

# 1<sup>st</sup> Asian Business Research Conference

8 - 9<sup>th</sup> September 2012

held at  
Islamia College (University) Peshawar-Pakistan

## Full Paper Proceedings



Edited By:

Dr. Azhar Mansoor  
Dr. Atiq ur Rehman  
Dr. Qadar Bakhsh Baloch  
Usman Ehsan

**ASMMR**



Asian Society of Management & Marketing Research

Asian Society of Management and Marketing Research

&

Islamia College (University) Peshawar

**First Asian Business Research Conference**

8-9 September, 2012

Held at Islamia College (University) Peshawar  
Pakistan

**Full Paper Proceedings**

Editors:

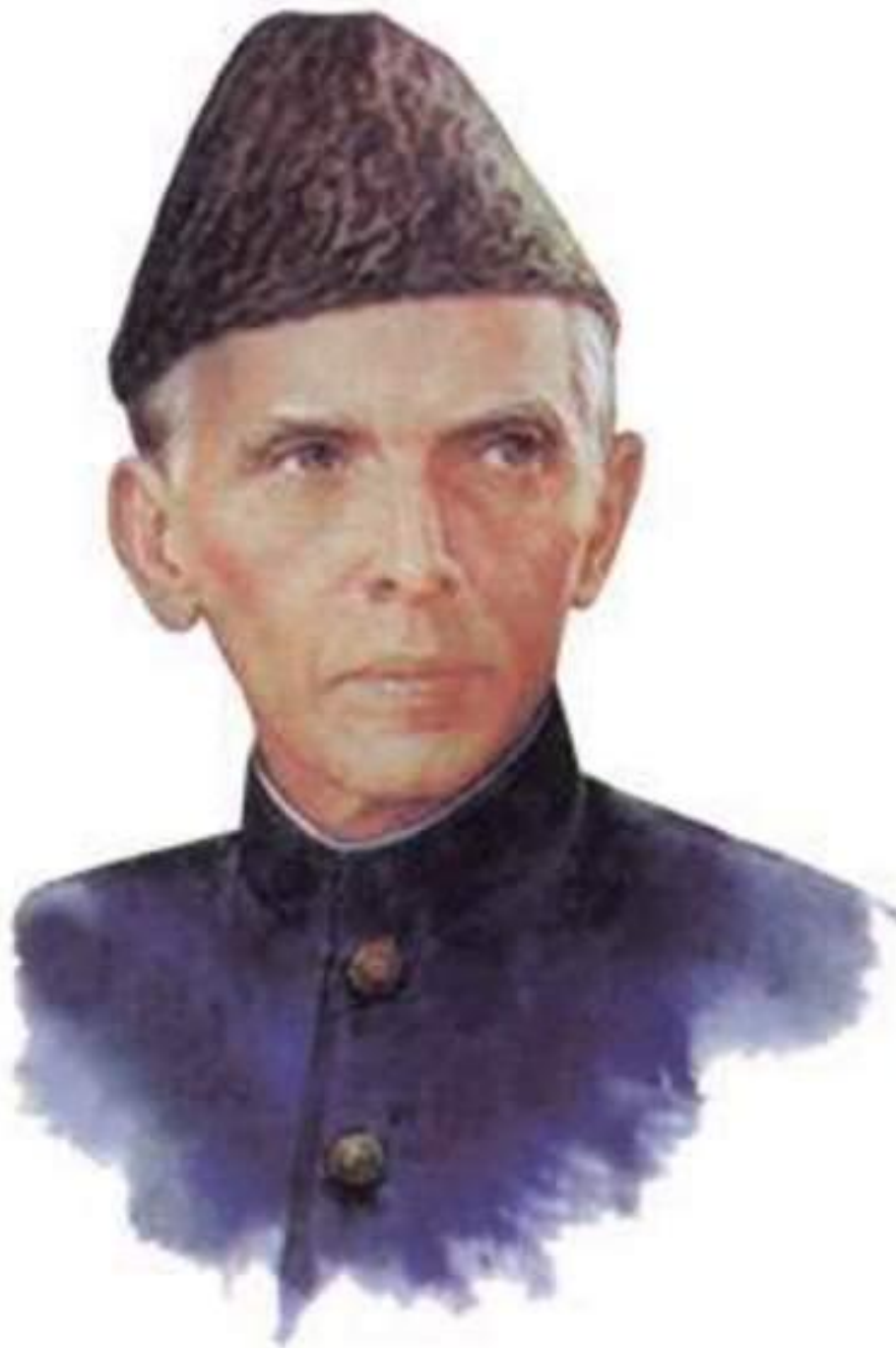
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Quad-e-Azam  
Founder of Pakistan

## Conference Chair's Welcome Note

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Respected participants,

I feel honored and privileged to mark the beginning of Vice Chancellorship with the launch of a new research initiative in the form of International conference titled as; "1st Asian Business Research Conference" to be held on 8th and 9th September, 2012 as joint venture collaborated with Asian Society of Management and Marketing Research (ASMMR).



The conference being the first academic venture of international scope since the grant of university charter to Islamia College is to promote an intellectual culture- a culture that is based on values of research, exchanges and acceptance of ideas, trespassing frontiers of biases, prejudices and suspicions. I envision, the Conference will serve as a platform to promote research through free debates and communications between the academia and industry, researchers and the students, administrators and the organizations, managers and the workforce, marketers and the customers, leaders and the led, East and the West, extremists and the liberals, conservatives and the progressives, orthodox and the modernists, and so on. There is no denying the fact that universities across cultures are podium of research and creativity of knowledge. And the present state of human knowledge available to human mind across the globe is prelude to consultation and creativity based on scientific research and inquiry. Islamia College (Chartered University) Peshawar in general and Department of Management sciences in particular, is psyched-up to promote quality of learning and research in all its manifestations. I, as Vice Chancellor of the Islamia College (Chartered University) along with my academic and administrative team, determined to promote research, dialogue, debates and discussions amongst the staff and students to nurture university environment research friendly and free from all forms of biases and prejudices.

Therefore, being the chair of the conference, envision that the conference would go far beyond its regional and national boundaries to promote culture of free exchange of research and ideas on one hand and transform local mind set of rigidity or conservatism in to open mind set –ready to accept ideas, change with the spirit of harmony and accommodation. In short the Conference aspires to bring administrative and business community to interact, establish organizational contacts, develop human capital through extension of knowledge and creativity and inculcate culture of research in and beyond Islamia College (Chartered University) Peshawar.

Sincerely

**Prof. Dr. Noor Jahan**

Vice Chancellor

Islamia College (University) Peshawar

## Conference Co-Chair's Welcome Note

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Respected delegates,

It is my great pleasure to welcome all of you in the First Asian Business Research Conference being held at Islamia College Peshawar, Pakistan.

ASMMR is a humble endeavor to create a learning environment among researchers to foster internationalization and integration of research conducted at various institutions. We are human-centered and our goal is to help the social capital of Asia especially of Pakistan to learn, to conduct, to apply creative interdisciplinary research and outreach to solving management and marketing problems. We will ultimately transform into a cutting-edge research center.



In this First Asian Business Research Conference, we have experienced overwhelming response. The conference is expected to attract above 100 researchers from academia and industry representing 20 institutions (universities, research centers and companies) from 10 countries.

Finally, on behalf of the entire team of ASMMR, I am privileged to welcome speakers at First Asian Business Research Conference and wish you all a great learning experience.

*“Dreams, hope and attitude bring success”*

Sincerely,

**Dr Azhar Mansur Khan**

Founding President ASMMR

CEO Institute of Project Management and Emotional Intelligence

International Consultant of BMC, USA

Adjunct Professor @ SKEMA Business School, Lille France &

CASE, Islamabad Pakistan

## Conference Co-Chair's Welcome Note

---

Respected Participants,

It is indeed an honor to be co-chair of the international conference titled as; "1st Asian Business Research Conference" to be held on 8th and 9th September, 2012 as joint venture collaborated with Asian Society of Management and Marketing Research (ASMMR).



The conference will provide a platform to share scholarly works of intellectual and professional concerns on both theoretical and practical issues in the areas of business and public administration, human resource management, finance, economics, marketing, health and education management, human and organizational psychology, corporate governance and Corporate social responsibility. Being multidisciplinary in scope and interdisciplinary in contents, the Conference seeks to publish innovative, impactful and cutting edge research that breaks the rules of thumb and sets new grounds in the real world of business management and administrative sciences.

The organizing team of the Conference believes with conviction that working together with the academia, business professionals, public and private administrators, researchers and prospective authors is a base line to enhance the quality and to expand its national and international reach and readership. To realize and surpass its aspirations of global reach, the conference has sought partnership with quality publishers of international repute that help to widen the scholarly research and maximize its impact. Seeing the impact of this joint venture with ASMAR, the Islamia College Peshawar aspires co-hosting of Scholarly conferences of national and international in scope with the likeminded educational institutions, research organizations or social group across its readership.

With this all preview of the conference I ask you to support this initiative by participating with their scholarly papers and attending the gathering of researchers of international standing

Regards

**Dr Qadar Bakhsh Baloch**

Director Higher Studies & Research  
Islamia College (University), Peshawar

## **Asian Business Research Conference**

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These are the full proceedings of the First Asian Business Research Conference, 2012. In this conference, 42 papers were presented on which reviewers suggested some improvements and 23 papers were accepted for publication in full conference proceedings ISSN 2227-7935 after going through double-blind peer-review. Most of papers were rejected at desk review as they were not following the submission guidelines and especially the references.

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**University Social Responsibility**  
**A Stakeholder analysis of a Higher Education Institute in Khyber-Pakhtunkhwa**

**By:**

**Khawaja Fawad Latif**  
**Dr. Qadar Bakhsh Baloch**  
**Hamza Khawaja**  
**Usman Haider**

**Abstract**

**Purpose:** The current study aims to understand the role of social responsibility in higher educational sector, with focus on how university social responsibility affects various stakeholders and university reputation.

**Design/Methodology/Approach:** Data from the respondents was subjected to analysis using the statistical software SPSS. One Way Anova and Correlation analysis were used to test the research hypothesis.

**Findings:** Results revealed significant differences in the Economic, Legal, Ethical and Philanthropic responsibilities across different stakeholders. University social responsibility was found to be have a significant association with university reputation

**Practical Implications:** Universities has an important role in building a better society, Universities are entrenched in a network of stakeholder associations. Universities have a strong reliance on its stakeholders for it stability and progress. Long term success of the university would be contingent to the effective stakeholder management. The study would help higher educational institutes in realizing key factors that would aid in becoming more socially responsible and identification of factors that have its influence on different stakeholders.

**Originality/Value:** Attempts have been made to study the effects of CSR in variety of businesses, However there exists a gap in empirical research with respect to the role CSR can play in education sector. Especially in context of Asia where CSR principles are less developed. The study seeks to fill this gap through an analysis of influence of educational corporate social responsibility on various stakeholders.

**Limitations:** There are limitations to this study; first the current study only focuses on one Private Sector University. Secondly the research only focuses on the association of CSR with reputation; further research can evaluate how CSR influence employee behaviors and other organizational dimensions.

**Key Words:** University Social Responsibility, Organization Reputation

**Article Classification:** Research Paper

**Introduction**

Business do not operate in isolation, the ultimate objective of profit maximization is attained through the means available in the society. Businesses are recognizing the fact that they have this obligation to give back something worthwhile to the society and community they operate in. Corporations are invented to provide benefits to the community that individuals would not be able to carve from themselves (Sanford, 2011).

CSR is simply the latest manifestation of earlier debates as to the role of business in society (Frynas, 2009). Hardy (1999) justifies the need of organizations to be socially responsible by

noting that businesses don't have to die like ordinary mortals, this makes them different and especially responsible. Similarly Hall (1987, 1) stated that

*“Organizations surround us; we are born in them and usually die in them; the space in between is filled with them. They are about impossible to escape. They are inevitable.”*

Organizations need to be trusted, and to earn trust, they must operate to the highest ethical standards (Sanford, 2011) while ethics are identified as a key area of CSR (Grant, 2009&Moir, 2001). Corporate power has been amplified by globalization, with market boundaries obsolete, the global corporation arguably the most dominant of our modern institutions (according to the World Bank, 95 of the world's 150 largest economic entities are corporations) and mounting its influence in public policy and law making. Although besides being accountable to the elected governments they are accountable to their shareholders. This has been criticized and has led to the birth of the corporate social responsibility, holding corporations to be accounted in the courts of public opinion (Visser, Matten, Pohl, & Tolhurst, 2010).

Sibbel (2009) claryfying the link of higher education sector to the society, Institutes transform students into graduates who assume responsibilities in society. So, curricula delivered within this sector should derive directly from the needs of the society that it serves. The role of educational institutes in formation of a better society is undeniable. Higher education has unique potential to catalyze and/or accelerate a societal transition toward sustainability (Stephens, Hernandez, Román, Graham, & Scholz, 2008). The potential for transition is achieved through the development of students' capacity for, and disposition towards, social responsibility (Millican & Bourner, 2011).

Attempts have been made to study the effects of CSR in variety of businesses, for instance Banking Industry (McDonald & Lai, 2011, Poolthong & Mandhachitara, 2009 &Chomvilailuk & Butcher, 2010), oil industry (Vaaland & Heide, 2008; Frynas, 2009) and food (Jones, Comfort, & Hillier, 2007; Spence & Bourlakis, 2009). However there exists a gap in empirical research with respect to the role CSR can play in education sector. Especially in context of Asia where CSR principles are less developed (Visser, Matten, Pohl, & Tolhurst, 2010). The study seeks to fill this gap through an analysis of influence of educational corporate social responsibility on various stakeholders.

## **Literature Review**

### **CSR Defined**

Although the concept of social responsibility has generated a lot of interest, it appears hard to be defined (Ralston, 2010).The reason could be attributed to the diversification of businesses and the way in which they seek to align its values and behaviors with those of its stakeholders (Mallin, 2009). The review of literature provides a number of definitions emphasizing various aspects of society.

Kotler and Lee (2005, 2) defined it in societal context as “Corporate Social Responsibility is a commitment to improve community wellbeing through discretionary business practices and contributions of corporate resources”. Werther and Chandler (2011) defined CSR with strategic orientation as

*“The incorporation of holistic CSR perspective within a firm’s strategic planning and core operations so that the firm is managed in the interests of a broad set of stakeholders to achieve maximum economic and social value over the medium to long term”*

The variation in statements of CSR is due to the fact that every business has its own way of practicing CSR, by and large devoting its resources to areas most pertinent to the organization (Grant, 2009).

A number of Models/frameworks have been presented that try to embrace the key responsibilities of the business. For CSR to be accepted by assiduous business person, it should be framed in such a way that the entire ranges of business responsibilities are embraced (Carroll, 1991). Carroll (2004) found four responsibilities that constitute total CSR: Economic, legal, ethical, and philanthropic. Enquist, Johnson, & Skale´n (2006) proposed a triple bottom line (people, planet and profits) model that incorporated social, environmental, and economic considerations. A CSR managements model was put forth by Jonker & Witte (2006) provided a generic framework to various aspects of CSR in the organization and the way they are interlinked. The core is the business proposition (BP) of an organization. To effectively define the BP, four domains have to be organized: Organizational identity, systems, accountability and transactivity.

The definitions of Corporate Social Responsibility are diverse and argued (McDonald & Lai, 2011). Apart from the objective of earning profits, Societal and environmental commitments to various stakeholders also form part of CSR. CSR is not only about taking responsibility, but being accountable for economic, environmental and social effects of the corporation and alarming the stakeholders about them (Visser, Matten, Pohl, & Tolhurst, 2010). Stakeholders are described as those “groups that can either help or damage the firm, including employees, customers, suppliers, shareholders, banks, governments and non-governmental organizations” (Frynas, 2009, 15).

A University has four stakeholder groups, Instructors, student, academic units and institutions, and community/neighborhood organizations (Zlotkowski, 2007). Another group of stakeholder includes corporate supporters of a university making provision for financial and strategic support (Jimena, 2011). Universities have obligations to various stakeholders: alignment of a university strategy that reflects concerns of corporate supporters of the university (Jimena, 2011), Putting high ethical standards into practice in every aspect of the institutions that includes internal governance and engagement with external stakeholders (Karima, Oshima, & Yamamoto, 2006). Universities must make sure that students take responsibility for their thoughts and actions while the university’s researchers and scholars should understand that they have responsibilities towards the wider community (Barnett, 2007).

### **Stakeholder Approach to CSR**

The constituents of CSR have been discussed in greater detail, many frameworks and models exist but Carroll’s (2004) framework of business responsibilities has remained an accepted approach. The Pyramid of Global Corporate Social Responsibility is a helpful way to depict the four kinds of social responsibility that business has with respect to global business stakeholders. The present study utilizes the framework for the empirical study, the research measures the influence of Universities CSR on variety of stakeholders identified.

Theories exist that aid in analyzing and explaining corporate social responsibility. A famous one is the Stakeholder theory; it is used as a basis for analyzing groups to whom the business should be responsible (Moir, 2001). The theory proposes that firm can be understood in terms of a set of associations amongst groups that have stakes in the tasks the business undertakes. Stakeholders can be divided into primary and secondary stakeholders. Primary stakeholders are those who are essential for the survival of the business (Hopkins, 2003), those who are foundational to firm's activities (Visser, Matten, Pohl, & Tolhurst, 2010) while secondary stakeholders refer to those that can affect firm's objectives (Visser, Matten, Pohl, & Tolhurst, 2010). It is assumed that organization doesn't differ between the two categories of stakeholders (Fryzel, 2011).

Developing associations with stakeholders is part of CSR and, as such, is subject to analysis of the scale of responsibility related to such actions (Fryzel, 2011). Rather than focusing on the rhetoric of CSR, which is thought to be of only taking responsibility, the focus shall be on the reality and business should be held accountable for the economic, environmental and societal influence of the firm and communicating this to stakeholders (Visser, Matten, Pohl, & Tolhurst, 2010). Communicating effectively with the stakeholders helps the business in dealing with the issues of public concern before the surfacing of any anti-business activism (Visser, Matten, Pohl, & Tolhurst, 2010).

Universities are entrenched in a network of stakeholder associations. Universities have a strong reliance on its stakeholders for its stability and progress. Long term success of the university would be contingent to the effective stakeholder management. However, handling stakeholder association is not an easy activity and raises many queries. Although universities are aware of the significance of connecting with their stakeholders, authorities have a confused idea of how to actually implement the process. The present research aids in implementing the Carroll's framework at universities level. The study formulates items with regard to the four dimensions of the Corporate Social Responsibility. Universities major stakeholders studied in the current study includes Students, parents, Investors, Employees and local Community.

An important group of stakeholders that is particularly susceptible to a University's CSR initiatives are its students and parents. The former studies in the institute and the latter invests in them. Universities realize that in order to thrive in the competitive market and to attract new stream of students they must incorporate CSR in their strategy (Jimena, 2011). The stakeholders could be referred to as the consumers of the services offered by the university. CSR research implicitly assert that a "Win-Win" outcome results from business social support and positive consumer responses (Green & Peloza, 2011). Consumers have a strong influence on business CSR initiatives; for instance Visser et al. (2010) noted that Western CSR and ethical consumerism activities have endorsed a business case for CSR in Africa. There is an increasing need for Universities to engage in CSR activities, as their students take up jobs in the organization, meet people in the society and can be a strong source of good or bad publicity for the institute. CSR can build a stream of satisfied alumni that can aid in attracting new students (Jimena, 2011). The university could be asked if it is enabling its staff and students in a way where they can see themselves as contributing members of the wider society (Barnett, 2007).



Employees are instrumental in progress of a business organization. They are trusted with the activities that will lead to the attainment of business strategies. Positive employee attitudes are influential in smooth business operations. Employees do make judgments about their employer's CSR initiatives, Employees subsequent attitudes and behaviors are affected by the fulfillment of psychological needs and acts of social responsibility on part of the business (Rupp, Ganapathi, Aguilera, & Williams, 2006). An act of responsibility on part of the university is the preservation of free expression, for without it, creative scientists and scholars will suffer that would ultimately jeopardize the search for knowledge and new discoveries. Academics have a key role in continuing to have the freedom to speak and write, because their lives are dedicated to the development of ideas (Bok, 1982).

An organization needs to be socially responsible that manifests itself in cordial and honest practice. The value and ethical standards that universities espouse will not only have a crucial influence over the academic, cultural and political development of their staff and students, but also help to shape moral contours of society at large, promoting the highest ethical standards (Karima, Oshima, & Yamamoto, 2006). There is a mutual dependence of the university and the society where institutes drawing their prospective students from the society and putting them back into the society after they complete their education, the shared reliance, in turn, can make value for both. CSR adds to innovation and reliability on competitive level contingent to its proper evaluation, from this perspective, CSR as a concept is starting to be incorporated deep into the challenges pertinent to competitiveness and performance (Dobrea & Gaman, 2011). Universities have acquired different constituencies viewing their purpose in different ways. To students and their parents, they are chiefly places where young people can obtain an education and spend several pleasant, intellectually stimulating years. To the corporations, universities select able students and train them to serve as competent practitioners. To the government, universities are vehicles to help achieve social goals, such as equal opportunity for minorities, as well as important sources of sophisticated knowledge needed for defense, foreign policy, medicine, and technological development. To corporate and foundation executives, along with public officials, universities are also valuable repositories of expertise from which to gain advice in addressing complicated questions (Bok, 1982).

Investigating the influence of CSR on financial performance is a complex subject (Van de Velde, Vermeir, & Corten, 2005). Enhanced corporate image and financial performance has arguably been referred to as enlightened self-interest since to date the evidence for any relationship between CSR and economic performance is sparse (Balabanis, Phillips, & Lyall, 1998). However McDonald and Lai (2011) in their study found CSR initiatives had a positive impact on the customers behaviors. Similarly McAdam & Leonard (2003) assert that CSR has parallels to sustainable development, environmental protection, social equity and economic growth.

### **CSR initiatives in Higher Education**

The growing importance of CSR in the business world is clear. But is CSR important to educational institutions? How should an institution such as a university practice CSR (Jimena, 2011)? The management of CSR has become imperative for corporations, it has also become indispensable for the universities to adopt and promote CSR (Karima, Oshima, & Yamamoto, 2006). The need for Universities to be socially responsible is further highlighted according to a Canadian geologist student who notes that CSR is not even mentioned to the

class, even when they enter the industry, and years later they may be making many important CSR decisions as project managers and even CEO's (Jimena, 2011).

### **CSR and Reputation**

Reputation is an asset of immense value (Lewis, 2001). Fombrun and Gardberg (2000) found corporate social responsibility to be one of the six key dimension on which a company is rated. Similarly responsibility that organizations demonstrate towards diverse communities within which it works are important in shaping the attitudes of those with whom it relates, In turn this aids in development and projection of reputation (Haywood, 2005). University stakeholders would develop a positive or negative images of the institute through their evaluation of the fairness it demonstrates through the use of its services and other interactions. CSR is expected to signal to stakeholders a positive ideal of corporate behavior, thereby increasing reputation (Galbreath, 2010). The study seeks to contribute to the literature by identifying the effects of CSR on institute's reputation.

Limited empirical research has been conducted contingent to the effects of CSR on the stakeholders. Higher education institutions receive enormous amounts in grants and also through the fee, public trust and concern therefore is not only associated with the universities but also with the institutions, their academics and the students produced (Atkinson & Gilleland, 2006). Karima, Oshima, and Yamamoto (2006) proposed the contribution to CSR through introduction of subjects pertinent to the social responsibility, that would promote positive attitude in students towards CSR. The present study seeks to extend and contribute to the body of research by not only evaluating the effects of University CSR on various stakeholders but also analyzes the perceptions of CSR initiatives by different stakeholders.

### **Hypotheses**

H1a: There are significant differences in the prevalence of satisfaction with Economic Dimension of CSR initiatives across various stakeholders

H1b: There are significant differences in the prevalence of satisfaction with Legal Dimension of CSR initiatives across various stakeholders

H1c: There are significant differences in the prevalence of satisfaction with Ethical Dimension of CSR initiatives across various stakeholders

H1d: There are significant differences in the prevalence of satisfaction with Philanthropic Dimension of CSR initiatives across various stakeholders

H2: CSR is positively associated with university reputation in the community

### **Methodology**

#### **Respondents**

Respondents were selected from City University of Science and Information Technology, Peshawar, Pakistan. A total of 200 questionnaires were disseminated, 170 were returned, of them 130 were complete and utilized for data analysis.

### **Instrumentation**

#### **Corporate Social Responsibility**

The study uses Carroll (1979) model to evaluate how much the university is demonstrating CSR activity across the four dimensions. Accordingly, measurement of CSR included four dimensions:

1. Economic

2. Legal
3. Ethical
4. Philanthropic

To measure CSR, informants were asked to rate each item, where “1 – strongly disagree” and “5 – strongly agree.” High scores meant higher degree of commitment to CSR initiatives. The reliability for the four dimensions is summarized in table below.

Table 1: Reliability Analysis

Scale	Reliability
Economic Responsibilities	0.838
Legal Responsibilities	0.907
Ethical Responsibilities	0.854
Philanthropic Responsibilities	0.861

### Organization Reputation

This study relied on the reputation scale developed by Weiss, Anderson and MacInnis (1999). The scale assesses a firm's general perception of their reputation. The scale does not assess reputation for anything specific (e.g. product innovation); rather, the scale measures a firm's assessment of their overall reputation. The scale contained five items and informants were asked to rate each item on a five-point Likert scale, where “1 – strongly disagree” and “5 – strongly agree”. Reliability analysis revealed a Cronbach alpha value of 0.794.

### Results

#### Occupants Demographics

The following table shows the frequency distribution of the respondents

Demographics	Category	%age
Age	Less than or equal to 20	8.5
	21-30	33.8
	31-40	26.2
	41-50	11.5
	51-60	16.9
	Over 60	3.1
Gender	Male	75.4
	Female	24.6
Years of Education	12-14	66.2
	16-18	32.3
	Over 18	1.5
Stakeholder	Academic	25.4
	Admin	16.9
	Student	33.1
	Parent	24.6

### Testing or Hypothesis 1

Hypothesis one was divided into four different statements, with H1a testing significant differences in the prevalence of satisfaction with Economic Dimension of CSR initiatives across various stakeholders. The results showed that significant differences are prevalent in satisfaction with economic dimension of in the various stakeholders ( $F(3, 126) = 4.556, p = .005$ ). A Dunnett T3 post-hoc test revealed that significant differences were established

between Admin and Student ( $-.57, p < .01$ ). There were no significant differences recorded between other stakeholders.

Results for H1b revealed significant differences in the prevalence of satisfaction with Legal Dimension of CSR initiatives across various stakeholders ( $F(3, 126) = 4.204, p = .007$ ). A Dunnett T3 post-hoc test revealed that significant differences were established between Admin and Academic ( $.78, p < .05$ ). There were no significant differences recorded between other stakeholders.

Testing H1c showed significant differences in the prevalence of satisfaction with Ethical Dimension of CSR initiatives across various stakeholders ( $F(3, 126) = 2.933, p = .036$ ). A LSD post-hoc test revealed that significant differences were established between Admin and Academic ( $-.37, p < .05$ ), Admin and Student ( $.51, p < .01$ ) and Admin and Parent ( $.37, p < .05$ ). There were no significant differences recorded between other stakeholders.

H1d results showed that significant differences were present in satisfaction with Philanthropic Dimension of CSR initiatives across various stakeholders ( $F(3, 126) = 3.338, p = .022$ ). A LSD post-hoc test revealed that significant differences were established between Admin and Academic ( $.63, p < .001$ ), Admin and Student ( $.68, p < .001$ ) and Admin and Parent ( $.53, p < .05$ ). There were no significant differences recorded between other stakeholders.

## Testing or Hypothesis 2

The study also examines the association of CSR with reputation of the university. The table shows a strong and significant association between CSR and University reputation thus Hypothesis 2 is supported.

**Table : Correlation between CSR and University Reputation.**

	University Reputation
Corporate Social Responsibility (CSR)	.698**

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

## Discussion

All the hypotheses were supported by the findings in this study. With hypotheses one offering insight that differences exist on the satisfaction with different level of CSR initiatives. With scarce empirical research on the perceptions of CSR initiatives by different stakeholders, the study revealed that in an academic institutes with different stakeholders having varying interest in the organization, the study found differences in satisfaction with CSR initiatives. Admin staff at the university were found to be most satisfied the CSR initiative of the university (Mean = 3.68, SD = .71) while students were found to be least satisfied with the initiative undertaken by the university for being socially responsible (Mean = 3.09, SD = .59). The results indicate that the university in question is performing its CSR responsibilities (Mean = 3.22, SD = .68).

Hypotheses 2 is of greater interest to the CSR implications for the University showing that CSR is a value creating activity important to firms beyond direct financial benefits, such as those measured by traditional accounting-based measures (Galbreath, 2010). The business case for enhanced reputation is very well highlighted. The success of any business rests heavily on its reputation (Lantos, 1999). The work of Galbreath, (2010) supported the findings of the current study that also confirmed a positive association of CSR and reputation.

The study supports the theorist in their approach that CSR is an important ingredient in creating a successful image, identify and ultimately leading to competitive advantage. Varying perception contingent to CSR at different levels shall be further analyzed with special focus on how to improve the perceptions (Galbreath, 2010).

### **Limitations and Conclusions**

There are limitations to this study; first the current study only focuses on one Private Sector University. Secondly the research only focuses on the association of CSR with reputation; further research can evaluate how CSR influence employee behaviors and other organizational dimensions. In conclusion, CSR has long been a controversial topic of discussion. The study used Carroll (1979) model for CSE that identified four levels of CSR i.e Economic, Legal, Ethical and Philanthropic. The research found differences in stakeholder's satisfaction with various levels of CSR. Admin staff at the university were found to be most satisfied the CSR initiative of the university while students were found to be least satisfied with the initiative undertaken by the university. CSR initiative were also found to be positively associated with reputation of the organization.

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## **Auditing the Human Resources: Application of a global framework on an international not for profit organization in Pakistan**

**By:**

**Amna Moeen**

### **Abstract**

**Purpose:** This project was undertaken to conduct such an audit at a not for profit organization at Pakistan. It was an initiative from the student community of Human Resources to begin a check and balance of the HR and was to be a stepping stone in a new dimension of HR. The purpose of carrying out this entire process was to impart the understanding and benefit of an HR audit that helps to achieve an effective HR department that eventually yields an efficient workplace

**Methodology:** An extensive literature review was conducted to understand the processes available and discussed by various authors. The methodology adopted was the global framework designed by Mr. John H McConnell in his book "Auditing your Human Resource Department: A step by step guide".

**Findings:** The results achieved helped in identifying the various areas which required improvement and which needed improvement

**Research Implications:** The application of the process not only helped to audit the processes of HR at the organization, it also helped in identifying which areas of the global framework were not applicable to our local scenario and which can be tailored according to the organizations.

**Originality:** The methodology was an adopted procedure however it is an entirely new study carried out in this region

**Limitations and Future Research:** Future study of the same procedure and application of it on other organizations can give more clarity on the scorings received. It will aid the understanding of the researcher and help to boost the field of HR audit

### **KEYWORDS**

Human resources, Audit, Benchmarking, Evaluating, Performance, Human resource management, Auditing.

### **ARTICLE CLASSIFICATION**

Empirical Research Paper

### **INTRODUCTION**

Human Resource, as a term, was coined in the middle of 1980s. The term came forward from the United States of America which suggested personnel as an asset to us (CIPD, 2011). This proves that the subject emerged not too long ago. Therefore, it is quite clear that HR people and professionals have had to work quite hard to get where they are today. It is the tremendous effort that led them to nurture and foster this discipline, which people initially took to be, perhaps, a waste of space.

The researchers of human resource were not satisfied with the absence of an evaluation system of HR. It was seen that either there was very little and low grade/weak examination or follow up or there was none at all. It was felt that a proper system should be available that would be applicable through some standardized procedure so that a human resource department and its functions could be evaluated formally and in detail so that the subject could be enhanced and enriched in its context.

In order to overcome the chaos that negligence of evaluation of the Human Resource Department creates, a systematic approach was designed to evaluate its shortcomings. Such



evaluation promises improvement and is a frontier of new horizon, and is named **“The Human Resource Audit”**. It is adopted to measure the performance of the organization through its employees' feedback and HR practices. The output is a measure of whether or not the organization is aligned to its mission, goals and policies. It results in pointing out the commendable and necessary enhancement areas. The paper discusses the application of a globally available framework of an HR Audit in a not for profit international organization in Pakistan.

## **LITERATURE REVIEW**

To gain an insight about the current situation and evaluate the methods currently used, the human resource development team has a powerful tool at their expense. A new perception added with the HR development is the conduction of HR audits. An audit is something taken to be financial in perspective only but Human Resource Management has brought in a new insight that it can be based on theoretical knowledge as well. As Cornwell (1995) believes there is a need to think out-of-the-box and add some new insights to the profession of auditing. The main feature that defines the vitality of HR is that it has an accounting based evaluation for itself (Batra, 1996).

HR audits are also important because they have quantified the evaluation of employees and the company in every term. Whether it is employee's performance or his feedback, now every entity can be measured to calculate its exact effect.

“HRD audit is a comprehensive evaluation of the current human resource development strategies, structure, systems, styles and skills in the context of the short and long-term business plans of a company.”

(Rao, 2006)

And

“A Human Resources Audit is a comprehensive method (or means) to review current human resources policies, procedures, documentation and systems to identify needs for improvement and enhancement of the HR function as well as to ensure compliance with ever-changing rules and regulations”

(Strategic HR Inc., 2009)

This definition gives a similar idea in a different perspective as it states that new advancements in Human Resource should be studied and then the company processes should be analyzed accordingly to remain in agreement with the progress being made. The main goal of human resource development team is to organize the human resource of the organization, and the concept of an audit was developed as a key to improvement. It ensures that performance is enhanced by evaluation (Batra, 1996; Scott, 2007). The purpose of HR audits is to maintain pace, not deviate from the basic path and not to lose the cause on the way. To achieve discipline, all the employees; whether they belong to technical staff or to the managerial staff, must align their work for the organization to progress.

HR audit is a helpful tool when it comes to evaluating the performance of the employees, and ensuring that the organizational objectives are met. If somehow the workforce is not working in compliance with the mission of the organization, then the audit is beneficial in guiding the team back to its right course (Beccarelli, 2005). In short, HR audits have been formulated not to criticize the way management operates rather they are in place to bring improvements and give feedback. They ensure that performance is enhanced by evaluation.

In essence, HR audit is an evaluation process. The factors to be evaluated can differ from situation to situation or from company to company. But it is very well generalized by SHRM.

“An HR audit involves devoting time and resources to taking an intensely objective look at the company’s HR policies, practices, procedures and strategies to protect the company, establish best practices and identify opportunities for improvement” (SHRM, 2011)

The HR audit, in terms of this definition, implies that business entities should take out time to review their practices of Human Resource, and following the review, find out which key areas require up gradation

HR audit can be carried out within any department and can deal with any aspect which falls within the boundaries of the organization (Olalla and Castillo, 2002). It can go into deep detail of a single function or get an overall review of HR. Rao (2006) has emphasized that HR audits can be used to evaluate the technical capabilities, moral values, managerial skills or attitude issues. Any aspect that lies under the personnel of a company can be covered by the audit procedure with little amendments as to the subject of audit.

Literature has referred to HR audit as the “vulnerability review”. This review ends up judging where the weakness lies and how exactly can it be fought off. The basic confusion about HR Audit is that people mistake it for a solution instead of considering it a tool to formulate one. The idea of HR Audit is to locate the issues which are hindering the organizations’ way to success and excellence. This audit is not only useful in eliminating the weaknesses of an organization but its implementation, according to Watson, can also increase the value of a shareholder by forty seven (47) percent (Beccarelli, 2005). Daniel (2003) is of the view that any issue in terms of human resource can lead to great risk in terms of money and revenue to the organization. These issues should be kept in check and thus HR compliance audits should be a regular feature as they identify where an organization’s employees are lacking, while it also highlights such threatening noncompliance issues side by side.

HR audit is slowly gaining importance and position in the world of business. The auditing champions are giving it space whereas the managers are gradually making it part of their regular system. Many researches have embarked upon its importance and its role in success of the company. Batra (1996) is in support of the view of the authors recommending HR audits and proposing tools because being an HR professional there is a strong belief that until and unless the evaluation of HR is taken to the level of accounting standards, the human resource evaluation cannot be perfected. And unless the accounting process is perfected, the organizations shall never be able to identify the loopholes created due to the HR policies and procedures.

As efficient working is the key to the success of the modern day companies, so it has been repeatedly suggested in the literature by a number of authors’ that formal evaluation of the Human Resource Department is vital. For this purpose several models and pathways have been proposed. Some of them are briefly discussed below.

A company has different departments and for an organization to function perfectly, it is integral that all the departments work in harmony and the synchronization leads towards the goals of the organization. Keeping this philosophy as the foundations, Hyland (2003) was of the view that Human resource audit can emerge when it is amalgamated to the internal audit of companies and ends up proposing a model and a survey.

But there are other approaches to carry out an audit. One could eliminate the problems by thoroughly investigating the human resource management. Bargerstock (2000), in accordance with this approach, has put forward an entire model that is focused purely on the HRM. It involves identifying the relevant portfolios and evaluating teams accordingly. Later, this model suggests that the company assesses its present standing and finally compares it with the expected standing. This leads to the formulation and delivery of action plans to improve the current situation to achieve the set goals.

Apart from these article authors, several books are available on this area and provide supportive evidence about the processes, roles and effects of HR Audit. Hartsfield's (2011) book covers HR audit checklists that deal with every function of HR and evaluates them through sample forms.

Similarly, HR audit can be applied within different HR processes that are carried out within an organization. Thus realizing the importance of the requiring, Lester (2008) provides a framework on the audit of recruitment process; as efficient recruitment is the stepping stone to efficient operations of any organization.

In this competitive environment where organizations are in cut throat zones, non-compliance issues arise among employees but are mostly ignored by top management. But this is not acceptable on a worldwide scale. Ignorance at the part of management is not tolerable at all. The globalization today is embarked by multinationals working so fast that it is hard to catch up. In such times, Human Resource can play a vital role in this perspective if human resource audits are conducted internationally to measure the effectiveness of personnel and understanding how they operate (Florkowski and Schuler, 1994). But so far there has not been relevant data to know if such audits are being conducted in Pakistan. The models or the pathways adopted to carry an HR audit can differ from company to company or from department to department. The key is proper execution and making use of the results yielded by the process. Therefore this paper shall be a witness to the application of Mr. McConnell's (2011) framework which is way advanced than existing models. He has ended up covering eleven major HR functions in his publication that includes a step by step process to examine every detail of the organization's performance in terms of HR and thus give out valuable results. The question was whether such an application has worked and how the corporate world of Pakistan would fit into it.

## **METHODOLOGY**

"Auditing your human resource Department; a step by step guide" by John H McConnell was presently the most comprehensive outline available globally. It had a complete set of instructions that have been formulated under an advisory board of twenty Human Resource professionals. All of whom are qualified and specialized in their fields of Human Resource and have a history of successful professional background.

Mr. McConnell's book was divided into four parts and they explain, step by step, how the audit shall take place. The parts were

1. Information Gathering
2. Evaluation
3. Analysis
4. Action planning

Primary data collection was the main source of information gathering for this paper. The information gathering part contained eleven categories of the human resource. Questionnaires based on these eleven categories were part of Mr. McConnell's book and prepared by the combined effort of the advisory board and the author. These eleven categories were rich in their content and whole in their context. The not for profit organization was evaluated through the administration of those eleven questionnaires to their employees.

The eleven questionnaire categories on which the human resource function was audited are as follows

1. Human Resource Strategic Management
2. Workforce Planning and Selection
3. Training and Organizational Development
4. Total Rewards

5. Employee and Labor Relations
6. Safety and Security
7. Human Resources Information Systems (HRIS) and Metrics
8. Diversity and Equal Employment Opportunity
9. Human Resources Facilities and Equipment
10. Human Resources Organization
11. Human Resources Staff

The employees included top level as well as middle management level employees. In order to select the respondents, the organizational structure needed a review. From the information gathered, the not for profit organization had six departments operating and Human Resource personnel work under the operations department. The distribution of employees in each department was as follows

- |                                     |      |
|-------------------------------------|------|
| • Health                            | 32%  |
| • Relief and Development            | 5.5% |
| • Design, Monitoring and Evaluation | 5.5% |
| • Operations                        | 36%  |
| • Finance                           | 17%  |
| • Security                          | 4%   |

The number of respondents among each department was selected by applying the similar percentages that were given by the organization. This is quota sampling that has been used to divide the employees in segments. Among these segments further employees were chosen on the basis of convenience sampling. This sampling states that the observer chooses such people who seem more beneficial to the study in comparison to others. These people are easy to approach and promise an in depth analysis that shall aid the researcher and the organization. Therefore, after visiting the organization a few times and carrying out meetings, it was identified which employees will become a part of the research.

According to the book, one higher authority member was required to fill in the questionnaires at first whose scores were to act as benchmarks. In case of this paper a director level post was selected. The rest of the respondents were finalized in later stages through the process mentioned above. Each employee selected from the organization had to fill in the eleven questionnaires that were based on the categories mentioned earlier.

Once the questionnaire completion was done it marked the end of data gathering. These questionnaires were then evaluated as per method mentioned in the evaluation part of the guideline.

The questionnaires filled in by the director level post were first evaluated separately one by one. Every answer that was selected by the respondent was to be represented by a number, this number was defined in the instructions manual that which answer will be awarded what number. After assigning the numbers to each question these numbers were summed up and thus each questionnaire had its separate score.

For example a question had options and every option had assigned numbers like 2,4,6,8,10. The chosen option will be given the said number. At the end of the questionnaire all the assigned numbers will be summed to achieve final score. We therefore had eleven separate scores for every single employee.

For analysis the scores of the director level post were compared to benchmarks that had been given by the advisory board. We had eleven scores from the director level post and eleven benchmarks to compare them with. These bench mark comparisons were there to tell us

where our Human Resource lies in terms of that category. Whether it was up to the mark, average or needs improvement. We then ran another analysis in which the comparison of the above mentioned score was taken in terms of a percentage to explain overall level of effectiveness of HR functions.

After this analysis we then evaluated the questionnaires completed by the other employees. The questionnaires were assigned numbers similarly as they were done for the director level post and summed up in the same way as well. But the questionnaires of the human resource department and other departments were kept separate. After the sums had been calculated averages were taken of the scores of human resource department separately and other combined departments separately for each category. Once these scores were achieved we then compared them to the ratings we first got from the director level post. This way we were able to compare three different perceptions that of senior management and other employees. Then we compared these scores to the ratings given by the advisory board. This way we were able to identify where the organization was lacking through employee feedback. We were also able to assess key areas in accordance with the global HR professionals.

Lastly we ran a functional category analysis. This analysis was run to see the combined efforts of functions. It led us in finding out how functions performed when they were combined with each other for daily corporate work.

## ANALYSIS

**Comparison of director level post scores with advisory board bench marks to gauge category**

Category	Score	Bench mark	Bench mark	Bench mark	Bench mark	Result
<b>Human Resource Strategic Management</b>	370	411 or > Functioning very well	339 – 410 Better than regular	242 – 338 Needs Improvement	<242 Real Trouble	<b>Better than regular</b>
<b>Workforce Planning and Selection</b>	451	505 or > Functioning very well	416 – 504 Better than regular	297 – 415 Needs Improvement	< 297 Real Trouble	<b>Better than regular</b>
<b>Training and Organizational Development</b>	507	508 or > Functioning very well	418 – 507 Better than regular	299 – 417 Needs improvement	< 299 Real trouble	<b>Better than regular</b>
<b>Total Rewards</b>	314	364 or > Functioning very well	300 – 363 Better than regular	214 – 299 Needs Improvement	< 214 Real trouble	<b>Better than regular</b>
<b>Employee and Labor Relations</b>	532	531 or > Functioning very well	438 – 530 Better than regular	313 – 437 Needs Improvement	< 313 Real Trouble	<b>Functioning very well</b>
<b>Safety and Security</b>	525	597 or > Functioning	491 – 596 Better than	351 – 490 Needs	< 351 Real	<b>Better than regular</b>

		very well	regular	Improvement	trouble	
<b>Human Resources Information Systems (HRIS) and Metrics</b>	170	174 or > Functioning very well	144 – 173 Better than regular	103 – 143 Needs improvement	<103 Real trouble	<b>Better than regular</b>
<b>Diversity and Equal Employment Opportunity</b>	260	213 or > Functioning very well	176 – 212 Better than regular	126 – 175 Needs improvement	< 126 Real trouble	<b>Functioning very well</b>
<b>Human Resources Facilities and Equipment</b>	158	162 or > Functioning very well	133 – 161 Better than regular	95 – 132 Needs Improvement	< 95 Real trouble	<b>Better than regular</b>
<b>Human Resources Organization</b>	211	215 or > Functioning very well	177 – 214 Better than regular	127 – 176 Needs improvement	< 127 Real trouble	<b>Better than regular</b>
<b>Human Resources Staff</b>	126	103 or > Functioning very well	85 – 102 Better than regular	61 – 84 Needs improvement	< 61 Real trouble	<b>Functioning very well</b>

Comparison of director level post scores with advisory board bench marks to measure in terms of percentage

<b>CATEGORY</b>	<b>Company Rating</b>	<b>Advisory board rating</b>
<b>Human Resources Strategic Management</b>	370	<b>484</b>
<b>Workforce Planning and Selection</b>	451	<b>594</b>
<b>Training and Organizational Development</b>	507	<b>597</b>
<b>Total Rewards</b>	314	<b>428</b>
<b>Employee and Labor Relations</b>	385	<b>625</b>
<b>Safety and Security</b>	525	<b>702</b>
<b>Human Resources Information Systems (HRIS) and Metrics</b>	170	<b>205</b>
<b>Diversity and Equal Employment Opportunity</b>	260	<b>251</b>
<b>Human Resources Facilities and Equipment</b>	158	<b>190</b>
<b>Human Resources Organization</b>	211	<b>253</b>
<b>Human Resources Staff</b>	126	<b>121</b>
<b>Total</b>	3477	<b>4450</b>

In order to determine how effective the department is functioning in terms of the advisory board, we have to take a percentage.

$$(3477/4450) \times 100 = 78\%$$

This percentage showed us that in terms of the advisory board, the human resource functions at the not for profit organization are functioning at a good acceptable level. Still, however, continuous improvements were required to maintain this level.

**Comparison of director level scores with the average score of other employees**

	<b>Ratings of Senior Management</b>	<b>Ratings of Employees</b>
<b>Human Resources Strategic Management</b>	370	<b>378</b>
<b>Workforce Planning and Selection</b>	451	<b>444</b>
<b>Training and Organizational Development</b>	507	<b>516</b>
<b>Total Rewards</b>	314	<b>343</b>
<b>Employee and Labor Relations</b>	532	<b>544</b>
<b>Safety and Security</b>	525	<b>489</b>
<b>Human Resources Information Systems (HRIS) and Metrics</b>	170	<b>170</b>
<b>Diversity and Equal Employment Opportunity</b>	260	<b>251</b>
<b>Human Resources Facilities and Equipment</b>	158	<b>144</b>
<b>Human Resources Organization</b>	211	<b>196</b>
<b>Human Resources Staff</b>	126	<b>131</b>
<b>Total</b>	3477	<b>3606</b>

This analysis has helped us identify the differences of perception. The categories where employees have similar or almost similar perception to that of senior management are

1. Human Resource Strategic Management
2. Workforce planning and selection
3. Training and organizational development
4. Employee and labor Relations
5. Human Resource Information System and Metrics
6. Diversity and equal employment opportunity
7. Human Resource staff

The categories where management needs to discuss and communicate their processes more to the employees are

1. Total Rewards
2. Safety and Security
3. Human Resources Facilities and Equipment
4. Human Resources Organization

**Functional category analysis*****Department Management Activities***

<b>Human Resources Facilities and Equipment</b>	<b>158</b>
<b>Human Resources Organization</b>	<b>211</b>
<b>Human Resources Staff</b>	<b>126</b>
<b>Total—Department Management</b>	<b>495</b>

If the total points were 481 or more for Department Management, the human resources department appears to be managing very well.

***Strategic Activities***

<b>Human Resource Strategic Management</b>	<b>370</b>
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If the total points were at least 359 but no more than 410, the human resources department is doing better than a typical human resources department

***Operational Activities***

<b>Workforce Planning and Selection</b>	<b>451</b>
<b>Training and Organizational Development</b>	<b>507</b>
<b>Total Rewards</b>	<b>314</b>
<b>Employee and Labor Relations</b>	<b>532</b>
<b>Safety and Security</b>	<b>525</b>
<b>Human Resources Information Systems (HRIS) and Metrics</b>	<b>170</b>
<b>Diversity and Equal Employment Opportunity</b>	<b>260</b>
<b>Total Operational Activities</b>	<b>2759</b>

If the total points were at least 2,386 but no more than 2,871 then the human resources department is doing better than a typical human resources department

**EVALUATION AND RECOMMENDATIONS**

Upon studying and analyzing the functions of the human resource at the not for profit organization there were certain recommendations that were drawn. These recommendations were suggested for the management and if implemented in part or whole may increase the overall improve the functions.

