IBBL helps human activities by removing pollution .They try to balance between Human being and Ecology. Green banking activities is one of them. Technology based activities reduce workload as well as less use of paper and pencil which could save thousands of thousand trees. In IBBL green banking cover the areas of ecological factors.

Green investment helps recover the environmental degradations, prevent corrosion of the environment and are not injurious to the environment. Green investment includes both direct and indirect green investment. Environmental risk management (ERM), Climate risk fund (CRF), Green training and capacity building, Green marketing and awareness development, In-house environmental management, Green target, strategic planning & budget are also the part of ecological considerations by IBBL.

Industry Environment Analysis:

The 'Five Forces Theory' has been employed to understand the IBBL's Industry environment. The following analyses are given below.

1. **New Entrants:** New entry of any bank is a threat for IBBL. The present threat for IBBL are :
 - a) Karmanngsthan Bank Ltd.
 - b) BASIC Bank Ltd.
 - c) NRB Bank Ltd.
 - d) Modhumoti Bank Ltd. and other banks that are now operating newly in Bangladesh and could be established in the Savar zone in the near future.
2. **Suppliers Power:** In banking sector the main supplier for any banking activities is central bank (Bangladesh Bank). This bank is equally powerful for all the banks in Bangladesh. In some other cases like some logistical supports few suppliers have some power over the buyers as like IBBL has. The reason is many banks are operating in Savar areas where the logistical supports are provided by a few suppliers in nearby Savar.
3. **Buyer Power:** The buyers' have power a huge power to take any Bank established in savar zone for their banking service. However IBBL has a opportunity, when customer deposited their credit in IBBL the rate of IBBL is so low rather than the other bank. If compares with the nearest Bank FSIBL they provide 8% profit in Deposit scheme where IBBL gives only 6%. That's the Buyer power for IBBL. it may happen for new entry .rivalry, substitute product and having a bargaining power of suppliers.
4. **Substitute Product:** IBBL's substitute is held in two ways; either Islami Bank to Islami Bank or Islami to conventional.
5. **Rivalry Among the Competitors:**
IBBL's rivals are:
First Security Islami Bank Ltd. (FSIBL), Sahajalal Islami Bank Ltd., Nationl Credit & Commerce Bank Ltd., Dutch-Bangla Bank Ltd., Uttara Bank Ltd., Prime Bank Ltd., Agrani Bank Ltd., Jamuna Bank Ltd., Trust Bank Ltd., National Bank Ltd., Eastern Bank Ltd., United Commercial Bank., Sonali Bank Ltd., International Finance Investment & Commerce Bank Ltd., Mutual Trust Bank Ltd., Pubali Bank Ltd., Southeast Bank Ltd., Social Islami Bank Ltd., Standard Bank Ltd. and other Banks that are now established in Savar

BCG Matrix Analysis of IBBL

Based on the annual report, discussion with bank officials and the authors' calculations, the following categorizations were made:

Stars: Products in high growth markets with high market share. Market growth rate is approximately 12% and market share is 7.5%.

Cash Cows: Products in low growth markets with high market share. Market growth rate is approximately 5% and market share is 9%.

Question marks: Products in high growth markets with low market share. Market growth rate is approximately 9% and market share is 4%.

Dogs: These are products with low growth or market share. Market growth rate is approximately 1% and market share is 2%.

		Market Share	
		High	Low
Market Growth	High	<p>Stars: Mudaraba term deposit Mudaraba savings account Musharaka Mudaraba</p>	<p>Question Marks: Mudaraba Mohor savings account Mudaraba industry employees savings account Hire purchase under shirkatul milk Rural development scheme Bai' mechanism</p>
	Low	<p>Cash Cows: Wadiah current account Mudaraba NSB savings bond Foreign currency account Non resident investor takaful Mudaraba savings bond</p>	<p>Dogs: Mudaraba Upohar deposit account Mudaraba Hajj savings account Mudaraba farmers savings account Mudaraba school students savings account Mudaraba waqf cash deposit account</p>

CONCLUSIONS

This study is based on the overall environmental analysis of IBBL. The analyses have been conducted to highlight a competitive position of IBBL in banking business under Bangladeshi strategic environment more specifically in Savar zone under Dhaka division. The study is basically concerned on both the internal & external analysis of IBBL's business environments. The study applies SWOT, VCA, RBV, PESTE, and Five Forces of IBBL. Many options have been found where the policy maker can put their strength and many options can be resized. However, the study is fully based on secondary data, personal observation, and face to face conversation with employees. The study can be handier if all the tools could be applied after surveyed both the customers and employees. Only Savar zone will provide a little idea than the whole operating areas. Finally the study is just the overview of current market position of IBBL but future research can be done by other researches 'How to gain new market and how to sustain existing market through strategy development and implementation under strategic business environment in banking industry of Bangladesh?'

DISCUSSION QUESTIONS

1. What strategy should IBBL follow as per the SWOT analysis diagram? There are four strategies available (Aggressive, Diversification, Turn-Around & Oriented, Defensive Strategy)?
2. How can you integrate the product and service value chain model of IBBL? Do you have any proposition to improve the integration for the betterment of IBBL?
3. Does the IBBL focus on Resource-Based? Do you think the IBBL can properly utilize the capabilities into resources? What are your suggestions for IBBL to improve its RBV analysis?
4. Is the PESTE analysis justified for external analysis? How can PESTE analysis affect a particular bank like IBBL?
5. What does the BCG matrix tell about IBBL's market performance? Do you have any suggestions to improve the cash cows and dogs in particular?

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