**Human Resource Strategic management**

In deep analysis of questionnaires there was seen that the function lacks in a motivational drive also there is an absence of succession planning and HR budgets.

1. The department of Human resource in itself should have a motivational mandate that is supported by tactical planning.



HR mission statements are much in use at present as they give a clear understanding of functions to the employees within and outside the department. An example statement could be

“The HR department works to ensure that every employee receives the equal opportunity that organization offers, help develop the employees to reach their maximum potential and lend a hand wherever a problem with the personnel arises”

Therefore

HR department = Fairness + Development + Assistance

2. There should be some sort of succession planning that could pave out the way for promotions.

There could be a succession register maintained by line managers to point out who can take their place once they are moved to a higher hierarchical level or have to leave the organization. The register needs to be maintained on performance based scores so transparency can be witnessed by the higher management.

3. Human Resource budgets could be prepared in support with the present time sheets.

The organization should work on HR metrics like Absence rate, Benefit or program costs per employee, Compensation as a percent of total compensation, Compensation or benefit revenue ratio and Cost per hire etc. to manage costs and budgets of their employees more efficiently.

### **Workforce Planning and Selection**

The analysis shows that sometimes positions are left un-posted and the options of recruitment sources are very less apart from that medical test are only applicable for some posts therefore

4. The management should add additional channels for external recruitment apart from internet and newspapers.

There is a large pool of people who are interested in working for projects in the non-profit organizations. Many of them are searching for these opportunities as internships and volunteers therefore the organization should increase the means of reaching the pool of interested candidates.

### **Training and organizational Development**

The analysis showed that the function was lacking in a formal procedure of training analysis thus

5. A proper procedure for training need assessment should be run after a supervisor puts forward a suggestion of training.

Training is an essential element to any employee's development the organization should run a training need assessment and host in house trainings for employees at large side by side every training need recognized by supervisor's should be imparted.

### **Total Rewards**

Performance linked pay is known to improve the degree of work that is done by employees therefore incorporation of pay that is linked to performance will be beneficial

6. The human resource department should consider adding performance related pay and increments, following the annual appraisals.

The appraisal system at the organization needs to be improved. The form currently in place is all based on subjective criteria. The competencies part is just mentioned in a sentence. The goal setting should have assigned measurements through weights and time frames. The competencies should have a measurable scale and lastly there needs to be formal rating that shows a raise through increment.

### **Employee and Labor Relations**

There is no mention of any documented policy against employee cartels in the HR manuals

7. There is a need to document a policy regarding the employee unions if created. Such a policy needs to be in place in case of emergency crisis.

### **Human Resource Information System (HRIS) and Metrics**

The need to incorporate technology is essential to survive in today's corporate world and therefore

8. A formal HRIS system needs to be designed and deployed to keep up with the pace of technology.

There is a comprehensive system available over the internet that takes your requirements into account and links you to the HRIS vendors that suit you. The management should go through such an exercise and get a system developed and deployed as soon as possible to remain in sync with technology and maintain a formal database

### **Overall**

9. The employees of the organization's Human resource department can begin making formal associations with the HR societies like SHRM and HR Forum to remain in contact with the development and advancements in the field of Human Resource.

### **CONCLUSION AND LIMITATIONS**

Analyzing in detail the literature on the Human resource Audit was an interesting experience. It added to the knowledge base and further increased the understanding of supporting Human Resource functions. Applying this concept on an organizational setting was a much more exhilarating practice as this study was never before tried with results and outcomes that could have easily ranged from pure shock to extreme success.

The management at the organization chosen proved to be extremely helpful in pursuit of this project. The project went from planning to execution and has now concluded. The findings drawn from the entire analysis and evaluation have given quite a satisfactory depiction.

The audit that was conducted has led to the conclusion that the Human Resource Functions, currently applicable and in use at the organization are overall up to the mark and see no great short comings. Majority of the functions received an above average marking whereas few were outstanding in their domain.

As a researcher some recommendations have been proposed for the management after thorough evaluation of the data. These are proposed to remove any discrepancies that may be present in the perceptions of the senior management and the other employees. They are also in place to bring further improvements or additions to the short gaps that were observed through the data.

The management believed that there were various areas that were covered through a whole new perspective in an entirely different dimension. Such different angle of things they said would help them approach the discrepancies differently and maybe even solve them more efficiently. The management has high hopes that the recommendations brought to light will in some way become part of the operations soon and will be implemented as and when deemed fit. The report might be shared with the international head office to show the positives and flaws observed in an overall system and also to appraise the work of a student researcher.

The paper writing on this topic and the research conducted for it had its own limitations. The basic reason for which was that the procedure applied was an international one and had many things quoted that were not applicable to the system of our local scenario. For future use and

reference as a researcher it is felt that the organization under study should be thoroughly studied and the global procedure be tailored according to the company requirements removing international legal acts and replacing them with similar Pakistan based legal acts so that the audit conducted covers every ground in a local perspective.

Overall studying and applying the concepts of an HR audit was a thrilling experience. A lot of work needs to be put in the field of HR audit and this was a stepping stone. There is much potential in our organizations and many a researchers who are willing to invent in this dimension of HR.

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## **BIOGRAPHY**

My name is Amna Moeen and I am an HR professional all set to step in the corporate world. I have a diverse educational background with science and humanities. I have a bachelor degree in English Literature and Psychology and have an MBA in Human Resource. I have an urge to work on new concepts brought to the educational dimension and have conducted various academic projects during this time an important one of which is a new angle of HR "A Human Resource Audit". Currently I am considering my options of recruitment and planning to choose one that will prove to be a learning experience. Apart from the education I have always been an active member of co-curricular activities throughout and have awards and honors to my name. An interest of reading and writing is what drives my imagination and creativity that lets me go beyond my current knowledge and acquire more.

**Causes of Sick Industrial Units and their Remedial Measures: A Case Study of Hayatabad Industrial Estate, Peshawar, Khyber Pukhtunkhwa, Paksitan**

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**Abstract:**

**Purpose** - This paper aims to find the specific causes of sick industrial units of Hayatabad Industrial Estate, Khyber Pakhtunkhwa and their remedial measures.

**Methodology** - Data was collected through questionnaires from 36 industrialists of sick industrial units. In addition to this, interviews were conducted with officials of Sarhad Development Authority, Small and Medium Enterprises Development Association and Industrialists Association Hayatabad Industrial Estate. The data was analyzed through descriptive statistics and exhibited in cross tabs, graphs, charts, showing percentages and other numerical results.

**Findings** - The results showed that lack of entrepreneurial skills, unskilled labor, unavailability of raw materials, weak promotional activities and misuse of financial resources are the specific causes of sick industrial units of Hayatabad Industrial Estate, Peshawar.

**Research Implications** - The paper will pave the way towards the revival of sick industrial units and their active role in the development of the country.

**Originality** - Since far no work has been done for finding out the specific reasons of sick industrial units of Hayatabad Industrial Estate of Peshawar.

**Limitations & Future Research** - Due to limitation of time, the data was collected mostly from industrialists and not from the customers. Future research may be based on the data from both sides and may involve the sick industrial units from all over the country.

**Keywords** - Sick Industrial Units, causes, Hayatabad Industrial Estate, remedial measures, Peshawar, Khyber Pakhtunkhwa

**Paper type** - Conference Proceedings

**Introduction:**

Industries play an important role in the economic development of a country (E. Sanderson, 1992). They not only help in increasing the employment in a country but also increase the Gross Domestic Product (GDP) of that country. Greater the number of industries in a country, greater is the production and job opportunities, hence more employment (Rugman, Lecraw & Booth, 1985). An increased level of employment leads to higher standard of living of the residents of that country. Large number of industries increases the ability of a country to export its products to other countries also. This helps in minimizing its balance of payment deficit (Brooke, 1996).

The above cause and effect relationship is shown diagrammatically by the researcher as following in figure-1.

In this figure it is shown that industrialization increases overall production in a country, which generates employment, and hence a higher per capita income. It also helps in making

favorable the balance of payments due to which inflation decreases and economy becomes strong. All of these in turn increase industrialization in the country.

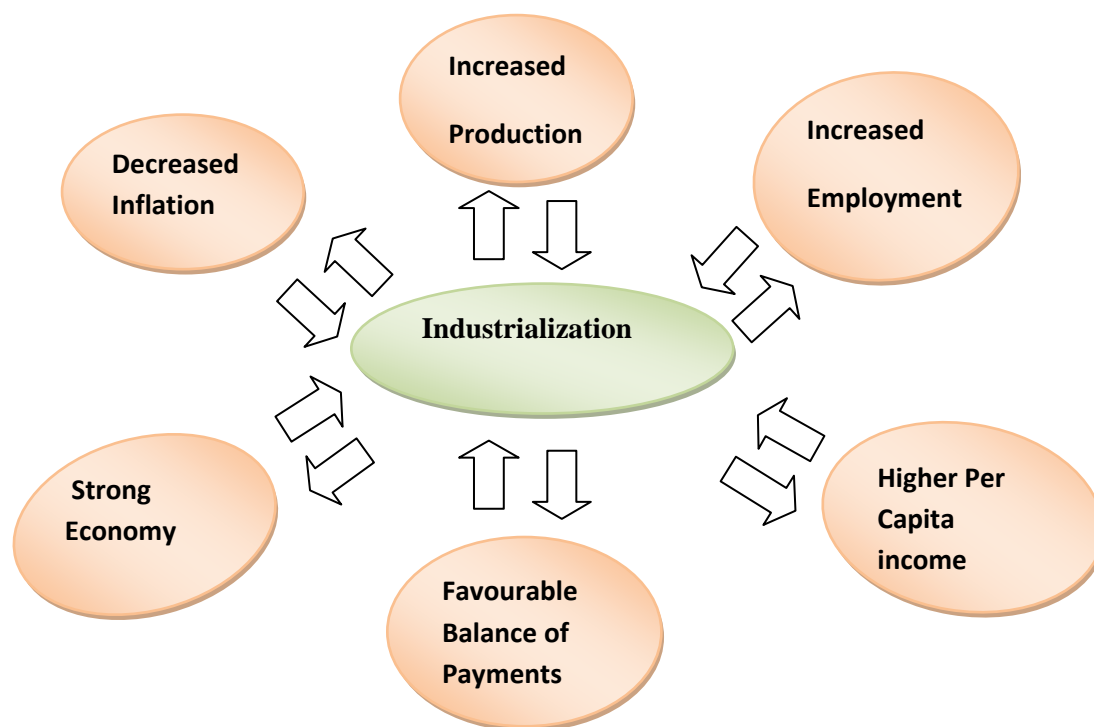


Figure-1: Impact of Industrialization on the economy

Source: Literature Review

The topic of industrialization has been worked out by several people at the national and international levels. Some of them have mentioned the importance of industrialization for underdeveloped countries while others have pointed out its role in the economy of developed and developing countries. As far as industrial history of Pakistan is concerned, it has been traced by a very few economists. Some have suggested modern technology for industrial development; some are in the favor of promotion of small scale industries and many economists have pointed out the industrial problems of the country.

As far as the industrial units of Khyber Pakhtunkhwa are concerned, Tariq & Shah(2003) have worked on the topic of "Causes of industrial failure and its implication in N.W.F.P.(the former name of KP).In their study, they found the general causes for sick industrial units as the inconsistent policies of the Government, location disadvantage, law and order situation, non-availability of skilled labor, lack of entrepreneurial skill and others.

Kausar(2005) in her Ph.d thesis has pointed out that the main cause of the sickness of industries of Gadoon Amazai Industrial Estate is the discontinuity in the policies of government and has recommended that instead of criticizing the policies of previous governments ,the successive governments should keep on facilitating the industrialists of the estate.

Azam, Shah & Khan(2009) have analyzed the industrial development in Khyber Pakhtunkhwa in particular and in Pakistan in general. The findings of their study suggested that in order to accelerate the economic progress of the country, the industrial development in all the provinces including Khyber Pakhtunkhwa should be promoted by regularizing the

supply of electricity, providing fiscal and credit incentives and by stopping the illegal inflow of foreign goods.

The local chief of Small and Medium Enterprise Development Authority (SMEDA) Javed Iqbal Khattak (Frontier Post 28<sup>th</sup> March, 2011) has pointed out that the major causes for the closure of industrial units in KP are financial and management issues. He further explained that in most of the cases the financial institutions did not provide credit and some became victims to partnership disputes. Moreover some units have been affected by free trade agreements (FTAs) and smuggling.

Since far no work has been done on the causes of sick industrial units of Hayatabad Industrial Estate. Therefore the researcher has tried to explore the specific causes for sick industrial units of Hayatabad Industrial Estate, Khyber Pakhtunkhwa.

According to a profile of Hayatabad Industrial Estate provided by Sarhad Development Authority(2011), Hayatabad Industrial Estate is divided into two main estates i.e. Small Industrial Estate and Large Industrial Estate. Small industrial estate comprises of the industrial units covering an area of less than one acre each whereas large industrial estate comprises of the industrial units covering an area of more than one acre each. Large industrial estate has a total number of **206** industrial units out of which **44** are closed down due to continual losses whereas small .Industrial estate has total number of **100** units out of which **9** are closed down. These closed industrial units are causing a total capital loss of Rs: **425.505** million which is a huge loss. Hence the researcher has tried to find out those specific reasons due to which these industrial units are facing the closure and has also recommended some suggestions for their revival.

### **Research Methodology**

The main contents of research methodology are as following:

#### **Type/Nature of the Research:**

The study was descriptive as well as exploratory in nature which emphasized on describing the present status of the industrial units of Hayatabad industrial estate and at finding the causes for the sick industrial units.

#### **Objectives of the Research:**

The basic objectives of this research are as following:

1. To determine the present performance of the industries of Industrial State, Peshawar, Khyber Pakhtunkhwa.
2. To find out the reasons for the sick industrial units.
3. To suggest the remedial measures that may be helpful in reviving the sick industrial units and

#### **Target Population of the study:**

As the study was aimed at finding the causes of sick industrial units of Hayatabad Industrial Estate, so the total population comprised of the total sick industrial units of Hayatabad Industrial Estate , Peshawar. The total number of industrial units was **250** out of which, **44** large and **9** small industrial units were sick and ultimately closed down. Hence the total population comprised of **53** sick Industrial units.

#### **Sample Size:**

The sample size was **40** Industrial units which is about **75%** of the total population.

#### **Sampling Technique:**

The sampling technique used was random sampling i.e. **40** sick industrial units were selected randomly out of **53** sick industrial units.

**Types of data:**

Primary and Secondary (Both)

**Data collection methods:**

**a) Primary Data:**

Primary data was collected through interviews and structured questionnaires. Interviews were conducted with officials of Sarhad Development Authority, Small and Medium Enterprises Development Association and Industrialists Association Hayatabad Industrial Estate. Questionnaires were designed and distributed among 40 industrialists out of which 36 were received back. In this way data was collected from industrialists of selected sample.

**b) Secondary Data:**

- i. e- books ,
- ii. Journals of social sciences e.g. HEC recognized Journals of Social Sciences.
- iii. Annual reports of Sarhad Development Authority, State Bank of Pakistan, Small and Medium Enterprises Development Authority, Sarhad Chamber of Commerce and Industry.
- iv. Newspapers, etc.

**Theoretical Framework:**

The researcher has based the research on the concept that the development of a country depends upon its industrial development and so has tried to find out the ways by which the sick industrial units can be revived.

The fact that the development of a country depends upon industrialization finds its roots from the following theory.

**Rostow's Theory of Economic Development:**

According to Jain & Malhotra(2010),the American economic historian Walt Witman Rostow in 1952 ,in his book, "*The stages of economic growth*" suggested that development requires substantial investment in capital. For the economies of less developed countries to grow, the right conditions for such investment would have to be created. The process of the growth of countries can be classified into five stages and a country can move up towards the higher growth stage investing more in industrial sector.

**Historical Background of Industrialization in Pakistan:**

Husain(1999) while explaining the industrial history of Pakistan,says that Pakistan at the time of partition in 1947 had a very weak industrial base. Pakistan had an agrarian economy and was industrially neglected. The cash crops like jute and cotton were the main products of East Pakistan but its manufacturing units were located in Calcutta(India).Moreover the area which now constitute Pakistan was mainly used for producing raw materials for export purpose. We can conclude that it was the British diplomacy, that kept this area backward just for its own interests.

However, a few small industrial units did exist in these areas which now constitute Pakistan. There were nine hundred and twenty eight industries operating in the subcontinent in 1947, out of which Pakistan got thirty four only. The industrial units existing in Pakistan were owned and managed by majority of the non Muslims who migrated to India and consequently they were closed. Muslims migrating from India had unfortunately no industrial experience, therefore, the units located in small cities and villages remained neglected and were finally abolished. This shows that Pakistan inherited very poor industrial experience; therefore, it had to start anew.

**Industrialization in Khyber Pakhtunkhwa:**

According to Tariq and Shah(2003) the province of Khyber Pakhtunkhwa is the smallest province in terms of area, as compared to other three provinces, and the third largest in terms



of population. Unfortunately, the industrial sector of the province is not contributing much to the social and economic development of the country. Industrially the province is backward having a very low share in the total installed industrial units. That's why Industries in KP could not add significantly to the economic development of the country for one or the other reasons.

According to Matin (1980) the KP had unluckily no industrial base at the time of requirement such as water, power, transport, communication and banking facilities. Establishment of Industrial estates facilitates the industrialists in establishing their industrial units. They get power and water and other facilities and as such, the industrial installation is done with ease and comforts and at a cheaper cost.

It is notable here that about **702** industrial units have been closed (Directorate of Industries, Commerce & Labour, KP, Peshawar) which has given rise to many so problems like increase in smuggling, unemployment etc. According to Tariq and Shah the main causes of these closures are inopportune locations, (away from the seaport), no availability of skilled labour, incompatible government policies, lack of local capital, lack of proper infra - structure and a poor law & order situation in the region etc. Sarhad Development Authority (2012) in a status wise summary of industries has given comprehensive information about the industrial estates in KP. The study explains in detail about the operational units, closed units, near operational units, under construction, vacant plots, capital costs of units and the total working staff in different units, in all the industrial estates in KP.

Shinwari (1985) explained about the present situation of small industries in the province, man power training facilities available, the development potentials and measures in technology development, financial system, industrial estates policy and extension facilities, rural development and participation of local bodies in regional development marketing and export promotion measures.

### **Industrialization in Hayatabad Industrial Estate Peshawar**

**Table.1 Status wise Summary of Industries of Hayatabad Industrial Estate Peshawar**

**1.A- Main Estate:**

<b>S.No</b>	<b>Status</b>	<b>No. of Units</b>	<b>Area(Acres)</b>	<b>Capital Cost(Rs. in Millions)</b>	<b>Total Staff</b>
1	Operational units	206	382.653	3641.736	10580
2	Closed units	44	97.510	400.408	2759
3	Under construction units	66	98.170	696.498	2370
4	Plots allotted but construction not started	8	4.135	81.605	250
	<b>Total</b>	<b>324</b>	<b>582.468</b>	<b>4820.247</b>	<b>15959</b>

Source: Sarhad Development Authority (SDA) , PIA Building, Arbab Road, Peshawar

**1.B – Small Estate:**

S.No	Status	No. of Units	Area(Acres)	Capital Cost(Rs. in Millions)	Total Staff
1	Operational units	100	28.077	190.957	780
2	Closed units	9	3.597	25.097	85
3	Under construction units	15	2.788	26.425	0
4	Plots allotted but construction not started	0	0	0	0
	<b>Total</b>	<b>124</b>	<b>34.462</b>	<b>242.479</b>	<b>865</b>

Source: Sarhad Development Authority (SDA) , PIA Building, Arbab Road, Peshawar

**Status wise Summary of Industries of Hayatabad Industrial Estate Peshawar**

Table 4 depicts the status wise summary of industries of Hayatabad Industrial Estate, Peshawar. The Industrial Estate is divided into two estates i.e. Large and Small industrial estates. Large or main industrial estate consists of plots for industrial units having an area of more than one acre whereas small industrial estate is the one with industrial units having an area of less than one acre. There are 324 large industrial plots and 124 small industrial plots. Among 324 large industrial plots, 206 are occupied by operational industrial units and 44 are those which are occupied by closed units. In addition to these, 66 units are under construction and for 8 industrial units plots are allotted but construction have not yet started. Large industrial estate covers a total area of 582.468 acres having a total capital cost of Rs: 4820.247 million.

The small estate has a total no of 124 industrial plots, covering a total area of 34.462 acres. Out of the 124 units, 100 are in operational status, 9 are closed and 15 industrial units are under construction. The total capital cost of small estate is Rs: 242.479 million.

**Findings:**

A very limited number of industrialists has given the reply that they provide training to their managers. Actually there is no culture of business training/education in industrial estate.

Another major reason which was found during the research was the lack of effective marketing campaign. This problem was actually backed by lack of financial resources. As we know that in the modern world of globalization, profitability is not impossible but difficult without promotional efforts.

A majority of the industrialists were the first generation entrepreneurs, which clearly indicates that they lacked an entrepreneurial thinking. These investors were in search of finding shortcuts for becoming richer. Hence according to a representative of Industrial Estate Management Association(2012), they adopted cheap strategies and hence got involved in custom duty and tax evasion whereas some sold the allotted plots for other uses. It is revealed by the data provided by Sarhad Development Authority that one of the large industrial plot was sold to an international school.

Non availability of skilled labor was also a cause of some sick industrial units. At present the profitable industrial units are those, who are having their skilled labor hired mostly from Punjab. The labor available here is not skilled enough.

These and other such problems have caused the industrial units to fall sick and ultimately closed down.

### **Recommendations:**

On the basis of above analysis and findings, following recommendations are suggested by the researcher for the revival of sick industrial units.

#### **i- Availability of raw material should be ensured:**

Pakistan being an agrarian country, can use its agricultural products and mineral resources to boost up industrialization. According to the Investment Guide of SMEDA (2005), this area is best suited for marble, marble chips, industries based on fresh fruits and wood etc. The investors should invest in those businesses for which it has sufficient availability of raw material.

The policies of government should be at par and equal distribution of raw products between provinces should be ensured. This is because of the fact that Punjab government had a dual policy in case of wheat for its own province and KP. For example according to a constitution 158.A passed by Khyber Pakhtunkhwa Chamber of Commerce and Industry, provinces after their need fulfillment can give surplus gas to other provinces. Hope it is imposed soon. Industrial units based on wheat and starch were closed down due to the ban imposed on export of wheat from Punjab to KP. Only those industrial units survived who either were having their other industrial units in Punjab to recover the losses incurred here, or were able to manage it from there.

#### **ii- Entrepreneurial development and training programs:**

Entrepreneurial development and training programs should be designed to promote professional entrepreneurial climate. For this purpose, entrepreneurship should be offered as a field of specialization in educational institutes. SMEDA is providing its services in this regard but these are not applied in its fullest. Hence industrialists, at the time of approval of their project proposal should be having enough business management and entrepreneurial skills. Training programs on provincial and national level should be designed.

#### **iii- Quality enhancement cells:**

Quality enhancement cells should be introduced which might give proper guidance for quality maintenance and check on the quality of industrial products.

#### **iv- Transparent Internal and External Audits:**

In order to maintain the financial worthiness and clarity of Industrial units, government should ensure a transparent internal and external audit system. These audits should be free from any political influence. Such audits will help in detecting any flaws and frauds which will ensure maximum financial control and soundness for industrialists as well as for government.

#### **v- Vocational training institutes for labour:**

Although, according to Sarhad Development Authority, there are three vocational training institutes, presently working in Hayatabad Industrial Estate, but it should be ensured that properly and sufficiently trained labor are produced. Moreover it should also be ensured that these labor, after the completion of their courses should provide services in the industries of Hayatabad Industrial Estate. For this purpose encouraging incentives should be provided to these labors in order to attract them towards working in these industrial units. Industrialists should also launch internees training programs with sufficient incentives. In this way more educated people will become involved in industrialization.

#### **vi. Development of Advertising Agencies:**

Unlike other provinces, in Khyber Pakhtunkhwa the advertising agencies are not in a sufficient number. Moreover the industrialists here are mostly relying on personal selling and cheap sources of advertising. They should be convinced about the fact that through an effective advertising campaign, a large number of customers can be attracted towards their product.

#### **Conclusion:**

In the present pace of industrialization by developed and developing countries the significance of industrial development for Pakistan cannot be denied. For a developing country like Pakistan, industrialization can be a gateway to the overall economic and social progress.

As mentioned before, Pakistan has a lot of financial deficit in its balance of payments.

From its very beginning, Pakistan is having a very weak industrial base. It inherited a minimum number of industrial units. Since its independence different governments came into regime but no considerable attention has been given to industrialization in the country. Different policies were made by different governments for this purpose, but they too ended without any fruitful results. The government authorities used their political influence for the benefit of few industrialists at the cost of all others. Pakistan at country level, provincial level and industrial estate level lacks industrial enhancing strategies. Generally there are problems of electricity breakthroughs, inflation, high taxes, distributive injustice etc.

As far as the case of KP in general and Hayatabad Industrial Estate in specific is concerned, the industrial estates are always subject to changing government policies. There is no consistency in development plans.

The province lacks an entrepreneurial climate. In Hayatabad Industrial Estate, firstly, the investment is done blindly without thinking for the availability of raw material. There is the prevalence of mushroom growth in industrial sector. Seeing the profitability margin in an industry, a number of industrialists enter into the market without having any specific compatibility. As the results of analysis show, most of the industries like flour mills, bakery products and ghee mills were having the problem of lack of raw material, which clearly shows that no proper product planning was done by the industrialists.

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## **The perilous effects of capability loss on outsourcing management and Performance**

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### **Abstract**

**Purpose:** The recent industrial evolution has witnessed outsourcing of manufacturing and business activities as a pivotal business practice. But alarmingly high proportion of outsourcing activities are not generating optimal results. To achieve dramatic cost saving objectives, many outsourcing activities are interconnected with the organization's resources, and cause the dismantling of the resources which direct the organization to an operational capability loss on account of an outsourcing firm. Amazingly, very little research has been conducted regarding this issue if capability loss which is intermittently correlated with the outsourcing firm. The purpose of this study is to deal and pursue with this contrition.

It is possible to avoid the seven deadly sins of outsourcing by a dynamic evaluation of the initiatives of outsourcing activities. Outsourcing provides us the advantage of double out the net income while the revenue remains the constant.

**Methodology:** The present study consists of the survey questionnaire. Our sample size was 33 managerial groups of decision makers in various production firms. The snow ball sampling technique was used. The instrument designed was divided into a) Capability evaluation b) Capability loss c) Relationship Management. d) Relationship-specific management. e) Competitive differentiation. f) Outsourcing performance.

Hierarchical regression is used to test the hypothesis.

**Results:** Our research results show that regression analysis of 33 outsourcing decision results in insufficient capability assessment can direct to more substantial capability loss.

**Capability loss:** The research finding discussed shortly as a result in this study shows that the capability loss has a negative impact on the outsourcing performance and also it has a negative impact on the firm's ability to develop and cooperate and committed relationship without sourcing provider. The reason of higher capability loss is that the firms do not conduct a comprehensive capability evaluation, so they can't recognize the organization's strategic values.

**Capability loss and relationship management:** As our second hypothesis was that, the capability loss in relationship management, this is also shown in the results. As more a capability loss occurs by the outsourcing firm, it is more difficult for the firm to develop a cooperative and committed relationship with an outsourcing provider. As the prior research results show that some of the outsourcing firms employs plays the role of boundary Spanners.

**Relationship management:** We generated a hypothesis that the relationship management with the outsourcing provider has a positive impact on an outsourcing performance. Our prediction was that the cooperation and commitment, sharing the knowledge and information more extensively helps in jointly improving the products. The results show a significant support for the hypothesis and other studies shows that a committed buyer and supplier relationship has a positive impact on changed performance.

**Capability loss and outsourcing performance:** Our hypothesis was that a more capability loss has a negative impact on outsourcing performance and this hypothesis is being supported by our research data, because the direct impact of capability loss on outsourcing performance is significantly negative.

**Research implications:** Erstwhile studies show that even with a strong and vibrant relationship with the outsourcing provider, the capability loss still exists within the

organization's core decision making and evaluation competency, which acts as a blockade to squeeze out the benefit from outsourcing process.

**Research Contribution:** Picturing on various theoretical perspectives this research arbitrates the direct impact of which capability loss has on outsourcing performance, and also the effect of the strategic relationship between the outsourcing provider and the outsourcer.

**Future Research:** Due to time constraint and less resources, this research couldn't be conducted on a large scale. The sample size was 33 managerial personals within Punjab province. There was no evidence of prior research found on this issue before conducting this research in Pakistan. There is a lot of potential in this segment of research. Further research would help immensely to dig deeper into perilous effects of outsourcing and capability loss and performance management.

**Keywords:** Resource-based view (RBV), Knowledge-based theory of the firm, Relationship management, Capability loss, Outsourcing performance, Capability evaluation.

**Article classification:** Operation and Supply Chain Management

## Introduction

This research article addressed the recent global trend of outsourcing and its adverse effect on the capabilities of the outsourcing organization. This research has dug deeper into this problem to find out the reason of outsourcing and the basic objective of it.

Every business industry has tried to outsource their businesses specifically in manufacturing (sturgeon, 2002: Tully, 1994; Wilhelmsson, 2004) and also in Information technology. ( Couto et al.. 2006: Corbett,2005). From this outsourcing trend growth it is clear that outsourcing is suitable, but if we see the results of outsourcing they are not much satisfactory (Doig et al., 2001; Landis et al 2005; Robinson et al., 2008),

According to Deloitte consulting study reported that the 64% of the total outsourcing firms realized their loss in outsourcing services. It has created a large number of dissatisfied customers. The 44% of the firms have not yet realized their cost loss and now a days it is also a topic of research by many industries that whether the set objectives of the outsourcing organizations are being achieved in practice. (e.g. Masten et al., 1989; Monteverde and tece, 1982; Novak)

And in somewhat the research has proved that the theoretical prescribed strategies are compatible with practical results. (Gopal et al.,2003; Lee et al., 2004 Leiblein et al., 2002; Poppo and zenger, 2002). The worst results of outsourcing are demanding to conduct more research on the drivers of outsourcing. Various studies and researches in the past depicts that the majority in driving of outsourcing is the cost saving objective and in order to find cheap labor and even in many cases they choose to layoff there staff or employees, in some cases their employees are transferred to outsourcing destinations.

The consequences of the internal capability loss (human & physical assets) which are being at their use are usually treated bad and are directly affected by this entire process

The outsourcing (management & performance) and the research is an attempt to figure it out.

The capability of the firm and outsourcing are highly interrelated because the (internal) capability of any firm has a deep impact on the firm's decision.

Specifically this current study creates the better understanding in how to make a better and long lasting communication and relationship between the outsourcing service provider and the outsourcing company to cope the situation with capability loss.

## **An Analysis of Outsourcing and its Effects on Firm Performance**

**K. Matthew Gilley<sup>1</sup> and Abdul Rasheed<sup>2</sup>**

### **The seven deadly sins of outsourcing**

Outsourcing means, to use someone else capabilities outside the organization to work for another organization partly or completely considering in the benefits provided. In the manufacturing industry all the operations activities of manufacturing can be outsourced, but in service industry only the basic service activities can be outsourced not all of service activities. Now a day's every company is outsourcing their activities to save the cost in comparison to previous eras, where companies use outsourcing only in the bad financial era whereas is outsourcing now a days is a recent trend.

According to latest research, that if outsourcing activities are planned carefully then it could result better performance of an organization while the outsourcing is not providing the result according to expectation of outsourcing due to carelessness. Outsourcing provides us the advantage of double out their net income while the revenue remains the constant. Outsourcing is a powerful tool to increase the performance of the organization.

Through outsourcing, the organization can transfer its weak departments or weak production capabilities to an expert outsourcing provider and by transferring their activities, whereas company focus on its core activities. At one point the outsourcing seems to be a profitable tool by cutting costs, but on the other hand the outsourcing fails to come up with the expectations of management and results all the failed efforts of outsourcing.

There are some deadly sins in choosing outsourced services, due to these it doesn't provide the results according to the expectations.

- The outsourcing activities which were not supported to outsourcing are being outsourced.
- Selecting the wrong outsource service provider.
- Writing the weak term and conditions of the outsourcing contract.
- Failing to address the personnel and job insecurities of outsourced organization's employees.
- Losing the command over special capabilities of the outsourcing organization.
- The outsourcing organization is neglecting the hidden costs of outsourcing activities.
- Failing to plan the ending contract strategies. In this case organization fails to end the contract in time and switch the other vendors.

Organizations need to minimize the seven deadly sins by using expertise and better decision making in choosing the best vendor for their activities.

### **Literature Review**

Elements of capability literature are resource base view; knowledge base view and relationship view and inter organization competitive advantage. These three perspectives states that management firms specific resources or capabilities are the main drivers of firm's sustainable competitive advantage. In addition to the traditional resource based perspectives, the relational view states that combinations of firm's strategic resources within and beyond the boundaries create a different competitive advantage or specific capabilities. Our main purpose is not to provide a whole review of impressive bodies of literature but to discuss the prominent element of these theoretical perspectives, as they have a relationship with outsourcing performance and management.

### **Capability evaluation**



It is defined as an extent to which the outsourcing team evaluates the strategic value and importance of the capabilities and resources associated with the business activity. The prominent theoretical perspective being used to determine the decision making within firm boundaries is the resource based view of the firm. Resource base view theory tells that the precious capabilities of the firm are very important to get a sustainable competitive advantage. These sustainable advantages can be extracted from the possession of assets, which are valuable that improve efficiency and effectiveness, and are rare or they have not many close strategic substitutes. The firms should only outsource those activities in which the firm capabilities are weak or normal. The basic competency of the firm is to utilize effectively all the resource combination. The organization should develop some of core competency internally and should outsource remaining activities.

Before outsourcing any activity firm should evaluate the strategic value of the capabilities needed for those activities which are being outsourced. Firm's capability and strategic value evaluation should be forward looking because less important capabilities of firms can be basic capabilities in the future. Capability evaluation is the extent to which the outsourcing team evaluates the strategic value of capabilities and resources associated with business activities considering the organization current and anticipated resources of competitive advantage.

#### **Capability loss**

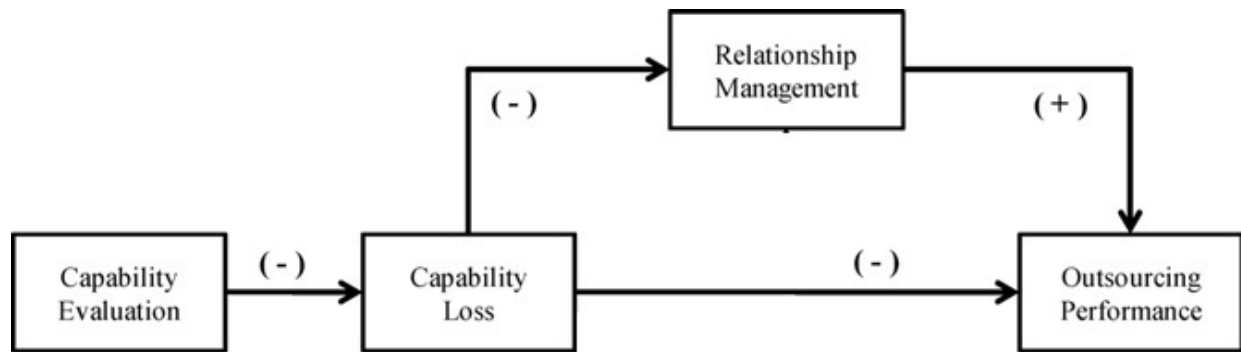
Outsourcing is also a cause of bearing losses of internal operational activities of the firm, which are linked with the outsourced activities. Outsourcing decision permanency is based on capability loss. Outsourcing also eliminates all departments of the firms as well as associated resources i.e. Human and physical resources. Many authors say that assets are wasting, layoff and downsizing of employees are due to outsourcing. It also causes a loss of human resource. The organization believes that the resources related to outsourcing activities don't contribute to basic competency of a firm.

For example. An outsourcing contract was made between the IBM and GEODIS in 2003. IBM transferred its 1, 20,000m of warehousing to logistic provider. The present trend is to acquire the whole production facility to outsource provider. In many cases the big human resource loss is done due to outsourcing. When outsourcing firms do not transfer their employs it results in a mass layoff of employees. It can be a huge capability loss for a firm and it loses important and expert employees.

#### **Relationship Management**

For this study purpose relationship management is the extent to which outsourcing firms has develop committed, cooperative relationship with the outsourcing provider. Many marketing and supply chain management researcher showed in their results that the building of relationship management is multidimensional in nature, including elements cooperation and commitment between two parties. Many firms are investing in relationship management but many of these firms dissatisfy in investing relationship management unless a high level of trust and mutual commitment are not present. Commitment is very much important in the effective cooperation in relationship management. In prior studies effects of cooperative and committed relationships on outsourcing performance has been investigated but the impact of capability loss on outsourcing firms, capability to establish and maintain such relationship has not been addressed.

#### **Hypothesis**



### **Influence of Capability Evaluation on Capability Loss**

A Deloitte consulting study of 300 managers and executives showed that only 37% of firms conducted business assessment plan, when they outsourced, and the results also showed that 62% outsourcing firms need more management resources than they actually have.

While making a buying decision, the firm should understand the strategic value of all activities of outsourcing organization and outsourcing activities should be taken according to importance. The sustainable competitive advantage comes from the strategic value of capability and resourcing. This evaluation showed that the previously important capabilities can be relevant but not of great importance now.

It is incurred from different theoretical foundations that those firms which don't evaluate the strategic value of capabilities and resources properly related to the business activities are at more risk of disposing the capability. It actually should retain with it for its well being, and before the outsourcing organization should identify the outsourcing experienced personnel team, who will deal or manage outsourcing properly. In this evaluation the capable personals should be identified without considering the exit strategy, the layoff of these employees can be a great capability loss for an organization.

Same with the good and thorough evaluation, the organization can better understand the resources it needs to better manage the outsourcing activities, while lack of capability evaluation will result in the loss of those important capabilities and resources.

**H1: Capability evaluation has a negative effect on capability loss, ceteris paribus**

### **Influence of capability loss in relationship management**

Outsourcing firms that have mostly experienced capability losses in the form of employee layoff, or transferred to the outsource provider, means that the employees who are more experienced are usually being outsourced or laid off. It is a difficult situation to manage for the outsourcing firms. Firms should retain those most capable people, that are the boundary spanners and plays an important role within the firm and between both firms. The firm should be careful before losing those capable personals. This kind of teams should be retained which has all types of knowledge and effective communication skills with the outsourcing provider. By losing these key employees outsourcing firms cannot evaluate fairly. The value of work done by the outsourcing provider cannot be properly administered or evaluated in absence of these highly skilled professionals. So when the firm suffers from this important capability loss, and suffer losses in the form of boundary spanner significance, commitments and mutual co operations, relationships cannot be developed between outsource providers and outsourcing firms. Whereas committed and cooperative relationship and significant relationship is beneficial for the both outsource provider and outsourcing firm.

**H2: capability losses have a negative effect on relationship management, ceteris paribus**  
**Influence of relationship management on outsourcing performance**

Economic values can be generated by extreme relationship, which cannot be separately generated. The relational rent of this relationship management is supernormal profit. All concepts lead towards the synergy approaches. This relational view shows that the relationship exchange adds more economic value, more wide range knowledge sharing and minimum cost of the transaction and also superior operational performance of the supplier or outsource provider. This relationship not only gives economic value but also increases the learning between the both firms. They build the committed and cooperative relationship between the buyer and supplier and it results in extraordinary performances.

**H3: Relationship management has a positive effect on outsourcing performance, ceteris paribus**

**Influence of capability loss of outsourcing performance**

This hypothesis can be supported with the multiple theoretical perspectives e.g. Transaction cost theory, Knowledge base view, Resource base view and Relational view of the entire organization. In transaction cost theory the concept is a small number of bargaining means, the outsourcing firm decreases its alternative getting supplies. By doing so outsource provider organizations can be opportunistic and outsourcing firm is in loss. For this problem outsourcing organization should have complete monitoring of the outsource provider which increases the outsourcing cost.

The second alternative is to get back the outsource work/activity which is very difficult and expansive after losing the resources and capabilities. In resource base view, the outsourcing firm can lose its many capabilities. In knowledge base view, by delivering the outsourcing firm core knowledge to the outsource provider is very harmful and by doing so a same service business can be initiated by the outsource provider. In relational view of inter organization, outsourcing firm should retain its skills with it because two firms make relational rent while working in a committed and cooperative relationship but this relation is destroyed it decreases to zero.

**H: 4 Capability losses have a negative effect on outsourcing performance, ceteris paribus**

**Methodology**

The overall research objectives after choosing a local outsourcing organizations and conduct a complete analysis of that organization by interviewing the top hierarchical staff.

Research objectives.

- To evaluate Influence of Capability Evaluation on Capability Loss,
- Influence of capability loss in relationship management,
- To find that if capability losses have a negative effect on relationship management,
- If capability losses have a negative effect on outsourcing performance.

The research conducted would be qualitative in nature. The instrument designed would contain all the basic questions to prove the hypothesis generated in order to get a better insight of decision making & logic and reasoning for choosing an outsource provider. Snow ball sampling technique was used to conduct the reserach.

The maximum sample size was be around thirty executive class personals altogether.

Likert scale is used in measuring the target population's response. The present study consists of the survey questionnaire. Our sample size was 33 managerial groups of decision makers in

various production firms. The instrument designed was divided into a) Capability evaluation b) Capability loss c) Relationship Management. d) Relationship-specific management. e) Competitive differentiation. f) Outsourcing performance.

Hierarchical regression is used to test the hypothesis.

## Results and discussion

### Correlations

	Cronbach $\alpha$	Mean	Standard deviation	Capability Evaluation	Capability Loss	Relationship Management
Capability Evaluation	.688	3.7879	.57626	1		
Capability Loss	.727	3.4343	.61512	.513(**)	1	
Relationship Management	.811	3.2374	.62226	.053	.489(**)	1
Outsourcing Performance	.809	3.4545	.64182	-.266	.038	-.318

### Interpretation of correlation matrix

According to the Pearson correlation there is a positive relationship between capability evaluation and capability loss is 0.513. It shows near to the moderating relationship between two variables. It is a significant relationship and is statistically acceptable. Capability evaluation presents positive relationship between relationship management is 0.053 it is positive relationship but not significant. The capability evaluation has a negative relationship with outsourcing performance is -0.266 which is not significant and hence statistically rejected. The relationship between capability loss relationship management is positive and significant 0.489. It is statistically acceptable. The relationship between the capability loss and outsourcing performance is positive but not significant. Its value is 0.38. The relationship between relationship management and outsourcing performance is -0.318 so it is not significant and hence statistically rejected.

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.595 <sup>a</sup>	.354	.287	.54201		
Relationship between dependent and independent variable is .595 and rate of change of independent variable and dependent is .354.						
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.541	.789		7.022	.000
	Capability Evaluation	-.607	.201	-.545	-3.022	.005

	Capability Loss	.629	.215	.603	2.922	.007
	Relationship Management	-.602	.183	-.584	-3.290	.003

The result shows that the capability evaluation has negative effect on outsourcing performance which is +60% and beta value is minus .545 and t= minus3.022. capability loss has positive relationship with outsourcing performance at 62% beta value is .603 and t=2.922. relationship management has negative effect on outsourcing performance at minus62% beta value is minus.584 and t=minus3.290.

### Measurement assessment

As shown in table 1 Cronbach's alpha's value was calculated for each construct. Cronbach's alpha's value of four constructs; Capability loss, Capability evaluation, relationship management, and outsourcing performance is more than the suggested level of 0.60 hence no value is less than 0.5, so it shows a high level of reliability in data.

### Testing hypothesis results

Our research results show that regression analysis of 33 outsourcing decision results in insufficient capability assessment can direct to more substantial capability loss.

#### Capability loss

The research finding discussed shortly as a result in this study shows that the capability loss has a negative impact on the outsourcing performance and also it has a negative impact on the firm's ability to develop, cooperate and build a committed relationship with outsourcing provider. This shows that the factors which contribute to the capability loss are much valued as we generated a hypothesis that the lack of an extensive capability evaluation results in the higher capability loss when outsourcing.

The reason of higher capability loss is that the firms do not conduct a comprehensive capability evaluation, so they can't recognize the organization's strategic values.

#### Capability loss and relationship management

As our second hypothesis was that the capability loss in relationship management, this is also shown in the results. As more a capability loss occurs by the outsourcing firm, it is more difficult for the firm to develop a cooperative and committed relationship with an outsourcing provider. As the prior research results show that some of the outsourcing firms employ plays the role of boundary Spanners.

Theses boundary Spanners have special skills of various kind to negotiate with the outsourcing provider.

So by combining this by our hypothesis it can be seen that these boundary Spanners must be taken great care and should be retained as an effective relationship team. Otherwise outsourcing firm can face the relationship management and communication problems with outsourcing providers. So by controlling this by our hypothesis it can be noticed that these boundary Spanners must be taken great care and should be retained as an effective relationship team. Otherwise the outsourcing firm can face the relationship management and communication problem with outsourcing provider.

#### Relationship management

We generated a hypothesis that the relationship management with the outsourcing provider has a positive impact on an outsourcing performance. Our prediction was that the cooperative

and committed, share the knowledge and information more extensively and makes customers help in jointly improving the products.

The results show a significant support for the hypothesis and other studies shows that a committed buyer and supplier relationship has a positive impact on changed performance. So a firm should emphasize tremendously in developing a cooperative and committed and mutual relationship with an outsourcing provider.

### **Capability loss and outsourcing performance**

Our hypothesis was that a more capability loss has a negative impact on outsourcing performance and this hypothesis is being supported by our research data, because the direct impact of capability loss on outsourcing performance is significantly negative.

Theoretical model also tells that the relationship management has an effect on relationship between capability losses and outsourcing performance and the statistical results also shows that this effect is partial.

Further it is noted that these effects remain unchanged after controlling the potential modeling influence of relationship specific investment, core knowledge factors, competitive differentiation and volatility. So there is a significant support for the negative impact of capability loss on outsourcing performance, so the result of our analysis show that the capability loss on the base of transaction theory and knowledge based perspective in hypothesis four, it was argued that to credible due to the threat of bringing outsourcing activity back into home and knowledge transfer difficulty increases the risk of outsourcing provider opportunity because the outsourcing focus reduces the human assets and other assets utilized to perform the business activity which is being outsourced. These factors reduce the firm's ability of bargaining and increases the transaction cost. The outsourcing provider opportunities have a direct negative impact on exchange performance from buyer's perspective.

### **Conclusion and future research**

This research identifies four constructs; three are dependents Capability evaluation, capability loss, and relationship management " and one is independent; which is outsourcing performance. The theoretical model has been verified through qualitative practical data. This model was built up from various existing frameworks and shows initial effort to identify, set out and test various fundamental variables and constructs and their hierarchical order. The findings confirmed that SCM outsourcing conditions directly affect the SCM and determination of outsourcing performance.

Thus, on the base of results our recommendation to managers and organizations to evaluate the outsourcing process and decision making in SCM, they should follow the hierarchy of SCM antecedents:

- Evaluate the short term and long term benefits of outsourcing.
- Start working with outside or external partners to develop a vibrant and dynamic strategic relationship
- To design a framework, this would help in prior forecasting of capability loss.

This above mention process obviously supports our proposed path model. Someone may ask, what is this paper all about? We have proved that through this research this model and the elements of four constructs have not been properly discussed and elaborated in the isolated

literature of SCM as we have done and determined the flow of outsourcing decision making execution processes. Thus, we provide dynamic road map for full execution of SCM.

Practically, before participating with external supply chain partners, the firm should be implementing SCM inside, first and gets inside readiness for achieving significant cost saving from external supply chain partner's cooperation.

The sample size was 33 managerial personals within geographical boundaries of Faisalabad. There was no evidence of prior research found on this issue before conducting this research. There is a lot of potential in this segment of research. Further research would help immensely to dig deeper into perilous effects of outsourcing and capability loss and performance management.

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## **Quality of Service and Customer Satisfaction in Pakistan International Airlines (PIA)**

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### **Abstract**

**Purpose:** This study examines the Quality of Service in Pakistan International Airlines (PIA) and its impact on Customer Satisfaction in Pakistan.

**Methodology:** It was measured on the basis of five dimensions (Tangibility, Reliability, Assurance, Responsiveness and Empathy) while other five dimensions (Corporate Image, Customer Relation Services, Price, Promotion and Innovation) measured the Customer Satisfaction. Data was collected from a sample of 165 PIA passengers.

**Findings:** Results showed a strong relationship between Quality of Service and Customer Satisfaction as Quality of Service was found unsatisfactory which result in low Customer Satisfaction.

**Research Implication:** This study would help in building foundation for future research to increase the customer satisfaction by improving quality of service.

**Originality:** Moreover, regression analysis proved the investment attractiveness for improving Quality of Service to increase Customer Satisfaction for high profitability.

**Keywords** – Quality of Service, customer satisfaction, airlines industry.

**ARTICLE CLASSIFICATION:** Operation Management

### **INTRODUCTION**

The significance of Customer Satisfaction in airlines industry has been growing rapidly due to the severe competition and for the sustainability of the company (Á Parasuraman, 1985). Quality of Service is the customer's perception about organization and its service as inferior or superior (Driver & Johnston, 2001).

Organizations faced tough situations when they couldn't focus on their service quality which resulted in customer dissatisfaction as the significance of Quality of Service in service industry was not considered pivotal in the past (Patterson & Spreng, 1997). World airline industry has faced \$16 billion in 2008 and \$9 billion in 2009 (Flint, 2010). Considering the fact, airlines companies require to focus on their competitive advantage i.e. either high quality or low prices (Anderson, Fornell, & Roland, 1997). Some companies focus only on the low cost and some companies set high quality service as their value proposition.

Pakistan International Airlines (PIA) is a renowned airlines company majorly controlled by government of Pakistan, Mainly known for its wide network nationally as well as internationally. Maintaining the market share in sever competition, PIA need to focus on its value proposition to assure the high Quality of Service to its customers. PIA is generating 91% of its total revenue from passengers and holding the major shares in the market (76% Domestic and 39% International) (Zuberi,

2012). The main objective of this is to measure the level of Customer Satisfaction with respect to Quality of Service in Pakistan International Airlines (PIA). This is achieved by identifying the dissatisfaction level among the customers who have experienced with PIA. This would help PIA to cover the deficiencies in provision of high quality service to its valuable customers.

## LITERATURE

The aviation industry has promising contribution in the overall economy (S. Tiernan, 2008). This makes the industry more attractive for investors and hence, promotes competition. The failure of services to generate the positive response from customers depends on the perception of the customers (Vázquez -Casielles, Río-Lanza, & Díaz-Martín, 2007). There are some dimensions which determine the perception of customers about the level of Quality of Service in airlines industry includes the physical appearances, responsiveness, reliability, assurance and empathy (Young, Cunningham, & Lee, 1994).

Customer Satisfaction and the price tolerance has positive association as the tolerance to pay higher price increases with increase in Customer Satisfaction (Anderson, 1996). Customer Retention is pivotal for the profitability and sustainability of the firm, high retention results in higher customer share and development. The financial incentives help retaining customers and increasing customer share (Verhoef, 2003). Service value, firm image and Customer Satisfaction determine the customer decision to engage with an airline industry for travel (Jin-Woo Park, 2004). Customer loyalty determines the long lasting profitability of a service company; customer loyalty is dependent on Quality of Service, brand image and Customer Satisfaction (Hsieh, 2011).

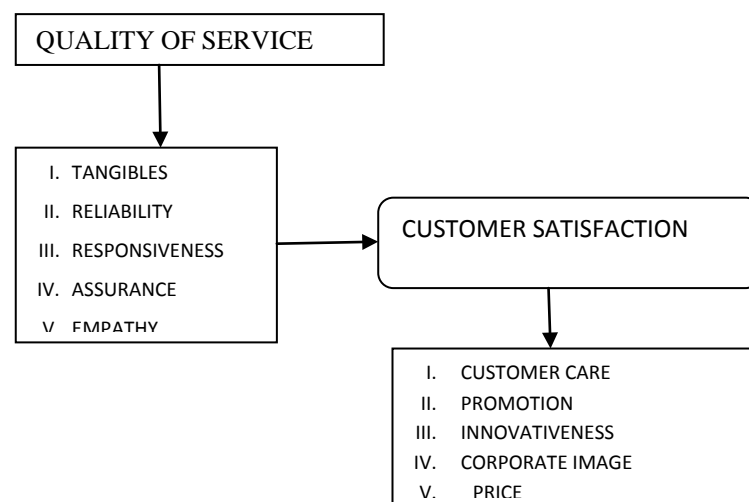


Figure 1. Theoretical Framework

Customer is treated as king and a little weakness in service may cause unexpected loss, this sensitivity makes Customer Satisfaction more important in service industry (P.R Kotler,

1997). Satisfaction may derive the attitude which enables the customer loyalty but satisfaction may not directly determine the loyalty of customers (Baker-Prewitt, 2000).

*H1: There is a positive relationship between Quality of Service and Customer Satisfaction.*

## METHODOLOGY

This quantitative study measures the relationship between Quality of Service and Customer Satisfaction. Therefore, the target audience for data collection was the airline passengers who have experienced the Pakistan International Airlines flight in last one year. A questionnaire was designed using the SERVQUAL measure (A Parasuraman, 1985) to evaluate the Quality of Service and its effects on Customer Satisfaction and 5 rating likert scale was used. Total 30 questions were added in two sections (Quality of Service and Customer Satisfaction) in which 24 were designed to evaluate the 5 dimensions of Quality of Service while 6 questions were designed to test the 5 dimensions of customer service. To measure the Quality of Service and its effect on customer service, a sample of 200 was selected out of which 165 valuable responses were received and the response rate was 82.5%. Data was collected from different regions and occupations to measure the diversified opinions.

## RESULTS

The data was analyzed in three phases including data reliability testing and descriptive analysis, correlation and finally regression. Cronbach's Alpha reveals strong data reliability (see Table 2). Five dimensions (Tangibility, Reliability, Responsiveness, Assurance and Empathy) were evaluated by 30 questions to measure the Quality of Service. Mean response of total 165 respondents towards the Tangibility was 3.078 in which 18% of respondents opted for mean 3.2 which shows that majority of the respondents were agreed with the Tangibility of service. Mean response for total 165 respondents towards the Reliability were 2.6364 in which majority 18% opted for 3.0 which shows that majority of the respondents were indifferent to decide the reliability of service.

TABLE 1: RELIABILITY ANALYSIS

	N		Mean	Std. Error of Mean	Median	Mode	Std. Deviation
	Valid	Missing					
tangibility	165	0	3.0788	.04982	3.2000	3.20	.64001
reliability	165	0	2.6364	.05564	2.6000	3.00	.71475
responsiveness	165	0	2.7652	.05499	2.7500	2.25	.70640
assurance	165	0	3.0121	.04786	3.0000	2.40 <sup>a</sup>	.61474
empathy	165	0	2.9091	.03869	3.0000	3.25	.49701
corporate	165	0	2.4848	.07954	2.0000	2.00	1.02175
customer	165	0	2.3182	.06216	2.5000	2.50	.79842
price	165	0	2.5152	.09042	2.0000	2.00	1.16140
promotion	165	0	2.5152	.08183	2.0000	2.00	1.05117
innovation	165	0	2.1818	.05911	2.0000	2.00	.75927

a. Multiple modes exist. The smallest value is shown

Similarly, the mean responses for all respondents towards the Responsiveness, Empathy and Assurance were 2.7652, 2.9091, and 3.1091 respectively which approves that majority of the respondents shown disagreement towards the Responsiveness and Empathy related to service while majority was indifferent about the Assurance of service. The mean response of Quality of Service was 2.8477 in which majority 6% respondents mean was 2.28 for all 24 items of 5 dimensions (see Table 1).

TABLE 2: DESCRIPTIVE ANALYSIS

	Scale Mean if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Tangibility	23.3379	.384	.381	.834
Reliability	23.7803	.644	.554	.812
responsiveness	23.6515	.683	.622	.809
Assurance	23.4045	.683	.633	.812
Empathy	23.5076	.304	.291	.839
Corporate	23.9318	.581	.434	.817
Customer	24.0985	.723	.635	.803
Price	23.9015	.458	.341	.837
Promotion	23.9015	.532	.370	.824
Innovation	24.2348	.476	.346	.826

Likewise, Customer Satisfaction was measured by five dimensions (Corporate Image, Customer Relation, Price, Promotion and Innovation). The mean responses for these dimensions were 2.4848, 2.3182, 2.5152, 2.512 and 2.1818 respectively. The mean response for the whole variable Customer Satisfaction was 2.4043.

36% were disagreed with Corporate Image, 33% respondents mean for Customer Relation was 2.50, 36% were disagreed with the Pricing strategy in PIA while 42% and 57% were disagree with promotion and innovation efforts in PIA. Further analysis shows a positive relationship among all dimensions to measure the Quality of Service and between Quality and Service and All is Dimensions. The correlation is significant at 0.01 level (2--tailed) among all dimensions and Quality of Service except 2 dimensions (Responsiveness and Empathy) are correlated at 0.05 level (2- tailed) (see Table 3). This shows a strong relationship bond among all dimensions and between dimensions and Quality of Service.

TABLE 3  
CORRELATIONS BETWEEN DIMENSIONS AND QUALITY OF SERVICE

		tangibility	reliability	responsiveness	assurance	empathy
tangibility	Pearson Correlation	1	.458**	.267**	.524**	-.421**
	Sig. (2-tailed)		.000	.001	.000	.000
	N	165	165	165	165	165
reliability	Pearson Correlation	.458**	1	.588**	.593**	-.438**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	165	165	165	165	165
responsiveness	Pearson Correlation	.267**	.588**	1	.586**	-.289**
	Sig. (2-tailed)	.001	.000		.000	.000
	N	165	165	165	165	165
assurance	Pearson Correlation	.524**	.593**	.586**	1	-.554**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	165	165	165	165	165
empathy	Pearson Correlation	-.421**	-.438**	-.289**	-.554**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	165	165	165	165	165

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

Likewise, analysis shows a very strong correlation among all dimensions of Customer Satisfaction and between dimensions and Customer Satisfaction. The correlation is significant at 0.01 (2-tailed) (see Table 4) among all dimensions and Variable (Customer Satisfaction) shows the results from all dimensions reveals true representation of variable. Regression analysis proves that sample is strong representation of population as adjusted R Square value was .601 which means that Quality of Service has 60.1% contribution in Customer Satisfaction (see Table 5).

Due to the strong correlation between Quality of Service and Customer Satisfaction, if Quality of Service is zero would result in negative Customer Satisfaction (-1.254). (Figure 2) shows stake In Customer Satisfaction in PIA while there could be other variables which determine the 100% Customer Satisfaction.

TABLE 4  
CORRELATIONS BETWEEN DIMENSIONS AND CUSTOMER SATISFACTION

		corporate	customer Satisfaction	price	promotion	innovation
corporate	Pearson Correlation	1	.595**	.431**	.305**	.436**



	Sig. (2-tailed)		.000	.000	.000	.000
	N	165	165	165	165	165
customer Satisfaction	Pearson Correlation	.595**	1	.447**	.476**	.432**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	165	165	165	165	165
price	Pearson Correlation	.431**	.447**	1	.306**	.308**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	165	165	165	165	165
promotion	Pearson Correlation	.305**	.476**	.306**	1	.340**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	165	165	165	165	165
innovation	Pearson Correlation	.436**	.432**	.308**	.340**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	165	165	165	165	165

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

On the other hand, analysis shows the value of Beta 1.284 which means that if \$1 is increased in Quality of Service would result in increase of \$1.284 (see Table 4) in Customer Satisfaction. Due to the strong correlation between Quality of Service and Customer Satisfaction, if Quality of Service is zero, would result in negative Customer Satisfaction (-1.254).

**TABLE 5**  
**COEFFICIENTS<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	99.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	-1.254	.235		-5.346	.000	-1.865	-.643
Quality of service	1.284	.081	.777	15.759	.000	1.072	1.496

a. Dependent Variable: Customer satisfaction

$$(1) \quad Y = a + \beta(x)$$

$$\text{Customer Satisfaction} = -1.254 + 1.284(\$100)$$

$$\text{Customer Satisfaction} = \$127.146$$

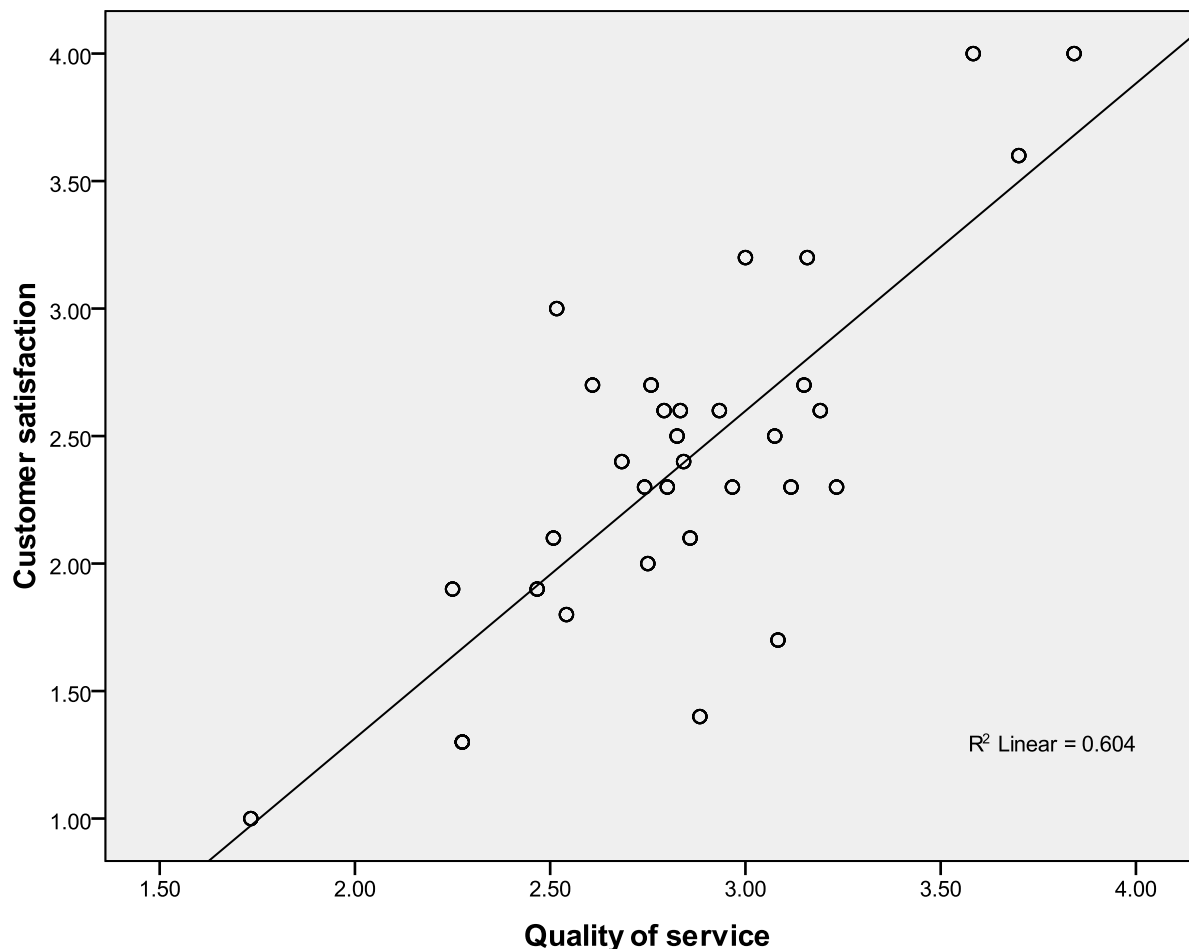


Figure 2. Regression Analysis

(Figure 2) shows relation between the Quality of Service and Customer Satisfaction at different levels, increase in independent variable result in increase in dependent variable. This proves the H1 that there is a positive relationship Between Quality of Service and Customer Satisfaction in PIA. Here, the mathematical assessment proves that with the investment of \$100 for improving Quality of Service would provide the incremental cash flow of \$127.146 (see Equation 1).

## DISCUSSION

The Quality of Service determined by this quantitative study was found unsatisfactory as results showed below average ratings for Quality of Service in Pakistan International Airlines. Moreover, the Customer Satisfaction was also unsatisfactory which shows a strong relation between the Quality of Service and Customer Satisfaction except one dimension of Quality of Service Tangibility, which showed relatively satisfactory result. Unsatisfactory Quality of Service increases the customer dissatisfaction which proved the H1 of this study

that there is a positive relationship between Quality of Service and Customer Satisfaction.

The adjusted R square (.604) provided the baseline of strong contribution of Quality of Service in determining the Customer Satisfaction. 60.4% stake of Quality of Service in Customer Satisfaction makes it essential to highly prioritize in order to satisfy the customer base. Positive relation between Quality of Service and Customer Satisfaction provides the negative figures for Customer Satisfaction if organization to invest zero in Quality of Service. Beta of 1.284 proves that investment in improving the Quality of Service would result in higher return on investment in terms of Customer

Satisfaction and Customer Retention (see Equation 1). In addition to that, if organization invests for improving Quality of Service, this would result in favorable results but the strong relation also implies negative results if organization is reluctant to improve its Quality of Service.

## CONCLUSION

Customer Satisfaction is essential for any organization to sustain in competitive market. There are many variables which determine the Customer Satisfaction and Quality of Service is one of these essential variables as study showed a positive relation between Quality of Service and Customer Satisfaction. It makes necessary for Pakistan International Airlines to improve its Quality of Service to sustain its major shares in Pakistan airlines industry as study showed unsatisfactory figures about Quality of Service in Pakistan International Airlines. In competitive airlines industry, failing to improve Quality of Service would increase the chances of customer switchover rate which ultimately result in low profitability. Hence, Investment for improving Quality of Service would provide positive return on investment as study showed a higher Customer Satisfaction than the amount of investment in Quality of Service, Pakistan International Airlines should take necessary steps to improve its Quality of Service to increase the Customer Satisfaction.

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**Achieving sustainable competitive advantage through service quality: an analysis of Pakistan's telecom sector**

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**Abstract**

**Purpose:** The purpose of this study is to investigate whether service quality confers a competitive advantage for firm, customer behavioral intention for future, and can that competitive advantage be sustained over a period of time.

**Methodology:** Cross-sectional study design was used as a methodology for the paper. A field survey was carried out with the help of questionnaire using SERVQUAL scale. 400 current users of cell phone were targeted for the purpose of data collection through convenient sampling.

**Findings:** The study found that telecom industry received excellent rating on tangibility, particularly equipment and customer service staffs' dress, and low ratings on empathy, particularly not knowing customers' needs and not giving individual and personal attention to customers.

**Research Implications:** SERVQUAL is a good starting point for assessing service quality. Service delivery system should produce moments of truth where different cues expressed by customers about quality must be assessed promptly.

**Originality:** The study has a practical significance for policy makers of firms in telecommunication sector of Pakistan for understanding behavioral intentions of their customers and for effectively positioning their firm's service quality.

**Limitation and Future Research:** This study only assessed the functional dimension of the service quality to explain consumer behavior which might be misspecification of service quality and may have low predictive validity.

**Introduction**

Sustaining competitive advantage is the challenge faced by many businesses in today's fast paced world. Service quality is a topic frequently studied in the field of services marketing, both by academicians and practitioners. But little attention has been given towards the ability of service quality in achieving and sustaining a competitive advantage. Service organizations, without regards for size, are increasingly seeking the unique ways of differentiating their offering and service quality is one such option in this regard. Many organizations, today, have responded to the strategic and financial impact of quality, treating it as a strategic weapon (Paradise-Tornow, 1991). Along with globalization, the influence of quality on service is the most intense trend affecting management and marketing of services in today's dynamic world. Better service delivery helps firms in differentiating their offering; obtaining more business from current customers; and attracting new customers (Mukherjee et al., 2003). Although the relationship between service quality and profit has been considered neither to be simple nor straightforward (Greising, 1994; Zahoric and Rust, 1992), a sizeable mass of services literature has tried to ascertain the connection between service quality and different parameters of firm performance (Ittner and Larcker, 1998). It has become increasingly

important for firms to choose the most appropriate measures of service quality because it indicates the level of customer satisfaction and their tendency of returning to the same service provider (Young et al., 1994). Customers that are satisfied, spread the good news quickly (Edvardsson 1998).

It has become necessary for the survival of the firms that they keep themselves ahead of the competitors by continuously differentiating their service offerings. Globalization of the world markets, technological advancements, and increased economic cooperation are compelling companies to be more sophisticated and savvy in their marketing efforts (Ueltschy and Krampf 2001). With so many changes occurring in Pakistan telecom sector, including market expansion, intensification of competition, and increasing sensitivity of consumers, the issue of service quality has gained substantial consideration.

The objective of this study is to analyze whether service quality confers a competitive advantage to firms competing in the telecom sector of Pakistan. This study compares the level of service quality of different firms as being perceived by their consumers. The study further examines the customer behavioral intentions as indicator of sustainability of the competitive advantage. The research paper is organized as follows: first, an overview of the service quality is presented followed by the competitive advantage and sustainability of the competitive advantage, then research methodology and results of the study are presented. Finally, the study concludes with a discussion of managerial implication, research limitations, and directions for future research.

### **Competitive Advantage**

It has become increasingly necessary for the survival of the firms to remain ahead of the competitors and predators by differentiating themselves. Creating and sustaining competitive advantage is one way of achieving this goal (Colgate, 1998). Success of the businesses lies in their ability to possess some advantage relative to their competitors. Achieving this competitive advantage is the objective of strategy and the superior performance will automatically result from a competitive advantage (Day, 1994; Porter, 1996). According to Reed and DeFillipi (1990), the sources of competitive advantage are as numerous as activities in the firm. Strategies through which corporations can gain competitive advantage include higher quality, innovation, lower cost, improved processes, and marketing (Rijamampianina *et al.*, 2003). Competitive advantage results either by implementing a value creating strategy not being implement by the competitors (Barney, 1991) or through superiorly executing the same strategy as competitors (Johnson and Sirikit, 2002).

The story just does not end at achieving a competitive advantage, rather prolongs till the sustainability. Even if businesses have achieved the competitive advantage and gained higher profitability, competitors are quick to imitate their strategies or even enhance their initiatives, thus resulting in loss of competitive advantage (Reed and DeFillippi, 1990; Markides, 1997; Porter, 1996; Ghemawat, 1986). Even more, competitors are able to obtain through information on seventy percent of all new products within a year of their development (Ghemawat, 1986). The solution to such problems lies In the sustainability of the competitive advantage.

### **Sustaining a Competitive Advantage**

Significant investment and efforts are required to raise barriers preventing imitation by competitors would ensure sustainability of the competitive advantage. When a firm has achieved competitive advantage and raises the barriers that prevent competitors to imitate, it thus “resists erosion by competitor behavior” and achieves sustainability of the competitive advantage. Though, preventing imitation forever is not possible. Thus, it is necessary for the firms to have the ability to delay this possibility so as to yield maximum benefit from any competitive advantage (Porter, 1996; Reed and DeFillipi, 1990; Christensen, 2001).

Competitive advantage is achieved through the way activities of a firm fit and reinforce one another (Porter, 1996; Campbell and Goold, 1995). Fit is essential for sustaining a competitive advantage (Rijamampianina *et al.*, 2003). Competitors trying to imitate a firm with an arrangement of interconnected activities (fit) will have to reconfigure many of their activities for competing effectively, thus creating a tough imitation barrier (Porter, 1996).

Managers are increasingly facing tremendous pressures to improve service quality by every means so that not only existing customers remain loyal but also new customers become permanent customers (Yang and Chen, 2000). Fulfilling customer needs every time on time is the itinerary to achieving and sustaining competitive advantage and service quality is a tool that companies can use to comprehend this objective. While many companies recognize the need for higher service quality, unfortunately not all of them connect service quality as a tool for achieving and sustaining a competitive advantage. There is growing proof that how customers' behavioral intentions are affected by their perception of service quality. Specific consumer behavioral responses present a clear signal that they are becoming bound to the company (Johnson and Sirikit, 2002). Intentions to behave are a result of previous experience with the service or the information consumer has received about the service. A range of intended behaviors include repeat purchases, recommending to other, complimenting, complaining, switching the service provider, and opting not to use any service at all (Johnson and Sirikit, 2002). A customer having positive experience would choose to purchase repeatedly, recommending, and complimenting.

### **Service Quality**

The construct of service quality has attracted the attention of academicians and practitioners alike because of its function as a guide towards achieving customer satisfaction and better organizational performance (Lewis and Mitchell 1990). Service quality has been defined as an attitude resulting from the comparison of expected levels of service with perceived performance (Cronin and Taylor, 1992; Bolton and Drew, 1992); Parasuraman *et al.*, 1988). Most of the service quality definitions converge on a point of meeting customer needs and wants (Ueltschy and Krampf 2001). A commonly accepted definition of service quality is that it should match customer's expectations and satisfy needs and requirements of customers (Edvardsson 1998). Gronroos (1982) was the first to define service quality as "the outcome of an evaluation process where the consumer compares his expectations with the service he perceived he has received." According to Parasuraman *et al.* (1991), service quality refers to the comparison between level of service desired and the level received. Perceived service quality has been treated as valuable element by Zeithmal (1988) and he defines it as "the consumer's judgment of a product's overall excellence or superiority".

Many researchers have recommended that quality results from a comparison of perceived performance with expected performance – based on the so-called "disconfirmation paradigm". Based on this concept, Parasuraman *et al.* (1988) developed the SERVQUAL model, which views service quality as the gap between the level of service customers expect and the their perception of the level of service they received. Much of the research measuring service quality, to date, has focused using SERVQUAL. Consequently, research using this instrument has been commonly cited in marketing literature and its industrial use has become extremely prevalent (Brown *et al.*, 1993). Five determinants of the service quality are identified in SERVQUAL model:

- 1) Tangibility;
- 2) Reliability;
- 3) Responsiveness;
- 4) Assurance; and
- 5) Empathy;

Tangibility means the physical elements of the facility; equipment, customer service staffs and their dresses, premises, i.e. something that is easily observable by the customers. Reliability is the ability of the company to fulfill its commitments as promised. Responsiveness refers to executing services punctually and promptly, willingness and readiness to serve customers whenever they need assistance. Assurance means customer service staffs' competence and knowledge and their ability to maintain trust and confidence. Empathy refers to the service provider's ability to give individual and personal attention and providing convenience.

Although the prior work on the instrument has advanced our knowledge of measuring service quality, the instrument has also yielded some criticism. One criticism of the instrument has been the point that SERVQUAL mainly focuses on the process of service delivery (Richard and Allaway, 1993; Mangold and Babakus, 1991). But, at the same time, a lot of support in favor of the instrument is available from a variety of researchers. According to Berry et al. (1994), SERVQUAL has the ability to serve as an effective investigating tool that can guide management in its efforts to improve service quality by focusing attention in the most needful areas.

### **Data Collection and Analysis**

Cross sectional design was used for this study to examine the service quality perceptions and their competitive analysis in Pakistan telecom sector. Service quality ratings were obtained using SERVQUAL, which has already been discussed. The questionnaire used for this study was adapted from Johnson and Sirikit (2002), which were constructed originally in English and then translated into Urdu by an expert of the language in order to ensure that local expressions were properly stated.

Respondents for this research were selected using convenient sampling. The respondents were the current users of any of the five companies providing cell phone services in Pakistan including Mobilink (Mob), Ufone (Ufon), Warid (War), Telenor (Tel), and Zong (Zon) and were approached conveniently in shopping centers of the urban areas of Pakistan. Of the 400 questionnaires distributed, 338 were collected back. Some of the questionnaires were not filled properly or were having a lot of missing values so 26 questionnaires were rejected for these reasons and 312 usable questionnaires were entered in SPSS further analysis, thus ensuring 78 percent of the response rate.

Of the 320 questionnaires used for the analysis, 63 percent of the respondents were male and female respondents were just 37 percents. This study aimed to have equal response both from male and female users but this was because of cultural norms that many of the women were reluctant to respond because being there with their families. The respondents ranged altogether from 18 years till 63 years but majority of them were the young users and average of the respondents was slightly above 25 years as shown in table 1. Table 1 further explains the service providers of various respondents. The study aimed to collect equal response from the consumers of all service providers but as stated earlier respondents were selected conveniently, that's why difference in number of respondents from various service providers is seen.

**Table 1: Characteristics of the Respondents**

<b>Gender</b>	Male	197	63%
	Female	115	37%
<b>Average Age of the Respondents</b>		25.29 Years	
<b>Service provider of the Respondents</b>	Mobilink	88	28%
	U Fone	94	30%
	Warid	32	10%



Telenor	52	17%
Zong	46	15%

### Results

The first matter that needed to be addressed was the answer to the question that whether SRVQUOL can measure the service quality perceptions of cell phone users in telecom sector of Pakistan. The reliability measure of the scale, for this purpose, was assessed using Cronbach's alpha. The reliability measures for all the categories of the scale ranged from 0.73 to 0.79, thus ensuring high reliability for all service quality measures.

The ability of service quality to be considered as a source of competitive advantage was the basic objective of this study. Parasuraman *et al* (1988) suggested that service quality can be used as a source for competitive advantage. For this purpose, behavioral intentions of the consumer of all the companies were tested in order to be able to draw comparative analysis of the users of different service providers.

Before making any comparative analysis regarding any of the service providers, it seems important to address the service quality measures of the overall telecom industry. As shown in Table 1, tangibility is the dimension of service quality that yielded maximum score which is also supported by Johnson and Sirikit (2002), closely followed by reliability which according Zeithmal *et al.* (1990) is extremely important dimension. The dimension having the lowest rating is empathy which scored the least score. The measures of empathy are also congruent with the research results of Johnson and Sirikit (2002). The maximum scores of service quality perceptions are considered as a basis for competitive advantage (Johnson and Sirikit, 2002).

**Table 2: Service quality assessment of the industry**

Service Quality Measures	Results
<b>Tangibility</b>	<b>3.6436</b>
Service provider has up-to-date equipment	3.7821
service provider's physical facilities are visually appealing	3.3910
My service provider's customer service staffs are well dressed and appear neat.	3.7885
The appearance of the physical facilities of the firm is in keeping with the type of telecom services.	3.6090
<b>Reliability</b>	<b>3.5474</b>
When my service provider promises to do something by a certain time, it does so.	3.3974
When I have problems, my service provider is concerned and supportive.	3.7885
My service provider is dependable.	3.2628
My service provider provides its services at the time it promises to do so.	3.6795
My service provider keeps its records accurately.	3.6090
<b>Responsiveness</b>	<b>2.9471</b>
My service provider does not tell exactly when services will be performed.	3.0128
I do not receive prompt service from customer service staff.	2.7821
Customer service staffs are not always willing to help customers.	2.6859
Customer service staffs are too busy to respond to customer requests quickly.	3.3077
<b>Assurance</b>	<b>3.5903</b>
I can trust customer service staff.	3.4452
I feel safe in my transactions with customer service staff.	3.5355

Customer service staffs are polite.	3.8323
Customer service staffs get adequate support from a service provider to do their job well.	3.5484
<b>Empathy</b>	<b>2.8955</b>
My service provider does not give me individual attention.	2.8387
Customer service staffs do not give me personal attention.	2.8903
Customer service staffs do not know what my needs are.	2.7613
My service provider does not have my best interests at heart.	2.9290
My service provider does not have operating hours convenient to all its customers.	3.0581

Table 3 shows the results of complete analysis of service quality measures which is a mix plate. This comparative analysis among telecom companies offers several insights on competitive advantage. Warid is having competitive advantages of reliability and responsiveness, U Fone having reliability and assurance, Zong having tangibility, and Mobilink enjoys competitive advantage of empathy. Telenor is a company without any competitive advantage in this scenario. Companies having these competitive advantages need to strengthen these advantages so that they sustain over a longer period of time.

**Table 3: Competitive Assessment of Service Quality**

Service Quality Measures	Mobilink	U Fone	Warid	Telenor	Zong
<b>Tangibility</b>	<b>3.6989</b>	<b>3.6064</b>	<b>3.5781</b>	<b>3.5769</b>	<b>3.7283</b>
Service provider has up-to-date equipment	3.7273	3.8085	3.9375	3.7308	3.7826
service provider's physical facilities are visually appealing	3.4318	3.3191	3.3750	3.2692	3.6087
My service provider's customer service staffs are well dressed and appear neat.	4.1136	3.5319	3.6875	3.7692	3.7826
The appearance of the physical facilities of the firm is in keeping with the type of telecom services.	3.5227	3.7660	3.3125	3.5385	3.7391
<b>Reliability</b>	<b>3.5955</b>	<b>3.6766</b>	<b>3.6750</b>	<b>3.4538</b>	<b>3.2087</b>
When my service provider promises to do something by a certain time, it does so.	3.5682	3.4468	3.5625	3.4615	2.7826
When I have problems, my service provider is concerned and supportive.	3.5455	4.5532	3.7500	3.4615	3.0870
My service provider is dependable.	3.5455	3.3191	3.1250	3.0385	2.9565
My service provider provides its services at the time it promises to do so.	3.6136	3.5745	4.0000	3.6538	3.8261
My service provider keeps its records accurately.	3.7045	3.4894	3.9375	3.6538	3.3913
<b>Responsiveness</b>	<b>3.0455</b>	<b>2.8989</b>	<b>2.7500</b>	<b>3.0000</b>	<b>2.9348</b>
My service provider does not tell exactly when services will be performed.	3.1364	2.8723	2.8125	3.0769	3.1304
I do not receive prompt service from customer service staff.	2.9545	2.6809	2.6250	2.8462	2.6957
Customer service staffs are not always willing to help customers.	2.7045	2.6809	2.3750	2.8077	2.7391
Customer service staffs are too busy to respond to customer requests quickly.	3.3864	3.3617	3.1875	3.2692	3.1739
<b>Assurance</b>	<b>3.6105</b>	<b>3.6968</b>	<b>3.5469</b>	<b>3.5096</b>	<b>3.4565</b>
I can trust customer service staff.	3.5349	3.5532	3.6250	3.1538	3.2609

I feel safe in my transactions with customer service staff.	3.6279	3.6809	3.4375	3.3846	3.3043
Customer service staffs are polite.	3.7209	3.9574	3.8125	3.8462	3.7826
Customer service staffs get adequate support from a service provider to do their job well.	3.5581	3.5957	3.3125	3.6538	3.4783
<b>Empathy</b>	<b>3.0977</b>	<b>2.9532</b>	<b>2.6500</b>	<b>2.8077</b>	<b>2.6696</b>
My service provider does not give me individual attention.	2.9535	2.9362	2.3750	2.6154	3.0000
Customer service staffs do not give me personal attention.	3.0930	2.8936	2.8125	3.0769	2.3478
Customer service staffs do not know what my needs are.	3.0233	2.8723	2.3750	2.7308	2.3478
My service provider does not have my best interests at heart.	3.2093	3.0213	2.8750	2.5769	2.6522
My service provider does not have operating hours convenient to all its customers.	3.2093	3.0426	2.8125	3.0385	3.0000

Customer behavior intentions, as shown in Table 4, were also assessed as antecedents of customer behavior in future. Four different dimensions of customer behavioral intention were addressed for the purpose of this study. Warid which had competitive advantages of reliability and responsiveness enjoys the customer purchase intentions and positive word-of-mouth which can be extremely beneficial for not only attracting the new customers but also for retaining the current ones. Four different dimensions of customer behavioral intention were addressed for the purpose of this study. The complaining behavior of customer as a dimension of behavioral intention must not be ignored by the managers of these telecom companies. Almost all the customers are having equal intentions for complaining in case desired service levels are not delivered.

**Table 4: Competitive Assessment of Customer Behavioral Intentions**

<b>Customer Behavioral Intentions</b>	<b>Mobilink</b>	<b>U Fone</b>	<b>Warid</b>	<b>Telenor</b>	<b>Mean</b>
<b>Word-of-mouth</b>	<b>3.4767</b>	<b>3.5532</b>	<b>3.8125</b>	<b>3.4808</b>	<b>3.3261</b>
I recommend my service provider to someone who seeks my advice.	3.3023	3.6809	3.6250	3.3077	2.6522
I encourage my friends and relatives to use services of my service provider.	3.6512	3.4255	4.0000	3.6538	4.0000
<b>Purchase Intentions</b>	<b>3.3953</b>	<b>3.2536</b>	<b>3.4375</b>	<b>3.1154</b>	<b>3.1014</b>
I consider my service provider as my first choice to buy cellular services.	3.4884	3.5319	4.1875	3.3462	3.1304
I intend to have more usage of my service provider in next few months.	3.4419	3.3191	3.4375	3.2692	3.3478
I intend to have less usage of my service provider in next few months.	3.2558	2.9130	2.6875	2.7308	2.8261
<b>Price Sensitivity</b>	<b>3.2946</b>	<b>3.0213</b>	<b>3.0000</b>	<b>3.2179</b>	<b>3.1594</b>
I intend to take some of my usage to a competitor that offers better prices.	3.4884	3.4255	2.9375	3.2692	3.4783
I intend to continue using services of my service provider even if its prices increase to some extent.	3.0930	2.6596	3.1250	3.4615	3.2174

I pay higher prices than competitors charge for the benefits I currently receive from my service provider.	3.3023	2.9787	2.9375	2.9231	2.7826
<b>Complaining Behavior</b>	<b>3.5000</b>	<b>3.4628</b>	<b>3.0625</b>	<b>3.3750</b>	<b>3.5109</b>
I will switch to a competitor if I experience a problem with cellular services.	3.5349	3.5745	3.1250	3.3846	3.4348
I will complain to other customers if I experience a problem with cellular services.	3.4884	3.2128	2.7500	3.3462	3.5217
I will complain to external agencies like PTA/Consumer Courts if I experience a problem with cellular services.	3.3721	3.2553	3.0000	2.9615	3.6522
I will complain to my service provider's customer service staffs if I experience a problem with telecom services.	3.6047	3.8085	3.3750	3.8077	3.4348

### Conclusion and Recommendations

Assessing service quality in sector of Pakistan telecom service setting has proved to be reliable which means that we can base service quality measurements on SERVQUAL. The five original service quality dimensions were exceptionally reliable and vigorous. Cronin and Taylor (1992) have argued on the multidimensionality of the service construct. Richard and Allaway (1993) has further argued that utilizing functional dimension of quality only to explain and predict consumers' behavior might be a misspecification of service quality and have low predictive validity. Yet, SERVQUAL seems to be a good starting point but managers must watch closely for exceptional situations requiring adaptation specific to situation. The companies need to be more caring for their customers as the results of the study revealed low measures for empathy. The industry overall received strong ratings on tangibility dimension of the service quality.

Moreover, the research has tried to relate the service quality ratings to customer behavioral intentions. SERVQUAL can be used to determine whether the service activities match customer expectation, exceed expectations or fall short. Thus, ensuring that managers can utilize SERVQUAL as a starting point of quality assessment with confidence. As was stated earlier that SERVQUAL only measures the functional dimensions of the service quality, we would accentuate that SERVQUAL seems to be better suited for process-driven service firms like telecom, health care, banking, retailing etc. (Johnson and Sirikit, 2002). Managers must always be in better condition to analyze the signals given by customers about their consumption experience and perception of service quality.

Results of this study imply that such a service delivery system should be designed that promotes customers expressing their valuable experiences that can enable managers to address deficiencies and strengthen the practices valued by customers. Personnel involved in the value delivery process must be made aware of the role they are playing through continuous reinforcement and training. Sufficient staffs should be deployed during peak hours in order to ensure optimal service delivery all the time as the results of sector show low measures for empathy.

Finally, service quality should be assessed on continuous basis. The first assessment can serve as a baseline for making further comparison and a benchmark on which companies can gauge their efforts for service improvement.

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## **The Dynamic Relationship between Stock Volatility and Trading Volume**

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### **Abstract**

#### **Purpose**

The objective of the study is to measure the relationship between trading volume and returns; and change in trading volume and returns of stocks in Pakistan.

#### **Methodology**

Various techniques such as Unit root tests and ARCH-GARCH have been applied on the data to determine the relationship between aforesaid variables. For this purpose, weekly data of Karachi Stock Exchange (KSE-100 index) has been collected and analysed from January 2000 to March 2012.

#### **Findings**

The GARCH results indicate a significant positive relationship between trading volume and returns; and change in trading volume and returns.

#### **Research Implications**

This relationship is of great importance to individuals from investment and policy making perspective as trading volume reflects information about market expectations, and its relationship with price can have important implications for trading, speculation, forecasting and hedging activities.

#### **Originality**

The paper takes into account the relationship between volume and returns as well as change in volume and returns in the stock market of Pakistan that measures both the increases and the decreases in volume.

#### **Future Research**

Future research might be conducted by including KSE 30 index and all-share index as additional variables.

**Key words:** Stock Returns, Trading Volume, Karachi Stock Exchange, ARCH/GARCH.

**Article Classification:** Finance

### **Introduction**

The objective of our research is to study the relationship between trading volume and returns in the stock market of Pakistan. Most of the research to study this relationship has been undergone at the international level, but relatively little work has been undertaken in our local market.

Our analysis revolves around the volume and price, also known as volume-return relationship. Risk is the major factor that determines the return. Higher the risk, higher will be the return. The empirical studies show that trading volume and stock returns are interrelated. Risk or volatility can be the result of company-related factors, like projects are not going up to projected expectations, potential growth with expected limits, competition from inside and outside of the country, and changes which are taking place in the

management and within the financing patterns. This is unsystematic risk and can be eliminated.

The other type of risk is said to be as market risk or systematic risk. It is affected by factors such as fiscal budget, agricultural production, foreign exchange reserves and market sentiments, through which stock prices is pushed up/down within different times. The rate of fluctuation depends upon relationship of stock with the whole market. Investors use this information to assess the efficiency of management team, to decide on buy/hold/sell strategy and to readjust their portfolio of assets (Bundoo, 2000).

This research paper focuses on relationship of Risk-Return-Volume in Karachi Stock Exchange (KSE). Causal as well as contemporaneous relationship is investigated by using ARCH-GARCH and Granger causality tests. The main purpose is to impart inside knowledge of the relationship between volume and returns and help the investors and other stakeholders in Pakistan in making investment decisions. This study will open new dimensions of research for future researchers as KSE is the biggest and best performing stock market of the country.

The rest of the article has the following sequence. Section 2 describes a literature review of theory and previous empirical research. Section 3 presents the data and measurement variables. Section 4 is about the results of the methodology, and Section 5 offers some concluding remarks.

### **Literature Review**

The return and volume relationship has been studied and investigated from many different perspectives in the literature. Granger and Morgenstern (1963) had studied the relation between price indexes and aggregate exchange trading volume. Crouch (1970); Westerfield (1977); Tauchen and Pitts (1983); and Rogalski (1978) had investigated the relationship between contemporaneous price change and trading volume. Epps and Epps(1976) had measured between the variance of price change and trading volume and Harris (1986); and Clark (1973) had estimated between squared price changes and trading volume.

Numerous studies have focused on the relationship between trading volume and returns. Karpoff (1987) had given four reasons for the importance of this relationship. First, there is the need to understand the financial market structure. Second, it has great significance for event studies. Third, it is an integral part of speculation. And fourth, it can provide insight into future markets. A study undergone by Jain and Joh (1988) had stated that there exists a significant relationship between returns and trading volume. The data comprised of common stock volume and returns of New York Stock Exchange (NYSE).

To test for causal relationship, Hiemstra and Jones (1994) had used Granger test to find linear and non-linear causal relationship and found bidirectional linear causality between volume and returns in NYSE. Chen, Firth and Rui (2001) had investigated this relationship in nine major stock markets, i.e. those of U.S., Japan, U.K., France, Canada, Italy, Switzerland, Netherlands and Hong Kong and their results showed significant positive association between trading volume and returns. A study conducted by Henry and McKenzie (2006) had supported the similar outcomes in Hong Kong but causality was non-linear.

Pisedtasalasaia and Gunasekarage (2008) had also examined the causal relationship between returns and volume using VAR and GARCH of five countries, i.e. Indonesia, Malaysia, Philippines, Singapore and Thailand. In four countries except Philippines, a unidirectional causality running from returns to volume was found and no results could be derived in Philippines. Pathirawasam (2008) had conducted a study using stock volume and returns from Colombo Stock Exchange and found that stock returns are positively related to changes in volume, but negatively to past trading volume. He attributed this negative cause to misspecification and illiquidity issues.



Khan and Rizwan (2008) had conducted the same study before using the data of KSE 100 index for the period 2001-2007 and deduced a positive contemporaneous relationship between the trading volume and returns. Furthermore, VAR was used to find a feedback relationship which implies that there is a bidirectional causal relationship between volume and returns. Another study was conducted by Darwish (2012) who used GARCH model and found strong relation between returns and volume in the Palestine stock exchange and deduced bidirectional causal relationship. Similarly, a research of 98 companies listed in Karachi Stock Exchange (KSE) of Pakistan by Rehman, Burhan, Shah and Mushtaq (2012) revealed a strong positive relation between returns and trading volume.

### Data Description and Variable Measurements

The sample of data used in this current study comprises weekly stock price index and trading volume of the KSE 100 index. The daily data is converted into weekly basis by taking the average of the whole week stock price index and trading volume. The weekly data is used because of the small market size, thin trading and to avoid the day- of- the week effect (Darwish, 2012). The realization period has covered from January 2000 to April 2012 and has been collected from Bloomberg data base and business recorder data base. From the values of the closing Index, the weekly rate of return ( $R_t$ ) was calculated as:

$$R_t = \ln(P_t/P_{t-1}) \quad (1)$$

Where  $P_t$  is the closing index price on week (t). The volume ( $V_t$ ) can take only positive values. Therefore, besides the volume, an estimated change in the volume is also taken into account to cover both the positive and negative values. The changes in trading value ( $V_t$ ) were calculated as:

$$\text{Change in } V_t = \ln(V_t / V_{t-1}) \quad (2)$$

Where  $V_t$  is the raw trading volume. The study examines whether rising price leads to higher volume or vice versa. This is what a contemporaneous relationship depicts. For this purpose, the below mentioned regression equation was tested:

$$R_t = \alpha_1 + \beta_1 R_{t-1} + b_1 V_t + \epsilon_{t1} \quad (3)$$

Then another equation that was tested:

$$R_t = \alpha_2 + \beta_2 R_{t-1} + b_2 \Delta V_t + \epsilon_{t2} \quad (4)$$

Where  $R_t$  stands for return,  $V_t$  is trading volume, and  $\Delta V_t$  is the change in trading volume at time t.  $R_{t-1}$  is included in the equations to account for serial correlation in returns series.

### ARCH(q) Model

The data used is time series and is prone to high and low volatility periods. So the value of the disturbance term can be greater in certain periods as compared to others. The assumption of homoskedasticity is limiting in such cases and to model the behaviour of conditional variance, ARCH model is used. Conditional variance is denoted by:

$$\sigma_t^2 = \text{var}(e_t/e_{t-1}e_{t-2} \dots) = E[(e_t - E(e_t))^2/e_{t-1}e_{t-2} \dots] \quad (5)$$

Since  $E(e_t) = 0$ , the above equation becomes:

$$\sigma_t^2 = \text{var}(e_t/e_{t-1}e_{t-2} \dots) = E[e^2/e_{t-1}e_{t-2} \dots] \quad (6)$$

OLS is used to estimate an ARCH(q) model (OLS stands for Ordinary Least Squares). Engle (1982) suggested that the lag length or q of ARCH errors can be tested with the help of Lagrange multiplier test as follows:

1. Assess the best fit autoregressive model AR(q).

$$y_t = a_0 + a_1 y_{t-1} + \dots + a_q y_{t-q} + \epsilon_t = a_0 + \sum_{i=1}^q a_i y_{t-i} + \epsilon_t$$

2. Obtain the squares of the error  $\hat{\epsilon}_t^2$  and regress them on a constant and q lagged values:

$$\hat{\epsilon}_t^2 = \hat{\alpha}_0 + \sum_{i=1}^q \hat{\alpha}_i \hat{\epsilon}_{t-i}^2$$

Where  $q$  is the length of ARCH lags.

3. The  $t$ -stat  $TR^2$  has  $\chi^2$  distribution with  $q$  degrees of freedom in a data of  $T$  residuals. If the value of  $TR^2$  is larger than the chi-square value, null hypothesis is rejected and ARCH effect exists. If  $TR^2$  has smaller value than Chi-square, null hypothesis is accepted.

### GARCH (p, q) Model

Generalized Autoregressive Conditional Heteroskedasticity (GARCH) model was used to investigate about the relationship between trading volume and returns. GARCH includes the lagged conditional variance terms as autoregressive terms, one of the drawbacks of ARCH model. The GARCH (p, q) model (where  $p$  is the order of the GARCH terms  $\sigma^2$  and  $q$  is the order of the ARCH terms  $\epsilon^2$ ) is given by

$$\sigma_t^2 = \alpha_0 + \alpha_1 \epsilon_{t-1}^2 + \dots + \alpha_q \epsilon_{t-q}^2 + \beta_1 \sigma_{t-1}^2 + \dots + \beta_p \sigma_{t-p}^2 = \alpha_0 + \sum_{i=1}^q \alpha_i \epsilon_{t-i}^2 + \sum_{i=1}^p \beta_i \sigma_{t-i}^2$$

### Analysis

The descriptive statistics has been estimated in order to analyse the high returns and riskiness through mean and standard deviation respectively. The results are shown in Table 1:

Table 1

Descriptive Statistics of Return, Volume and Change in Volume of KSE-100

Description	$R_t$	$V_t$	$\Delta V_t$
Min	-0.175786	10.93311	-3.145537
Max	0.105373	22.20456	8.348282
Mean	0.003447	20.35115	0.001417
Standard Deviation	0.031894	1.167638	0.598212
Skewness	-1.076590	-3.609543	4.055927
Kurtosis	7.187225	23.18188	64.51897
Jarque-Bera	581.9373 0.000000	12059.87 0.000000	101072.6 0.000000

The results of Table 1 show that the KSE-100 index has only positive returns. The riskiness has been determined through standard deviation, which shows that the KSE-100 is less risky. The mean of trading volume and the changes in trading volume is also positive. The results of skewness of returns show that the data series exhibit asymmetric and redundant kurtosis. The trading volume shows positive skewness and an indication of GARCH effects. The JB-stats show that the all series have highly significant results at 1% level and the acceptance of hypothesis that the series are not normally distributed.

ADF Unit Root test and Phillips Perron Unit Root test has been used to check that the economic variables are stationary. The ADF test includes constant with no trend at level  $I(0)$  and first difference  $I(1)$  of variables. The lag differences ( $k$ ) are chosen according to Schwarz Info Criterion (SIC). ADF unit root test is commonly applied to measure the existence of

stationary, but it's not very powerful tool for infinite samples, for this Phillips and Perron (1988) have introduced another alternative, Phillips-Peron (PP) unit root test. The PP test includes constant with no trend at level  $I(0)$  and first difference  $I(1)$  of variables. The bandwidth ( $t$ ) is chosen according to Bartlett Kernel. The test results had shown in Table 2:

Table 2  
ADF Unit Root Test and Phillips Perron Unit Root Test Statistic

Variable	ADF Unit Root Test		PP Unit Root Test	
	<i>No trend</i>	<i>k</i>	<i>No trend</i>	<i>t</i>
$R_t$	-17.892*	0	-17.834*	1
$V_t$	-4.847*	1	-6.616*	10
$\Delta V_t$	-34.800*	0	-36.138*	11

Note: ADF Unit Root Test Statistics and PP Test Statistics of Return, Volume and Change in Volume Pakistan from 2000 to 2012

\*denotes MacKinnon critical values for rejection of null hypothesis of a unit root and significance at the 1% level.

The test result shown in Table 2, indicates that the time series data at level  $I(0)$  is stationary at 1% level of significance at different lags. The deterministic trend means that the time series is now completely predictable and not variable. So, all the times series of the variables are stationary, this implies that all the shocks that would be temporary and their effects would be eliminated over time as the series regress to their long term variance.

Now, the long run coefficients have been estimated of eq. (3) and (4) by using the OLS technique. The results of the long run estimates are reported in Table 3:

Table 3  
Cointegrating Vectors Using OLS

<b>Regression Eq.: <math>R_t = \alpha_1 + \beta_1 R_{t-1} + b_1 V_t + \epsilon_{t1}</math></b>		
<i>Regressor</i>	<i>Coefficient</i>	<i>T-values</i>
Constant	-0.0412	-1.9351*
$R_{t-1}$	0.3109	8.1166*
$V_t$	0.0021	2.0434*
<b>Regression Eq.: <math>R_t = \alpha_2 + \beta_2 R_{t-1} + b_2 \Delta V_t + \epsilon_{t2}</math></b>		
<i>Regressor</i>	<i>Coefficient</i>	<i>T-values</i>
Constant	0.0022	1.8472*
$R_{t-1}$	0.3328	8.9059*
$\Delta V_t$	0.0068	3.3607*

\*denotes significance at the 10% level.

The previous studies had suggested that the relationship between return and volume, return and change in volume is positive (Khan & Rizwan, 2008; Darwish, 2012). The results that are presented in above Table 3 show that the both coefficient of volume and change in volume are statistically significant and positive. It means that rising market go with the rising volume and vice versa. The results also support the theoretical evidence that the information content of volume has affected the future stock return.

Before estimating the GARCH model in order to analyse the portfolio risk, there is a need to determine whether the series is characterized by the ARCH effect in the portfolio return. Engle (1982) had introduced the concept in which the variance depends on the size of the squared error term lagged one period. The results of ARCH test have shown in Table 4:

Table 4  
Heteroskedasticity Test of KSE-100

<b>Regression Eq.: <math>R_t = \alpha_1 + \beta_1 R_{t-1} + b_1 V_t + \epsilon_{t1}</math></b>			
F-stat	48.97852	Probability F(5, 3004)	0.0000
Obs*R-squared	45.56961	Probability Chi-square(5)	0.0000
<b>Regression Eq.: <math>R_t = \alpha_2 + \beta_2 R_{t-1} + b_2 \Delta V_t + \epsilon_{t2}</math></b>			
F-stat	21.15740	Probability F(5, 3004)	0.0000
Obs*R-squared	20.53109	Probability Chi-square(5)	0.0000

The results of Table 4 shows that the LM stat and p-value of ARCH test reject null hypothesis i.e. there is homokedasticity. Therefore, the ARCH (1) effect is present and also effects in the portfolio return series.

Moreover, the GARCH(1,1) model has been estimated in order to explain the conditional variance and volatility clustering.

Table 5  
GARCH Model for KSE

<b>Regression Eq.: <math>R_t = \alpha_1 + \beta_1 R_{t-1} + b_1 V_t + \epsilon_{t1}</math></b>				
Convergence achieved after 18 iterations				
GARCH = C(4) + C(5)*RESID(-1)^2 + C(6)*GARCH(-1)				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	-0.062822	0.004944	-12.70764	0.0000
$R_{t-1}$	0.303570	0.037206	8.159068	0.0000
$V_t$	0.003236	0.000258	12.56648	0.0000
Variance Equation				
C	0.000101	2.32E-05	4.336276	0.0000
ARCH(1)	0.265158	0.040180	6.599303	0.0000
GARCH(1)	0.635969	0.047486	13.39289	0.0000

Table 6  
GARCH Model for KSE

<b>Regression Eq.: <math>R_t = \alpha_2 + \beta_2 R_{t-1} + b_2 \Delta V_t + \epsilon_{t2}</math></b>				
Convergence achieved after 51 iterations				
GARCH = C(4) + C(5)*RESID(-1)^2 + C(6)*GARCH(-1)				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	0.002893	0.001008	2.868817	0.0041
$R_{t-1}$	0.362400	0.038023	9.530986	0.0000
$\Delta V_t$	0.017965	0.001745	10.29600	0.0000
Variance Equation				
C	0.000146	2.08E-05	7.028906	0.0000
ARCH(1)	0.445774	0.043973	10.13738	0.0000
GARCH(1)	0.459343	0.040981	11.20867	0.0000

In Figure 5 and Figure 6, the coefficients of both the squared of residual (ARCH (1)) and of the conditional variance (GARCH (1)) are highly statistically significant at 1%, level. In the variance equation, the intercept coefficient is very small (but significant) and similarly the coefficient of the ARCH (1) is equal to 0.2 and 0.4 respectively. It has been expected, that in a typical GARCH model for financial data the coefficient of GARCH is statistically significant, as shown in Figure 5 and Figure 6, which depicts that the shocks to the conditional variance are consistent and that major changes in the conditional variance are followed by other great changes and small changes are followed by other minor changes. The coefficient of GARCH in the conditional variance equation of volume is greater than the change volume. This indicates that a minor market shock leads to relatively large changes in

future volatility. More over the coefficients of volume and changes in volume are positive and statistically significant by using GARH (1, 1) model.

Economically speaking, long run equilibrium relationship exists among the variables, because they are integrated at same order. The cointegration relationship between variables is shown in Table 7:

Table 7  
Cointegration Test Statistic

Regression Eq.: $R_t = \alpha_1 + \beta_1 R_{t-1} + b_1 V_t + \epsilon_{t1}$				
Hypothesized no. of CE	Eigen Value	Trace statistics	Critical Value	Prob**
None* $r=0$	0.169559	142.4487	15.49471	0.0001
At Most* 1 $r \leq 1$	0.041244	26.32438	3.841466	0.0000
Regression Eq.: $R_t = \alpha_2 + \beta_2 R_{t-1} + b_2 \Delta V_t + \epsilon_{t2}$				
Hypothesized no. of CE	Eigen Value	Trace statistics	Critical Value	Prob**
None* $r=0$	0.185365	232.0921	15.49471	0.0001
At Most* 1 $r \leq 1$	0.153235	103.9579	3.841466	0.0000

\* denotes rejection of hypothesis at the 5% significance level.

\*\* MacKinnon-Haug-Michelis (1999) p-values.

Table 7 reported that long run equilibrium exists among the variables. The trace statistics indicates that there are two cointegrating vectors at the 1% significance level. The Granger Causality test has been used to verify the direction of causality among the variables of Pakistan. It measures the two ways causality means the cause and effect relationship between two or more variables.

The test results show that there is bidirectional causality between volume and return, i.e. the volume had two way effects on the return of Pakistan. But there is no causal relationship between change in volume and return. The results are shown in Table 8:

Table 8  
Granger Causality Results

Regression Eq.: $R_t = \alpha_1 + \beta_1 R_{t-1} + b_1 V_t + \epsilon_{t1}$			
Null Hypothesis	Obs.	F-Stat	Prob**
V does not Granger cause R	628	4.48848	0.01160
R does not Granger cause V	628	7.13636	0.00086
Regression Eq.: $R_t = \alpha_2 + \beta_2 R_{t-1} + b_2 \Delta V_t + \epsilon_{t2}$			
Null Hypothesis	Obs.	F-Stat	Prob**
$\Delta V$ does not Granger cause R	628	1.54314	0.21453
R does not Granger cause $\Delta V$	628	0.18118	0.83433

### Conclusion

This paper empirically examines the dynamic relationship between stock returns and volume in the context of Pakistan's market. A sample of listed companies on Karachi Stock Exchange (KSE) was taken for the period from January 2000 to March 2012. It has found a significant positive relationship between returns and volume, depicting that rising market goes with rising volume and vice versa.

It has also been the existence of bi-directional granger causality between volume and return, i.e. the volume had two way effects on the return of Pakistan. But there is no causal relationship between change in volume and return. The explanation of this finding with regard to literature is that volume which is affected by market information, leads to price changes. And higher capital gains that depict positive price changes, lead to increase in volume.

The results are similar to the previous studies conducted to assess the risk return volume relationship. Future research might be conducted by including KSE 30 index and all-share index as additional variables.

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#### **A Strategic Approach for Control of Product Quality in Pakistan**

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## **Abstract**

### **Purpose**

This paper takes an in-depth view of the present scenario of product quality in Pakistan. This study leads to answer the question that what strategic approach is feasible through which the issue of diminishing quality of products in Pakistan can be resolved.

### **Design / Methodology / Approach**

Analysis of the characteristics of quality from the West and Japan provides a direction to further analyze the present scenario of product quality in Pakistan, thus revealing the inherent issues. Disclosure of issues of product quality in Pakistan leads to development of a model which provides strategic direction to overcome these issues. A strategic model presenting an approach to resolve this problem of product quality in Pakistan is recommended.

### **Findings**

In Pakistan a seller's market exists. In meeting the enormous demand by a large population with low income, producers sell their goods regardless of quality. Pakistan lags far behind in establishing quality standards when compared with the West and Japan. Strong establishment of standardization is the most feasible solution to this issue. It will provide foundation for subsequent activities such as promotion of quality at national level, regulations, and institutional development. For establishing standardization at the national level major responsibilities lie with the government planners and policy makers in the country.

### **Practical Implications**

The major implication of this work is that government planners and policy makers need to recognize the importance of standardization in development of quality infrastructure. Furthermore, the findings provide a guidance to the management of industry in achieving the level of product quality based on defined standards.

### **Originality / value**

Analysis of characteristics of product quality in developing countries in contrast to the West and Japan. Presentation of a model expressing establishment of standardization as strategic approach for development of quality in developing countries. Comments emphasizing on responsibility of national standard bodies.

**Key Words:** Quality, Buyer's Market, Seller's Market, Quality Leadership, Standardization.

## **Introduction**

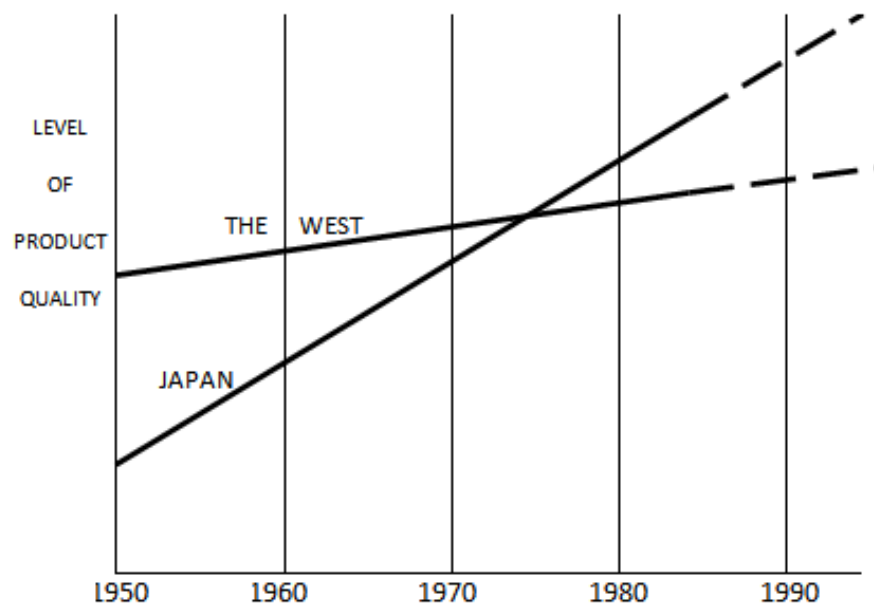
Quality has always been a problem for Pakistani products, both in domestic and international markets. Due to production of poor quality products the market shares are on decline. There are several factors which are contributing to this problem. The most important and critical factor relates to absence of following any kind of quality standards by manufacturers. In Pakistan 70% of businesses sectors are composed of SME's which are highly fragmented and un-organized. Most of the businesses are owned and managed by people who are not very well informed about the latest trends in quality management. They run their businesses in a highly informal way, just to produce and sell. Since Pakistan has a very large segment of population with low income but their demand for everything is enormous therefore this situation has provided a vast opportunity for sellers

to sell whatever they produce regardless of quality and at lowest possible cost. Presently there is an increased influx of imported good in local market and gradual phasing out of Pakistani products from international markets. The major loss is in terms of unit closures, un-employment, and decrease in foreign exchange earnings. Awan and Riaz (2010) analyzed how factors essentially contributing in product quality are effected and then translated into economic loss to country. The issue of product quality in Pakistan necessitates to be addressed seriously and some viable solutions to be found. In this regard there is great need of private and public collaboration in which Government plays the leading role.

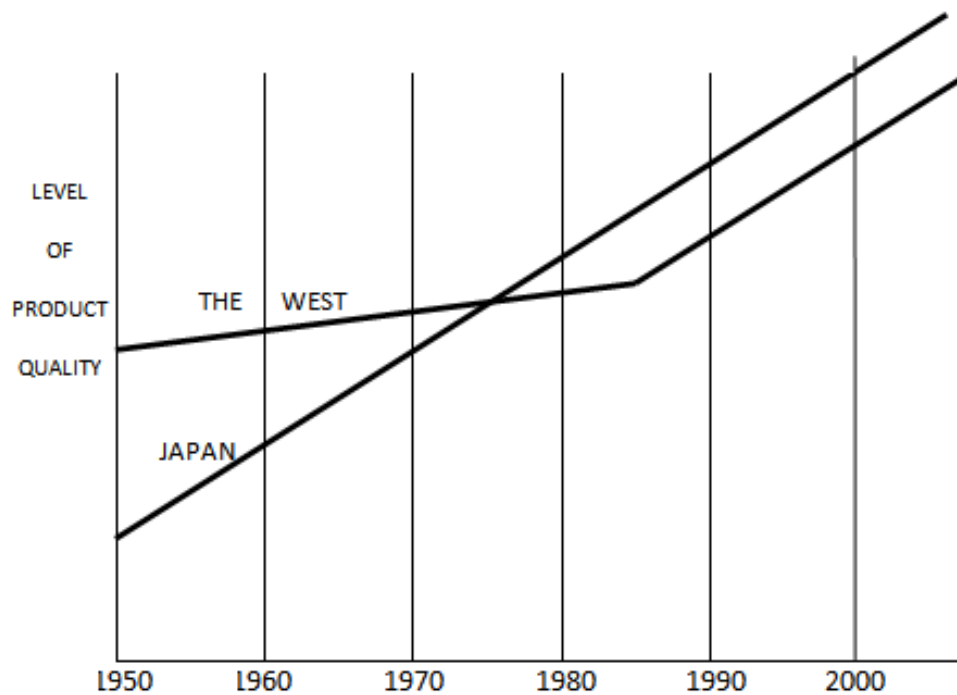
### **Literature Review**

The history of product quality in the West and Japan is well documented. After World War II, Japan had no market for her poor quality products. At that time quality improvement became mandatory for the survival of Japanese industry. During the 1960s and 1970s, the world saw a dramatic improvement in the quality of products from Japan accompanied by an equal important increase in productivity. The quality of Western products did not decline, but remained almost the same, and the rate of increase in productivity was significantly less that of Japan.

Juran (1981) presented this situation as in Figure – 1. Since 1950s Japanese have undertaken to improve quality at a pace far greater than that of the West. The slopes of two lines are an index of the rate of improvement. Later in his paper, Juran (1986) presented an improvement after 1980 in the product quality in the West, but the rate of improvement is still very low compared to Japan, Figure – 2. Ishikawa (1985) determined a number of specific characteristics which distinguished Japanese quality control from the West.



**Figure-1 Growth of product quality in the West and Japan. (Juran 1981).**



**Figure-2 Growth of product quality in the West and Japan. (Juran 1986).**

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In this background, we have two scenarios about product quality:

- The product quality from the West.
- The product quality from Japan.

Analysis of these two scenarios provides direction to analyze the present status of quality in Pakistan, thus revealing the inherent issues. Disclosure of issues leads to devising a suitable approach to overcome these issues.

### **Scenario of Product Quality From the West**

Feigenbaum (1984) discussed three principal characteristics of product quality present in European and U.S. marketplace. These are:

- i- A buyer's market exists to a degree that has not been seen for many years for products ranging from automobiles, machine tools, and computers and for major services such as banking, hotels and airline transportation.
- ii - Quality leadership is rapidly becoming widely distributed internationally.
- iii - Buyers perceive that the products of certain major companies are significantly higher in quality than those of other companies - - and they buy accordingly.

### **Scenario of Product Quality From Japan**

During 1970s and 1980s, Japanese business succeeded in invading international markets mainly due to Japanese management strategies which focused on quality as central to success in business. Kume (1992) elaborated the addressing principles of Japanese quality prevailing in the international marketplace as:

- i- A seller's market exists. Japanese quality management seeks to do more than merely passing purchaser's inspections and audits. The Japanese producers consider it more important to create and secure customers who will support the business for a longer timespan, rather than acquiring short-term profit.
- ii- Sole leadership in quality. Japanese 'quality control' might better be considered as 'quality improvement'. It is distinctive, supplier-led form of quality management that has helped Japanese firms to produce world-beating quality.
- iii- Buyers are sure that the products produced by all the Japanese producers are of higher quality—so they buy.

In addressing principles of today's international markets, Dr. Feigenbaum and Dr. Hitoshi Kume, both have exhibited absolutely correct pictures. But, there is another world in which we live. That is Pakistan (and many other similar developing countries). This world is quite different to that which is discussed in international conferences and meetings on quality and quality management.

### **Scenario of Product Quality From Pakistan**

The quality related characteristics in marketplace in Pakistan have been found with dramatically opposed nature to the West and Japan. These are:

- i- A seller's market continues to exist. Manufacturers of cheap and shoddy goods sell their wares regardless of quality. These goods are

- often in high demand due to large population with extremely low incomes.
- ii- Quality leadership is non-existent. Any sector has not got acceptance as quality leader internationally or within the country. It is very common that if first batches reached any outside market (often on individual or national desire), and accepted on the bases of quality and price competitive scale, the subsequent shipments fail due to poor quality.
  - iii- About 80 % buyers are price conscious. They buy the required goods from any manufacturer or shop regardless of quality and brand. Buying decisions are not too often based on reputation for better quality, even when the choices are available. Consequences of poor quality are not the matter of importance or anything added to knowledge.

The three scenarios discussed above lead us to view the contrasts of quality in the West, Japan and Pakistan in a comparison. This is shown in Table – 1.

**Table – 1: Contrasts of Quality**

THE WEST	JAPAN	PAKISTAN
:		
1- Buyer's market exists regardless of	Seller's market exists. (Sell quality better than Expectations)	Seller's market exists. (Sell product quality)
2- Quality leadership is in becoming widely distributed internationally.	Sole leadership in quality	No quality leadership in any sector
3- Buyers perceive that products of certain major companies are conscious. of higher quality.	Buyers are sure that products of all Japanese companies are of higher quality.	Buyer knowledge of quality is negligible. Buyer is price
:		

### **Solution of Problem of Product Quality in Pakistan**

Problem of product quality in Pakistan is not so simple in nature. It cannot be resolved at company or industry level. The problem must be seen in a broader scenario. Much can be learned and adopted from the experience of other countries who have advanced through the phases of development during last few years. Sierra (1983) is of opinion that problems related to product quality in developing countries necessitate to be handled through efforts at national level. He prepared a broad list of efforts required to be undertaken at national level. This list includes:

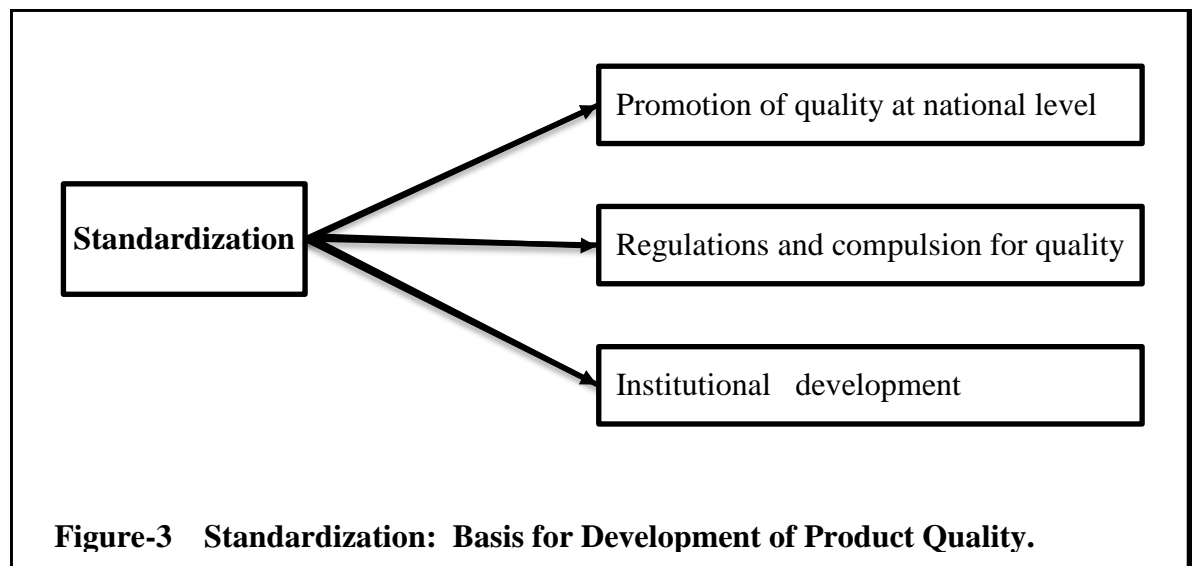
- Standardization.

- Certification.
- Legislation.
- National promotion.
- Education and training.
- External assistance.
- Institutional interface.
- National quality control society.

Regarding quality management and methodology, the experience of China is worthy of consideration. China started her journey to growth at national level. In Pakistan too, the solution to problem of product quality needs the efforts strategic in nature and at national level. These efforts requires the involvement of government planners and policy makers. The question that which effort can have a significant impact on product quality in the present scenario needs an answer.

### **Proposed Model**

Keeping in view the present scenario of product quality in Pakistan, author has developed a model which provides strategic direction to resolve the problem. The model is presented in Figure – 3.



Standardization has been taken as the foundation for developing the whole strategy. Further three factors which are dependent upon standardization, are:

- Promotion of quality at national level.
- Regulations and compulsion for quality.
- Institutional development.

Standardization plays an important role in the industrial development of a country. In 1956 China started her journey to growth with the development of national standards. Hand-written standards were spread throughout the country for implementation. Kindlarski ( 1992) analyzed that adaptation of standards is a way to improve quality in all kind of large or small organizations, especially when the standards are compatible at

international level. Nawrocki (2004) summarized the impact of standardization as follows:

- Standardization is an important instrument achieve technical and managerial objectives.
- Standardization serves as proof of quality and support the flow of information and management along the value chain.
- Standardization describes consensus on technical and organizational solutions for products and services.
- Standardization determines the competitive advantage.
- Standards provides the general public with information on important technical and organizational features.
- Standardization promote understanding, interoperability, compatibility and a high level of quality for product and services.
- Standardization provides bases for legislation and administration. It also assists in technical and practical implementation of legal requirements.
- Standardization creates precondition for economic success.

A functional standardization is the core of a scientific and technical infrastructure in a country, and usually government becomes responsible for constructing this infrastructure. Standardization is dealt at country level by national standards institute. This institute under government recognition, develops and publishes national standards. In Pakistan a national body under the name of "Pakistan Standards and Quality Control Authority - - (PSQCA)" is operative. It is a self-financed organization. PSQCA holds four basic components:

- 1- Standards Development Centre.
- 2- Quality Control Centre.
- 3- Technical services Centre.
- 4- System Certification Centre.

The critical question that arises here is whether PSQCA has been effective. The answer is not so encouraging. The work is in progress, but the pace is very slow. The standards which have been developed on limited scale, have not been implemented and monitored. Research has revealed that in a larger sector of industry, i.e., engineering sector, not even a single organization is acquainted with any standard developed by PSQCA. The similar situation is prevailing in other sectors.

It is beyond the scope of this paper to discuss the reasons that why PSQCA has not gained success in development and implementation of functional standardization. The emphasis is on the strategy required and presented in this paper. Country needs PSQCA to play its role more effectively to resolve the problem of product quality.

## **Conclusion**

The problem of product quality is becoming a very serious issue for Pakistan both in local as international markets. Pakistan lags far behind in establishing quality standards when compared to the West and Japan. Comparative analysis related to contrast of quality between The West, Japan and Pakistan revealed that Pakistani markets are dominated by sellers who can easily sell their produce regardless of quality. This is quite contrary to the trends in West and Japan. Enforcing quality standards has never been the priority of any Government in Pakistan. The net result is that there is no concept of quality culture in Pakistan. In Pakistan both sellers and buyers are not aware of importance of quality standards and their long term effect on the viability of products. This impact is clearly seen in terms of increased volume of imported substitutes and ever widening trade deficit.

At present, the solution of problem of product quality in Pakistan necessitates addressing strategic approaches such as Standardization, Promotion of quality at national level, Regulations and compulsion for quality and Institutional development. Standardization is the only solution which can lead Pakistan out of quality crisis. In this regard Government has to play its important role in setting up strategic direction for developing and implementing quality standards. PSCQA which is a Government owned entity has to take a fresh look at its responsibility for promoting the concept of quality at national level.

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## **Employee Training And Development Practices In Banking Sector- Karachi, Pakistan**

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### **Abstract**

**Purpose:** Because of increasing competitiveness and rapid change in technology, banks require new training and development methodologies for their healthy survival. This research is meant to find out the most effective training and development practices in banking sector of Karachi, Pakistan.

**Methods:** The study involves six major factors of consideration in the problems, i.e. special tasks, lectures, seminars, job rotation, discussions and coaching. The methods used in the research are personal interviews and questionnaires. The sample size of the research includes 200 respondents and the data are collected from 10 banks of Karachi, Pakistan.

**Findings:** The findings reveal that banks frequently carry out training and development programs; moreover, employees are very much interested in such programs and are well known to their significance. The research shows different training methods used by banking sector. The most widely used training type by banks is on the job training, which covers coaching, discussions and the job rotation. Most of the training and development programs are held quarterly in banks of Karachi, Pakistan. In Karachi, many banks provide funds and leaves to their employees for training and development and use different training methods to increase employees' skills and knowledge. Furthermore, evaluation and selection methods for training and development are also discussed in the research.

**Research Implications:** The research will help the bankers to increase the needed skills of employees in order to get competitive advantage.

**Originality:** The study for understanding the better training and development methods in the banking sectors of Karachi, Pakistan, involving these six factors at a time: special tasks, lectures, seminars, job rotation, discussions and coaching, has been done first time in Karachi, Pakistan.

**Limitation and Future Research:** The research only focuses the banking sector of Karachi. The situation in other parts of Pakistan can be different. To better understand the practices of training and development in Pakistan, it is recommended research to be carried out at provincial or country level.

**Key Words:** Training and Development, Employee Performance, Organizational Effectiveness, Job Rotation, Competitive Advantages, Training Need Assessment

**Field of Research:** Human Resource Management, Banking Sector

### **Introduction**

Pakistan's banking sector is enough lucrative business these days, and has quite great competitive environment. The survival of banks in a competitive environment highly demands training programs for employees so that they fit well to the current and forthcoming needs of banking activities. Human resource contributes substantially well in this regard; organizations' success very much lies in the availability of skilled workforce. Thus, one of

the pivotal functions of human resource department is human resource development. The betterment and progress of an organization is possible by a better trained workforce.

It is a need of every organization that they have well trained and highly experienced employees to perform activities in efficient and effective manner. Today's business world is very dynamic and activities quite challenging; therefore, the significance of education and training has augmented unexpectedly high. Training contributes extremely well not only bring about improvement in skills and knowledge of an employee but also a great change in his or her behavior. Training is an investment that gives in return quality work, improvement in employees and customer satisfaction. In other words, it can be said that training is a learning experience that brings a permanent change in an employee by enhancing his or her abilities to perform activities better. Thus, training is nothing but a change of skills, enhancement of knowledge, improvement of attitudes or behavior.

Moreover, employee development generally focuses on future jobs in the organization. with the progress of your job and career, you require new skills and abilities to find the survival in competitive age. Thus, development adds well to the enhancement of an individual's capabilities by meeting the current job needs and preparing him or her for future needs.

Growing competition in banking sector has given a variety of choices to customers to select the banks where they have better quality of goods or services offered. Consequently, banks tend more to training and development of employees so that the employees are well equipped and trained to meet customers' needs and serve them better than competitors.

### **Purpose of the Research**

Human Resource Practices are the emerging practices in Pakistani scenario. This research is aimed to find out the employee Training and Development practices in banking sector of Karachi, Pakistan. The research is an attempt to provide guidance for bankers, so that they can better develop their employees in accordance with demands of banks, and succeed in getting competitive advantages. This study will contribute well for organizations to bring efficiency and effectiveness in work environment and enable employees in being more participative, motivated and committed with their tasks and organization.

### **Literature Review**

Recruitment and selection of high potential employees doesn't guarantee that they will perform effectively. For one thing, people who don't know what to do or how to do it can't perform effectively even if they want to. Therefore, your next step is to ensure that your employees know what to do and how to do it, you have to orient and train them (Dessler, 2005). Training is very important for every organization. With the changes in socio-economic and technological relevance of training, the definitions, scope, and evaluation of training program have also changed. One of the earlier classic definitions of training is 'bringing lasting improvement in skills in jobs'. The present day definitions take a multi-dimensional outlook enveloping the needs of individuals, teams, organizations and the society (Dahiya and Jha, 2011). In Human Resource Management, training and development is necessary to improve employee performance through learning process that involves enhancing skills, knowledge, concepts and altering behavior in organizational setting (Iftikhar, 2009). Coaching in organization is limited to high potential employee and restricted to very short period of time. The Strategies for enhancing performance initiative was held in 2003. A sample of 115 workers was taken to know the effectiveness of training. A classroom session was held which lasted for 4 hours and after that 30 minute telephonic training was held for 3 - 4 weeks. The result revealed that there was a positive impact on employee's job (Bright and Crockett, 2011). There is a famous Chinese proverb "Give a human being a fish, and you feed him a

day. Teach a human being to fish, and you feed him for a lifetime.” This proverb emphasizes the importance of training and development that once you trained a person that we be beneficial for the individual and also for the organization. In the study “Training and development Paradigm, And its Contribution In Economic Uplift Of The Country” the researchers suggest that training and development is very essential for the country and organization, by investing in human capital and training the human resources will bring positive impact for the country. He suggests that training and development has a direct link toward growth in organization and country (Khattak et al, 2010). The study “Extent of training in banks and its impact on employee’s motivation and involvement in job” tells that training plays a vital role in developing skills, increase knowledge and expertise but this is not enough, training has a positive impact on employee’s job involvement and motivation (Akhtar et al, 2011). As organization compete and change, training become more important so managers need to developed their new skills and ability to compete with the changing environment, managers also should undergo training to improve their leadership skills and capabilities, some managers has also accepted that proper training has lead to productivity gains which has cover the cost of training .Every manufacturing organization should undertake training session for managers as trained employee are like fruits of all season and they will pull the organizations towards betterment (Siva Kumar and Navaneetha Kumar, 2012 ). Training has lead to improvement in business, an employee should be made fully aware about the training session to be held, and they need to be told beforehand about the training sessions. The employee must be oriented about the need, importance and usefulness of the training session .Training session will be more effective when new methods of training are introduce with the help of technology and practical demonstration (Mani 2010). The study analyzes the significance of hiring, team working, training, incentives etc. The study tells that human resources management practices have a positive relationship with employee performance (Ahmad and Schroeder, 2003)

### **Research Methodology**

In Pakistan, banks still seem laying more emphasis on effective training and development practices; thus, the research focuses on looking for effective training and development practices in banking sector of Karachi, Pakistan through secondary and primary sources i.e. interviews, questionnaires, books, and different articles. The research includes 200 respondents through one to one interviews and data also collected through questionnaires. The respondents are the employees of banks working in the region of Karachi, Pakistan. We have selected multinational and Pakistani private banks of Karachi and respondents are middle and top levels employees.

### **Research Limitations**

This research is carried out only in banking sector of Karachi, Pakistan, so findings cannot be generalized in all sectors and in other cities of Pakistan. Time is a big resource to conduct this study; there is a limited time period as people are not free enough to respond properly. We have considered 10 top banks of Karachi out of 35 so that we can achieve the targets and gather the required information in time.

### **Result and Discussions**

**Table 1.1 Genders**

<b>Gender</b>	<b>Respondents</b>	<b>Percent</b>
Male	155	77.5%
Female	45	22.5%
Total	200	100%

The research showed that 155 respondents were male which are 77.5% and 45 female’s respondents which are 22.5%.

**Table 1.2 Experiences**

<b>Year</b>	<b>Respondents</b>	<b>Percent</b>
0-5	150	75%
6-10	34	17%
11-15	06	3%
Above 15	10	5%
Total	200	100%

The results in table 1.2 indicate that majority of the employees have been working in banks for 0 to 5 years. This means that there are new brains in the sector that augurs beneficial for banking sector as new and fresh minds can develop new ideas and thoughts.

The age of respondents between 25 – 35 years is 82%. It shows the management's preference to induct fresh blood in banks. Thus, it can be said that banks consider training important and train the new comers for necessary jobs.

### **Awareness of training and development in employees**

Employees are well aware of importance of training and development and want to participate in training program so that they can improve their skills to cope with new technological changes. 89% employees are of the opinion that the training and development program would not only work well for improvement of employees' current job performance, but it will lead them to their career growth in future. 11% employees believed that there was not much improvement in their performance after accomplishment of training. Although the percentage is quite low, yet banks need to look into the issue, so that they may come up with some flaws if they prevail in their training and development programs.

### **Types of trainings and training frequency**

Most of the banks prefer on-the-job training that pertains to the banks attitude of not giving employees opportunities outside organization rather keeping employees at workplace. The management believes that the employees learn more from on-the-job trainings and gain more practical knowledge and experience in comparison with off-the-job training. Moreover, a few employees are selected to be sent for training and development programs outside their organization, and required to provide training to other staff once they are back from training programs.

It is observed that most of banks have established own training centers. They make the arrangements of training sessions in such centers for their employees. This proves well the intention and belief of banks in importance of training and development programs by carrying our regular sessions in this regard. The research brings out the fact that trainings are held quarterly by most of banks. This is a healthy sign that banks, being the one the most competitive sectors, are determined to keep their employees updated on regular basis. In the view of a rapid change in technology in banking sector where new concepts of mobile banking, online banking ATM and such others have been initiated, banks need to prepare their employees for this to cope with all new challenges. Regular training increases new ideas and innovations, employee performance, motivation and end result would be customer satisfaction and profitability.

### **Employee selection for training and development program**

The research shows that employees are selected on the following criteria.

- HR Department's recommendations
- Line Managers' recommendations
- Upcoming targets assigned to employees
- Performance deficiencies
- Performance improvements
- Random selection

### **Leaves and educational funds for employee's development**

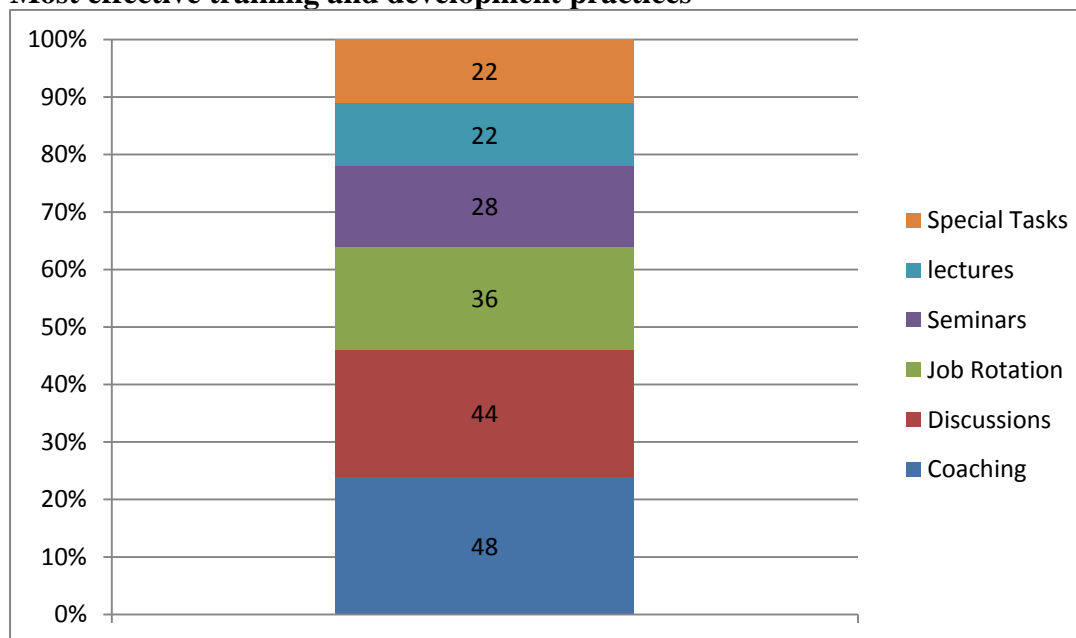
Majority of the banks do not provide funds and educational loans to its employees so that they should invest them for the future development. Only a few banks facilitate their employees with such loan facilities to the selected employees. This does not augur well and shows less care of banks about employees' future development. They just focus to train their employees for immediate needs of employees' activities that well address only banks needs but not employees' development. They prioritize short term planning for employees training.

#### **Employee evaluation methods after training**

The results of survey show that most of banks believe in the after effects of training and they do the post training evaluations, but some banks are reluctant in conducting post training evaluation. Moreover, every bank follows its own post training evaluation methods. The following are the common methods that very much in vogue in Karachi banks.

- Employees are asked to submit the report
- Quizzes, short papers and test are conducted to evaluate the training programs.
- Evaluation is done by the HR Department, Head of the Department or Trainers.

#### **Most effective training and development practices**



Majority of employees believe that the coaching, discussion and job rotations methods are more effective for employee training. Through job rotation employees get knowledge and experience of more than one job. The findings show that coaching is favorite one of majority of the employees; they want banks to coach them. Employees think they know how to perform their job but it is difficult to conduct it properly until someone else teaches them to do it. Furthermore, they shared that lectures, seminars and special tasks are not effective training methods.

#### **Organizational Effectiveness**

Employees strongly believe that training and development programs not only provide an opportunity for enhancement or improvement of their performance but also improvement of organizational effectiveness. They think when employees are trained it enriches their knowledge and learning; subsequently, the learning and knowledge are transformed by employees in their jobs. As a result, employees' better performance in their respective jobs well contributes to the overall effectiveness of organization.

#### **Conclusion**

The research concludes that banks in Karachi, Pakistan know the importance of training and all banks in this region are conducting training programs for their employees. Employees are also willing and motivated to attend training program. Research also concludes that the employers are not interested in providing educational leaves and funds for employee future career development, which shows they are interested in short term investment on employees. Most of the banks have their own in-house training centers and conduct training sessions quarterly for every employee. As all banks conduct training programs for their employees but some banks are not interested in post training evaluation to check the effectiveness of training programs. Mostly banks use on-the-job training techniques to improve the employees needed skills. Employees think that the coaching, discussions and job rotation are most effective methods to train the employees. Employees feel that lectures and seminars are boring and not very effective for training. Training and Development programs not only improve the employee job performance but it also contributes well by bringing effectiveness of organizations. Employee selection criteria for training are different in every bank, but widely used selection criteria are performance improvements, performance deficiencies, recommendations of line managers, upcoming targets, recommendations of HR departmental. Employees also selected randomly.

### **Recommendations and future research**

Banks should only use training need assessment and performance base system to select the employees for training and development. This will lead banks towards employee motivation and better results of return on investment. Banks need to focus on employee development programs rather than only on training. They also need to look after on the employee educational leave and funds for future development. This will also help in the succession planning for banks. There are some employees whose believe that their job performance has not been improved after training. Banks are required to check whether there are some flaws in their training methods. Proper post training evaluation is a better way to find out the training flaws. For further research, it would be recommended that number of banks survey can be increases by expanding its sample size .Moreover survey can be more effective if the scope of survey is increased by covering either the whole province or country.

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## **Effect of RFID on Organizational Performance: The Mediating Role of Supply Chain Performance**

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**Fawad Ur Rehman**

### **Abstract**

**Purpose:** The aim of this paper is to examine the influence of radio frequency identification (RFID) deployment on firms manufacturing effectiveness and efficiency, and ultimately its impact on organizational performance via supply chain performance.

**Methodology:** To test RFID deployment and supply chain and organizational performance model the questionnaire was developed. The data was collected from 104 middle level and front-line managerial employees of three (3) organizations. Structural Equation Modelling (SEM) technique was used to analyze the data in order to test the hypotheses.

**Findings:** Findings point out that deployment of RFID leads toward enhanced manufacturing effectiveness and efficiency, enhancement in effectiveness lead the organization toward better supply chain. Findings suggest that firms can adopt RFID technology to boost up their performance in terms of manufacturing effectiveness and efficiency and supply chain performance. According to the data provided by the respondents, the efficiency outcomes has not influence the organizational performance.

**Research implication:** Being the first research about RFID in Pakistan, and also this paper is dealing with so many variables that were not deal at the same ever in Pakistan. This research is also providing the guidelines to managers that how they can improve their efficiency.

**Research contribution:** This study initially focusing on RFID deployment in manufacturing organizations, and providing the directions to managers, that it should be use in all activities so that they can create better link with buyer and suppliers. This paper will provides evidence that RFID deployment is leading the organization toward improved organizational performance and supply chain performance.

**Limitation and Future research:** This paper is focusing only on manufacturing organization, but RFID technology can also be equally fruitful in service providing organizations. Secondly this data is collected on initial stage of this technology deployment, as it will be widely acceptable it will provide much better results.

**Keywords:** Organizational performance, Supply chain performance, Manufacturing effectiveness, Radio frequency identification (RFID) technology.

**Article classification:** Supply Chain Management

### **Introduction**

Radio Frequency Identification (RFID) radio frequency transmission is describing a system that transforms the identity (in a serial number that is unique) of the object or a human being using a wireless media i.e. radio frequency. It comes under the broader category of the automatic system that consists of identification technology. It is used around all over the world now a day for the security purpose. Not like Universal Product Code (UPC) technology it does not need contact for communication. This data can easily be read by humans and by non metallic materials.

This system containing these three components:

1. A coil or antenna: That releases the signals to activate the tag.
2. A decoder: Reader catches the waves in a particular range regarding with its power.



3. An electrical program with information those are unique.

Purpose of this system is to transmit the data by a device that is portable and known as 'tag' which is read by the reader and it processed by the different applications according to their needs. It provides information about location or identification and about specifications such as colour, price, product tag and purchasing date. This technology is used for decades by many companies and it gained very quick attention due to its abilities of moving object, as this technology has been refined and invasive uses of RFID increases.

This technology can be used in different ways and for different purposes.

**1. Tracking the assets**

RFID technology is mostly being used by the companies for tracking their assets, due to the fear of stolen and theft. Also be used for the incoming and outgoing assets so that they can keep the record.

**2. In manufacturing**

It can use in the manufacturing process so that product can be safely moved from one department to another.

**3. Managing the supply chain**

This technology is being used in supply chain that is close-loops, either in departments of the single organization or in total supply chain (from one end to another end).

**4. In retailing**

RFID is now being used by Metro, Wall-Mart and best buy. It helps the retailers to manage the supply on the time when it needed.

**5. In payment systems**

This technology is being used in payment systems for the safe transactions and convenient mechanism for payment. Tag system helps the organization to make a transaction more safe and convenient.

By adopting the RFID will lead the organization toward the improvement of the organizational performance and the performance of the supply chain as well, as it provides benefit to internal customer and being efficient and effective with the supplier and helps to reduce the production cost that will lead toward the low prices (**Green et al 2009**). If we see it from the supply chain ends, the utilization of this technology results to improve the partner satisfaction, accurating the logistics and by reducing the physical requirements and providing the facility of just in time order system and by reducing the uncertainty of flow of material (**Cannonetal.2008**).

RFID has ability that it can influence the efficiency as well as the effectiveness of supply chain, production and manufacturing operations. Also defining and describing the outcomes of efficiency and effectiveness and the role they have play in utilization of this technology. The mode is antecedent to the efficiency of the outcomes and the supply chain as well. Simply supply chain is involving end consumer purchasing the things (like goods and services) from the store of a retailer or from the website. Retailers buy the goods normally from distributors of the particular company. And distributor purchases goods in bulk quantities from the producer or from manufacturer and he purchase the material from supplier. Organizations and the businesses always strive to make the supply chains more effective by improving the system of information, all parties has share their forecasting on constant basis. To improve the information system all parties are trying to apply the technologies that are new coming, one of the technology is RFID. This technology impact on the different nodes of the supply chain and it can be benefited for all the nodes.

In this modern era RFID technology is capturing the attention of many companies that are leading and spending a significant amount of time and money so that this technology is

feasible with their operations. The main goal is the leverage their internal structure of this technology so that they can capture real time information of their entire business and with their trading partners. RFID is deploying on the basis of open and standardized engineering, procurement and construction interfaces that are enabling implementation in multivendor in data sharing globally. Electronic product code (EPC) and RFID are being used by department of defence US government, and Wall Mart to gain the improvements in operations visibility of inventory, to reduce the lose and depreciation, tracking the lots and expiry dates of that lots, managing the data relating to work in process, giving the serial numbers that are unique to all the items and sharing the data about EPC with partners of supply chain. This system was design to tag and manage the assets effectively. EPC is structure of data developed an ID which is auto, and it is capable to adopt other standards or coding scheme in it. RFID and EPC are only applicable and beneficial for those whose whole supply chain has adopt this system if the nodes of the supply chains are not collaborated with each other, then it this technology can not provide any benefit. Due to its cost efficiency most of the market has been attracted by this system and they are going to adopt this. RFID is promising greater efficiency in supply chain. New advancements in this technology gave it a great prominence and the adaptation at high level, tags not required anything like bar code and this help to eliminate the additional cost of scanners. Broad range of tags makes the communication easier and it helps to good decision making, it can also be attached with the sensor so that the temperature and movement in other conditions of movement can be recorded tags are more durable and can be use in any kind of environment, it also helps the organization that where the assets are and in how much quantity is available. Because the superior quality and great features most of the companies are adopting this system, the results benefited are as follows, automation of process, security of assets, monitoring of the environment, reduction in labour cost, managing the inventory smartly, automatic arrangements of docks, automatically replenish the inventory, automatic payment authorization and automatic control of goods returned from the customers.

## **LITERATURE REVIEW**

A system consists of subsystems that interact with each others to achieve the common goals, and research tells us any action takes place in one part of a system affects other subsystems and the whole system as well. In this way, the supply chain is also influenced by the actions of the members of the supply chain that are sharing the resources and information so that they can achieve their common goals (**Green et al. 2009**).

In this study, we will discuss the efficiency of manufacturing and effectiveness outcomes, and in addition we will discuss the performance of supply chain and performance of the organization also.

### **RFID utilization:**

Study conducted by (**Vijay araman and Osyka 2006**) and (**Reyes et al. 2007**) it enables us to understand in better way that why this technology has to be used along the challenges that an organisation will face.

In studies that are prior mentioned, most of the respondent are not considering the implementation of this technology with the reason that it is not applicable to our business, because there are the benefits of this technology that are not much unforeseeable and the cost as well.

This also takes into consideration that all the programmes that are previously designed to enhance the effectiveness and efficiency of the organization, just like total quality management, has some short falls might be due to not taking interest or lacking behind from

the side of higher management in the sense of commitment or might be due to limitation of applied resources and might be due to work overload (**Soltani et al. 2005**).

These previously described reasons might also affect the decision of the organization that whether they have to implement this technology or not and the degree to which this technology implementation is being successful or not. Studies that are above mention are discussing the reasons that why this technology has to be deployed, (**Vijay araman and Osyk, 2006**) and how fastly organization are planning to implement this technology (**Reyes et al., 2007**) so that products and inventory becomes more visible and it will help to automatically replenishment of the inventory.

These studies founded the top reasons of the cost saving, one of them is to reduce the situation of being out of stock, secondly by minimizing losses in case of inventory handling and also help to reduce the labour cost because they have to handle less material. In another study (**Reyes et al. 2007**) improvements were realized just like availability and most important the accuracy of information, level that how much the process is atomized and customer services level and cost of labour.

Now a day's firms are going to adopt this technology and having expectations that this technology will help them to improve the productivity of supply chain and the financial performance of an organization (**Green et al. 2009**). Organization, i.e., airbus and Boeing are considering this technology as a value addition because it has a potential in their supply chain (**Ryes and Frazier, 2007**) It is founded by (**Co and Barro 2009**) if this technology is forcedly implemented so that the organization can improve their performance, but the supply chain partners compelling to go will traditional method and not showing the urgency it would leads to effectiveness. Another model that is analytically assessing the benefits and the cost of application of this technology in a particular segment of fast moving consuming goods (**Miragliotta et al. 2009**). **Visich et al. 2009**) investigates impact or this technology on performance of supply chain. The benefits investigated are divided into three parts: informational, transformational and automation.

Automation relating to value driven by most efficient processes as reduction in labour cost improving the replenishment of inventory, time reduction in processes of shipping and receiving.

Informational is relevant to ability that technology must have to gather, process, store and to distribution of information which leads to high responsiveness, reduction in wastage and defiantly improved assets utilization.

Transformational effect leads towards totally new direction or process innovation or redesigning of process.

#### **Effectiveness and efficiency out comes:**

Primary purpose of supply chain is to generate worth and to construct a competitive infrastructure providing the leverage to worldwide system of logistic, synchronizing the supply and demand and measure the performance at worldwide level. (**Blackstone, 2008**.)

Company's competitive edge is always influenced by the effectiveness and efficiency (**Hunt and Duhan 2002**).

Supply chain can never be effective and efficient and the same time, firstly it will go for effectiveness (customer satisfaction) and then it will move toward efficiency in performance (**Vokurka and Lummus, 2000 ;**)

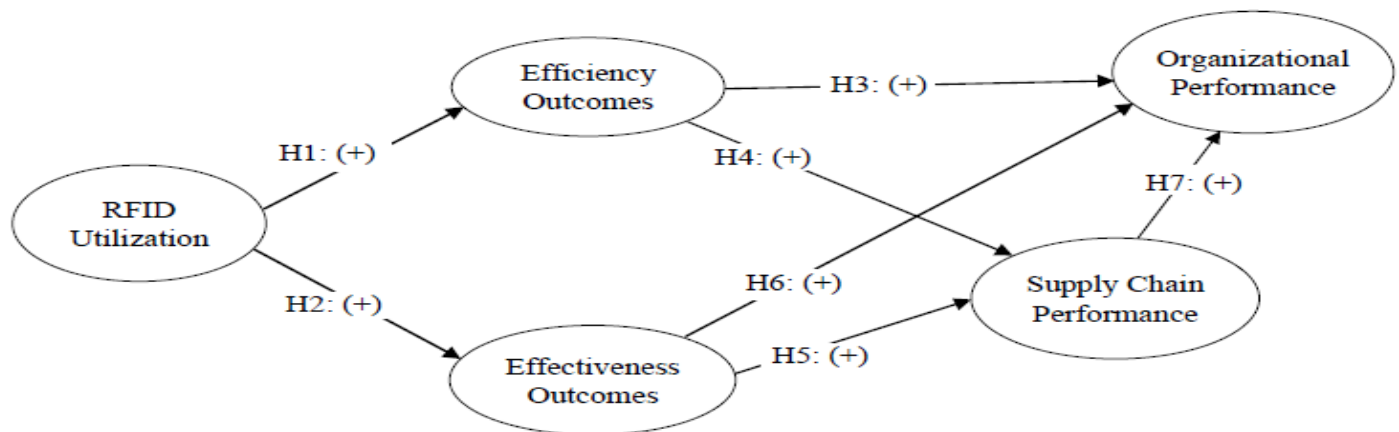
#### **Theoretical frame work:**

We have proposed RFID deployment and outcomes of performance model focusing on efficiency and effectiveness, this model has been design by taking a manufacturing firm under consideration, that RFID utilization within the manufacturing organization precursor to

efficiency and effectiveness and that both will precursor to the performance of supply chain and performance of the organization.

The figure 1 will more clarify you about this statement

**Figure 1:**



This model having seven independent hypotheses and several individual relationships has been investigated, previously no comprehensive study is being investigated and we are sure that this investigation will contribute significantly in the literature.

This model is supporting the integrated investigation of RFID technology's capability that either it is enhancing the effectiveness and efficiency or not, and resulting this improvements in performance of supply chain and organizational performance will be there, this also clarifies that the RFID has an impact on both supply chain and organizational performance.

Theory also suggests us that if there will be any change in one part of the system it will bring the change in other parts of the system. It also tells that RFID is being adopted for control of inventory at organizational level will improve the efficiency of operations and also helpful in reducing cost. Efficiency increases in sense of better customer satisfaction as the quality, quantity and provide good according to fashion timely, it also help an organization to provide the products at cheaper price that will also lead toward customer gaining and satisfaction.

The decision to adopt RFID is not only impact on manufacturing but organizations marketing and supply chain functions as well, also help to satisfy the downstream of the supply chain and final to end consumer.

### **Hypothesis:**

**H1:** efficiency outcomes are positively influenced by the deployment of RFID technology.

it proposes that utility theory is the explanation of increase efficiency associating RFID, (Angeles' (2007), theory suggested that organization has to use these type of tools so that their efficiency can be increase, use of RFID is going to lead decrease in stock level because the capabilities of tracking and automatic identification system of RFID reduce the number of misplacements of items, also increase efficiency in process of shipping (Stambaugh and Carpenter, 2009).

**H 2:** effectiveness outcomes are positively influenced by the deployment of RFID technology.

(**Vijay araman and Osyka's 2006**) provides that firms are expecting that RFID will improve the efficiency, their expectations are being supported by the visibility and availability of product and information allows quick response to change.

By investing in deployment of this technology in the processes of organization it will enhance the availability and reliability of information so that organization can respond more quickly and in effective manners to the upcoming changes (**Vijay araman 2008**).

**H 3:** performance of the organizations positively influenced by efficiency outcomes.

Performance of organization is always calculated in the form of sales, net profit and ROI (return on investment). Efficiency enhancement always help to produce goods at cheaper cost, and as the goods produce at low cost it will provides to customers at cheaper prices and this will leads an organization towards greater profit making organization (**Hunt and Duhan 2002**). It has been founded by (**green 2009**) there is a positive relation exists between utilization of RFID and performance of the organizations.

**H 4:** performance of supply chain is positively influence by the efficiency outcomes.

Performance of supply chain is always calculated on the basis of abilities of the partners of supply chain that how they can satisfy the end consumer and final consumer can only be satisfied if he is provided with low price than our competitor is offering (**Hardgrave 2006**).

Organization has need to invest in infrastructure of RFID, so that partners of supply chain can easily access the accurate information and when they have proper access to information they can easily solve any kind of problem (**Herrera and Lora2005**).

**H 5:** Performance of the supply chain is positively influence by effectiveness outcomes.

Organizations have to be more effective to satisfy the immediate customer. This emphasis on immediate consumer with believes that if immediate consumer is satisfied then the final customer will also be satisfied. RFID technology can also be helpful in forecasting, effectiveness outcomes can be derived by seeking the market access and strategic assets (**Bernard 1968**), (**hooper and schendel 1978**). By forecasting and information system, organizations ability can be increase to deliver the products on right time and logistics cost can also be saved by delivering the supplies of precise quantities and it will leads an organization toward more effectiveness via eliminating the late, incomplete orders (**McFarlane and sheffi 2003**).

**H 6:** performance of the organizations is positively influenced by effectiveness outcomes.

Ability of the organizations to respond quickly to the changes in consumers demand can be calculated by outcomes of effectiveness. Performance of the organization can also be judge through its capabilities and values that it is providing to the consumers (**Eden 2002**).

Consumers that are highly satisfied will become loyal and suggest to others as well, this will lead an organization toward more profit making that results better financial performance of an organization (**Lim and koh, 2009**).

**H 7:** Performance of the organizations is positively influenced by performance of supply chain.

Managers are directly responsible for improving the organizational performance and they are supposed to be accountable for that. Manager has to consider the influence of strategies on partner of the supply chain, that his organization has build. Performance of the organization can never be directly improve or enhance until its supply chain is not fully supporting, any problem in supply chain can also influence the competitive advantage and performance of the whole organization as well (**Meredith and Shafer 2002**). Performance of the organization can only be optimized when all the partner of supply chain are adopting the strategic approach (**chopra and meindle 2004**).

Capabilities of the organization to fulfilled the requirement of the final consumer and to remove all the problems like delay, unfilled order or any other, will lead the organization toward better performance of the organization, and it will not possible without the capabilities of the supply chain (**Green et al 2009**).

## **METHODOLOGY**

### **Process of data collection:**

The data was collected through questionnaires during the month of May 2012. Approximately 150 questionnaires were distributed to the front line managers (operations, engineering, purchase and plant manager) and supervisors (operational and production) in 3 organization of Faisalabad using RFID technology, out of which 104 respondents participated actively in the survey. Intention of this survey was to study that how the RFID works in manufacturing process of the organization with a believe that the persons that are working on the plants have a great knowledge about their jobs and about the manufacturing plant and its process, so that they can provide us a detail about how deployment of RFID enhancing the effectiveness and efficiency, and how do these both lead the performance of supply chain and performance of the organization. Management of corporate levels is only making the policies and strategies, but the individuals who are working on that can provide a better 'know how' about that technology, so that's why we chose this method of conducting a survey.

### **Scales of measurement:**

Outcomes of efficiency are Operationalized on the basis of stock level, total cost of supply chain and cost of claiming the warranties, times taken by the completion of cycle of cash and how much time it will take to refill the inventory (**Cohen and roussel 2005**).

Outcomes of the Effectiveness are Operationalized on the basis of delivery speed, accessibility and correctness of information, client's facilitation level and how urgently organization is fulfilling the customer's order (**Fynes 2005**).

Performance of the organization is operationalized on the basis of net profit, returns from investment, growth in profit and returns on sales, Efficiency is always linked with activities that are costing low in input process (**Hanvey 2003**).

Performance of the supply chain are Operationalized on the basis that how much an organization is able to resolve the problem of late delivery, unfulfilled orders and how quick an organization is capable to resolve the problems (**Green 2007**).

## **RESULTS**

### **Assessment of measurement scale:**

In order to test the reliability and consistency we used exploratory factor analysis and Cronbach's Alpha test. The results indicated that the instrument is consistent and reliable.

In order to test the hypotheses, structural equation modelling technique was used. Any goodness of fit test can be apply to test these result, commonly used measures and guidelines are goodness-of-fit index (GFI) value must be larger than 0.90 (**Ahire 1996**), non-norm-fit

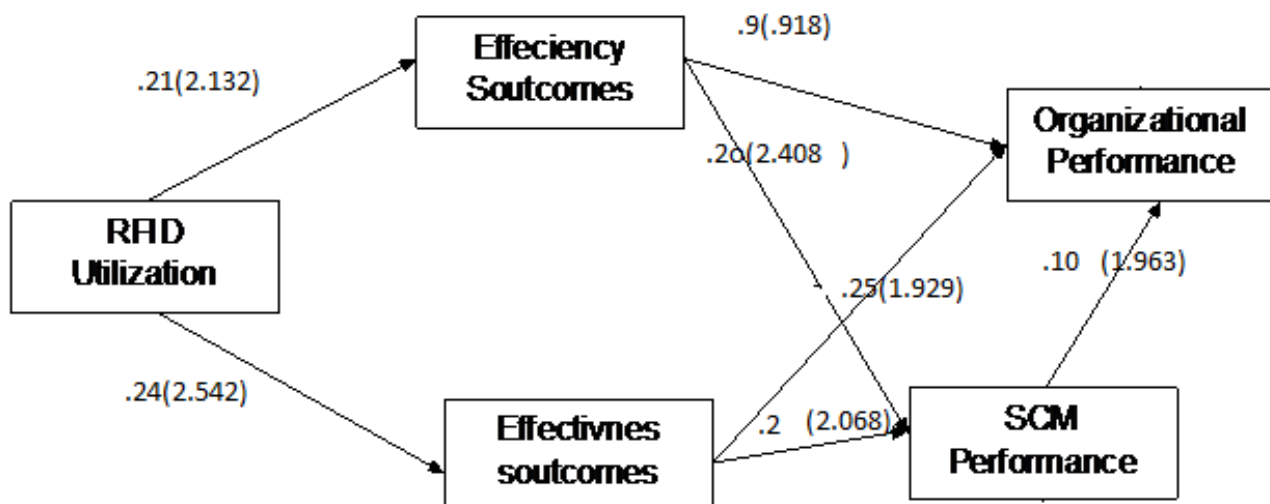
index (NNFI) and comparative-fit index (CFI) values must be larger than 0.90 (Graver and Mentzer 1999) and Cronbach's coefficient alpha must be greater than .70.

### Correlation matrix

	Mean	SD	RFID utilization	Efficiency outcomes	Effectiveness outcomes	SCM performance
RFID utilization	4.1207	.22602				
Efficiency outcomes	4.0827	.31235	.206(*)			
Effectiveness outcomes	4.1651	.27528	.243(*)	.167		
SCM performance	4.1135	.28796	.248(*)	.257(**)	.231(*)	
ORG performance	4.1106	.33017	.206(*)	.146	.225(*)	.163*

Notes: \*p<0.05, \*\*p<0.01, N=104

Figure 2:



**Note:** Chi-square =6.14, DF=3, CMIN/DF=2.137, P<0.05, GFI=.976, NFI=.821, CFI=.967

Six out of seven hypotheses are supported by the standardized estimates. The relationship between RFID utilization and efficiency outcomes (H1) is significant at level 0.05 with an estimate 0.21. The relationship between RFID utilization and effectiveness outcomes (H2) is significant at level 0.05 with an estimate of 0.24. The relationship between efficiency outcomes and organizational performance (H3) is not significant at level 0.05 with an estimate of 0.95. The relationship between efficiency outcomes and supply chain performance (H4) is significant at level 0.05 with an estimate of 0.207. The relationship between effectiveness outcome and supply chain performance (H5) is significant at level 0.05

with an estimate of 0.202. The relationship between effectiveness outcomes and organizational performance (H6) is significant at level 0.05 with an estimate of 0.225. The relationship between supply chain performance and organizational performance (H7) is significant at level 0.05 with an estimate of 0.111.

**Discussion:**

As it has been previously written that it is the prediction of theory that if we take an action in any function of the organization it will lead toward change in whole system. Main purpose of this study is to check that how much RFID deployment affecting the outcomes of efficiency and outcomes of effectiveness as well. Taking literature as base a model was constructed and hypotheses were tested. RFID deployment on the basis of flow of stock, raw substance, finished goods and stock level have significant impact on both outcomes of efficiency and outcomes of effectiveness. Performance of the organization is not been effected by efficiency outcomes (H3) but performance of supply chain is directly being influenced by outcomes of effectiveness (H5). Organizational performance is being influenced by effectiveness outcomes (H6) and performance of supply chain is being influenced by outcomes of efficiency (H4). Performance of organization is influenced by performance of supply chain (H7). Performance of organization however being influenced by the outcomes of efficiency indirectly through performance of supply chain. Outcomes of efficiency directly lead an organization toward improvement but according to our research result are unexpected. And it is important the unexpected results that performance of the organization is not directly influenced but it works indirectly through performance of supply chain. Managers are to be held responsible for this kind of problem because they are liable for the performance of organization, because theory is telling us that wherever RFID was implemented outcomes of efficiency leads the organization toward improvements.

**Conclusion:****Study contribution:**

This study initially focusing on RFID deployment in manufacturing organizations, and providing the directions to managers, that it should be use in all activities so that they can create better link with buyer and suppliers. This paper provides evidence that RFID deployment is leading the organization toward improved organizational performance through improved performance of supply chain. This paper has provides the scales that are valid and reliable and can be used in further study. Study has also provided RFID deployment model that can be used as base if anyone wants to study more about this technology.

**Limitations and future research:**

This study also has some limitations because data was collected from only three organizations as RFID deployment is at initial stage in Pakistani industry.

This paper is focusing only on manufacturing organization, but RFID technology can also be equally fruitful if used in other processes. Secondly this data is collected on initial stage of this technology deployment, as it will be widely acceptable it will provide much better results. And the data is collected from front line managers and supervisors, corporate level management might be much able to provide feedback about performance or the organization and performance or the supply chain.

In future research can be conducted in non manufacturing like supply chain partner and the international supply chain partner can also be under consideration while study.

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## **An Analysis of Management of Fiscal Deficit of Pakistan in the Light of Need for Economic Reforms**

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### **Abstract**

**Purpose** - The aim of this study is to analyze behavior of fiscal deficit of Pakistan and locate channels through which fiscal deficit of Pakistan is influenced. The study has examined the connection among federal government revenues and federal government expenditures, and also connection among fiscal deficit and its determinants in context of an economy of Pakistan.

**Methodology** - Time series econometric techniques such as Johansen Co integration, Vector Error Correction Model (VECM), and Granger Causality test have been employed.

**Findings** - The results of Johansen Co Integration test suggest the existence of long run equilibrium relationship among the variables. The results of VECM indicate that error correction terms for all the variables are statistically significant which show that budgetary variables adjust to sustain the long run equilibrium relationship. The results of Granger Causality test indicate that causality runs from transfer to provinces, federal government liabilities and debt servicing expenditures of federal government expenditures towards fiscal deficit while a bi-directional causality is found between federal government revenues and federal government expenditures.

**Research Implications** - The stability of functional relationship is tested in this study which means that model is an effective instrument for policy making. So, a rise or fall in budgetary variables will cause and have caused changes in budget deficit in long run.

**Originality** - This is the first study that examines disaggregated government revenue and expenditure nexus for Pakistan. The study has not only modeled the government revenue and government expenditure nexus in an aggregate sense but has also considered the nexus at the disaggregated level. More precisely, the study has modeled the relationship between government revenue and the various components of government expenditure and also modeled the relationship between government expenditure and the various components of government revenue. The study has also analyzed behavior of fiscal deficit of Pakistan and locates channels which influence fiscal deficit of Pakistan.

**Limitations and Future Research** - It is recommended to forecast revenues, expenditures and budget deficit of federal government of Pakistan using ARIMA models to help economists in formulating better economic policies for future.

**Keywords:** Fiscal deficit, federal government revenues, federal government expenditures, Pakistan

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## Introduction

Fiscal policy reforms at federal level are quite important for macro-economic stability and micro-economic allocative efficiency. The reforms strategy might be able to achieve fiscal sustainability if it aims at restructuring of federal government expenditures to make them more productive and strengthening of machinery of revenue raising to enhance the yield from revenue resources.

In the era of globalization, fiscal responsibility legislations have now been placed on the statute books of number of countries and regions such as Argentina, Australia, Brazil, Canada, Columbia, EU, Indonesia, Japan, New Zealand, Switzerland, USA, India and etc. in 2002, Pakistan has also passed the Fiscal Responsibility and Debt Management Bill and provinces passed legislative procedures for enactment of the bill.

The fiscal responsibility and budget management bill seeks 'to provide for the responsibility of the federal government to ensure intergenerational equity in fiscal management and long term macro-economic stability by achieving sufficient revenue surplus, eliminating fiscal deficit and removing fiscal impediments in the effective conduct of monetary policy and prudential debt management consistent with fiscal sustainability through limits of federal government borrowings, , debt and deficit, greater transparency in fiscal operations of the federal government and matters connected therewith and incidental thereto.'

Above brief discussion and issue of deficit and its effects on economy and deteriorating economic conditions of Pakistan, very much clears the significance, importance and rationale of the study. The basic objectives of the study are as follows:

- To analyze the association among federal government revenues and federal government expenditures of Pakistan.
- To analyze the association among federal government revenues and disaggregated federal government expenditures of Pakistan.
- To analyze the association among federal government expenditures and disaggregated federal government revenues of Pakistan.
- To analyze the behavior of the fiscal deficit of Pakistan.
- To locate the most influential variables that affect fiscal deficit of Pakistan.

## Methodology

### Case I

According to the recent studies of Gounder *et. al.* (2007) on Fiji Islands and Husain and Qasim (2010) on Pakistan, the study has estimated the bi-variant equation which models the association and relationship among federal government revenues and federal government expenditure.

The models (1 and 2) are given below through which relationship between federal government revenue and federal government expenditure has been estimated:

$$R_t = \alpha_0 + \alpha_1 E_t + \mu_t \quad (1)$$

$$E_t = \alpha_0 + \alpha_1 R_t + \mu_t \quad (2)$$

Where

$R_t$  = Revenues of federal government

$E_t$  = Expenditures of federal government

A model (3) is given below in which federal government revenues have been estimated as a function of different components of federal government expenditures:

$$R_t = \beta_0 + \beta_1 CE_t + \beta_2 DS_t + \mu_t \quad (3)$$

Where

$R_t$  = Revenues of federal government

$CE_t$  = Current expenditures of federal government

$DS_t$  = Debt servicing expenditures of federal government

A model (4) is given below in which federal government expenditures have been estimated as a function of different components of federal government revenues:

$$E_t = \gamma_0 + \gamma_1 DT_t + \gamma_2 IDT_t + \mu_t \quad (4)$$

$E_t$  = Expenditures of federal government

$DT_t$  = Direct tax revenue of federal government

$IDT_t$  = Indirect tax revenue of federal government

## Case II

The growth rate of fiscal deficit of Pakistan is estimated with the help of semi-log model given below:

$$\text{Log } F.D. = \alpha_0 + \alpha_1 t + \mu_t \quad (11)$$

Where

$F.D.$  = Fiscal Deficit

$t$  = time

The study has tried to identify some of the variables from empirical which influence the fiscal deficit of Pakistan.

$$F.D. = \alpha + \beta_1 TnT + \beta_2 DnD + \beta_3 TP + \beta_3 L + \beta_4 DS + \mu_t \quad (12)$$

$F.D$  = Fiscal Deficit

$TnT$  = Ratio of tax – to – non tax revenues

$TP$  = Transfer to provinces by federal government

$DnD$  = Ratio of development – to – non development expenditures

$L$  = Loans / liabilities of federal government

$DS$  = Debt servicing expenditures of federal government

## Analysis and Discussion of Results

### Case I

The ADF unit root test (with constant and no trends) is applied to test the stationarity of variables. The results of this ADF unit root test (with constant and no trend) indicate an acceptance of unit root in all series, that is, all of the series are non-stationary at level (0), which indicate I (1) process. So, all the variables have been made stationary by taking first difference and are integrated at order one before moving towards further analysis. The results of unit root are reported in table 1 which is shown below:

**TABLE 1**  
**The ADF Unit Root Test**

Variables	Level I (0)	First Difference at Level I (1)
Ln R	-0.361770	-4.083780***
Ln E	-0.314734	-4.045825***
Ln DT	0.332894	-3.144288**
Ln IDT	0.618159	-4.287728***
Ln CE	-1.111217	-4.549048***
Ln DS	-0.681068	-3.445703**

Co integration helps us to estimate the relationship among variables. The long run equilibrium relationship exists among these budgetary variables i.e. Revenues of federal government and expenditures of federal government indicated from table 2 (a), revenues of federal government, current expenditures of federal government and debt servicing expenditures of federal government indicated from table 2 (b), and expenditures of federal government, direct tax revenues of federal government, and indirect tax revenue of federal government indicated from table 2 (c) as all of them are integrated at same order. The table 2 (a), 2 (b) and 2 (c) below report the results based on Johansen Co integration test at 0.05 and 0.01 critical values. The results of the test are reporting that there exists a long run equilibrium relationship between variables. The null hypothesis ( $H_0$ ) for trace statistic test is that there is, at most, zero co integrating vectors is rejected and the alternative hypothesis that there are more, is accepted as the likelihood ratio (trace statistic) are greater than critical value and p-values. Based on the results obtained from Johansen Co integration test, it is concluded that all the variables are co integrated. The results suggest that there exist a long run relationship among the series (budgetary variables), among federal government revenues and different components of federal government expenditures, and among federal government expenditures and different components of federal government revenues.

**TABLE 2 (a)**

$$R_t = \alpha_0 + \alpha_1 E_t + \mu_t$$

$$E_t = \alpha_0 + \alpha_1 R_t + \mu_t$$

**Unrestricted Co integration Rank Test (Trace)**

Hypothesized no. of CE(s)	Eigen value	Likelihood Ratio	0.05 Critical Value	0.01 Critical Value
None**	0.624558	34.58379	15.41	20.04
At most 1*	0.158982	5.194263	3.76	6.65

**TABLE 2 (b)**

$$R_t = \beta_0 + \beta_1 CE_t + \beta_2 DS_t + \mu_t$$

**Unrestricted Co integration Rank Test (Trace)**

Hypothesized no. of CE(s)	Eigen value	Likelihood Ratio	0.05 Critical Value	0.01 Critical Value
None*	0.809809	62.06720	29.68	35.65
At most 1	0.310595	12.27545	15.41	20.04
At most 2	0.036569	1.117641	3.76	6.65

TABLE 2 (c)  
 $E_t = \gamma_0 + \gamma_1 DT_t + \gamma_2 IDT_t + \mu_t$   
 Unrestricted Co integration Rank Test (Trace)

Hypothesized no. of CE(s)	Eigen value	Likelihood Ratio	0.05 Critical Value	0.01 Critical Value
None*	0.580297	33.70523	29.68	35.65
At most 1	0.187349	7.659101	15.41	20.04
At most 2	0.046723	1.435491	3.76	6.65

The Vector Error Correction Model (VECM) has been used to measure the short run behavior of public policy variables with its long term relationship as it is utilized for examining short run dynamics of variables. Vector Error Correction Model (VECM) incorporates an error correction terms and require all the series to be integrated of same order and there exist a long run relationship between them which has been confirmed earlier. The results of this test are shown in the tables given below:

TABLE 3 (a) (1)  
 $\Delta R_t = \alpha_0 + \alpha_1 \Delta E_t + ECT_{t-1}$   
 Vector Error Correction Estimates

Variables	C	D(E)	ECT(-1)
D (R)	0.142871 (0.116593) [1.225379]	0.633174 (0.085535) [7.402537]***	-0.792422 (0.210962) [-3.756225]***

TABLE 3 (a) (2)  
 $\Delta E_t = \alpha_0 + \alpha_1 \Delta R_t + ECT_{t-1}$   
 Vector Error Correction Estimates

Variables	C	D(R)	ECT(-1)
D (E)	0.733825 (0.153896) [0.476832]	1.109540 (0.142760) [7.772076]***	0.057309 (0.188692) [-2.622556]***

TABLE 3 (b)  
 $\Delta R_t = \beta_0 + \beta_1 \Delta CE_t + \beta_2 \Delta DS_t + ECT_{t-1}$   
 Vector Error Correction Estimates

Variables	C	D(CE)	D(DS)	ECT(-1)
D (R)	0.216604 (0.123048) [1.760317]	0.320967 (0.174624) [1.838042]*	0.754215 (0.114136) [6.608022]***	-0.400370 (0.190288) [-2.104021]**

TABLE 3 (c)  
 $\Delta E_t = \gamma_0 + \gamma_1 \Delta DT_t + \gamma_2 \Delta IDT_t + ECT_{t-1}$   
 Vector Error Correction Estimates

Variables	C	D(DT)	D(IDT)	ECT(-1)
D (E)	0.921201 (0.151027) [0.609955]	1.113968 (0.627109) [1.776355]***	1.789054 (0.396262) [4.514826]*	-0.933798 (0.186748) [-5.000310]*

The test results in table 3 (a), 3 (b) and 3 (c) are showing the correction of variables because of disequilibrium of previous period. The error correction terms are showing that the adjustments are significant and it depicts the stability of long run relationship in long run. The results of VECM demonstrate that all the budgetary variables adjust to sustain long run equilibrium of equation (1, 2, 3 and 4). The significance of error correction terms is indicated



from t-statistic i.e. t-statistic of each of the budgetary variable is greater than critical value which is |2| which means that error correction terms of all the variables are significant.

The Granger Causality test is applied to assess the direction of causality between federal government expenditures and federal government revenues of Pakistan. The table 4 (a), 4 (b) and 4 (c) below reports the results of Granger Causality Test. The test results from table 4a show federal government revenues of Pakistan does granger federal government expenditures and federal government expenditures does granger cause federal government revenues of Pakistan. There is bi-directional causality between federal government expenditures and federal government revenues of Pakistan.

**TABLE 4 (a)**  
**Pair wise Granger Causality Tests**

Variables	F-statistics	Prob.
E does not Granger Cause R	20.8345***	0.0000
R does not Granger Cause E	11.5698***	0.0002

The Granger Causality test is applied to assess the direction of causality between federal government revenues and different components of federal government expenditures of Pakistan from 1979 to 2010. The test results from table 4 (b) show federal government revenues of Pakistan does granger current expenditures of federal government and current expenditures of federal government does not granger federal government revenues of Pakistan. There is uni-directional causality between federal government revenues of Pakistan and current expenditures of federal government. The bi-directional causality is found between federal government revenues of Pakistan and debt servicing expenditures of federal government.

**TABLE 4 (b)**  
**Pair wise Granger Causality Tests**

Variables	F-statistics	Prob.
CE does not Granger Cause R	1.55683	0.23056
R does not Granger Cause CE	4.47249**	0.02186
DS does not Granger Cause R	12.2110***	0.00020
R does not Granger Cause DS	6.21995***	0.00642

The Granger Causality test has been applied to assess the direction of causality between federal government expenditures and different components of federal government revenues of Pakistan from 1979 to 2010. The test results from table 4 (c) show federal government expenditures of Pakistan does granger direct taxes of federal government and direct taxes of federal government does granger federal government revenues of Pakistan. There is bi-directional causality between federal government expenditures of Pakistan and direct taxes of federal government. Federal government expenditures of Pakistan do not granger indirect taxes of federal government and indirect taxes of federal government does granger federal government expenditures of Pakistan.

**TABLE 4 (c)**  
**Pair wise Granger Causality Tests**

Variables	F-statistics	Prob.
DT does not Granger Cause E	33.3952***	0.00000
E does not Granger Cause DT	4.28231**	0.02516
IDT does not Granger Cause E	6.43087***	0.00558
E does not Granger Cause IDT	2.17927	0.13414

In next step, stability of long run coefficients which are obtained by estimation of equation (I (a), I (b), II and III) is tested through employing cumulative sum of recursive residuals

(CUSUM) test. This test utilizes CUSUM, which are plotted against break points in broken sample points to test the null hypothesis that coefficients of variables are stable. The graphical representation of test is shown in figure 1, 2 and 3. The plot of CUSUM does not cross 5 % critical limit which is indicative of absence of any proof of any structural instability in federal government revenue, federal government expenditure, federal government revenues and different components of federal government expenditures, and federal government expenditures and different components of federal government revenues which determine budgetary variables of economy of Pakistan. So, any policy targeting these budgetary variables would generate stable results in long run.

Figure 1 (a) (1)

Plot of cumulative sum of recursive residuals (CUSUM) statistics for stability of coefficients

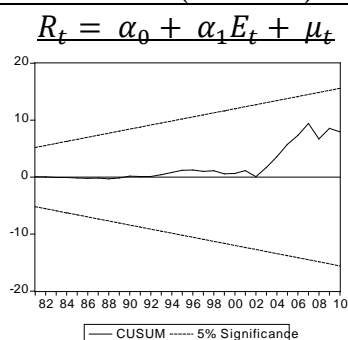


Figure 1 (a) (2)

Plot of cumulative sum of recursive residuals (CUSUM) statistics for stability of coefficients

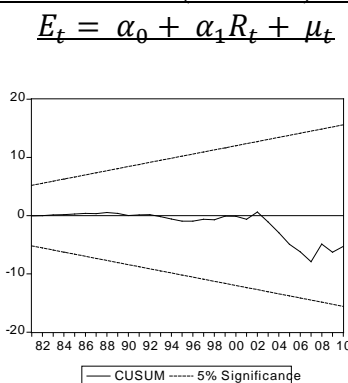


Figure 2

Plot of cumulative sum of recursive residuals (CUSUM) statistics for stability of coefficients

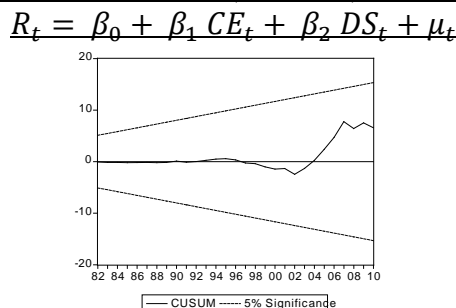
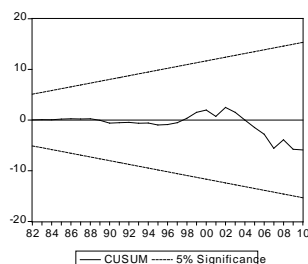


Figure 3

Plot of cumulative sum of recursive residuals (CUSUM) statistics for stability of coefficients

$$E_t = \gamma_0 + \gamma_1 DT_t + \gamma_2 IDT_t + \mu_t$$



### 3.2 Case II

The study has calculated the growth rate of fiscal deficit of Pakistan during 1979-2010 with the help of semi-log model which is given below:

$$\text{Log } F.D. = 10.01969 + 0.093198 t + \mu_t$$

$$R^2 = 0.863168$$

$$\text{Adj. } R^2 = 0.858607$$

$$F - \text{statistic} = 189.2472$$

It is significant at 1 % level and states that fiscal deficit of Pakistan is increasing at the rate of 9.31 % per year. It is really amazing that economy is quite away from the reforms process.

The ADF unit root test (with constant and no trends) is applied to test the stationarity of variables. The results of this ADF unit root test (with constant and no trend) indicate an acceptance of unit root in all series, that is, all of the series are non-stationary at level (0), which indicate I (1) process. So, all the variables have been made stationary by taking first difference and are integrated at order one before moving towards further analysis. The test results, shown in table 5, indicate that all the series at level (0) are non-stationary. All series are made stationary at first difference I (1). The results of unit root are reported in table V which is shown below:

**TABLE 5**

**The ADF Unit Root Test**

Variables	Level I (0)	First Difference at Level I (1)
LFD	-0.759328	-4.594427***
LTnT	-2.269322	-4.140148***
LDnD	-1.658012	-3.506269**
LTP	-0.376503	-3.814839***
LL	-1.240988	-3.323475***
LDS	-0.681068	-3.445703**

The long run equilibrium relationship exists among these budgetary variables i.e. fiscal deficit, tax-to-non tax revenue ratio, development-to-non development expenditures ratio, transfer to provinces, liabilities of federal government and debt servicing expenditures of federal government indicated from table 6 as all of them are integrated at same order. The table 6 below report the results based on Johansen Co integration test at 0.05 and 0.01 critical values. The results of the test are reporting that there exists a long run equilibrium relationship between variables. The null hypothesis ( $H_0$ ) for trace statistic test is that there is, at most, zero co integrating vectors is rejected and the alternative hypothesis that there are more, is accepted as the likelihood ratio (trace statistic) are greater than critical value. The likelihood ratio (trace statistic) in first case in table 6 with 0.05 critical values and 0.01 critical values is indicating that there are 4 number of co integrating equations in model. Based on the results obtained from Johansen Co integration test, it is concluded that all the variables are co integrated. The results suggest that there exist a long run relationship among the series (budgetary variables).

**TABLE 6**

$$F.D. = \alpha + \beta_1 TnT + \beta_2 DnD + \beta_3 TP + \beta_3 L + \beta_4 DS + \mu_t$$

Unrestricted Co integration Rank Test (Trace)

Hypothesized no. of CE(s)	Eigen value	Likelihood Ratio	0.05 Value	Critical Value	0.01 Value	Critical
None**	0.881172	193.2570	94.15		103.18	
At most 1**	0.868967	131.4849	68.52		76.07	
At most 2**	0.702452	72.54802	47.21		54.46	
At most 3**	0.576992	37.54802	29.68		35.65	
At most 4	0.326821	12.44426	15.41		20.04	
At most 5	0.032818	0.967691	3.76		6.65	

According to the results of co integrating equation, there is a positive relationship between the fiscal deficit and tax-to-non tax revenues, fiscal deficit and development-to-non development expenditure ratio, fiscal deficit and liabilities of federal government, and fiscal deficit and debt servicing expenditures of federal government. A negative relationship is found between fiscal deficit and transfer to provinces. The normalized co integration equation is shown below:

TABLE 7

$$F.D. = \alpha + \beta_1 TnT + \beta_2 DnD + \beta_3 TP + \beta_3 L + \beta_4 DS + \mu_t$$

Long Run Coefficients

Variable	C	TnT	DnD	TP	L	DS
F.D.	-0.237742 (2.378499)	0.009210 (0.060070)	0.435358 (0.838981)	-0.648225 (0.263231)	0.688141 (0.397388)	0.757355 (0.273830)
	[-0.099955]	[0.153324]	[0.518912]	[-2.462576]**	[1.731659]***	[2.765790]**

The Vector Error Correction Model (VECM) has been used to measure the short run behavior of public policy variables with its long term relationship as it is utilized for examining short run dynamics of variables. Vector Error Correction Model (VECM) incorporates an error correction terms and require all the series to be integrated of same order and there exist a long run relationship between them which has been confirmed earlier. The results of this test are shown in the table given below:

TABLE 8

$$\Delta F.D. = \alpha + \beta_1 \Delta TnT + \beta_2 \Delta DnD + \beta_3 \Delta TP + \beta_3 \Delta L + \beta_4 \Delta DS + ECT_{t-1}$$

Vector Error Correction Estimates

Variable	C	D(TnT)	D(DnD)	D(TP)	D(LL)	D(DS)	ECT(-1)
D (F.D.)	-0.187903 (0.12274)	-0.008757 (0.06483)	0.099431 (1.06483)	-0.411856 (0.15257)	1.786115 (0.73839)	0.744520 (0.23051)	-0.874505 (0.19535)
	[-1.530809]	[-0.135052]	[0.09373 3]	[-2.697668]**	[2.418909]* *	[3.229835]** *	[4.476514]* **

The test results in table 8 are showing the correction of variables because of disequilibrium of previous period. The error correction terms are showing that the adjustments are significant and it depicts the stability of long run relationship in long run. The results of VECM demonstrate that the budgetary variable adjust to sustain long run equilibrium of equation. The significance of error correction terms is indicated from t-statistic i.e. t-statistic of each of the budgetary variable is greater than critical value which is |2| which means that error correction terms of all the variables are significant. 87 % of variations of previous period adjust in current year.

Granger Causality test is applied to assess the direction of causality between fiscal deficit and its determinants in economy of Pakistan. The table 9 below reports the results of Granger

Causality Test. The test results show that fiscal deficit does not granger tax-to-non tax ratio and development-to-non development expenditures. Tax-to-non tax ratio and development-to-non development does not granger fiscal deficit. Transfer to provinces, liabilities of federal government and dent servicing expenditures of federal government does granger fiscal deficit while fiscal deficit does not granger transfer to provinces, liabilities of federal government and dent servicing expenditures of federal government.

TABLE 9

Pair wise Granger Causality Tests

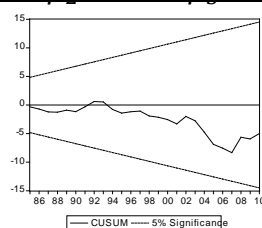
Variables	F-statistics	Prob.
TnT does not Granger Cause FD	1.00218	0.38135
FD does not Granger Cause TnT	0.38133	0.68386
DnD does not Granger Cause FD	0.06120	0.94078
FD does not Granger Cause DnD	0.85218	0.43850
TP does not Granger Cause FD	3.22525	0.05674*
FD does not Granger Cause TP	0.96660	0.39414
L does not Granger Cause FD	5.68207	0.00924***
FD does not Granger Cause L	0.14636	0.86458
DS does not Granger Cause FD	3.98520	0.03126**
FD does not Granger Cause DS	0.80945	0.45643

In next step, stability of long run coefficients which are obtained by estimation of equation for budget deficit is tested through employing cumulative sum of recursive residuals (CUSUM) test. This test utilizes CUSUM, which are plotted against break points in broken sample points to test the null hypothesis that coefficients of variables are stable. The graphical representation of test is shown in figure 4. The plot of CUSUM does not cross 5 % critical limit which is indicative of absence of any proof of any structural instability in tax-to-non tax revenue ratio, development-to-non development expenditures ratio, transfer to provinces, liabilities of federal government and debt servicing expenditures of federal government which determine budgetary deficit in economy of Pakistan. So, any policy targeting these budgetary variables would generate stable results in long run.

Figure 4

Plot of cumulative sum of recursive residuals (CUSUM) statistics for stability of coefficients

$$F.D. = \alpha + \beta_1 TnT + \beta_2 DnD + \beta_3 TP + \beta_3 L + \beta_4 DS + \mu_t$$



## Conclusion

The media, most politicians and a reasonable proportion of economists usually blame fiscal deficit as a reason for most of economic ills. So this study investigates the relationship of federal government revenues and federal government expenditures along with investigating the relationship between fiscal deficit and its determinants in case of economy of Pakistan. This is a single study in the body of literature which has studied the relationship of federal government revenues with disaggregated federal government expenditures and relationship of federal government expenditures with disaggregated federal government revenues. This study examines the association among federal government revenues and federal government expenditures, and relationship between fiscal deficits and its determinants over the period 1979-2010.

The analysis of this study is based on four different econometric techniques which have been used to measure the association among federal government revenues and federal government expenditures. At first step, ADF unit root test (with constant and no trend) is applied to check for existence of unit root in variables and results indicate the existence of unit root in all the series i.e. all time series data, at level I (0) with 10 % level of significance with lag length chosen according to Schwarz Info Criteria, was found non-stationary. The data has been made stationary by taking first difference and all series become stationary at level I (1).

Long run equilibrium relationship exists among federal government revenues and federal government expenditures as they are integrated at same order. The results of Johansen Co integration test report that there is long run equilibrium association among federal government revenues and federal government expenditures, and there is long run equilibrium association among fiscal deficits and its determinants. In next step, Vector Error Correction Model (VECM) has been used to measure the short run behavior of budgetary variables. It measures the short run behavior of long run relationship without losing long run relationship. The test results indicate the correction of variables because of disequilibrium in previous period. It means that adjustments are significant and all variables adjust to sustain their relationship with each other.

The Granger Causality test has been applied to assess the direction of causality between federal government expenditures and federal government revenues of Pakistan from 1979 to 2010. There is bi-directional causality between federal government expenditures of Pakistan and direct taxes of federal government and uni-directional causality is found running from indirect taxes towards federal government expenditures. There is uni-directional causality between federal government revenues of Pakistan and current expenditures of federal government. The bi-directional causality is found between federal government revenues of Pakistan and debt servicing expenditures of federal government. Uni-directional causality has been found running from transfer to provinces, liabilities of federal government and debt servicing expenditure towards fiscal deficit.

From the whole discussion we can conclude that revenues and expenditures are having strong equilibrium relationship in case of Pakistan. Hence, it is concluded that rise or fall in revenues and expenditures affect each other in long run in context of economy of Pakistan. Liabilities of federal government and debt servicing obligations have been positively influencing fiscal deficit while transfer to provinces have been negatively influencing fiscal deficit. Ratio of tax-to-non tax revenues and ratio of development-to-non development expenditures have been showing insignificant results which is dilemma for economy of Pakistan and these ratios need to be improved.

On basis of our results, we recommend some economic policy reforms to reduce budget deficit of Pakistan. These policies are arranged below:

- To increase rate of tax revenue more than the rate of non-tax revenue.
- To set up the rate of development expenditure more than the rate of non-development expenditure.
- To cut down the net market borrowing at a quicker rate than before.
- To decrease the gross interest payments.
- Transition to VAT is necessary not only to impart efficiency to tax system but also to enhance revenue productivity.
- Provincial autonomy is also necessary to get rid from various un-necessary expenditure of federal government.
- To impose tax on services sector, agriculture and stock market.

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**Teachers' Stress Management Competencies;  
*A Pilot study of Private sector's Higher Educational Institutes, Peshawar***

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**Abstract**

**Purpose:** The level of reported stress in teaching is well above the average for other industries, services and society in general. But it is not just teachers in the sector who suffer from stress, other workers such as cleaners and administrative staff are also affected. This study examines both the causes of work-related stress in education and ways to tackle this problem.

**Methodology:** Population for this study was private sector's higher educational institutes in Peshawar with sample of 10 randomly selected faculty members from each 75 responded. Data Collection tool was adopted as designed by CIPD and HSE (health and safety executive) (2009) questionnaire of stress management competency indicator tool (each area is having 3 sub areas). Later on the effectiveness were recorded via calculated and accumulation of the score that was recorded on Likert's scale.

**Findings:** To estimate the stress management competencies of teachers it has been observed that they pushes stress and their competencies are quite low in the education sector and action that can be taken to defeat stress.

The prevalence of job stress and the enthusiastic pursuit of better performance in a wide range of professions have attracted much research attention.

**Research Implication:** This study focused on calculating the competencies level of teachers and thus it will help HEC and the management to work on those areas which needs to be improved because if the teachers are good in managing stress then the outcome (students) will be satisfied.

**Originality:** All the data and sources used in conducting this study are genuine and self-conducted.

**Limitations and future directions:** as this study is pilot study therefore, the major limitation was the population and sample size, as well as the time. This study is equally applicable to any field. Thus, it can be conducted and compared among various sectors however, the most appropriate will be to conduct study and the provide training and later on carry out another study which will help organizations.

**Key words:** - Teachers' Stress, Higher educational institutes, workplace stress, education sector.

**Introduction**

In recent years stress is catching the interest of many scholars particularly the stress related to the workplace. Due to the globalization of economy, use of information technology, modern communication system and the growing diversity of workplace, has changed it in an impressive manner (Kompier,2002; Landsbergis 2003).

Today, an emphasis is put on the education but less attention is paid to the stress which is related to this field. The reality is quite different. According to Dr. Aphrodite (2002) "Stress and teaching - is there any difference?". There are many different occupations in the education sector but teaching is identified as a particularly stressful job (Smith et al 2000).

Kyriacou (1989) said that teachers experience many physiological problems like anger, depression, anxiety, etc. Stress among teachers leads to illness as well as a cause for some leaving the profession (Aitken 2002). A German study ranked teaching as the profession having the highest risk of poor mental health specially the teachers who are engaged with disabled pupils and those who are involved in the complementary education of apprentices most at risk (Hasselhorn and Nubling 2004).

A deep study of teaching stress and solving this particular issue is essential. Otherwise the outcomes will be severe. Poor performance of the teachers is mostly due to this stress, as there is now a blow of improving the quality of education so poor performance is not acceptable. (Jegede & Okebukola 1995). The causes of stress, anxiety and depression include culture, government, policies, population and economy.

In private sector teaching seems very easy and a relaxed job but there is also another side of the picture in which teachers are involved in checking the assignments, searching for the relevant material for the students, marking and preparing their papers even teachers have to see the newspapers for the students to keep them updated. Many teachers are given some extra responsibilities like coping with the co-curricular activities which puts extra burden on them causing irritation and depression, and they can't put their job aside even if they are not on the job.

Political instability, rapid changes in the curriculum and policies of HEC, unavailability of needed resources has granted the teachers a failure in their performance.

In many private sector universities teachers are treated as "just nothing" meaning they have to follow only those things which are being imposed on them.

### **Problem Statement**

Most of the available studies based on stress are mainly on level of stress, causes, impact of stress etc while the stress management qualities of working class is somehow neglected. People related to academia are always surrounded by tight schedule and multi tasks, and have so many difficulties to cope up with time constraints, produce quality of work, satisfaction and to deliver results in terms of knowledge and education. Therefore, there is a strong need to find out stress management competencies and to measure its effectiveness as well as to provide some guidelines to the governing bodies.

### **Aim of study**

The main goal of this study is to find out the competency of teachers in the private universities and to know their power of opposing with this stress.

Other purposes include:-

- To estimate stress management competencies of teachers
- To reckon the areas that need to be addressed.
- To find out their competencies and level of stress that they can manage themselves.

### **Objectives**

The focus of "Stress Management for Teachers" is a comprehensive explanation of the impact of teachers' stress on students and on teachers themselves. There are many indicators that teachers' stress is not adequately addressed in our higher education institutes.

This research is to enhance the understanding of negative effects of stress in the classroom. Furthermore, the paper's focus will be to understand the nature of stress and to address specific sources of stress that undermine effective teaching and learning.

### **Research Questions**

This study focuses on finding the answers of following questions:

- What is the emotional and integrity (respectful and responsible) level of teachers?
- What is the level of managing and communication (work management, problem solving) tendencies of teachers?
- How teachers manage individuals within team?
- Up to what extent teachers can manage difficult situations (conflicts, use of resources, responsibilities)?

### **Limitations of study**

Limitations are practically present in every study carried out. The difficulties faced in collecting data and analyzing them is in number but great in scope. The most obvious constraint was the time available for the completion of the study in a manner that was satisfactory to the author himself.

Another great constraint was that the teachers of different universities were busy in different areas of their field preparing exam papers and supervising student's activities.

Data was collected from a specific area due to geographical constraint and thus was assumed that it may be the case in every higher educational institute as teachers in private sector are from diversified fields as well as are representing all types of diversity in terms of gender, age, education level, societal and ethnicity etc.

### **Literature Review**

“Strictus” meaning strict and “stringere” meaning to draw stiff are the Latin root words of the word Stress. Stress is the tempo of the particular moment “Selye”, a pioneer in the biological research of the causes and effects of stress. People are confused in some terms related to stress such as pressure, demands, and stressor. These terms do have links but are different in nature. For instance, an individual is pressurized when demands are imposed on them. When this situation persists and the individual is unable to accomplish or meet those demands and seems beyond his capabilities for any reason, these expectations and demands turn into stressor. This

state of affair leads to stress. On the other hand, the response of the individual will remain pressure if the same demands do not appeal stress Hiebert (1985). The negative impact and effects on human body both mentally and physically depends on the acuity of the individual Stevenson, Harper (2006).

Stress at work place may lead to a number of different diseases from minor cold to major diseases like cancer (Lowe & Northcott, 1987; Cooper & Travers, 1996; Eysenke, 1996; Farazher, 1996). Teachers stress and anxiety not only affects the teachers themselves but also results in poor student outcomes. (Forman, 1982; Hains and Szyjakowski, 1990). Stress has intolerable negative impact on teaching performance of the teachers. Jegede and Okebukola (1995). The main reasons of teachers stress are huge number of students with fewer facilities, weak students with low or no motivation and their ill behavior, less career opportunities with poor moral and material motivation, disrespect in the society and abrupt changes in the curriculum. Kyriacou (September 1989).

Pakistan is an underdeveloped country and if anything that can help Pakistan come out the current crisis is education. It would not be wrong to say that the progress of this country

highly depends upon the educational policies and system. The teachers play a vital role in the whole educational system. Unfortunately, there are a number of problems associated with this field which are overlooked resulting in poor outcomes. Stress and burnout severely blight the correlation of the teachers with their students. In addition, it negatively affects the performance and profession loyalty of the teachers Kyriacou (1987).

The capacity for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships. Emotional intelligence is the potential for learning these competencies. Being high in emotional intelligence does not guarantee that the person will have the acquired skills necessary to excel in work, it only means that (s)he has a high potential for learning them. (Daniel Goleman 1988).

Sometimes we work for others because we are told that is our job and other times we work for others purely because we want to be associated with that person. Those who we would rather not work for often give offense through their personal management style. Those we want to work for treat us well and are consistently fair in their dealings with us. Perhaps, the difference could be called possessing emotional intelligence competence. (Ireland, 2006). Work for something because it is good, not just because it stands a chance to succeed. Getting good players is easy. Getting them to play together is the hard part. (Casey Stengel, 2006). Task interdependence reflects the extent to which team members have to exchange information and/or means for the completion of their contribution to the team task (e.g. Thompson, 1967). Most research on effective combinations of task and goal interdependence or task and reward interdependence has been conducted under the label of task and outcome interdependence (see review by Van der Vegt & Van de Vliert, 2002). Mitchell & Silver (1990) found that high task interdependent teams in an independent goal condition performed significantly worse than teams in different types of positive goal interdependent conditions. Much research has been conducted within corporations to ascertain what makes employees successful in dispersed work situations. My own research project confirmed what has been found by a number of studies. (e.g. Bredin, 1996 & 1998; Curran & Williams, 1997; Jackson & van der Weilen, 1998; Nilles, 1998). It is not possible to manage by e-mail! E-mail is a great medium for sharing information and making announcements.

It is a very bad medium for handling difficult situations and attempting to resolve conflicts. Short, clear e-mails that utilize itemized lists and specify the kind of response expected are the most effective.

## **Methodology**

The methodology adopted for research and report writing is as follows:

### **Primary Data**

Data for this study was gathered by utilizing primary source and the techniques used for data collection was interviewing (structured) teachers in private sector higher educational institutes and by recording their responses via questionnaire.

### **Population**

Population for this study was the higher educational institutes of Peshawar (management, engineering, computer sciences, mathematics, pharmacy and education).

### **Sample for Study**

Several private sector universities of Peshawar district were used for this study. A niche questionnaire was used to collect data from 10 randomly selected high educational institutes of Peshawar, Pakistan regarding their perception of job stress, students, colleagues and institutions.

The questionnaire was distributed among all the teachers of different subjects and they were required to mark the extent which each statement applied to them. The data was collected

from 40 male and 35 female selected on the basis of biographical characteristics. Those respondents who wanted to be a part of study completed the questionnaire. Respondent's age ranged about 25- 65 years.

### Data collection tool

Questionnaire used in this study was adopted from CIPD and HSE (health and safety executive) (2009) and was comprised of four sections (Respectful and responsible, managing and communicated existing and future work, managing individual within team, and managing difficult situations. With the help of this questionnaire several behaviors/ competencies were assessed to draw a conclusion regarding stress management competencies of teachers.

### Findings and analysis

Kyriacou, (1987) reported that "studies worldwide typically indicate that a large proportion of teachers report experiencing stress or burn out. From this study this is revealed that teachers have suffered from more stress. the age group of 25-30 years suffer stress because it is the mid life transition age where there occur major changes in life, like change from single to married life, career transitions like choosing of one last career and having no other choice left because there is no time left for choosing another career. In this age the people are often given other major social responsibilities like running of homes and responsibilities at job because of seniority that this why in this age there are more chances that the teachers suffer from stress as compared to other age groups. When we see the marital status then it is noted that the single teachers suffer from more stress as compared to the married, it is because of the factor that marriage provides a strong social support and it helps in reducing stress. The work over load and long working hours are also major source of stress therefore those teachers who work for longer hours suffer from more stress as compared to the teachers with less than 8 hour work.

The findings showed that major areas of the stress management competencies are covered because all the data shows that respondents fall in reasonable situation except one and that is "managing with difficult situations.

As the above table represents the poor competency of teacher in the "managing difficult

Competency	Percentage	Effectiveness	MIN	MAX	Respondents scored		
					75% and below	76% to 89%	90% and above
Respectful and responsible: Managing emotions and having integrity	76.22	Reasonable	55.29	91.76	21	33	2
Managing and communicating existing and future work	82.33	Reasonable	50.91	92.73	9	38	9
Managing the individual within the team	84.23	Reasonable	65.33	96	13	29	14
Reasoning/Managing difficult situations	74.31	Development Need	55	90	27	21	8

situations" part thus, showing that teachers are not having appropriate competencies in this regard. This part includes the management of conflicts like the conflicts among the coworkers, dealing with them and acting as a mediator in different conflict situations. Secondly the use of organizational resources, which includes the seeking of advice from different managers and using HR dept. Thirdly it comprises of taking the responsibility of many coworkers which is rather a difficult situation for every person.

### Conclusions & Suggestions

The problem of teachers stress is an important issue in the educational institutions of under developed countries like Pakistan. It is necessary that we not only trace the occurrence of the

teachers stress but also try to find its causes, so to address this problem of teachers stress in broader terms. If the problem of teachers stress remained unaddressed then the country's most valued people, i.e. teachers would suffer and would not be in position to work in a healthy way. The job stress among the teachers can be improved by development of an organizational and societal structures and education in form of awareness among general public on how to support the teachers having stress during work. The educational institutions need to create an environment in which teachers not only feel confident enough to discuss their problems and issues with head of institution or colleagues so that they can receive the support they need to continue working healthy.

It has been suggested that the teacher should cope with the job stress by developing good communication skills that will ultimately lead to the development of friendly relations with colleagues and sharing of information. Other ways to cope stress were having some engagement in recreational activities and development of healthy home life.

**Strategies that can be helpful for employees to cope with stress**

- Involve employees identifying concern related to physical environment and create physical solutions to deal with them.
- Help employees balance work and home life by building flexibility in work schedules when possible
- Design jobs that provide meaning, stimulation and opportunities for workers to use their skills and knowledge,

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**The influence of ICT on Public Secondary Schools in Pakistan.  
A Case Study of Tandojam v/s Hyderabad**

**By:**

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Qazi Muhammad Moinuddin Abro**

**Abstract**

**Research Objectives:**

- To investigate the relationship between public and private Schools regarding the implementation of ICT
- To examine the causes of low level of ICT application in public secondary schools
- To assess the potential interest and aptitude of students to study ICT in public secondary schools in Pakistan

**Research Methodology:** In this research Quantitative approach and Qualitative approaches were followed. Data Sources were Primary Source including Experiment, Surveys, Short interview with experts and Secondary source including internet search, digital library, review of published reports, and research articles. An experiment was conducted in which a group of students was selected from private sector and public sector schools.

**Results:** Empirical data of students of both schools & findings were examined and aptitude level in the students was assessed. Differences were identified in adopting ICT and it was tried to examine the tendency of students to absorb and feedback of ICT learning.

**Research Implications:**

- Financial Resources
- Human Resources
- Physical Resources
- Information Resources

**Research Contribution:** This study may prove to be one of the mechanisms to undertake the usage of ICT within the public and private schools in Pakistan. Hence, the findings may benefit the policy makers (at government levels) and managers (at both government and private sectors) to strengthen the policies to exploit the benefits of ICT usage for the future growth of the country.

**Future Research:**

- The researcher suggests the following areas for further research:
- The relationship between public and private academic performance in secondary schools of Pakistan;
- The role of parents or guardians collaboration in the academic performance of students.
- Determinants of student's performance in public secondary schools in Pakistan
- Capacity building of general teaching staff, especially ICT teachers
- To explore the ways and techniques to bring quality of education in public and private schools equal.

**Introduction:** Education is said to be the backbone for the progress and development of any country (Peaslee, 1969). Pakistan is in the stage of development. For progress it needs to improve education system. Pakistan education system is typically divided in name of caste, class and status. Only people with affordability may be able to send their children to private schools where education is better. It is hence difficult for poor section of the country to do the same (Bahadur, 2011).

There is increased demand of Information and Communication Technology (ICT) in education system worldwide. Education system in Pakistan is influenced by external drivers to promote ICT in learning from very basic level. ICT is of critical importance for every kind of organization for its growth and expansion and it has a vital role in education system as well. Foundation of human resources management and human resource development is primary, secondary and higher secondary education. ICT is equally important at all levels of education in Pakistan. At earlier stage; learning of ICT ensures the future growth (Khan, 2011).

ICT skills equip teachers to have strong influence on the learning of the students. During the learning period, students try to follow their teachers as role models. Therefore, for the grooming of students in ICT it is essential that teachers should be well educated and well trained to nurture their students in ICT. Especially, the higher and secondary school teachers generate the seeds of teaching within the raw students because they need to be well trained with emerging trends & updated information. ICT should be top priority of the schools to train the students as latest trend of study mostly depends on the ICT (Sheikh & Khija, 2011).

ICT is the focus of a great deal of attention, both in terms of, policy, its implementation and research. ICT considered the most highly scrutinized of all subjects. ICT has transformed & reformed the working practices and communication system of the world, so it has been assured to make an equal & positive impact on the world of education (Shamsi *et al*, 2011).

**Literature Review:** It was generally observed that some decades ago, different modes and means of getting information and establishing communication among the people were used. In this modern age, ICT has got momentum. ICT has facilitated the men in different aspects of life (Stepanova, 2011). Before advent of technology, it was taking longer time to get the information, but now, it has become very simple and easy to communicate to any corner of the world as miracles of technology has made this whole world as better place. Initially telecommunication paved the way for the communication and transmission of information. Telecommunication has a significant social, cultural and economic impact on modern society (Muhammad, 2011).

It has been main focus of the European countries to use ICT in education since last decade. Most of the schools of most countries are found advance in adopting ICT for digital learning. Learning of English language is mandatory for the use of ICT properly (Balanskat *et al.*, 2006).

Pritchett and Viarengo (2008) in their paper discussed the gap between private and public schools in different countries. They opined that there is wide variation in output in various countries. Difference was negligible in well established public sector like USA than poor public sector like India and Pakistan. Furthermore, paper emphasis that no findings are made to expose low productivity of private schools than public sector schools.



Faisal Bari (2008) in his research paper investigated that private sector has been extended from urban to rural areas of Pakistan to provide quality education but heavy fees charged by private schools has been a barrier to avail the quality education for low income families. Private sector schools in Pakistan are profit oriented on account of quality education. Private sector might be given ground to grow in Pakistan but is not a remedy of all problems existing in education system. Private sector should be treated as a challenge for the government, as mode of pressure for the provision of quality education in public sector schools.

**Research Methodology:** The system of collecting data for research was in a descriptive as well as in statistical form with respect to the nature and scope of the topic.

**Research Design:** This research followed mix methodology of two major types, qualitative and quantitative. In qualitative research, data was collected; analyzed and interpreted with respect to the topic where as in quantitative research empirical investigations were conducted by taking test from the students and their results.

**Data Collection Techniques:** Data collection is the process of gathering and measuring information on variables of interest, in a systematic way that enables one to answer stated research questions, test hypotheses, and evaluate outcomes. In this research two different approaches are adopted in collecting data, primary and secondary source.

**Primary Source:** Primary sources are used to be the first hand evidences (Emily et al., 2010). Therefore, a case study of public sector and private sector schools was conducted in order to gather the information, a training activity was organized, a survey of different schools was held, and short interviews were conducted from the heads of schools to evaluate the information.

**Secondary Source:** Secondary sources were based on primary sources. Secondary sources were research articles, news paper articles, reports and data collected from the websites of different agencies was interpreted.

**Data Collection:** An extensive method was adopted to collect the complete data. Method contained a case study of public sector and private sector schools where an experiment was conducted. In that experiment training of ICT was organized. Training was consisted of feedback form filled by the students of secondary classes, orientation, test and assessment. Beside this, a survey of private and public sector schools was conducted and short interviews were held with the heads of schools.

**Case study (Experiment):** Case studies are analyses of persons, events, decisions, periods, projects, policies, institutions, or other systems that are studied holistically by one or more methods (Palena *et al.*, 2006 ). In this research, there were two case studies of public sector schools Tandojam Versus Private Schools Hyderabad. A training activity was organized at Public Sector School Tandojam & Private Schools Hyderabad respectively. Selection of the students was based on following factors:

- Those who had neither computer nor internet access
- Those who had only computer access
- Those who had both internet as well as computer access

**Feedback form:** A feedback form of 25 objective questions was offered to secondary class students at private and public sector schools respectively.

1. Who is Computer Literate at your home?
2. Do you use computer?
3. Who guides you about the computer at home?
4. Where do you use computer at?
5. Where do you use internet at?
6. Do you have computer at Home?
7. Do you have Printer at home?
8. Do you have internet at home?
9. How many hours you use Computer at Home?
10. Do you study computer/Information Technology Subject at School?
11. Who teaches you computer Subject?
12. How many teachers do you have for Computer/IT Study?
13. Do you have computer lab. at School?
14. When do you use computer at home?
15. For what purpose, you use computer?
16. For what purpose, you use internet?
17. Do you have E-mail ID?
18. What is your E-Mail ID?
19. Select any one that you use for Email
20. Which search engine do you use?
21. Do you use email?
22. Do you use Skype?
23. Do you use Facebook?
24. Since how many years, you have been using computer?
25. Since how many years, you have been using Internet?

**Orientation:** Training was conducted for the students of secondary class students. They were given basic information about the ICT, its scope and application.

**Test:** After the training, simple objective type test was held. Test contained basic questions about the computer, internet and its application.

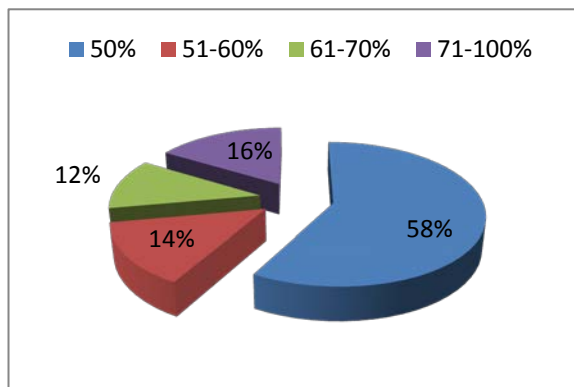
**Surveys:** A survey was conducted across many private and public schools in Hyderabad and Tandojam. Information was collected in same parameters as discussed in finding section. Following schools were surveyed:

- Fauji Foundation School, Latifabad
- Bahria Foundation School, Gulistan-e-Sajjad
- City School, Qasimabad
- Government Schools Tandojam

**Short interview:** Short interviews were conducted from the following heads of Schools to extract the information:

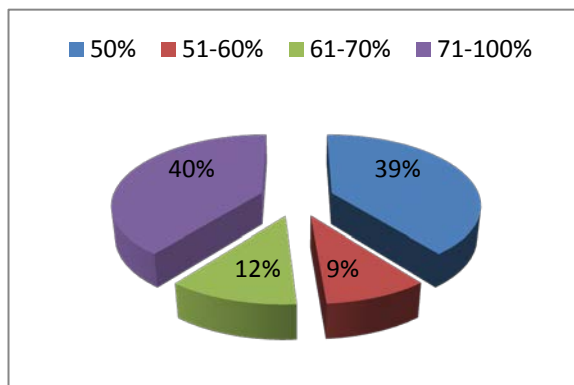
- City School, Hyderabad
- Fauji Foundation School, Hyderabad
- Sindh Academy High School, Hyderabad
- Government High Schools, Tandojam

## RESULTS:



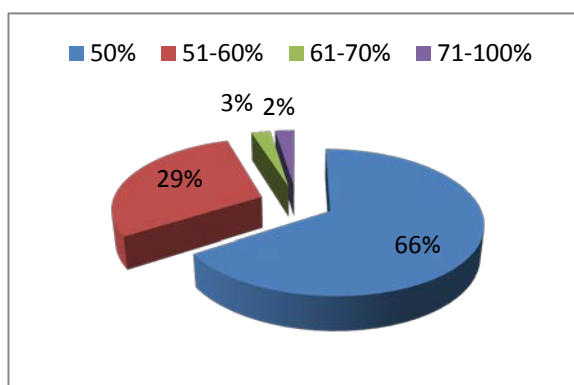
**Figure 3: (Public Sector School Questionnaire)**

As figure 1 shows that 58% of the total students had taken part in 50% and below than 50% in the questionnaire test, this percentage represented the active contribution by their intelligence, as there were 14% students who had participated 51-60% of the questions. There were only 12% Students who had attempted the questions between 60 to 70% and only 16% students who were standing at 70% above than 70% of the questionnaire.



**Figure 2: (Output of Private Sector School in Questionnaire)**

As figure 2 shows that there were 39% of the total students who had obtained 50% score of the test. There were 9% students who had secured score from 51 to 60%. There 12% students who had obtained score in the range of 61 to 70% and 40% students had obtained 70% and above than 70%.



**Figure 3: (Result of the Public Sector School Students in the test)**

As figure no 4 shows that there are 66% who were under the range of 50% score while there were 29% students who had under the range of 51 to 60% score, However, there were 3% of total students who had under the range of 61 to 70% of the test and only 2% student who had been standing 70% and onward.

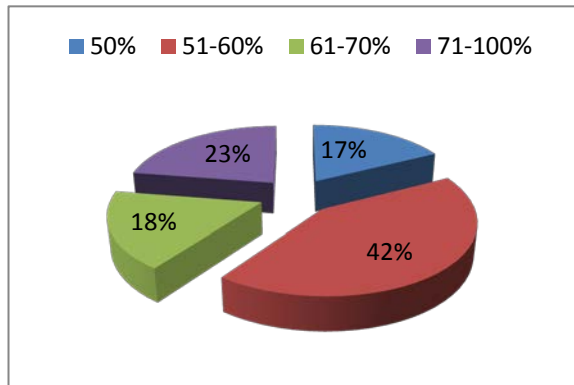
**Figure 5: (Result of the Private Sector students in the test)**

Figure 5 shows that there were 17% students who had secured score under 50% of the total marks in the test as there are 42% students who were between 51 - 60%. While there were 18% students who had obtained score between 61 and 70% while there were only 23% students who had acceded 70%.

**Table of Key findings & recommendations in public sector schools:**

#	Key findings	Sub findings	Recommendation
1	Financial resources	Limited budget allocation Low salaries to staff Less funding to: <ul style="list-style-type: none"> <li>• Renovate the buildings</li> <li>• Repair the furniture</li> </ul>	Control on: <ul style="list-style-type: none"> <li>• Corruption</li> <li>• Mismanagement</li> <li>• Serious irregularities</li> </ul>
2	Human Resources	Insufficient IT teachers Ghost teachers High qualified but less trained	<ul style="list-style-type: none"> <li>• Selection of staff on merit</li> <li>• I.T Teachers</li> <li>• Training &amp; development in respective discipline</li> <li>• Books and journals facility</li> </ul>
3	Physical Resources		It is critically recommended that every sub finding of key finding might be furnished to the public sector schools in order to facilitate the cause and produce the qualitative pool of students equally in all the units and sub units of Pakistan.
I.		School buildings	
II.		Staff rooms	
III.		Class rooms	
IV.		Laboratories	
V.		Library	
VI.		Computers technology	
VII.		Computer laboratories	
VIII.		Conference hall	
IX.		Toilets (For students & teachers respectively)	
X.		Cafeteria	
XI.		Furniture <ul style="list-style-type: none"> <li>• Chairs</li> <li>• Tables</li> <li>• Benches</li> <li>• Blackboards</li> <li>• Shelves, lockers</li> </ul>	
XII.		Electricity Fans Bulbs Tube lights Ring bells for: <ul style="list-style-type: none"> <li>• Main gate</li> <li>• Offices</li> <li>• Class rooms</li> </ul>	
4	Information Resources		It is mandatory to facilitate the education department with information resources in order to meet the emerging challenges of education.
I.		Curriculum/Syllabus	
II.		Medium of Instruction	
III.		Internet	

**Limitations:**

1. Because of the time limit, this research was conducted only on a small size of population. The population of the experimental group is small, only eighty one students and might not represent the majority of the students of the Sindh or Pakistan. Therefore, to generalize the results for larger group, the study should have involved more participants at different levels.
2. The research was conducted in the two schools which have lasted for a limited time period of six months. This time constraint is not enough for the researcher to observe all of the students. It would be better if it was done in a longer time.
3. Since the questionnaire designed to measure the impact of ICT on secondary class students and the attitude towards the use of ICT might give useful information about the impacts of ICT; it seems not to provide enough evidence of the student's performance to ICT and their skills in ICT.
4. There were no funds available to meet the expenses of arranging training, transport to remote and distant areas and other mischievous expenses. If there was any source of funding, the scope of the research may be wider and extensive.
5. This was partial fulfillment of Masters Degree; this topic can be taken in doctorate to take the larger sample of all provinces of Pakistan or comparative case of the developing countries in Asia.

**Research Contribution:**

This study may prove to be one of the mechanisms to undertake the usage of ICT within the public and private schools in Pakistan. Hence, the findings may benefit the policy makers (at government levels) and managers (at both government and private sectors) to strengthen the policies to exploit the benefits of ICT usage for the future growth of the country.

**Conclusion:**

Study investigated that ICT has not been treated here as globally preferred. Efforts have been taken to some extent in public sector schools but no constant attention and continuous interest is paid to fill the digital gape. Education and ICT can be sound and significant if these kept beyond the political priorities in Pakistan. Urban area of the Pakistan is well equipped with sound facilities and education of recognized quality but rural areas suffer from this experience. Expansion of private sector in education system has elevated the use of ICT accordingly and middle and upper class families prefer to get services from private schools for quality education of the children. This research recommends that ICT practice should be uniform in all units and sub-units of Pakistan. ICT application should not be left on the sympathy of conditions as this system needs strong leadership. ICT in education system is only track that can bring revolutionary changes in students, teachers and institutions of Pakistan in rural areas. Revolutionary changes can become certain when foundation is strong. Foundation of education is primary and secondary education. Differences in primary and secondary education system of Public and Private sector have created a class system in society. These discriminations of class system stand as main hindrances. It is mandatory to bring uniform education system secondary schools in Pakistan.

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## Role of Proper Use of Recourses in SME in Gujranwala

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### Abstract:

**Purpose:** Gujranwala, the hub of SME's of Pakistan, is unable to contribute in GDP of Pakistan as per expectations. This paper is erecting the reasons of this failure. Objective of this paper is to explore the misuse or improper use of resources as a hurdle in the development of the SME sector Gujranwala, regarding higher share of income and trade.

**Methodology:** For testing the hypothesis that non-utilization or underutilization of resources and inflow of FDI have an effect on growth of the small and medium scale industries, a survey from the 30 different SMEs industries was conducted. Results were estimated through the ordinary least square method by using SPSS.

**Findings:** The descriptive and inferential analysis shows that barriers in the utilization of the resources and the low inflow of FDI both can effect growth of the SME sector Gujranwala. A missing relation of utilization of resources and FDI has also been found. Some valuable suggestions are also given to improve the usage of recourses and to decrease the dependency on others for investment.

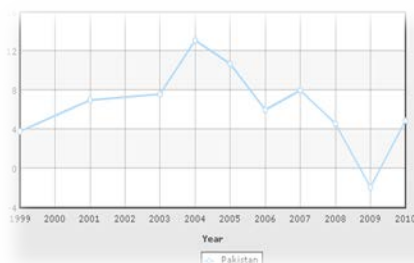
**Future research:** In future, banking system for SMEs can be revised by using the results of this study.

**Keywords:** Industrial Development, Foreign Direct Investment (FDI), Small and Medium Enterprises (SME), Gujranwala and Pakistan.

### Introduction:

Real economic growth rate of Pakistan from last few years is quite alarming (Economic Survey of Pakistan 2011-12). According to World Bank Report of year 2011, its position is of 83 out of 183 countries. Decline of GDP from 8.96 to 3.04 during 2005 to 2012, is because of many reasons, for example internal political conditions, low foreign investment, increasing poverty and inflation. Despite of this decline, contribution of industry and services has grown with a rate of 5-8 % share in GDP (CIA World Fact Book 2012). Industrial development can support in increasing income level of the nation as well as the to attain the desired level of trade.(Dietz 2009: 273).

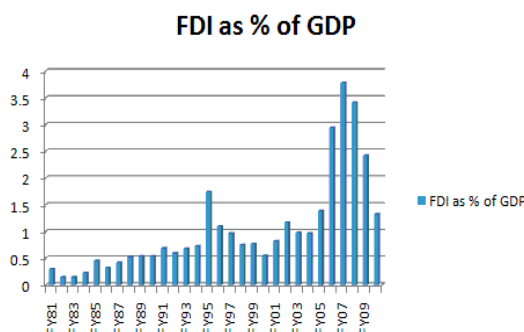
The production of the industry is growing that is 4.9 in 2010 from the -1.9 in 2009 (CIA World Fact Book 2011).



But there are some hurdles and barriers in the development of the industry like Energy Crises (Ellahi 2011: 1-2), Uneducated labor and low wages (Ahsan 2011: 199-200), as well as the trade level is also decreasing because 90 per cent of trade is traditionally financed by short-term credit. Trade finance has also been reduced as banks limit their risk exposure. To get the

desired results for the development of the industry, SME sector plays a wide role but the misuse of resources like absence of credit facilities and infrastructure are hurdles in the development (Dr. Mumtaz.A.J, 2009).

As the Gujranwala, hub of SME's is unable to contribute in the GDP of Pakistan due to the above reasons. And the industry also migrates to other countries like Bangladesh, Sri Lanka etc. We may have the lack of utilization of available resources which creates hurdles for the development of the industry. These hurdles can reduce with the inflow of FDI but with the passage of time the inflow of FDI is decreasing that is 1.14% of the GDP in 2010(Muhammad A.Khan,2011).



### Objective:

The objective of this research is to earmark the reasons of the misuse or improper use of non-utilization of resources in line to stream line in the SME sector Gujranwala.

### Literature Review:

- **Electricity Supply for Development:**

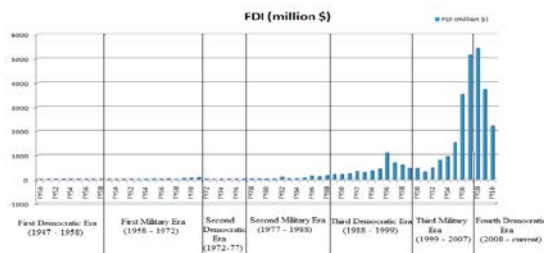
The joint role of the industrial development and the electricity supply for the economic growth of Pakistan use the Empirical analysis, which is a model based on the endogenous growth theory and analyze the results with the ARDL model. The hypothesis of this study is "Industrial development and Electricity Supply important for Economic Growth".

After the quantitative analysis with the endogenous growth theory that is helpful to explain the situation of developing countries. This theory shows that the industrial sector contribution in the economic growth is low due to the poor electricity and infrastructure facilities. Thus the results are in the favor of the hypothesis that industrial development and electricity supply important for the economic growth (Ellahi.N, 2011).

- **FDI:**

This study determines the main factors responsible for the recent decline in the inflow of FDI. The issues that are discussed areas; Importance of FDI, Scope, FDI policy in Pakistan, Trends of FDI and their analysis. The factors those are responsible for this recent decline like energy crises, lack of infrastructure and taxes etc.

### • Government Role:



The graph shows that in the every military government, the FDI trend has moved for the better but in the every democratic government FDI has shown fluctuations and even eventual decline. And another important thing to note that democratic era represents multiple governments but the military area represents a stable long term military rule.

In the conclusion research has shown a positive relationship between FDI and Economic growth of a country and gave the suggestion that the role of SBP has been influential in the implementation of policies (Khalid.S and Shah.M ,2012).

### • SME:

For the constraints of SME, highlight the major constraints in creation and growth of small scale industries at Shukkur, Sindh Province of Pakistan. These constraints are as: Lack of managerial knowledge, Lack of capital, Absence of credit facilities and Lack of facilities in training of management, marketing and export to the entrepreneurs. Primary data was collected by well developed questionnaire and the secondary data was collected through Annual Economic Review of Pakistan. To analyze the data use the regression model and co-efficient of regression model. After using the regression model, the hypothesis gave the result that the education have high impact over the respondents and co-efficient of regression model gave the result that educated entrepreneurs have high impact on the growth of small scale industries of Pakistan (Dr. Mumtaz.A.J, 2009).

### Hypothesis:

- $H_0$  = Barriers in the misuse or improper use of non utilization of resources have an effect on growth of the SME sector Gujranwala.  
 $H_1$  = Barriers in the misuse or improper use of non utilization of resources have not an effect on growth of the SME sector Gujranwala.
- $H_0$  = Growth of the SME sector Gujranwala requires the inflow of foreign direct investment.  
 $H_1$  = Growth of the SME sector Gujranwala does not require the inflow of foreign direct investment.

### Research Questions:

- 1) What are the barriers for the misuse or improper use of resources?
- 2) What are reasons of low inflow of foreign direct investment?

### Methodology:

The Pakistani large scale industry is largely an oligopolistic structure with a few dominant big players wielding influence in policy making. SME's are ignored in the decision making meant of their own development. SME's plays a vital role in the industrial development of most countries. SME's constitute nearly 90% of all the enterprises in Pakistan and play a vital role in the structural transformation from low income to middle income status. The diversity

of SME's has allowed them to operate in a number of different sectors of the economy and they operate in both rural and urban areas( SMEDA,2010).

According to the SME policy 2007 the define SME as an enterprises which meets the following criteria;

Employment size = > 250 employees.

Paid-up Capital = >25 million.

Annual Sales = 250 million.

But this definition is again fail because the most of the SME's are family ownership in Gujranwala comprising less than 10 employees due to their own development. The selection of the small and medium enterprises is randomly and the data collected by the questionnaires and take all variables as a qualitative measure and the endogenous growth theory supports all the variables because according to this theory, the economic growth is generated in the system by the internal processes. I test these variables by ordinary least square method by using SPSS.

For testing the hypothesis that non-utilization or under utilization of resources and the inflow of FDI have an effect on the growth of the small and medium scale industries, a survey from 30 different industries was conducted because in existing literature, there is no direct relation that with the inflow of FDI is helpful for the growth of SME sector.

#### **Descriptive Analysis:**

Descriptive analysis is used to describe the attributes of a system. Magnitude estimation can be used to correlate each of the attribute's relative contribution to the final system. So the descriptive analysis of my two hypotheses is as.

##### **Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
SME Industry	30	1	3	1.33	.661
Barriers in the non-utilization of resources.	30	0	5	2.67	1.093
Growth of SME	30	1	4	2.57	1.135
FDI inflow	30	0	50	27.67	11.943
Valid N (list wise)	30				

The mean of the SME industry is 1.33 which shows that when we talk about the growth of the industry majority people think about the manufacturing industry and standard deviation show that the mean spread in the data is 0.611 because majority of the industry consist on the manufacturing small and medium enterprises which is 76.7% while the trading enterprises is 13% and others are 10%.

The mean in the barriers of non-utilization of resources is 2.67 which mean that barriers are exists for the non- utilization or under utilization of resources for the growth of the SME's industry while the mean spread is 1.093 which also called standard deviation.

The mean of the Inflow of FDI is 27.67 and the mean spread in the data is 11.943. Similarly the mean of the growth of SME is 2.57 and the mean spread in the data is 1.135, which shows that the SME industry need the inflow of the FDI.

##### **SME Industry**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Manufacturing	23	76.7	76.7	76.7
Trading	4	13.3	13.3	90.0

Others	3	10.0	10.0	100.0
Total	30	100.0	100.0	

The survey data shows that in the non-utilization of the resources energy crises is big hurdle for the development of the industry and the remaining attributes that creates hurdles for the development are lack of credit facility and the lack of managerial skills.

#### Barriers in the non-utilization of resources

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0	1	3.3	3.3	3.3
Lack of Managerial Skills	2	6.7	6.7	10.0
Lack of Credit Facility	9	30.0	30.0	40.0
Energy Crises	15	50.0	50.0	90.0
All of Above	3	10.0	10.0	100.0
Total	30	100.0	100.0	

The SME of the Gujranwala need the inflow of FDI as a 30% contribution in the form of the technology, infrastructure and the funds to solve the problems of the enterprises for the development of the industry to contribute in the GDP of Pakistan. Following statistics shows the survey results.

#### Inflow of FDI

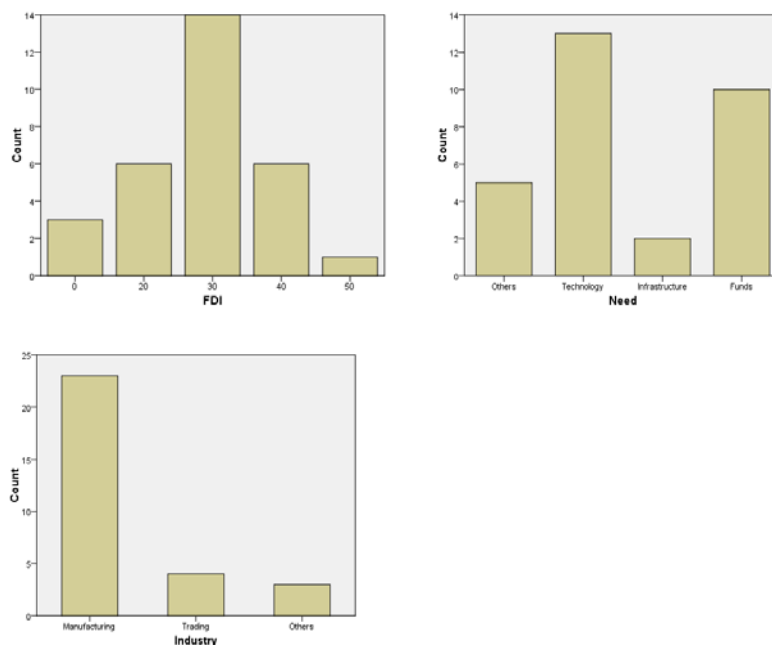
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0	3	10.0	10.0	10.0
20	6	20.0	20.0	30.0
30	14	46.7	46.7	76.7
40	6	20.0	20.0	96.7
50	1	3.3	3.3	100.0
Total	30	100.0	100.0	

#### Need resources for Growth of SME

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Others	5	16.7	16.7	16.7
Technology	13	43.3	43.3	60.0
Infrastructure	2	6.7	6.7	66.7
Funds	10	33.3	33.3	100.0

**Need resources for Growth of SME**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Others	5	16.7	16.7	16.7
Technology	13	43.3	43.3	60.0
Infrastructure	2	6.7	6.7	66.7
Funds	10	33.3	33.3	100.0
Total	30	100.0	100.0	

**Graph:****Inferential Analysis:**

We use the inferential analysis to reach the conclusion and to try in inferring from the sample data that what the population might think. So I test these two hypotheses for making conclusion.

The model of the first hypothesis is as;

$$\hat{Y}_1 = \alpha + \beta x_1 + \varepsilon$$

In which inflow of FDI( $x_1$ ) is taken as the independent variable and growth of SME's industry ( $y_1$ ) is taken as the dependent variable and the coefficient gave the result with negative sign which shows that with the low inflow of the foreign direct investment, the requirements of the resources for the SME industry growth increases, the tables of inferential analysis by the ordinary least square model are as:

**Variables Entered/Removed**

Model	Variables Entered	Variables Removed	Method
1	Inflow of FDI <sup>a</sup>	.	Enter

a. All requested variables entered.

b. Dependent Variable: Growth of SME

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.306 <sup>a</sup>	.094	.061	1.100

a. Predictors: (Constant), Inflow of FDI

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.500	1	3.500	2.894	.100 <sup>a</sup>
	Residual	33.866	28	1.210		
	Total	37.367	29			

a. Predictors: (Constant), Inflow of FDI

b. Dependent Variable: Growth of SME

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.371	.514		6.560	.000
	Inflow of FDI	-.029	.017	-.306	-1.701	.100

a. Dependent Variable: Growth of SME

The model of the second hypothesis is as;

$$\hat{Y}_2 = \alpha + \beta x_2 + \varepsilon$$

In which barriers in the non-utilization of resources ( $x_2$ ) is taken as the independent variable and growth of SME's industry ( $y_2$ ) is taken as the dependent variable and the coefficient of the second hypothesis also gave the result with negative sign, which shows that with the high level of barriers in the non-utilization of resources, the growth will be decrease of the SME industry, the tables of inferential analysis by the ordinary least square model are as:

**Variables Entered/Removed**

Model	Variables Entered	Variables Removed	Method
1	Barriers	.	Enter

a. All requested variables entered.

b. Dependent Variable: SME Industry Growth

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.366 <sup>a</sup>	.134	.103	.626

a. Predictors: (Constant), Barriers in the non-utilization of resources.

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.696	1	1.696	4.327	.047 <sup>a</sup>
	Residual	10.971	28	.392		
	Total	12.667	29			

a. Predictors: (Constant), Barriers in the non-utilization of resources.

b. Dependent Variable: SME Industry Growth

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.923	.306		6.291	.000
	Barriers	-.221	.106	-.366	-2.080	.047

a. Dependent Variable: SME Industry Growth

In the essence, inferential supports the null hypothesis, that barriers are exists in the non-utilization or under utilization of the resources which creates hurdels for the growth of SME sector. The results gave the strong relation that SME industry of Gujranwala can grow with the inflow of the FDI which was missing in the existing literature.

**Conclusion:**

According to the descriptive analysis lack of credit facilities, energy crises and the lack of managerial skills are the major barriers for the growth of the SME sector Gujranwala. To solve the problems of the SME's, the government must take steps or made policies through the SME's banking system. We need the inflow of the FDI in the form of funds as well as technology. But with the passage of time the inflow of FDI is decreasing. To attract the FDI



in Pakistan we need the improvement in four C's (Cost, Convenience, Capability and Concessions). But unfortunately our government has concentrated on "Concessions". While without other three C's, we will not be able to attract the FDI in Pakistan.

#### **Future Research Area:**

In future, banking system for SME's can be revised by using the results of this study.

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**Annexure:**  
**Questionnaire**

Dear Sir/Madam:

Thank You for sparing some of your precious time to fill this questionnaire. It is being distributed to you purely for academic purpose and all the response will be confidential. Your unbiased choices will be highly appreciated and make this research valuable.

1) What is the type of your enterprise?

☐ Manufacturing      ☐ Trading      ☐ Others

2) Is the available resources enough for the industry?

☐ Yes      ☐ No

3) Are you utilizing the available resources?

☐ Yes      ☐ No

4) Which type of resources you need for your development?

☐ Funds      ☐ Technology      ☐ Infrastructure

☐ Others

5) Which thing creates barriers for your development?

☐ Lack of Credit Facility      ☐ Energy crises  
☐ Lack of managerial knowledge      ☐ All of above

6) Is foreign direct investment better for the industry?

☐ Yes      ☐ No

7) In which area you prefer the contribution of foreign direct investment?

☐ Inflow      ☐ Outflow

8) What fraction you suggest for foreign direct investment for industry growth?

☐ 20      ☐ 30      ☐ 40      ☐ 50

## **Impact of Emotional Intelligence on Job Stress**

**By:**

**Mehwish Umer**

**Fatima Jinnah Women University**

### **Abstract**

#### **Purpose**

Stress is inevitable at workplace which results in dissatisfaction if not managed properly. Emotional Intelligence is one way to cope with workplace stress. This quantitative research study explores the relationship between the Emotional Intelligence and Job stress in a public sector Higher Education Institute for women.

#### **Methodology**

The research is conducted by using survey research design. Population of the study is all the employees of Fatima Jinnah Women University. A sample of 100 respondents are taken from academic and administrative staff of the university by using purposive sampling technique. The evaluation was interpreted on the standardized questionnaires with likart scale.

#### **Findings**

A negative correlation was found between Emotional Intelligence and Job stress and it endorses the previous studies. Hypothesis 1, and 5 are accepted as negative relationship exists between perception of emotions, and Emotional Intelligence as a whole and Job stress.

#### **Research Implications**

Based on the analysis of Emotional Intelligence and stress levels across variety of disciplines and offices with varying level of experience at a public sector Women University, the research offers the implications for psychological development of employees.

#### **Originality**

Emotional Intelligence though is a widely researched topic internationally but there are a few studies in Pakistan that seek to ascertain the relationship of Emotional Intelligence and Job stress. Neither separately nor combined a study has been conducted in education and public sector of Pakistan testing Impact of Emotional Intelligence on Job Stress.

#### **Limitations and Future Research**

The limitations of the research include distinctions has not been made on the basis of job nature and designations. This study is related to Education sector only and results can't be generalized on all job sectors. Emotional Intelligence is a positive phenomenon. Further studies could be conducted on its utilization.

**Key words:** Emotional intelligence, Job Stress, Public sector

**Article classification:** Organizational Psychology -- Human Resource Management

### **Introduction**

Work and stress are very much related to each other. Organizations which deals with service industry faces high level of mental job stress because of the direct interaction with people. (Ogińska-Bulik, 2005). The stress is caused due to various reasons which incorporates working environment, high job demands, work overloads, conflict with coworkers and also by the combination of various factors called "stressors" in contemporary terms (Schwetschenau, 2008). Job stress is inevitable at workplace which may result in dissatisfaction, demotivation, exhaustion, poor physical condition, high workforce turnover, and reduced efficiency and low performance (Cushway, Tyler, & Nolan, 1996). Factors which can affect job stress may include social support, job satisfaction, empowerment, emotional intelligence etc. Emotional intelligence is the ability to judge, predict, generate, understand and utilize emotions and also to control self and other's emotions resulting in growth of emotions and intellect. (Mayer & Salovey, 1997).

In last few decade lot of work has been done in the field of Emotional Intelligence considering it to be an important factor towards success in life as well as for psychological well being. Studies have shown a positive relationship between Emotional Intelligence and achievements related to academics (Nowicki and Duke, 1992), interaction in work environment (Svyantek and Rahim, 2002) and is considered more important than IQ (Goleman, 1998). Previous studies have shown that there is a negative relationship between Emotional intelligence and job stress. Though emotional intelligence and its relationship with other variables has been widely worked on but still in Pakistan not much research has been done on the issue because of lack of consideration of HR department as a moderator between organizational efficiency and employee's psychological well being.

### **Purpose of the study**

Not much research has been done on education sector regarding the relationship of stress and emotional intelligence. This paper aims at finding the relationship of emotional intelligence with stress in a public sector educational institute for women. The study highlights the importance of Emotions in a Bureaucratic organization and its role in managing stress for the female employees in order to increase their satisfaction level. The study has been conducted on the female population of a public sector women university. The study was important in order to understand the importance of Emotional Intelligence in public sector organization which provides bureaucratic structure with hierarchy of authority and responsibilities and has clear rules and procedures.

### **Literature Review**

The word Stress came from the Latin word, 'stringere', meaning distress and/or difficulty (Cartwright & Cooper, 1997). It results from mismatch of physical efforts and emotions or poor handling of job requirements (Leka et al., 2004; Ugoji, 2003). In an organizational context, it has two major dimensions: physiological stress and psychological stress. (AbuAlRub, 2004; Harrison, 1978; Larson, 2004). Brewer and McMahan-Landers studied the relationship between the job stress and job satisfaction amongst the technical teachers. He states that Job stress has raised among faculty members in higher education including teachers and administrators. Stress has a negative impact on the organizational outcomes. Mayer (1999) defined Emotional Intelligence as ability to distinguish between the emotions, using it as a reasoning tool and finding association between emotions and to use them for problem solving purpose. Reuven Bar-On (1999) coined the term 'Emotional Quotient'. According to Mayer and Salovey (1997) hypothesized that emotional intelligence involve the skill to have right judgment of emotions of one's self and of others, evaluate and express emotion and the ability to control emotion to encourage emotional and intellectual growth. Goleman (1995) is another famous author in the field of Emotional Intelligence. He attributed 'Self-Awareness, Self-Regulation, Motivation, Empathy and Social Skills' to Emotional Intelligence. He explained the relationship of emotional intelligence and workplace behaviour.

Initially psychologists just studied cognitive aspects of Emotional Intelligence, like memory and problem solving but later non-cognitive aspects were also included in the term. Wechsler (1958), included dealing with environment and Howard Gardner (1983) proposed the measurement of intrapersonal as well as interpersonal intelligences by intelligence quotient (IQ) and related tests. Wechsler (1940) earlier in his studies was of the view that abilities other than intellect also play an important part as a success predictor. Thorndike (1920) defined social intelligence as the ability to perceive one's own and other's internal states, motives and behaviors and to act toward them optimally on the basis of that information. Emotional Intelligence has its roots in social intelligence. Many other researchers also considered Emotional intelligence as an important role

player in having the ability to adapt to the environment, creating acceptability for others and attaining success. Gardner (1983) proposed that effective communications with people as well as interpersonal intelligences are also important factors like IQ.

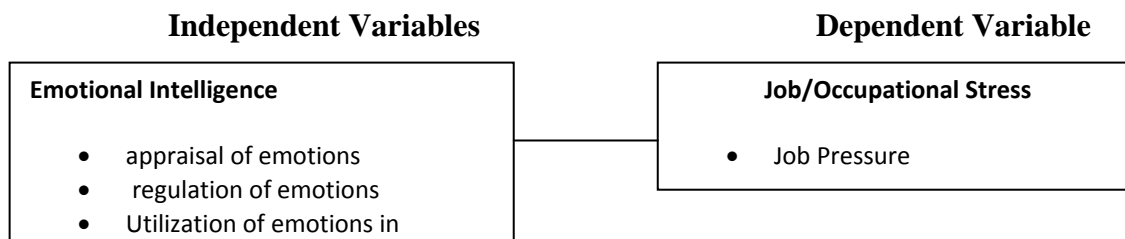
### **Emotional Intelligence and Job stress**

Stress is also an emotion which is caused by the 'Emotional dissonance', which results from the lack of alignment of displayed emotions from the felt emotions. ie. difference in attitude and behaviour. When this dissonance occurs frequently stress occurs. (Ogińska-Bulik, 2005) The intensity of job stress varies from person to person and so does the Emotional Intelligence level. Peter Salovey and John Mayer proposed that individuals vary in their ability to process information of an emotional nature and in their ability to relate emotional processing to a wider cognition. They then posit that this ability is seen to manifest itself in certain adaptive behaviors. (Mayer, Salovey & Caruso, 2000).

Rosenthal and his colleagues at Harvard discovered over two decades ago that people who were best at identifying others' emotions were more successful in their work as well as in their social lives (Rosenthal, 1977). More recently, a survey of retail sales buyers found that apparel sales representatives were valued primarily for their empathy. The buyers reported that they wanted representatives who could listen well and really understand what they wanted and what their concerns were (Pilling & Eroglu, 1994).

"Only a careful assessment of the work situation, informed by an understanding of the nature of emotional competence, enabled the person to identify both the surface-level and deeper competencies that affected performance." (Goleman, 1998). Ismail, Yao, Yeo, Lai-Kuan, Soon-Yew (2010) stated that the capability of academic employees to manage their emotions and other employee emotions has increased their abilities to control psychological stress in implementing job. As a result, it could lead to higher job satisfaction. Ogińska-Bulik in 2005 found out the importance of emotional intelligence in perceiving occupational stress and preventing employees of human services from negative health outcomes.

### **Model of the research**



### **Hypothesis**

- **H1:** There is a significant negative relationship between Perception of Emotion and Job stress
- **H2:** There is a significant negative relationship between Managing Own Emotions and Job stress
- **H3:** There is a significant negative relationship between Managing Others' Emotions and Job stress
- **H4:** There is a significant and negative relationship between Utilization of emotions and Job stress
- **H5:** There is an overall significant negative relationship between Emotional Intelligence and Job stress

## Methodology

The research was conducted on a public sector organization with defined roles, hierarchy of authority and responsibilities. The majority of population in this organization is female but male members are also working in various departments and offices. So the population included Faculty and Administrative staff of the university. The scores were subjected to statistical analysis for testing the hypothesis of the study. For the ease of respondents the questionnaire was personally administered where the respondents autonomously complete the questionnaire.

A sample of 100 respondents was taken from different academic and administrative departments of the same organization. Purposive sampling was used for the selection of respondents. The experience was divided into three groups having experience of up to 3 years and more then 3-6 years and above. Experience only in the university was counted for the study. The age group was divided into three categories i.e. up to 30 years, 30-45 years and above 45 years. Qualification was also divided into three groups i.e. up to Masters, MS or M.Phil and Ph.D

Job stress Survey (Spielberger & Vagg, 1999) is used to measure the intensity of stress in the employees. The coefficient alpha of this instrument was tested by Spielberger and Vagg ranges from .80 to .89.

For the measurement of Emotional intelligence the instrument used is "The Assessing Emotions Scale", or the Schutte Emotional Intelligence Scale. As reported by Dr. Schutte (1998) its reliability is .78. Scores can range from 33 to 165, with higher scores indicating more characteristic emotional intelligence.

## Results and Discussion

### Demographics Variable:

**Table 4.1**  
**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Total					
Emotional Intelligence	100	79.00	149.00	128.0000	11.59589

The sample of the study has a minimum level of Emotional Intelligence 79.00 and maximum level of emotional intelligence is 149 which is generally very high level of emotional intelligence. The mean of the emotional intelligence in the sample under consideration is 128 and standard deviation is 11.59589. Majority of the values lie within mean  $\pm$  2 standard deviation. It shows that majority of the people in the university have sufficient level of Emotional Intelligence.

		Percept ion of Emotio ns	Mgt of own Emot ions	Mgt of other s Emot ions	Utiliz ation of Emoti ons	Tota l EI	Job Press ure	Lack of Organiza tional Support	Tota l Job Stre ss
<b>Total EI</b>	Pearso n Correla	.699**	.817* *	.768* *	.694**	1	- .357* *	-.309**	- .341 **

	tion Sig. (2- tailed) N	.000	.000	.000	.000		.000	.002	.001
		100	100	100	100	100	100	100	100
<b>Total Job Stress</b>	Pearson Correlation Sig. (2- tailed) N	-.375**	-.192	-.275* *	-.132	-.341 **	.955* *	.976**	1
		.000	.056	.006	.192	.001	.000	.000	
		100	100	100	100	100	100	100	100

The correlation results show a positive relationship between overall Emotional Intelligence and job stress which is very much different from the previous studies which show that increase in Emotional Intelligence decreases the level of job stress. In the particular case of Public Sector Women organization the level of stress increases with the level of Emotional Intelligence. The positive correlation of .256 exists at the significance level of .05. If we go into the detailed analysis there is no significant relationship between job stress and Perception of emotions however there is a significant relationship between Job stress and managing own emotions. The positive correlation of .330 significant at the level .01 exists between the two variables.

Here the results are explained in more details.

**H1: There is a significant negative relationship between Perception of Emotion and Job stress**

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.375(a)	.140	.132	1.27180

a Predictors: (Constant), Perception of Emotions

#### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.879	1	25.879	16.000	.000 <sup>a</sup>
	Residual	158.513	98	1.617		
	Total	184.392	99			

a. Predictors: (Constant), Management of Others Emotions

b. Dependent Variable: Total Job Stress

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	9.567	1.044		9.160	.000
	Perception of Emotions	-1.122	.280	-.375	-4.000	.000

a. Dependent Variable: Total Job Stress

It is clear from the results that the regression analysis accepted perception of emotions as a variable affecting job stress negatively. The model is statistically significant at p value of .000. So Job stress is significantly related to perception of emotion, thus Hypothesis H1 is supported, which states that there is a significant negative relationship between perception of Emotions and Job stress.

**H2: There is a significant negative relationship between Managing Own Emotions and Job stress**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.192(a)	.037	.027	1.34620

a. Predictors: (Constant), Management own Emotions

**ANOVA<sup>b</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1	6.792	1	6.792	3.748	.056 <sup>a</sup>
Regression	177.600	98	1.812		
Residual	184.392	99			
Total					

c. Predictors: (Constant), Management of Own Emotions

d. Dependent Variable: Total Job Stress

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Beta		
1 (Constant)	7.721		6.455	.000
Management of Own Emotions	-1.122	-.192	-1.936	.056

a. Dependent Variable: Total Job Stress

This model is insignificant as low F value with 3.748 and the significance value (p value) is greater than .05. Considering all the factors the model shows an insignificant relationship between management of own emotions and job stress. Here in the 95% confidence level, we reject the hypothesis H2. Hence Job stress is not related to managing own emotions.



**H3: There is a significant negative relationship between Managing other's Emotions and Job stress**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.275(a)	.076	.066	1.31889

a. Predictors: (Constant), Management others Emotions

**ANOVA<sup>b</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1	13.925	1	13.925	8.005	.006 <sup>a</sup>
Regression	170.467	98	1.739		
Residual	184.392	99			
Total					

e. Predictors: (Constant), Management of Others Emotions

f. Dependent Variable: Total Job Stress

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1 (Constant)	8.459	1.082		7.818	.000
Management of others Emotions	-.764	.270	-.275	-2.892	.006

a. Dependent Variable: Total Job Stress

This model shows insignificant relationship of Managing of others emotions with job stress. Though the correlation showed a negative relationship of the variables but significance value (p value) of .006 makes the relationship insignificant. Considering the significance value we reject the hypothesis. So Job stress is not significantly related to perception of emotion, Hypothesis H3 is therefore rejected, which states that there is a significant negative relationship between managing others Emotions and Job stress.

**H4: There is a significant relationship between Utilization of emotions and Job stress****Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.132(a)	.017	.007	1.35977

a. Predictors: (Constant), Utilization of Emotions in Problem Solving

**ANOVA<sup>b</sup>**

<b>Model</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	3.194	1	3.194	1.727	.192 <sup>a</sup>
Regression	181.198	98	1.849		
Residual	184.392	99			
Total					

g. Predictors: (Constant), Utilization of Emotions in Job Stress

h. Dependent Variable: Total Job Stress

<b>Model</b>		<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
1	(Constant)	6.836	1.086		6.295	.000
	Utilization of Emotions in Problem Solving	-.340	.259	-.132	-1.314	.192

a. Dependent Variable: Total Job Stress

This model is insignificant with low F value of 1.727 and p value of .192 greater than the standard .05. So Utilization of emotions in problem solving is not significantly related to job stress. Hence we can reject the hypothesis H4 stating that there is a significant relationship between Utilization of emotions and Job stress.

**H5: There is an overall significant negative relationship between Emotional Intelligence and Job stress****Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.341(a)	.116	.107	1.28964

a. Predictors: (Constant), Total Emotional Intelligence

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.402	1	21.402	12.868	.001 <sup>a</sup>
	Residual	162.990	98	1.663		
	Total	184.392	99			

i. Predictors: (Constant), Total Emotional Intelligence

j. Dependent Variable: Total Job Stress

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	10.565	1.440		7.337	.000
	Total Emotional Intelligence	-1.326	.370	-.341	-3.587	.001

a. Dependent Variable: Total Job Stress

The model is significant with high F value of 12 and significance value (p value) of .001. Considering 95% confidence level we fail to reject the hypothesis. So Job stress is significantly related to perception of emotion. Therefore Hypothesis H5 is supported, which states that there is a significant negative relationship between Emotional Intelligence and Job stress.

**Conclusion**

After analyzing the results, it can be stated that the hypotheses of the conducted study i.e. the emotional intelligence will correlate negatively with job stress proves to be correct. The findings of the study point out that the low and high level of Emotional Intelligence establishes relationship to some extent with stress. Negative correlation of Emotional Intelligence with stress highlights that emotional intelligence will prove to be a helpful tool in dealing with stress at workplace. The studies quoted in the literature review also reveal similar results. So it can be said that 'emotional intelligence,' is the ability to hold back negative emotions such as anger, stress, anxiety and as an alternative focuses on positive ones such as self-assurance, empathy and amiability. So one should give emphasis to increasing emotional intelligent to overcome stress at workplace. In the organization considered for the study job pressure and lack of organizational support both acting as factors of job stress though is found in every employee but the people with high emotional intelligence are found to have a control over their stress. Their ability to perceive emotions and ability to manage

others emotions are the major contributors to reduce job stress (Ismail, Yao, Yeo, Lai-Kuan, Soon-Yew, 2010).

The quality can be utilized in many positive ways in order to align the individual performance with organizational performance. (Goleman, 1998) The demographics are not taken into account for the study. The study aimed at knowing the emotional intelligence of the people without any discrimination of their designation, age and experience as for the organization all people and their contribution in the performance matters. Emotional Intelligence of employees does matter for an organization and Job stress is felt by every individual. Though research studies show a negative relationship between Stress and Emotional Intelligence still it doesn't show that people with high emotional intelligence do not feel stress. As written by Neely. A, in the recent article published in Daily times in December 2010 which states that people with high level of emotional intelligence still react in the situations with high stress. However they have the ability to get over the stress situation more easily then the people with low Emotional intelligence. Job stress factors which are external and not in full control of a person do create stress for everyone. Stress can be managed and controlled through emotional intelligence.

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### **Biography**

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**Brand Personification and Consumer Brand Relationship: a culture specific investigation**

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**Abstract:**

**Research Purpose:** This research focused on validity and applicability of the Jenifer Aaker's brand personality scale (1997) in Pakistani context while measuring the brand personality of Toyota Corolla, a Japanese brand of passenger cars.

**Methodology:** Confirmatory factor analysis was performed using structural equation modeling (SEM) through SPSS (Amos), followed by factor analysis to determine the major dimensions of Corolla's brand personality.

**Findings:** The output model (path diagram) confirmed that Corolla has a multi-dimensional brand personality. Some of the dimensions of the J. Aaker's scale for brand personality (ibid) were significant for Toyota Corolla (Sincerity, Ruggedness, Competence and Sophistication). However the dimension excitement was insignificant. Later, factor analysis also yielded 7 major dimensions of Toyota Corolla's Brand Personality again confirming the culture specific dimensions of brand personality.

**Managerial Implications:** This research also has significant image, design, performance and identity related managerial implications.

**Originality:** This research broadens our vision and understanding about the personification of brands and their culture specific identity and image implications. For effective brand positioning through establishing a valid brand personality, culture and culture specific brand associations are vital. We found that although previous research has proven the performance and image related implications brand personality concept, intensive considerations should be given to the culture while crafting the overall concept and related brand associations.

**Limitations and Future Research Recommendations:** The outcomes point out to several important future research directions; a) an exploratory study with cultural adjusted questionnaire is needed to determine the major cultural specific brand personality construct and its dimensions b) further research attention should also be given to determine any performance oriented implications of brand personality c) finally, research must be focused to find out any association of brand personality and its dimensions with brand awareness, recall

and brand equity.

**Key Words:** Culture, Brand Personality, SEM, Pakistani.

## **1. Introduction:**

### **1.1 Value, branding and personification of brands:**

In early 1980s, organizations became aware of monetary worth of brands, and ever since branding fascinated many researchers and practitioners (De Chernatony, 1999). The approach people imagine and experience regarding a brand is the brand outlay that makes an inimitable association with its end clients/consumers (Wood, 2008). Wood put forth six reasons to the significance of the brand: The first explanation is brands are “well-labeled information packages created in the hope of offering support to individual consumers” which assist them to evaluate and have choices. Second; brands help out the companies to distinguish their goods and services. Third; branded companies can rely on economies of scale and other cost efficiencies. Fourth; branding help out firms to step into new markets, even into areas outside their foundation actions like music firm Virgin’s diversification into everything from telephony to air travel. Fifth: enormous changes will be easier (organizational flexibility) like, transformation in possession, alteration in firms’ national or local association, and to amend to where and how manufacturing could be done. Sixth: co-branding compensation like those in sportswear business, it has turned into popular for sports ware firms to co-brand with style designers: e.g., Puma and Jil, Sander, Nike and Junya, Watanabe and Adidas, and Yohij Yamamoto. All the marketing policies in the vein of name, covering, publicity, endorsement, pricing, sales team regulation, client repurchases, etc generate one reflection of a brand. The vital concern here is that this reflection is a recipe of quality and value that are not separated, and while brands are not making values, people believe the cost is too high. One can conclude that brands are champions because people have a preference for them to the common products. The main mental feature here is: brands make people to choose. Brands provide consumers quality and service assurance, (Rajagopal, 2006). This quality, value, consumer preference, competitive edge and other benefits (both monetary and psychosocial) associated with the brands due to different primary and secondary brand elements is called brand equity. Aaker (1996) came up with key guidelines for developing brand equity and building strong brands. These guidelines include, establish brand identity, understand value and brand building consistent and synergistic brand system, leverage brand through extending and co-branding, develop effective brand evaluation system and continue investing in brands. He argues that determining and recognizing the core identity is the fundamental step in brand building, because identity is what organizations aspire to develop customers’ perception while brand image is what actually perceive about brand as a product, brand as a symbol and brand as organization. Aaker (ibid) defines brand identity as, “a unique set of brand associations that the brand strategists aspire to create or maintain”. The author furthers brand identity as the key root to establish strong relationships with customers by offering a value that involves emotional, functional or/and self expressive benefits. The author has identified four major dimensions of brand identity; brand as a person (brand personality), brand as a product, brand as a symbol and brand as organization. Brand personality which is the focus of this paper is defined by Aaker (1997) as, “the set of human characters associated with a brand”. She called brand personality a planned tool and a symbol that can facilitate brand strategists to recognize people’s understandings of brand and distinct brand identity and finally generates brand equity.

Treating brands like human beings with their particular characteristics is very important while positioning them. With a distinct personality, the brand becomes ever green and occupies a

strong place in the consumer's evoked mind set. Brand personality therefore, has gained attention in current marketing research and practices. Academic research on product or brand personality initiated early in 1960s. A number of the researchers examine the link between self-concept and alleged personality of cars (Birdwell, 1968). These researchers has experienced problems, due to the absence of universal approach however, and mutually agreed classification of personality characteristics to express brands and products. Dolich (1969) chose individual personality scales to revise the brand personalities of some four different categories' products (bar soap, toothpaste, beer, and Cigarettes) and their relations with the customers' real and perfect self-image. Work has suffered, however, due to the lack of a familiar premise and of a mutually agreed classification of personality qualities to be used in defining products. The soundness of the prior product personality scales, standing on individual personality, is criticized as the personalities of products and human beings could have different background. A particular product's personality reflection is considered as symbolic use of the product via direct and indirect exposures. Aaker (1996), comprehending this restraint and picture on the major five form of human personality, introduced the scale of brand personality (BPS), comprising of the five standards, "dimensions: excitement, sincerity, competence, sophistication, and ruggedness". Aaker (1996) formulated a reliable, valid and generallizable scale that measures these dimensions. The scale is adapted by many researchers and a number of them have questioned its generallizability because of the brand personality dimensions' cultural sensitivity (Aaker, 2001; Mendez, 2004; Tinkham, 2005; Ekini, 2006; Bosnjak, 2007). The next section has provided a comprehensive review of literature related to the importance of brand personality in establishing consumer brand relationships, some criticism on brand personality and its measurement scales and finally its application across cultural and product traits.

## **2. Brand personality: A review of related literature:**

### **2.1 Brand personality; an expression and/or aspiration for expression:**

Consumer and brand has a sort of association which is like the affiliation among two people. This association can be pleasant and two associates act as close friends or even some sort of fun friends just happy to be around (Rajagopal, 2006). Customers nowadays, have deep personal relations and affiliations to brands and the histories of brands (Power, 2008). For example, Tissot watches usually carry a book named "the story of a watch factory" in their packages. Power (2008) thinks that branding is the struggle of tactically personifying products. Most of workers in figurative use of brands have revealed that customers prefer brands corresponding to their own personality (Bosnjak, 2007). Brand personality is a very eye-catching concept in current marketing and Aaker (1996) forwarded it as one of the core dimensions of the brand identity and one of the contiguous variables to acquire decision making processes. Brand personality deals with the significance of relations in social activities and gives the brand elevated location in the mind of customers and develops the brand as their friends and possessions (Rajagopal, 2006). It is the all attitudes, perspectives, feelings and views customers have about a brand (Guthrie, 2007). For instance, the Marlboro brand personality correlates the physical and emotional aspects of a product to explicit consumers who have or wish to have a definite life style. All prestige's objects like watches make persons articulate themselves in the remote world and they perform as annex of the personality. These are "all in mind" and when you ask them about big brands like BMW or Gucci, their responses are afar the physical features of the product. And if there is one word coming from the customer voices, that is value and the market leadership is all about value not price (Rajagopal, 2006). Brands can converse like human beings, they talk through the style, manner of their publicity and like human speak, the audiences who are desperate will



listen (Bulace 2000; cited by Guthrie 2007). Aaker and Fournier (1995) have compiled all the researches about the brand personality topic in three main parts i.e. (a) Conceptual level, (b) Relationship approach, (c) Personality measurement scales. The first part of research is mostly about the insight of people about brands in daily routine. Narrative theory (people make stories about the behavior of each other) seems to be an efficient device here as it helps understand the process consumers form personality. Some example questions here are: "what is the extent of impact for a brand on a personality before vs. after use? What is role of brand names, logos and symbols in developing a brand personality? What impact does a brand personality have on loyalty? What are the situations when one brand personality is preferred over another? What type of advertising (e.g. transformational vs. informational) is most effective in developing a brands with a strong personality?" The second part of research is dealing with brand as an active associate of the relationship and customers watch this movement during brand behavior. The brand is dealt as "*an active, contributing partner in the dyadic relationship that exists between the person and the brand, a partner whose behaviors and actions produce trait inferences that together précis the customers insight of the brand's personality*" and the author tells here the idea of the brand-as-partner (BAP) and study in this field consider that advertising is not sufficient for brand personality development but all marketing actions and also all strategic management conclusions should take it into account. The last area, which is mainly designed by Jennifer Aaker (1997), is the method of applying brand personality via core factors defining personality. She studied the kind of product categories which has personality, the relation between self-concept and brand personality. So the personality sense of the brand is in fact "*the specific set of meanings which describe the "inner" characteristics of a brand. These meanings are constructed by a consumer based on behaviors exhibited by personified brands or brand characters*" (Aaker, 1995). A number of brands have distinct personalities. Starbucks' is outgoing, youthful, personable, and friendly, a refreshing escape, freshness, warmth, and comfort. It is verified through their tune-up interactions, their covering, their decoration, their brand assistance, and their corporate culture. MTV is a whole appearance of youth, individuality, and denying conventions, a loud yell for sovereignty and free thinking. Nike's personality is deliberate, aggressive and allowing, somewhat self-opinionated. It is about success and winners, an enthusiasm for competitiveness. In contrast, "Cricket Wireless is every-man", contented, friendly, and relaxed.

## **2.2 Aaker's BPS; some criticism:**

The stated objective of Aaker (1997) was to, "develop a theoretical frame work of brand personality dimensions and formulate a reliable, valid and generallizable scale that measures these dimensions". And as she concluded that she achieved this objective after completing her research. However further research has shown that brand personality dimensions may be culture specific (Aaker, 2001; Mendez, 2004; Tinkham, 2005; Ekini, 2006; Bosnjak, 2007). Austin (2003) states that unfortunately the generallizability of the Aaker's scale is not well clear in some aspects, although due to their eager need majority of marketing practitioners and academicians embraced Aaker's scale readily to measure brand personalities of many brands. He strongly suggested that the limits of generallizability to be defined and identified. From a series of confirmatory factor analysis Austin put forth his findings which indicated that Aaker's scale is not generalizable in a product category that is broadly defined, for example restaurants. Ekini (2006) however proved the replicability of penta-factorial model hypothesized by Aaker (1997), with a little adaptation in tourism industry. Diamantapolous (2005) also quotes that a little modification and adaptation of the personality attributes' structure linked to commercial brands in the cultural context makes the Aaker's BPS easily replicable.

These limitations do not however, invalidate the utilization of psycholaxial approach (Aaker's) for determining the brand personality and identifying the best emotional and functional traits that can be used by marketers to build their brands' personality in a way that matches consumers'. Caprara, (2001) advocates that Aaker's scale enables marketers in;

- The further differentiation of specific and brand's main distinctive traits, &
- Selection of most efficient message (words) to convey brand's competitive characteristics.

Aaker's BPS to date is the most comprehensive reliable and stable measure of determining Brand Personality as proven by Ekini (2006).

### **2.3 Application of BPS**

Aaker (1997) recommended that the BPS's five dimensions were standard and may be used to assess brand personality throughout the cultures and product classes. In accordance with her proposals for further research, many workers applied her structure through different products and regions in two main traits culture and brand.

#### **2.3.1 Application of BPS in culture trait:**

To compare brand personality structure across cultures, ethics and requirements of these cultures may be recognized that are appropriate for the better understanding of brands. Variations in culture and cultural values and needs (e.g., Asian vs European or Western vs. East) are much liable to reveal culture-specific distinction in brand personality (Sung, 2005). Aaker et al. (2001) carried out extra research to assess in what way the figurative and communicative attributes connected with marketable brands are organized and how this organization differ throughout three different cultures: the United States, Japan, and Spain. They recognized a group of the dimensions of brand personality that split similar sense in both Japan and USA (for example, excitement) and the other dimensions as well (for example peacefulness and ruggedness) that bear more precise cultural meaning. In one of their other study this result of similarities and variations in parent structure was also sustained, while comparing Spain and USA (Aaker et al., 2001). A study in Russia by Supphellen (2003) offer one more cross cultural legalization of the BPS, with the brands of Ford and Levi's. Like Aaker's (1997) results, the writer establish five dimensions, recognized as "successful and contemporary, sincerity, excitement, sophistication, and ruggedness". The first dimension comprised of characters or items that were from the four different dimensions however the remaining resemble the ones determined by Aaker (1997). The researcher's findings give further proof that the distribution of adjectives or items of brand personality may vary amongst the dimension according to the culture. The author has the same overall, opinion with Aaker's (1997) argument that BPS is most likely less cross-culturally robust than the scales of human personality. Another work in Chile (Mendez, 2004) has deliberated the Ford brand personality and has expressed that the applicable dimensions are 4 ones by excluding Ruggedness dimension. The main purpose of this study was to empirically calculate the "Ford Brand Personality in Chile", by means of a structure, the "five-dimension Brand Personality Scale developed by Aaker (1997)". The assenting aspect investigation of the measurement form and the investigation of the structural form do not offer proof about the dimension 'ruggedness', brought forward by Aaker (1997). It was not steadfast, nor was it applicable. Thus, it depicts a feeble association with the chief construct of BP. Three sections are identified among respondents: the opponent, the enthusiast, and the callous. Marketing proposals are consequently presented for the Ford brand's positioning in Chile. A study in Germany have revealed four dimensions of brand personality (Drive, Conscientiousness, Emotion, and Superficiality) and the Aaker's(1997) 42 item level were customized to a 20-item gadget in German culture. (Bosenjak, 2007). As Aaker et al. (2001) noted, further research also prove that the effective attributes associated with commercial brands be likely

to show limited consistency in meaning or significance across cultures, the figurative or value-mentioning functions (i.e., the brand personality) linked with a brand be liable to differ to some extent because of the difference in needs structure and self-concept of individuals and their socialization. Also, variations in culture are associated with, and usually encourage, changes in the strategies and plans made for the marketing of consumer goods. This two sided causality proposes that differences in culture should be prognostic of differences in the overall perception of even global brands, regardless of the fact that most of them are marketed with a strategy that is standardized. Transforming these strategies according to culture and customizing (adapted to known cultural characteristics), the extent of variation related to culture in the way brands are perceived should be even clearer.

### **2.3.2 Application of BPS in products trait:**

By taking on “Aaker’s brand personality scale”, Ekini (2006) intended to recognize whether tourists attributed personality characteristics to tourism objective .The findings of the study signify that the personality of destination is perceived as “3-dimensional: sincerity, excitement, and conviviality”. The outcomes of the study also confirmed that perceived destinations’ picture and intention to advice were positively impacted by the personality of that particular destination. The friendliness dimension specially moderated a positive influence on cognitive picture of tourists’ objective to propose. Due to the hedonic character of the experience of holiday and due to the fact that destinations of tourism are loaded with reference to symbolic values; Ekini (2006) think the concept of brand personality useful for the marketing tourism destinations. Also he argues that “Aaker’s (1997) BPS” can be comprehensive to assess personality characteristics that tourists attribute to destinations. The outcome of his study indicates that personality characteristics illustrated by tourists to destination personalities and various destinations can be grouped in three major dimensions: “sincerity, excitement, and conviviality”. The dimensions proved to be steadfast and suitable, with genuineness and enthusiasm as the two basic factors. This follows the previous research on BPS application, in which the genuineness and enthusiasm factors or dimensions proved to confine the brand personality ratings’ majority of variance (Aaker 1997). The third dimension, conviviality, being new and precise to tourism destinations consisted of attributes like friendly, family oriented, and delightful. The implication of BPS to tourism destinations was proven by the outcomes of this study. Although the most BPS’s application studies have been performed within the settings of marketable brand, there be present some prominent exceptions to its applicability in other situations. Unlike earlier study which focused on the brand personalities of mainly profit sectors’ consumer goods and services, Venable, (2005) examined the role and impact of brand personality in non for profit organizations. He utilized the BPS of Aaker’s (1997) and additionally harmonized it by performing qualitative studies. The brand personality of non for profit organizations was found to be consisted of the following four dimensions: “integrity, nurturance, sophistication, and ruggedness”. “Siguaw, Mattila, and Austin’s (1999)” work appears one of the very few studies of BP in the circumstance of generosity and tourism. The researchers studied the BP of restaurants in three broad categories: casual dining, and restaurants that focus speedy service, and are expensive. Aaker’s (1997) BPS was utilized to measure respondents’ perceptions of total nine restaurants, with three restaurants from each category. The result proved the possibility of differentiating the restaurants on account of personality uniqueness. Leading restaurants were considered as being classier, whereas laid-back restaurants posed to be genuine and less capable when contrasted to other two categories of restaurants. The restaurants offering quick-service was perceived as not much rugged and being less exciting. Lau (2007), choose two figurative brands from the similar product category with a considerable variation in their reputation levels. From two focus group sessions, *BMW and Volkswagen* was recognized as

figurative brands, whereby BMW was said to be the higher reputation brand of the two. The prominent personality dimensions of BMW were “capable,” “stimulation,” and “classiness,” while Volkswagen depicted strong personality dimensions of “sincerity,” “stimulation,” “classiness,” and “capable.” In Matzler (2006) work, the hedonic value (defined as the pleasure potential of a product class) manipulates brands affect. He also figured out that two personality traits (extraversion and candidness to experience) manipulate the perceived hedonic value of a product and brand affect. Diamantopoulos (2004) used “Aaker’s (1997) five brand personality dimensions” as scale of core brand assessment following a brand extension and more particularly, with a focus on potential variations expected along these dimension. He compared the consumers’ scores on pre and post-extension basis with respect to every BP dimension so as to recognize any noteworthy changes that could be accrued to the extension. He lastly hit upon the fact that brand personality is therefore flexible to variations as a consequence of a brand extension, irrespective of the fit level (and irrespective of the fit operationalization as whether influenced or perceived fit). The core brand’s perceived quality was also not found to restrain the influence of extension fit on BP. Though, core brand worth was constantly and absolutely linked to the respondents’ preliminary perceptions of BP (except for the “Sophistication” dimension). In appliance of BPS we should think that occasionally the dimension described the brand is the product category linked attribute and all the products in the same category are declared to have the same personality. Example here is the study of Guthrie (2007) who has applied the BPS in cosmetic industry and established that the brand personality of “competent” was a common trait recognized for principal cosmetic brands.

The review of literature above clearly establishes the fact that the application and outcomes of Aaker’s BPS, although comprehensive, significantly vary across culture and across product categories. Marketing strategies should be adjusted and transformed in order to effectively project a particular brand’s personality in view of the consumers’ specific personality perceptions (major dimensions) defined and influenced by characteristics of product category and cultural context.

### **3. Research Objectives:**

The objective of this research was to assess:

- The validity and applicability of J. Aaker’s BPS in Pakistani context.
- The brand personality of Toyota Corolla in Pakistan and its vital factors
- Determine the major dimensions of Toyota Corolla’s brand personality, important in Pakistani context.

### **4. Rationale for Toyota Corolla Brand:**

Toyota Corolla was chosen for this research for its constant and well-built brand picture which is obvious from the following facts and figures. The total sales of the locally assembled Passenger Cars 1300 cc and above for the 1<sup>st</sup> qtr 2010/2011 was 11170. The major rivals are Toyota Corolla, Honda Civic and Honda City, Suzuki Liana and Swift. Toyota Corolla assumed the number one and headship position in the overall industry on volume with a market share of 65.9% i.e unit sold = 7362. (<http://www.pama.org.pk>) As the sales statistics signify Toyota is the market leader and is the most liked Brand by Pakistani residents.

### **5. Significance of the Study:**

The studies mentioned above clearly establish the importance of the concept of Brand Personality concept from marketing perspective and the utility of Aaker’s BPS in determining

the critical brand personality dimensions of the different brands not only for further differentiation of the distinctive traits but also for identifying suitable symbolic, emotional and functional combination of words to develop most effective marketing messages and advertising slogans that will further boost brand equity and performances. There is but an absence of research in the Pakistani perspective particularly exploring that whether Jennifer Aaker's BPS is applicable or not. The rivalry in automobile industry specially, has approached intensification due to the policies of liberalization and privatization of consecutive governments. Therefore it has become vital to build strong brands for competing rivals. In such a situation, orderly research intended at assessing and authenticating the Jennifer Aaker's BPS is of greatest importance for the managers of brands and advertising agencies.

## **6. Methodology:**

### **6.1 Data Collection Tool:**

A planned questionnaire was prepared based on "Jennifer Aaker's Dimensions of Brand Personality". The questionnaire consisted of three major portions. The first portion of the questionnaire had 4 questions on demographic aspects of the users. The second part of the questionnaire with 5 questions relating to consumer's perception about Corolla brand. The third portion of the questionnaire comprised of 42 questions concerning to the 42 traits matching to the 5 BP dimensions, viz., "Sincerity (down-to-earth, family-oriented, small-town, honest, sincere, realistic, wholesome, original, cheerful, sentimental, friendly), Excitement (contemporary, independent, up-to-date, unique, imaginative, young, cool, spirited, exciting, trendy, daring), Competence (reliable, hard-working, secure, intelligent, technical, corporate, successful, leader, confident), Sophistication (upper-class, glamorous, good-looking, charming, feminine, smooth) and Ruggedness (outdoorsy, masculine, western, tough, rugged)". Each respondent will rate one brand on each of the 42 items using a 5-point Likert scale suggesting brand personality traits as descriptive or non descriptive for Toyota Corolla brand. (1= strongly not descriptive for the brand, 5= strongly descriptive for the brand). Only the participants who had the Toyota Corolla model, 2000 to 2011, qualified to proceed with the questionnaire. Data from 400 respondents was collected on this questionnaire regarding their perception of Corolla's brand Personality. People who had used a Toyota Corolla model range 2000 to 2010 for at least one year and have a Corolla car for at least one year. Convenient sampling was done in the different areas of Peshawar the capital city of KPK province and Islamabad the capital city of Pakistan.

### **6.2 Variables:**

The 42 traits representing brand personality are the independent variables while Brand Personality was the dependent variable. The 5 components represented dependent latent dimensions. The data was analyzed and explored for,

- The reliability of the scale explored, by Chronbach's alpha.
- Confirmatory Factor Analysis through structure Equation Modeling using Amos 18 to determine the significance of the dimensions Aaker's brand personality.
- Factor analysis to determine major dimensions of Corolla Brand Personality. (Principal component Analysis)

## **7. Data Analysis:**

### **7.1 Descriptive Statics:**

9.5% of the respondents were in the age bracket 20-30. Maximum 48.2% were in the age 30-45 and 42.2% were in the age 42.2%. 12.2% of the sample population were female while

majority, almost 88% were male. Almost 60% of the sample population belonged to urban area while 40% remaining belonged to semi urban and rural areas. 60% of the respondents were employed either in private or public sector while the remaining 40% were businessmen/women.

## 8. Evaluation of measurement models:

### 8.1 Reliability Statistics:

As evident from table 1, the overall Chronbach's alpha was more than 60%. From Table 2, sincerity, excitement, competence and Ruggedness dimensions obtained a "high Cronbach's alpha coefficient", proving adequate reliability "(greater than 0.6 recommended by Hair et al. 1996)" and internal consistency while the dimension sophistication, did not achieved the necessary level.

Table1.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.611	.509	5

Table2.

**Item-Total Statistics**

Dimensions	Items #	Cronbach's Alpha	Hotelling's T-squared	F- value	P- value
Sincerity	11	.673	1265.983	123.743	.000
Excitement	11	.729	232.568	22.732	.000
Competence	9	.672	664.212	81.570	.000
Sophistication	6	.461	91.703	18.157	.000
Ruggedness	5	.603	116.577	28.925	.000

Finally, the output of "Hotelling's *T*-squared test" proved that different brand personality items' mean with respect to the five key dimensions varied significantly from each other at the level of 1 percent. This specifies that all the 42 items are different and have no equivalence amongst them.

Table3.

**Hotelling's T-Squared Test**

Hotelling's T-Squared	F	df1	df2	Sig
41.201	10.223	4	396	.000

## 8.2 Path Diagram/Multidimensional Model of TC Brand Personality:

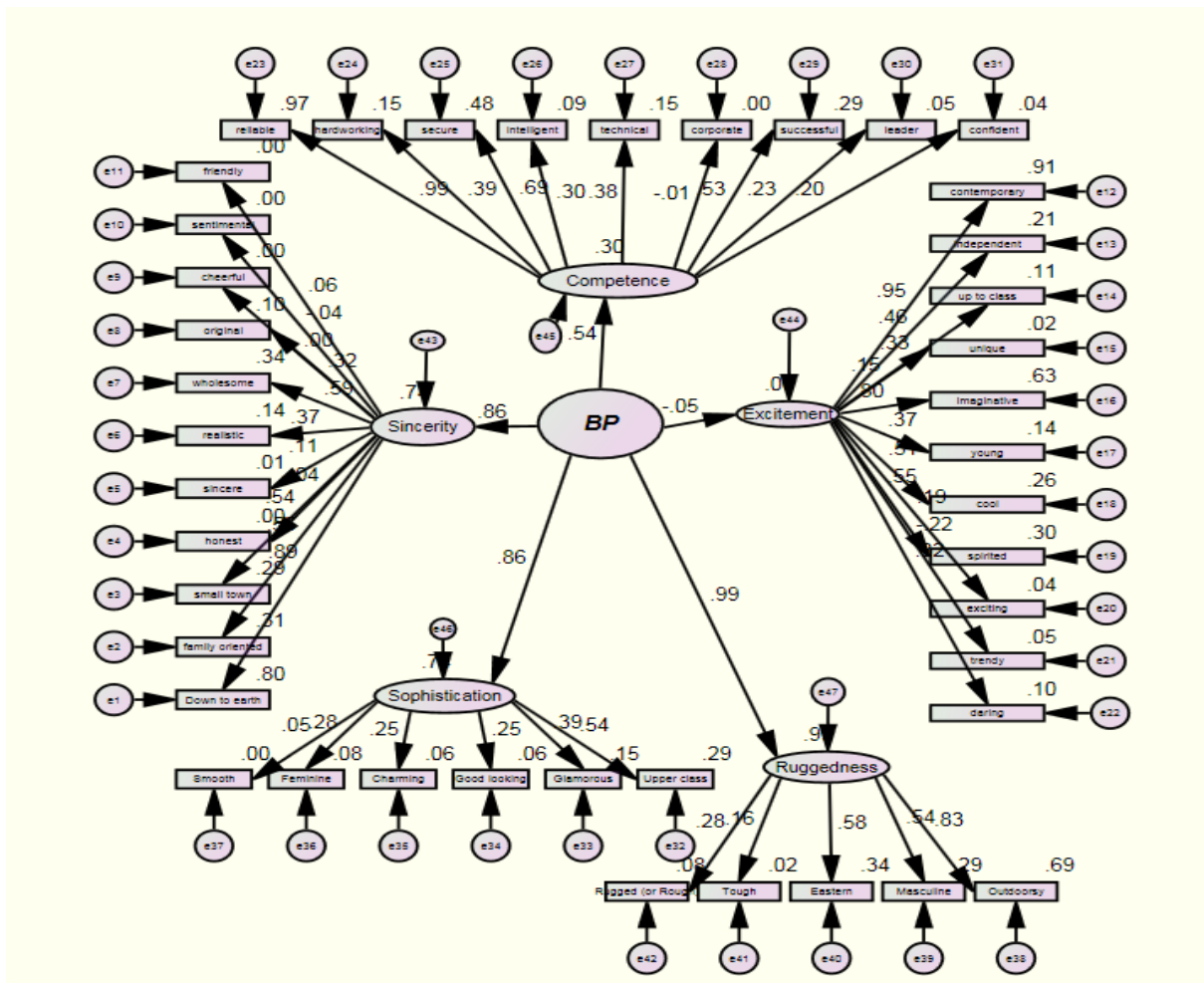


Table4. Brand Personality

			Estimate	S.E.	C.R.	P
Sincerity	<---	BP	.803	.054	14.831	***
Excitement	<---	BP	-.089	.083	-1.075	.282
Competence	<---	BP	.635	.065	9.814	***
Sophistication	<---	BP	.494	.061	8.144	***
Ruggedness	<---	BP	.794	.044	18.040	***

Table 4 shows that each standard deviation raise in the “latent variable Brand Personality” will cause 0.803 standard deviation raise in the “latent variable, Sincerity”, -0.89 “standard deviation increase in the latent variable, excitement”, 0.635 “standard deviation increase in the latent variable, competence”, 0.494 “standard deviation increase in latent variable Sophistication”, and 0.794 “standard deviation increase in Ruggedness”.

Table5.

## RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.218	.478	.422	.431
Saturated model	.000	1.000		
Independence model	.286	.392	.362	.374

In addition as evident from table 5, that the “root means squared value” (RMR) is 0.218 (close to 0) proving the fitness of the model to be not good for “the Brand Personality Dimensions”. The index of goodness of fit appeared to be 0.478 which proves a sound fit of almost 48 percent for the model. Based on the outcomes of table 4 and 5 we conclude that Sincerity, ruggedness and competence, are the main dimensions of Corolla brand personality.

**8.3 Factor Analysis for major dimensions:**

“KMO measure of sampling adequacy” = 0.588

“Bartlett’s Test of Sphericity Chi-Square” = 10870.601

“ $df = 861$ ,  $p$  value  $< 0.000$ ”

Table6.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.588
Bartlett's Test of Sphericity	Approx. Chi-Square	10870.601
	df	861
	Sig.	.000

As evident from table 6, the “KMO measure of sampling adequacy is greater” than 0.5 (0.588) which clarifies the adequacy of the sample used in factor analysis. On the other side, the result of “Bartlett’s Test of Sphericity and chi-square transformation” proposed that the 42 items’ correlation matrix of the brand personality was not an individuality matrix at 1 percent level, meaning some items were inter-correlated amongst the 42 items.

Table 7 clearly portrays the output of factor analysis performed for the “42 brand personality items”. The results put forward that the “eigen value was greater than a recommended level of 1” for the extracted 7 dimensions. This portrays that from “the 42 brand personality items” entered in factor analysis, 7 factors were taken out and come out with a collective variance of 76.58 percent. This suggested that the 7 dimensions give details about 76.58 percent variations of the BP. However, among the 7, dimension 1, 2 and 3 had a relatively very high eigen value and report for about 46.501 percent of variations. This shows that these dimension explained a major portion of variance among the 42 brand personality items.



Table 7.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.514	19.523	19.523	3.514	19.523	19.523	2.857	15.873	15.873
2	2.826	15.697	35.220	2.826	15.697	35.220	2.190	12.168	28.041
3	2.031	11.281	46.501	2.031	11.281	46.501	2.106	11.699	39.740
4	1.586	8.810	55.311	1.586	8.810	55.311	1.911	10.616	50.357
5	1.482	8.234	63.545	1.482	8.234	63.545	1.679	9.327	59.684
6	1.340	7.445	70.989	1.340	7.445	70.989	1.654	9.189	68.873
7	1.006	5.592	<b>76.581</b>	1.006	5.592	76.581	1.387	7.708	<b>76.581</b>
8	.721	4.003	80.584						
9	.610	3.390	83.973						
10	.601	3.338	87.311						
11	.524	2.912	90.223						
12	.393	2.183	92.406						
13	.379	2.106	94.512						
14	.352	1.956	96.468						
15	.189	1.048	97.516						
16	.167	.928	98.445						
17	.159	.881	99.326						
18	.121	.674	100.000						

Extraction Method: Principal Component Analysis.

Table 8 depicts the results of “factor analysis with Varimax rotation based on technique of principal component analysis”. From the table, it can be concluded that dimension 1 consisted of the items of the brand personality, sincere, honest, cheerful and sentimental. Dimension 2 stood for contemporary, independent, and imaginative, dimension 3 consisted of reliable, secure and successful, and dimension 4 consisted of the items technical and confident. Dimension 5 comprised of unique and young, dimension 6 comprised of masculine and family oriented, and finally, dimension 7 comprised of the BP items charming and feminine.

Table8.

**Rotated Component Matrix<sup>a</sup>**

	Component						
	1	2	3	4	5	6	7
family oriented	-.140	-.093	.071	.153	-.119	<b>.848</b>	.061
Sincere	<b>.864</b>	-.052	-.075	.153	.003	.063	.167
Cheerful	<b>.867</b>	-.026	-.031	.158	-.041	-.064	.010
Sentimental	<b>.751</b>	-.258	-.121	-.039	.137	.065	.011
Contemporary	-.077	<b>.881</b>	.026	.017	.205	-.096	-.057
Independent	-.012	<b>.721</b>	-.064	-.089	-.316	.028	-.079
Unique	.064	-.021	-.056	.048	<b>.838</b>	-.010	-.011
Imaginative	-.085	<b>.847</b>	-.054	-.083	.258	-.014	-.022
Young	-.018	.205	.001	.031	<b>.809</b>	-.186	-.016
Reliable	.007	-.071	<b>.879</b>	.324	.030	.134	.032
Secure	-.071	-.086	<b>.843</b>	-.117	.080	.044	-.020
Technical	.171	-.030	.099	<b>.911</b>	.079	.050	.073
successful	-.111	.066	<b>.717</b>	-.101	-.173	.132	-.008
confident	.174	-.100	-.097	<b>.911</b>	.014	.060	.001
Charming	.001	-.074	-.060	.068	-.125	-.014	<b>.868</b>
Feminine	.230	-.055	.064	-.003	.118	.192	<b>.753</b>
Masculine	.001	.025	.209	-.026	-.074	<b>.831</b>	.104
Honest	<b>.792</b>	.138	.009	.159	-.022	-.324	.092

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

Table 8 also shows that 24 items out of the 42 items of J. Aaker's BPS do not adequately loaded in any of the 7 dimensions so they are not replicable in Pakistani context. Hence we infer that the number of dimensions of brand personality is 7 and about 24 items of Jennifer Brand Personality Scale are not applicable in the Pakistani situation.

### 9. Limitations and future suggestions for Research:

This research primarily focused on measuring the Brand personality of Toyota Corolla in Pakistani context by taking the data from two big cities. The data was collected on the adapted questionnaire from J. Aaker and as evident from the model fit summary in table 5, the moderately fit model needs adjustment. The performance of brand personality scale is culture and context sensitive hence, the research of determining Pakistani brand personality construct would be performed by future researchers. It appeared that to be several areas are critical to shape the future research on this construct. First, there is a need to evaluate the role of past history of factors in mounting, upholding, or altering a brand's personality. Previous factors that should be examined include, but are not restricted to user imagery, endorsers of the product, and associations that exist with the brand. Research should give a better emphasis of how brand personality is shaped and help in the progress of strategies for

constructing brand personalities. Second, the relationship between brand personality and other performance procedures need to be tested, at the two levels i.e., individual and product. Central measures to explore comprise brand loyalty and brand awareness (measures that are individual level), and (product-level measures) market share and brand equity. Finally, substantial arbitrator of the brand personality effect (e.g. nature of the product familiarity, product type, and involvement) need to be gauged, so that managers become aware of aspects that decrease or increase the effectiveness of BP. This is an important concern because dedicating resources to build up and uphold a well-built, positive BP may be inefficient if contextual factors exist that restrain or prevent such a BP from directing to higher output.

#### **10. Conclusion:**

This study empirically measured the Corolla Brand Personality, using as a framework the five-dimension scale developed by Aaker (1997) for measuring Brand Personality. This research was designed to answer following main questions:

Does Corolla brand have human personality?

What are the underlying dimensions of its personality according to big five model?

Is the Brand Personality Scale applicable in this case?

Competence, ruggedness, and sincerity were proved by confirmatory factor analysis as the main dimensions of Corolla's Brand Personality. This suggests that the brand's functional benefits must be stressed more than the emotional benefits whatever the case, brand extension, new features additions and current features modifications and augmentations and/or developing an advertising campaign.

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**Factors associated with Teachers' Internal Whistle-Blowing intentions: A Case Study of Private sector Universities, Peshawar, Pakistan**

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**Abstract**

**Purpose** - The paper re-examines the differences of demographic factors and the relationship of dependent variables with internal whistle blowing intentions and identifies the major determinants influencing internal whistle blowing intentions in private sector universities towards unethical practices

**Methodology** - Self-administrated questionnaire was used to collect the data from the four private universities of Peshawar, Pakistan.

**Findings** - The research finds insignificant differences across the demographic factors (gender, age, job tenure and level) towards internal whistle blowing intentions. Moreover, results indicates organization commitment is not related whereas organization culture and social values has a positive relationship and with internal whistle blowing intention.

**Research Implications** - The paper intends to help organizations in understanding the importance of social and cultural norms.

**Originality** - In the context of Pakistan a very little research has conducted on the area of whistle blowing. Moreover no work has been found in the region of Peshawar.

**Limitations & Future Research** - As literature indicated that this study is new to investigate in this region so the responses are limited and may be biased. Further research should be based on the comparison of government and private universities' employees and their intentions to blow whistle either internally or externally or both.

**Keywords** - Organizational Ethics, Internal whistle-blowing Intention, Organizational Commitment, Social Values.

**Paper type** - Conference Proceedings

**Introduction**

Employees are the most effective source to reduce the occurrence of wrong doing act in the organizations (Miceli and Near, 2005). From 1996-2005, according to the Justice department of U.S, the federal government recovered \$9.3 billion through the help of whistle blowers (Freking, 2008). Hook *et al.* considered whistle blowing as an internal control mechanism which help to facilitate employees in terms of providing a moral atmosphere where employees can report wrongdoing either inside or outside the organization (1994). Presently, in US corporations whistle blowing is a courageous act as compared to the Asian countries (Park *et al.*, 2005), like China, Japan and Hong Kong where whistle blowing considered as an unacceptable behavior (Bond,1996).

Another Study revealed that whistle blowing as an internal control mechanism is effective in Australia as compared to Chinese and Indian culture (Patel, 2003). Number of other studies examined whistle blowers' behavior in different dimensions to not only predict factors which may directly or indirectly affect the whistle blowing intentions but also formulated a mechanism to encourage whistle blowers. Previous studies have discovered personal attributes ( Miceli & Near, 1984;1988) and organizational variables (Miceli & Near, 1991) as factors play a vital role in whistle blowing action.

The aim of this paper is to:

Investigate the major factors which may increase or decrease the internal whistle blowing intentions among teachers of private sector universities , Peshawar, PK.

To recommend some measures to minimize the wrongdoing act being committed in the organization.

### **Literature Review**

The concept of whistle blowing arousing rapidly in an international context, defined as " the disclosure by organizational members (former or current) of illegal, immoral, or illegitimate practices under the control of their employers, to persons or organizations that may be able to effect action" (Near & Miceli, 1985,p.4). Whistle blowing is an influential process in which the employee (whistle blower) tries to influence manager to eradicate the wrongdoing act committed by one or more wrong doers. (Rehg M, *et al.*, 2012).

The whistle blowing act does not mean to harm the organization; in fact it helps to protect it from wrong doing act which is against the organizational values (Miceli & Near, 1988). There are two kinds of whistle blowing; internal and external, depending upon the source to whom the report is made. If the wrong doing act information communicated to a person within the organization .i.e. top management and concern complaint authority, is called internal whistle blowing. On the other hand, if the information of wrong doing acts' communicated to a personal source outside the organization like government and regulatory bodies, is called external whistle blowing (Near & Miceli, 1996).

Whistle blowing concept has been relating with the power and justice theory. From the perspective of power theory, a whistle blower exert his/her power to influence the organization or some of its employees to eradicate the wrong doing act being committed ( Near *et al.*, 1993). Relationship of whistle blowing and organizational justice also proposed by Greenberger (1990). His model identified that procedural justice is vital for the satisfaction with the system and distributive justice which relates with the satisfaction to the outcome. From the whistle blowing point of view, system satisfaction or procedural justice would be higher if the process of whistle blowing will be treated fairly. Outcome satisfaction or distributive justice would be higher if the organization would eradicate the wrong doing and did not retaliate whistle blower negatively (Greenberg, 1990; Near *et al.*, 1993). Dworkin & Near added a new variable in the frame work of whistle blowing and that is financial reward (1997). This new addition may not affect the traditional whistle blowers, they do the same as they were before. However in a case where a whistle blower does a cost-benefit analysis whether to blow a whistle is costly or not for him/her? so in this situation they proposed financial reward as a motive to blow whistle by reducing their financial risk. This variable (financial reward) faces criticism from old system because ethicist believes that an individual blows the whistle on the basis of his/her strong ethical judgment not because of some financial motivational factor (Dworkin & Near, 1997). Dyck *et al.*, explored an effective mechanism to detect corporate frauds by studying all reported cases in large US companies between 1996-2004. Their findings highlight the fact that monetary benefit should be given to whistle blowers, it will be a positive incentive to blow a whistle against a wrong doing (2010). Curtis suggested that financial reward should be given to those who obey the rules and regulations and internalize themselves in an internal control whistle blowing structure (2010).

**Demographic Factors**

**Age and Job tenure:** Stansbury and Victor (2009) found that young and short job tenured employees have less whistle blowing intentions to report misconduct than other respondents. Younger people in China with less job tenure would be more likely to report wrongdoing act than the old age employees. The old age employees in China have more tolerance to bear wrongful act due to which they have less likely to report unethical act (Zang *et al.*, 2009).

From South African's perspective of employees, one research shows results that there is a highly significant relationship between age and whistle blowing. Difference in age group has notices in such a way that older employees have different attitude than younger employees regarding whistle blowing (Perk & Smith, 2008). From their same empirical research related to the job tenure (length of employment) with the supportive environment for whistle blowing and found a significant relationship between them towards whistle blowing. Some studies revealed no relationship between age and whistle blowing (Dworking and Bauscus, 1998; Chiu, 2003).

One of the Malaysian studies conducting to re-examine the relationship of work experience, ethics training and locus of control with whistle blowing intentions. Experienced (high tenured job) employees has more intentions to blow whistle, if they feel that organization is very much serious to have a whistle blowing system as an internal control mechanism (Ghani *et al.*, 2011). This study found that work experience is positively associated with the whistle blowing intentions.

The relationship of job tenure and whistle blowing is consistent with previous studies (Miceli & Near, 1984; 1988). Instead of this, new comers also feel hesitate to acquire their status as a "complainer" or have fears that what they had seen might not be considered wrong by the organization (Miceli & Near, 1988). Some studies has found no relationship between job tenure and whistle blowing (Keenan, 2000; Rothwell & Baldwin, 2007).

**Gender differences & Higher job level:** According to one of the national business ethics survey reports, Ethics Resource Center 2009 discovered that women are more likely to report wrongful act than men. They also identified that managers (higher positions) are more likely to report wrongful act than the line manager and senior managers are more likely to report wrongful act than any other group. (cited in HR magazine, 2011). Higher level of professionals status tends to blow whistle more likely than others and seniors employees of federal government consider themselves more protected from being unjust than other employees (Miceli & Near, 1988). In one of the experimental study findings shows that females reporting intentions for an anonymous channel is higher than males (Kaplan, *et al.*, 2012). Perk and Smith also related the position of the job with the supportive organization's environment towards whistle blowing. They found a significant relationship between them (2008).

**Organizational commitment:** Whistle blowers are the committed members of the organization who feel right to report the wrong doing act to the organization on the basis of their ethical judgment & who believe that are doing their job as per organization's prescription (Miceli *et al.*, 1991).

Organizational commitment variable is not new to the literature, many researchers had worked on it in their theoretical framework in the relationship of whistle blowing (Near & Miceli, 1985; Dozier & Miceli, 1985). Street M.D formulated a model in which he showed two individual traits which results in to a whistle blowing intentions/action, these traits are organizational commitment and cognitive moral development. This study concluded that individuals whistle blowing intentions/action results in the following three situations;

- If an individual's organizational commitment is higher, it will lead him/her to blow the whistle.

- If an individual's cognitive moral development is strong, it will lead him/her to blow the whistle.
- If an individual's both i.e. organizational commitment and cognitive moral development is higher, these will lead him/her to blow the whistle (1995).

**Organizational Support/ organizational Climate:** One of the IMF survey asked the questions that why they remain silent to be an observer of a wrongdoing; relieved some reasons as in the following table (Amy,2012): the unexpected cost of staying silent.

**Table 1: Reasons to not report**

REASONS GIVEN	NUMBER OF REPORTS
<b>Fear of job loss /other retaliation</b>	10
<b>Not that big of a deal</b>	4
<b>Did not have enough proof</b>	3
<b>Thought somebody else will report it</b>	2
<b>Choose to leave the company instead</b>	2
<b>Other</b>	5
<b>Total</b>	24

**Source : Amy, 2012**

Westman Virginia lawyer says "A written policy is not enough, it's got to be talked about. It is got to be internalized. Employees have to be made care about it. Of course they won't, if they think management does not." (cited in Whistle blowing: Threat or asset). If organization expect the ethical attitude of employees at workplace then the organizations should consider the whistle blowing (Trevion and Brown, 2004). Rothschild and Meithe found an association of ethical climate with whistle blowing intentions (1999).

It is important to consider that organization should adopt that standards, some ways to ensure that wrong doing act can be reported, investigated and eradicated. For any employee it is not easy to blow a whistle. Even though organizations have policies to protect the whistle blowers, which encourage them towards whistle blowing intention against a wrongful act being committed in the organization (Miceli and Near, 1984; Miceli et al., 1991).

one study in the nursing and health care suggested that organizations should develop a culture of trust that nurses can raise their voice with the surety of safety in terms of societal and employment ( Jackson et al., 2010). Organizations can also encouraging whistle blowing by reducing bureaucracy, participatory approach with two way communication would highly appreciated to support whistle blowers (Miceli et al., 1991). Perk and Smith found that employees with short job tenure more depended on the supportive organizational environment than the long job tenure employees because have a fear of being fired from the organization where as long job tenure employees knows well the organization's scenarios and better know when, how and to whom to blow the whistle? so they less depended on the supportive organization's environment. In one of the hypothesis they proved that there is a significant relationship between job positions and supportive organization's environment but with some differences in the perception of employees as lower level managers more depended on organizational supportive environment than compare to managers or owner. Organizations should ensure full supportive climate to lower level managers for blowing whistle against wrongdoing act. The practice should be encouraged at all levels of employees (2008).

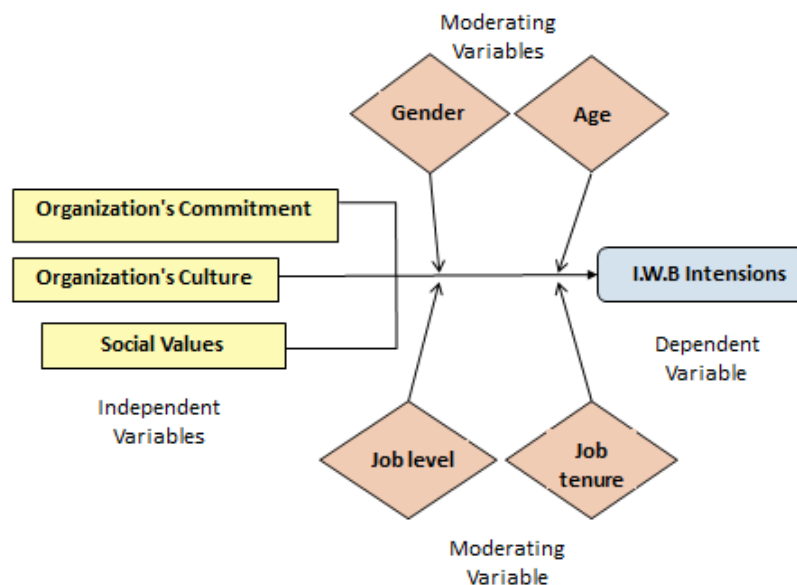
**Social Values:** Whistle blowing act is affected by cultural factors in the perception of what is right and wrong? justice and loyalty factors are different in different countries (Vogel, 1992). Ghundluch *et al.*, found significant relationship between feeling of anger about the wrongdoing and intentions to blow whistle. Traditionally women are considered to be more



caring for their families but one of the U.S study revealed that women are less likely to invoke family care as a reason for not blowing whistle (Fred. C., 2003). In some extreme cases, whistle blowers lose their jobs by unsupported by top collegial relationship ( Jackson et al., 2010). One of the research in Georgia discovered that a friendly environment among police officers create willingness to blow the whistle (Rothwell & Baldwin, 2007). According to the perspective of religion Islam, whistle blowing is a lawful act. Abi Saiydil Khudri (R.A) narrated that Prophet of Allah (P.B.U.H.) says *"He who saw Munkar (wrongdoing) amongst you should prevent it with his hand, if unable to, then with his mouth (i.e. whistle blowing), if unable to, then (dislike it) in his heart and that is the least of faith."* Another hadith narrated by Zaid Bin Khalid; the prophet (P.B.U.H) says: *"May I tell you who is the best witness? He who testify his witness before asked to do so"* (cited in: Khalil, n.d).

### Conceptual Framework:

Figure: 1



Conceptual framework comprised of dependent variable .i.e. Internal whistle blowing intentions, dependent variables that are organization's commitment, culture and social values and demographic variables are acting as a moderating variables, may change the relationship of dependent and independent variables.

An effort is made to check the following hypothesis:

- Ho1: There are no significant differences across demographic factors .i.e. a) gender, b) age, c) job tenure & d) designation level in their whistle blowing intentions.
- Ho2: There is no association of whistle blowing intentions with e) organizational commitment, f) organizational culture, and g) social values.

### Methodology:

Data were collected on demographic factors, organization commitment, organizational culture and social values from four private universities (Iqra National University, City University of Science & Information Technology, Qurtuba University and Abasyn University) in Peshawar. The data comprise questionnaire distributed among 160 teachers in which 135 copies returned of which 120 were useable. Specifically lecturers (35.8%) and Assistant Professor (30.8%) has the highest contribution and followed by Associate Professor (20.8%) and Professor (12.5%) with the highest age group 26-35 (34.2%) and < 25 (28.3%) ,

followed by 35 -45 (25.5%) and >45 (11.7%). The highest contribution of job tenure is employees of <5 years (37.5%) of employment length and 6-8 years (28.3%) , followed by 9-11 years ( 23.3%) and >11 (10.8%). In this sample the responses by females are high (50.8%) than males (49.2%).

**Measures:**

**Demographic factors:** Demographic factors dealt as a moderating variables in the conceptual framework. Gender is a dichotomous variable representing by male=1 and female =2, Age, Job tenure, and job designation are categorical variables with 3-4 groups.

**Organizational Commitment:** Data were gathered of five self developed items in terms of the degree of 5 point Likert Scale ( 1= Strongly disagree to 5= Strong agree). Higher scores indicate the person's strong commitment to the organization. The reliability of Scale was 0.750.

**Organizational Culture:** Self developed 8 items were asked from the respondent by using dichotomous scale represented by Yes=1 and No=2. Low score (Yes=1) indicates the strong and supportive organizational culture towards internal whistle blowing intentions of employees. The reliability of Scale was 0.794.

**Social Values:** As this variable is new to literature, measured by asking self developed items based on family care, colleagues' support, religion, societal culture and group pressure by using 5 point Likert Scale ( 1= Strongly disagree to 5 = Strongly agree). Higher scores indicates the strong social values supporting the individuals intentions of internal whistle blowing. The reliability of Scale was 0.711.

**Internal Whistle blowing intentions:** By using 5 point Likert Scale (1= Strongly disagree to 5= Strongly Agree), self developed items were asked from responded to measure their intentions to internal whistle blowing. Higher score shows the higher internal whistle blowing intentions. The reliability of Scale was 0.690.

**In order to check the frequent behavior of teachers towards whistle blowing intentions further two self made questions were asked:**

- have you ever report a complaint/wrong doing to the top management?
- If yes then how many times in the last six months?

First question was asked with the dichotomous scale of Yes =1 and No = 2. Second question was asked with the interval scale under different groups.

**Testing for Hypothesis I:****Table 2 (a) : Gender differences****Group Statistics**

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Internal Whistle-Blowing Intentions	Male	59	18.7458	3.21416	.41845
	Female	61	19.1148	2.43652	.31196

**Table 2 (b) : Gender differences - Independent sample t test**

		Levene's Test for Equality of Variance s		t-test for Equality of Means				
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Internal whistle blowing intentions	Equal variances assumed	7.46	.007	-.710	118	.479	-.36899	.51957
	Equal variances not assumed			-.707	108.108	.481	-.36899	.52194

An independent sample t test was conducted to check the gender differences towards internal whistle blowing intentions. There is no significant difference in the scores of males ( $M=18.7, SD=3.2$ ) and females ( $M=19.1, SD=2.4$ );  $t(108.108) = -0.707$ ,  $p = 0.481$ . Therefore null hypothesis (a) is accepted.

**Table 3: Differences across different Age groups**

Internal Whistle-Blowing Intentions

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	28.169	3	9.390	1.170	.324
Within Groups	931.298	116	8.028		
Total	959.467	119			

The one way variance results shows that there are insignificant difference across different age groups  $F(3,116) = 1.170$ ,  $p = 0.324$ . Therefore null hypothesis (b) is accepted.

**Table 4: Differences across different Job tenures**

Internal Whistle-Blowing Intentions

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	14.700	3	4.900	.602	.615
Within Groups	944.766	116	8.145		
Total	959.467	119			

There are insignificant differences across different job tenure employees' groups  $F(3,116) = 0.602$ ,  $p = 0.615$ . Therefore null hypothesis (c) is accepted.

**Table 5: Differences across different designations  
ANOVA**

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	59.040	3	19.680	2.535	.060
Within Groups	900.427	116	7.762		
Total	959.467	119			

There are insignificant difference across different designations  $F(3,116) = 2.53$ ,  $p = 0.60$ . Therefore null hypothesis (d) is accepted.

**Testing Hypothesis 2:****Table 6: Correlation**

A Pearson correlation coefficient was used to assess the relationship between the organizational commitment, organizational culture and social values with internal whistle blowing intentions at the significance level of 0.01. There is no correlation between the organizational commitment and internal whistle blowing intentions,  $r = 0.06$ ,  $n = 120$ ,  $p = 0.949$  [null hypothesis(e) accepted]. Further have found a positive relationship between organizational culture and internal whistle blowing intentions  $r = 0.268$ ,  $n = 120$ ,  $p = 0.03$  [null hypothesis (f) rejected] moreover social values and internal whistle blowing intentions is positively correlated,  $r = 0.461$ ,  $n = 120$ ,  $p = 0.000$  [null hypothesis (g) rejected].

	Org. Commitment	Org. Culture	Social Values
Internal Whistle Blowing Intentions (4)	<b>.006</b> Sig. (2-tailed) .949 N 120	<b>.268**</b> .003 120	<b>.461**</b> .000 120

**DISCUSSION**

The study revealed that the intentions to blow whistle internally is quite similar across demographic factors .i.e. gender, age, job tenure, and job level of employees. These results very much differ with the previous studies (Stansbury and Victor,2009; Zang et al., 2009; Perk and Smith, 2008 and Ghani, Galbreath and Evans, 2011).

It has also noticed that in the last six months 46.7% respondents observed the wrongdoing but did not inform to the higher authorities due to some reasons and 53.3% respondents reported wrongdoing to the top management, the highest frequency of reporting complaints/wrong doing was 40% (1-4 times) and only 3% employees reported wrongdoing >8 times to the concern authorities .Organization commitment found to be not related with the internal whistle blowing intention so the question here is, the respondents were really committed? or did they have intentions to be committed? If they were really committed , so here the only commitment factor is not help them to blow the whistle internally. There might be some

intervening variable which might deviate their behavior towards whistle blowing intentions. A positive relationship of organizational culture and Social values found with the internal whistle blowing intentions. Employees willingly report if they are supported by their families or colleagues, religiously good enough with have strong cultural values and ethical judgment.

### **CONCLUSION & RECOMMENDATIONS**

From this study and research findings, in the private sector universities of Peshawar employees of different demographics have the same intentions to blow whistle internally. These results will help organizations to create some procedure and policies of internally reporting to the higher authorities, due to having the homogeneity in the intentions of demographics of different employees the new system/procedures hopefully will easily be internalized. From the results, it is obvious that the social values plays a vital role towards creating the intentions of internal whistle blowing of employees at work. The findings reflects that if the organizations have a healthy social culture in which employees feel themselves responsible to report any wrong doing happening then the organization will be possibly can minimize the wrong doing acts being committed within in the organization. On the basis of such findings, organizations should give a space and promote social and religious norms at work which will surely help to prevent organization from frauds and other wrongdoing acts. Organization commitment found to be not related with internal whistle blowing intentions, rather than to relay on the commitment of employees to blow whistle, organizations should add one more duty of blowing whistle against the wrong doing act internally, in the job description for every employee at work.

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## **Characteristics of Expatriates in Pakistan**

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### **ABSTRACT**

#### **Purpose**

The purpose of this paper is to explore the characteristics of expatriates who are posted on overseas assignments.

#### **Methodology**

Based on the survey responses, the cross tabulation and correlation analysis, were carried out to find out the characteristics of expatriates.

#### **Findings**

This paper concluded with that the most important criteria in educational, telecom and media sector, and others in Pakistan include: special knowledge and skills required for job, motivation, personal characteristics, language, family situation, and cultural awareness.

#### **Research Implications**

The study has also revealed that there are multi-faceted benefits of cross cultural training for expatriates working abroad. Cross cultural training can minimize culture shock, and premature return. Moreover, it can facilitate cultural adjustment, high productivity, and expatriates' performance.

#### **Originality**

This area is explored first time in Pakistan. The paper has been delimited to the global companies operating in Pakistan. However, the majority of the organizations are established in Islamabad.

#### **Limitations and Future Research**

For further research, advance econometric techniques can be used to analyze the characteristics of expatriates and cross cultural training in Pakistan

**Key Words: Expatriates and Cross Cultural Training JEL Classification: M12, M16 and M19**

### **INTRODUCTION**

There has been a growing interest in international human resource management because of globally increasing multinational enterprises. Trained expatriates can help multinational organizations operating abroad to have competitive advantages. Because it will supply these organizations with an exceptional and distinguished position that can develop not only quality and standard of service but products as well. The constant innovations and increased



productivity, and profitability can be provided by the effective and successful training (Zheng, Hyland, and Soosay, 2007, p. 472).

Performance of the foreign subsidiaries heavily depends upon the performance of expatriates, that is, an expatriate manages the foreign offices so as to create and sustain competitive advantages in different countries (Russell, 2006, p. 23). Therefore, it is important for the organizations to select the right expatriate to be posted on overseas assignments as selecting skillful manager, getting the right expatriates are just the first step for an organization to be successful on assignment abroad (Brown, 2006, p. 6, & Black, Gregersen, & Mendenhall, 1992, p.3 ).

The expatriates' training is a key consideration in any multifaceted organization. Skill and knowledge not only mean power for the global marketplace but there are a lot of other benefits of Cross Cultural Training (CCT) which include gaining of the cultural awareness (Harris, and Moran, 1987), learning about oneself, developing and encouraging self-confidence, improving confidence, developing and progressing motivation, developing ability to analyze problems from different perspectives, learning the improved ways of leading life, making people good listeners, improving a sense of mutual understanding among society and developing people's skills (Payne, 2004).

The main purpose of this study is to highlight the effects of CCT on performance of expatriates in business organizations. This study explores the practice of the CCT before expatriates are posted on overseas assignments and to assess the impact of CCT factors on expatriates' success and performance by utilizing descriptive analysis. It is assumed that success or failure of expatriates depends on the fact that how much expatriates know about the culture of host-country. So, this study provides insight into how-well expatriates may oblige with host country.

## **METHODOLOGY**

The methodology of this study was based on questionnaire which is conducted in written form. A case study is conducted among 100 expatriates working in different multinational organizations in Pakistan. The authors received more responses than expected. Total responses were 73. A total of 85 questionnaires were sent out to individual expatriates working in Pakistan in different fields; education, telecom, construction, media and others (businessperson, food/restaurant). There were a total of 73 returns, representing a response rate of 86 percent. Representing a response rate of responses could be almost hundred percent but it was during summer vacation. Some of expatriates have already left to their countries.

As shown in

Table 1 the expatriates are mostly from education (50 percent), followed by construction (7.1 percent), and telecommunication (7.1 percent), press & media (7.1 percent) as all of them have the same percentage, and the others (14.3 percent). All of these organizations are from overseas multinationals.

**Table 1: Types of Organizations**

	Frequency	Percent
Education	42	57.5
Construction	6	8.2
Telecommunication	6	8.2
Press & Media	6	8.2
Others	12	16.4
Total	72	98.6
Missing System	1	1.4
Total	73	100.0

According to

Table 2 represented below, the spread of age among the expatriates is towards especially the younger and the middle age brackets. Majority of expatriates (47.2 percent) are less than 30 years old. The percentage of the age between 30 and 35 years old is 18. According to this table, multinational organizations operating in Pakistan prefer to hire young expatriates or young expatriates are more interested in going abroad.

**Table 2: Age of Expatriates**

	Frequency	Percent
Below 30 years	34	46.6
30-35 years	13	17.8
36-40 years	11	15.1
41-45 years	4	5.5
Above 45	10	13.7
Total	72	98.6
Missing System	1	1.4
Total	73	100.0

The outcome of the data collection proved that majority of expatriates is male as it is known female candidates are not interested in having work on overseas assignments. On the other hand, multinational organizations also do not want to hire female candidates to send on overseas assignments. As a result of this situation, and as shown in

Table 33, the percentage of male expatriates (75.7 percent) is 3 times more than the female staff (24.3). It can also be said that the multinational organizations operating in Pakistan face the same situation.

**Table 3: Gender of the Expatriates**

	Frequency	Percent
Male	53	72.6
Female	17	23.3
Total	70	95.9
Missing System	3	4.1
Total	73	100.0

Majority of expatriates are married and have children (58.9 percent) and greater part of them live with their children. According to

Table 44, it can be said that multinational organizations prefer sending the expatriates who are married. Having children or not, it seems that it does not create serious problems for organizations operating overseas.

**Table 4: Marital Status**

	Frequency	Percent
Single	30	41.1
Married	12	16.4
Married with children	24	32.9
Married without children	7	9.6
Total	73	100.0

This Table 5 represents that the majority of expatriates working in Pakistan have either “university bachelor degree or equivalent (16 years)” or “university master or higher degree (18+years). The total percentage of both is 81.7 (

Table 515). For example, majority of the expatriates from education either have bachelor degree or master degree; the same situation can be said for others. On the other hand, the expatriates from press & media, and construction have the highest qualification (

Table 6).

**Table 51: Level of Education**

	Frequency	Percent
Secondary school	2	2.4
Post-secondary school diploma or certificate	11	13.1
University bachelor degree or equivalent	32	38.1
University master or higher degree	26	31.0
Total	71	84.5
Missing System	13	15.5
Total	84	100.0

**Table 6: Level of Education**

Fields	Mean	N	Std. Deviation
Education	4.3000	40	.68687
Construction	3.6667	6	.51640
Telecommunication	4.3333	6	.81650
Press & Media	4.6667	6	.51640
Others	3.7500	12	.86603
Total	4.1857	70	.74781

As presented among the expatriates, educators have the highest number (45.8 percent), followed by managers (15.3 percent), engineers (9.7 percent), others (23.6), and so on as shown in



Table7. The reason why educators take the highest number is that there are seven Turkish colleges operating in Pakistan. Majority of their staff are from Turkey. All married expatriates bring their families with themselves.

**Table 7: Occupations**

	Frequency	Percent
CEO	3	4.1
Manager	11	15.1
Educator	33	45.2
Consultant	1	1.4
Engineer	7	9.6
Others	17	23.3
Total	72	98.6
Missing System	1	1.4
Total	73	100.0

Most of the expatriates (70.1 percent) receive a salary between US \$1,000 and \$3,000 per month. For expatriates it is not a reasonable salary as being working overseas. The main reason why it is not high is that the expatriates from education field are mostly from Turkey and they are volunteers of a foundation operating abroad. For two years they are paid less salary. But that still is higher than their Pakistani counterparts (

Table 8).

**Table 8: Salary**

	Frequency	Percent
between \$1.000-3.000	48	65.8
between \$3.001-5.000	8	11.0
between \$5.001-7.000	4	5.5
between \$7.001-10.000	7	9.6
Total	67	91.8
Missing System	6	8.2
Total	73	100.0

Majority of expatriates (66.7 percent) had worked at least in a foreign country before having been assigned to Pakistan. The percentage of expatriates who have been in 6 to 16 is (28.9 percent). The minority have been more than 17 and above (

Table9).

**Table 9: Other Countries Experiences before Coming Pakistan**

	Frequency	Percent
Valid 1-5	30	41.1
6-10	5	6.8
11-16	8	11.0
17-25	1	1.4
30 and above	1	1.4
Total	45	61.6
Missing System	28	38.4
Total	73	100.0

Results are shown in Table 10. On overall basis, expatriates believed that cross cultural competencies should be given higher priority during the selection process that what is being

given. Such divergence, between what is being practiced and what should be adopted, appeared with greater visibility in sectors like telecommunication, and press and media. Expatriates from these two sectors opined that proficiency in language should be considered as second most important selection criterion (after technical skills) as shown in Figure 1. In press and media, language is certainly of paramount importance. The question arises, why even sectors like press and media do not assign higher priority to language and other cultural competencies in the selection process? English is the official language in Pakistan. While assuming that proficiency in only English would work in Pakistan. That is what appears to be the assumption made by them. Secondly, with the advent of globalization, press and media have been given greater freedom in recent past (current decade). The media firms were not prepared for such opportunities. In this way, required competencies could not be appropriately taken care off in the selection of individuals for foreign assignments. However, expatriates working in Pakistan held different views. They held the opinion that language should be given higher importance in the selection process.

**Table 10: Selection Criteria for Expatriates**

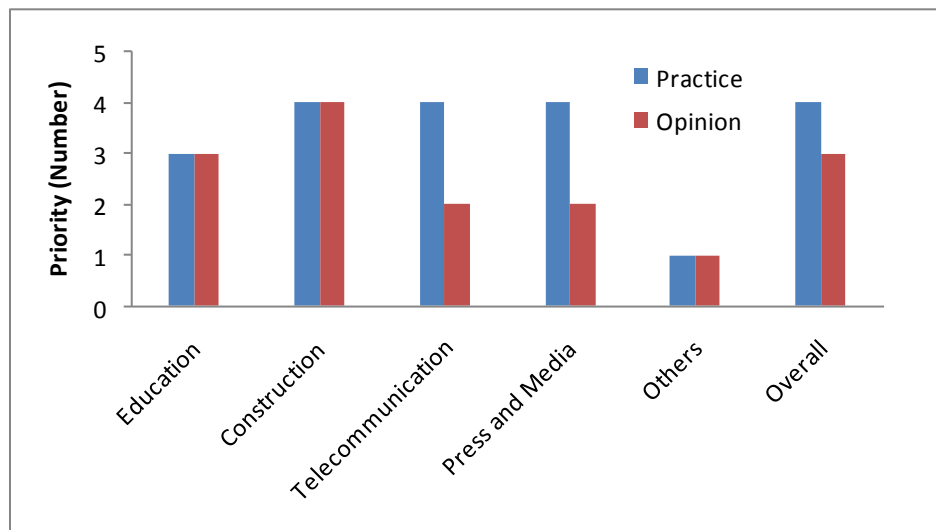
Fields		1	2	3	4	5	6
Education	Mean	4.2857	4.2750	3.8537	4.0976	3.2000	3.2750
	N	42	40	41	41	40	40
	Std. Deviation	.89131	.87669	1.19501	.94353	1.04268	1.15442
Construction	Mean	4.8333	4.6667	4.3333	4.0000	1.3333	1.5000
	N	6	6	6	6	6	6
	Std. Deviation	.40825	.51640	.81650	.89443	.51640	.54772
Telecommunication	Mean	4.5000	3.1667	3.8333	4.0000	3.3333	3.8333
	N	6	6	6	6	6	6
	Std. Deviation	1.22474	1.16905	1.16905	1.09545	1.50555	.98319
Press and Media	Mean	4.8333	3.8333	3.8333	4.333	3.1667	3.6667
	N	6	6	6	6	6	6
	Std. Deviation	.40825	.98319	1.32916	.51640	1.47196	1.63299
Others	Mean	3.0000	3.4545	3.1667	3.5833	3.1667	3.2500
	N	12	11	12	12	12	12
	Std. Deviation	1.85864	1.03573	.83485	1.24011	.83485	.86603
Total	Mean	4.1806	4.0435	3.7746	4.0141	3.0429	3.2000
	N	72	69	71	71	70	70
	Std. Deviation	1.20242	.99165	1.13637	.97823	1.16016	1.21106

Note:

1. Special knowledge and skills required for the job
2. Motivation (willingness to go abroad etc.)
3. Personal characteristics (ability to adapt in new culture)
4. Language ability
5. Family situation



## 6. Cultural awareness



**Figure 1: Priority of language as criterion of selection**

### *Conclusion*

The results of this study reveal that there are majority of expatriates who are less than 30 years old. The percentage of the age between 30 and 35 years old is 18. Multinational organizations operating in Pakistan prefer to hire young expatriates or young expatriates are more interested in going abroad.

The outcome of the data collection proved that majority of expatriates is male as it is known female candidates are not interested in having work on overseas assignments.

Majority of expatriates are married and have children and greater part of them live with their children. Majority of the expatriates from education either have bachelor degree or master degree; the same situation can be said for others.

Most of the expatriates receive a salary between US \$1,000 and \$3,000 per month. For expatriates it is not a reasonable salary as being working overseas. Majority of expatriates had worked at least in a foreign country before having been assigned to Pakistan.

On overall basis, expatriates believed that cross cultural competencies should be given higher priority during the selection process that what is being given.

The present investigation was focused on building a framework of CCT and evaluating its validity through a step by step application to the case study of firms operating in Pakistan. The situation existing in Pakistan, getting access to more global companies limited the study.

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## **Effectiveness of project manager's personalities on project success in Pakistan**

**By:**

**Saeed Muhammad**

**Dr. Atiq ur Rehman**

### **Abstract**

**Purpose:** The purpose of this research is to demonstrate and assess the importance of compatibility between personality of project manager and project types for the successful accomplishment of project in Pakistani industry.

**Methodology:** Hypotheses and framework based on literature review were first developed for this explanatory study. Data was collected on questionnaire from 106 Project managers and analyzed using SPSS statistical package to test the hypotheses for conclusion.

**Findings:** The test results supported the study's hypotheses; differences in order were reported in four types of projects. Finding shows PM's self confidence has major influence in all type of projects. No effect of "Vision" on projects success criteria except "Normal Project" and "Passionate Emotion" on all four project types. Total 12 out of 14 Personality Characteristics of PM plays a pivotal role in the success of project and revealed significant effect on four types of projects in Pakistani industry.

**Research Implications:** The fit between the personality of project managers and the types of projects is crucial to effective performance and project success.

**Originality:** Limited surveys conducted on PM's personal characteristics and its effects on project types and project success do not address the complete understanding and its implication for the Pakistani industry.

**Limitation and future research:** Convenient sampling with closed questionnaire thus may not be generalized. Hexa constraints and gender differentiation can be investigated. Different projects can be assessed separately for comparative analysis within industry.

**Keywords:** Project Manager, Personality's characteristics, Project Success and their criteria, types of project

### **Introduction**

Project management practices are widely appreciated and organizations have a strategic focus on adopting and implementing project management practices for the successful completion of different projects. Characteristics, Competence, knowledge, skills of the project manager are critical to project success (Crawford, 2000). PM whose personality profile is close to the ideal PM profile for a particular project type were more successful in impact on the customer, benefit to the organization and overall success (Pines, Drive, & Sadeh, 2009).

Knowing the distinctive combination of behavioral, temperamental, emotional and mental attributes of a leader is important to relate the profile dimension of a PM for a project or alternatively select or develop managers for a specific role (Muller, R; Turner, R, 2010). Processes and achievement of the project objectives with respect to time, cost and quality is critical to project success. These three shows the efficiency of execution for project (Pinkerton, 2003). Although personality of project managers has effectiveness on project success, but it should not be forgotten each type of project needs special characters for management. Intelligent quotient for time, cost and quality achievement, Managerial quotient for stakeholder perception of success and managing resources, Emotional quotient for long term success and attitude towards stakeholder and group related success criteria (Muller & Turner, 2010). Effect of manager's personality cannot be ignored as an important role in project success. (Nejad & Bakshi, 2011) Conducted a similar study for oil and gas industry of Iran in which they have found that "Self Confidence" had no effect on success criteria for

three types of projects. Influence of manager's characteristics shift with the type of projects. Most important criteria for Urgent projects are "Client Satisfaction" and in Complex or otherwise Normal project "Quality" and "Satisfaction" are the most important characteristics. For Novel project Quality is the criterion that project manager's personality can effect on. In spite of these well-known research results and despite column-miles of words that have been written about project manager's deliverance, despite the rapid growth in membership of project management professional bodies and despite a dramatic increase in the amount of projects running in industry, project results continue to disappoint stakeholders and many project failed due to many reasons.

**Research objectives:** Following are the objectives of research:

1. To analyze the relationship between personality and project type and
2. To investigate the effectiveness of each manager's personality characteristics on project's success criteria, in Pakistan.

For those purpose 14 project manager characteristics, 6 success criteria, and four types of projects have been adopted from the research of (Nejad & Bakshi, 2011).

**Project Manager's Character:** It has been realized, specific personality of each human can be helpful in a certain role and position (Berens, Ernst, & Smith, 2005). For this purpose, some tests were used to determine this aspect. For instance, MBTI categorizations were used by some researchers to find best types for project manager's role. (Shenhkar & Wideman, 2010) Reported many types of MBTI can be appropriate for being project manager, but ESTJ type is the favorite one. Some others confirmed it (Smith, 2001). The primary feature of the theory behind the MBTI is that each person's personality fits into only one of 16 types. These categories are based on four features of personality, each consisting of two opposite preferences. According to the theory, all people have an innate preference that determines how they will behave and perform in all situations. The four dimensions are (Myers & McCaulley, 1985)

1-Extroversion (E) VS Introversion (I)

2- Sensing (S) VS Intuition (N)

3-Thinking (T) VS Feeling (F)

4-Judgment (J) VS Perception (P)

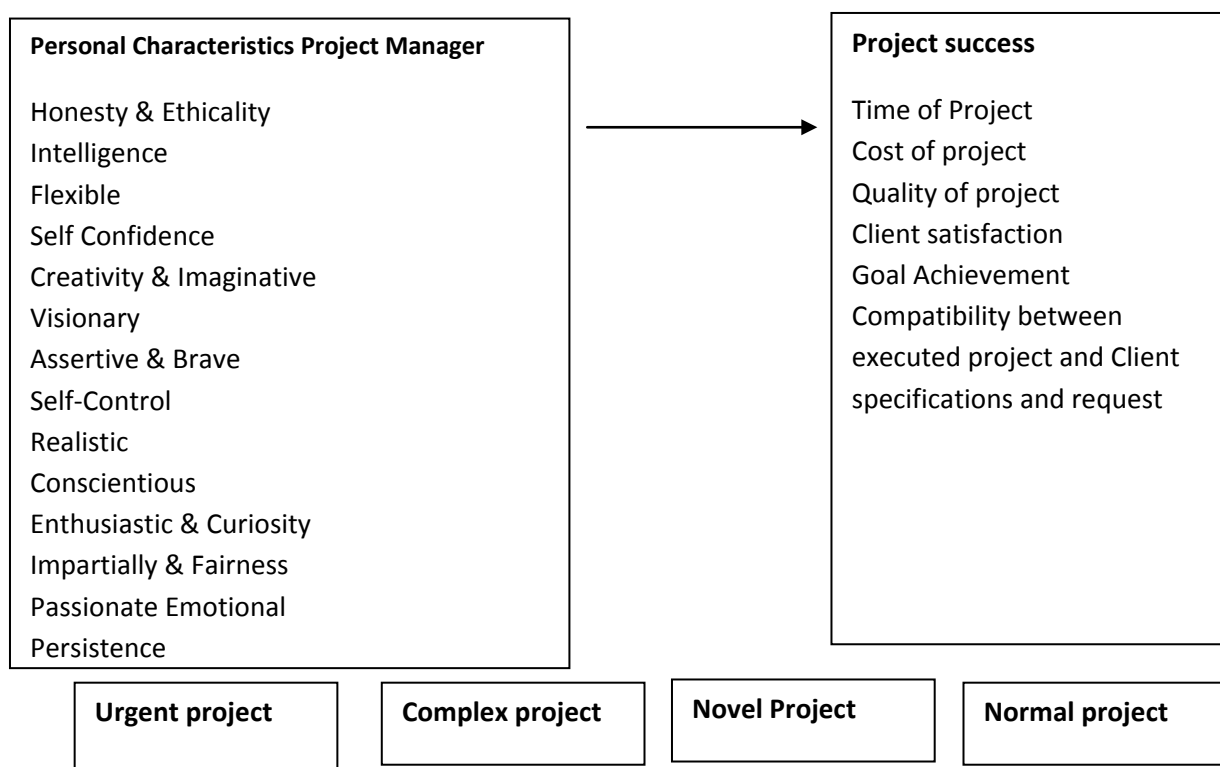
**Project Success:** Success factors are those features of the project which have been identified as necessary to be achieved in order to create excellent results (Andersen, Birchall, Jessen, & Money, 2006). Extended traditional Model (Westhuizen, Danie, Fitzferald, & Edmond, 2005) used for this study in addition to tradition model, presents more complete view of project success. Time, cost and specification are three dimensions of success for project success (Blaney, 1989); (Redmill, 1997); (Globerson & Zwikael, 2002). But it is not a sufficient definition to measure success; that is, quality, and satisfaction of stakeholders are also important (Baccarini, 1999); (Schwalbe, 2004).

**Project Types:** The classifications of projects are taken from NCTP model (Novelty, complexity, technology and pace) by (Dvir, 2006). Both time and achieving goal are critical but no more than three disciplines exist and the technology used is known to all for urgent project. Complex Projects are mega one with 5 disciplines involved, and the time period is more than 5 years. The technology used is known to all. In Novel Project uses new technology and there is not enough experience available to implement it. Normal Projects are those that was done before in different situation and doesn't have Complexity, urgency and novelty in discipline, time and technology. There are many experiences in this field. Including traditional triangle, the quality of management process and satisfying stakeholders is providing extended view for project success (Dvir, 2006) this factor is about new product or technology used in a project. Briefly, this categorization was called NCTP model.

### Theoretical framework

In project management literature, the classification of project according to their "Personalities" has not received much research attention. A common erroneous belief among people involved in projects is that all projects are similar, so they can be managed by equivalent tools (Pines, Drive, & Sadeh, 2009).

Therefore project differences should be noticed. Risk and uncertainty do exist in all projects from the beginning in several dimensions especially technologically, its poor use and lack of quality assurance addressing that. Complexity of a project is dependent on scope of work, variety of disciplines and number of people work in a project. Pace is related to time each project needs to be completed. Some projects are urgent and achieving time is goal of project. Beside these three dimensions, other one is transpired, it is Novelty (Nejad & Bakshi, 2011).



**Theoretical framework based on research by (Nejad & Bakshi, 2011)**

**Table: 1 Research Hypothesis**

<b>Null Hypothesis</b>	
Hypothesis 1	H0. Project manager's characteristics have significance on Urgent project success.
Hypothesis 2	H0. Project manager's characteristics have significance on Complex project success.
Hypothesis 3	H0. Project manager's characteristics have significance on Novel project success.
Hypothesis 4	H0. Project manager's characteristics have significance on Normal project success.

### Research Methodology

Methodology selected for this study is quantitative. This method gives the opportunity to categorize responses and then results can be illustrated based on statistical approach. Convenient sample method was used in this study. The study sample contains a mix of Project Managers working on various projects in Pakistan. Two hundred questionnaires were circulated through email and post in all over the country and we have received 117 filled questionnaires, 11 questionnaires were excluded due to incomplete information. To collect the data from project managers five point likert scale is used (High effective to high ineffective) that was developed by (Nejad & Bakshi, 2011). Experienced projects managers and officials were approached who have been working in different developmental projects i.e. NGOs, INGOs, Multi-National Companies and Govt. in Pakistan.

### Results

Cronbach's alpha was used to test the reliability and the result for this study is 0.86 while the result of (Nejad & Bakshi, 2011) were 0.9421. Respondents are consisting of 106 Project Managers working in lower, middle and upper management from projects across the country with 3-5 years of experience, falling in different age groups. Most of them are from National NGOs and UN Agencies.

To look at the normality of data in this study, Skewness and Kurtosis are used where all the variables generally close to zero and none of them even reached 1.6 (+ / -) which indicate that the assumption of normality is met in this study shown in below table. Avkiran (1995) states that if the values of Skewness and Kurtosis reaches to 3 (+ / -), then the assumption of data normality is considered to be violated.

To answer the question which project manager characteristics are important to project success for four types of projects in Pakistan descriptive statistic was performed and that reflects majority responses are between highly effective and effective with average values of more than 4.

**Table: 2 Effective and ineffective characteristics of project manager**

<b>Project Type</b>	<b>Most effective Characteristics</b>	<b>Less effective Characteristics</b>
Urgent	Self Confidence, Creativity & Imaginative, Honesty Ethical, Intelligence, Flexible, Assertive Brave, Conscientious, Self-Control	Passionate Emotional, Visionary
Complex	Self Confidence, Creativity & Imaginative, Visionary, Conscientious, Enthusiastic Curiosity, Impartially Fairness, Persistence, Self-Control, Honesty Ethical	Passionate Emotional
Novel	Self Confidence, Creativity & Imaginative, Visionary, Assertive Brave, Self-Control, Realistic, Enthusiastic Curiosity, Impartially Fairness, Honesty Ethical	Passionate Emotional
Normal	Creativity & Imaginative, Visionary, Realistic, Conscientious, Enthusiastic Curiosity, Impartially Fairness, Persistence, Honesty Ethical, Self-control, Self Confidence	Passionate Emotional

To analyze the significance of project manager's characteristics on project's success for four types of projects, four hypotheses are constituted shown in (Table I). For the analysis of test hypothesis 1 "Project manager's characteristics have significant effect on Urgent project success", statistical hypothesis for this theory is  $H_1: \mu > 3$

The results of all variables in four types of project after t test show significance values shown in table 3.

(Time of Project TOP, Cost of Project COP, Quality of project QOP, Clint satisfaction CF, Achieving organizational goals AOG, and Compatibility between executed project and Clint specifications and request SC)

**Table: 3 One-Sample t-Test Urgent Project Test Value = 3**

	<b>T</b>	<b>Df</b>	<b>Sig. (2-tailed)</b>	<b>Mean Difference</b>	<b>Lower</b>	<b>Upper</b>
TOP	56.347	105	.000	1.30943	1.2634	1.3555
COP	67.666	105	.000	1.33113	1.2921	1.3701
QOP	67.666	105	.000	1.33113	1.2921	1.3701
CF	58.385	105	.000	1.28396	1.2404	1.3276
AOG	68.688	105	.000	1.27170	1.2350	1.3084
SC	52.402	105	.000	1.22830	1.1818	1.2748

**Table: 4 Research Hypothesis**

<b>Null Hypothesis</b>	<b>Results</b>
H1. Project manager's characteristics have significance on Urgent project success.	Accepted
H2. Project manager's characteristics have significance on Complex project success.	Accepted
H3. Project manager's characteristics have significance on Novel project success.	Accepted
H4. Project manager's characteristics have significance on Normal project success.	Accepted

## Discussion

Quantitative data was analyzed using SPSS statistical package. A statistical comparison including t-test was carried out and significant differences were reported using the cutover value 3.

Cronbach's Alpha is used to test the reliability of the research questions, which measure the internal consistency of the research constructs. The results of alpha values for the entire research constructs, all results are above the recommended limit for explanatory study and that is 0.60 (Hair, Anderson, Tatham, & Black, 2009). Only "Passionate Emotional" is the characteristic of project manager which is considered to be less effective project success. The "Vision" characteristic is also considered less effective leading to success criteria except in normal type of project.

The results of urgent projects are shown in table 3, as the t value is greater than 3 for all variables of project success and in parallel significance value is .000 so H1 is accepted that established that project manager's characteristics had efficacy on Urgent project success. On the basis of test results all four hypotheses are accepted. It has been established that relationship existed between project manager's personality and project success criteria. This study explores the significant affect of project manager's characteristics on project success for four types of project in Pakistan.



### **Conclusion and Recommendation**

Self Confidence was considered ineffective and Honesty was explored influential to project success by (Nejad & Bakshi, 2011) where as Self-confidence and Creativity Imaginative is found highly effective in this study and Honesty in both studies. And all other characteristics have different orders in effectiveness.

“Vision” is considered less important project’s success with one exception of “Normal Project” where project manager’s rate is as important and “Passionate Emotion” is considered least effective on all four types of projects. Passionate emotion is not important as it can be negative which ultimately leads to project failure. A negative emotional reaction is when an event causes an individual’s core affect to become negative (Seo, 2004) in response to the project failure. While vision is considered less important by most of the project managers because they think it is more significant long term projects which is link to executives and organizational strategy, as urgent project is time bound and unforeseen results are expected.

**Future research:** This study explores the significance of 14 project manager’s characteristics on the 6 success criteria. Future researcher can analyze the impact of project manager’s characteristics on project success with more characteristics of Project managers and management style can be investigated. Hexa constraints and gender differentiation can also be investigated. Each type of project can be further investigated separately for PM Personalities for success of different projects.

**Research Implications:** All projects are of transient period for the achievement of predetermined objectives with a varying degree of constraints and risks therefore 12 out of 14 characteristics highlighted in this study played a vital role in the success of project. Adopting these characteristics project managers can excel in their career and also increase productivity that will cause in stable working environment and profitability of the organization. Having these characteristics of project manager sponsor and upper management can determine best fit for each project. This study support the Project Manager-Project Fit (PM-P) theory of project management that stated the particular profile needs a project manager with fitting personality characteristics for the achievement of effective performance and success of the project. The fit between the personality of project managers and the types of projects is crucial to project success.

**Limitations of the study:** Convenient sampling is used to collect the data from targeted population and may not be generalized on whole population. It is assumed that the Project Managers himself or herself filled the questionnaire because most of the project managers were contacted through email. Questionnaire have some constrains such as it did not have open ended questions, as it would took time to fill, and using email for this survey.

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## **The Relationship between Organizational Culture and Employees' Performance in Presence of Organizational Politics**

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### **Abstract**

**Purpose** – the purpose of this paper is to investigate whether the change in government organization (organizational culture adaptability) has impact on employees' performance and whether it is positive or negative, whether organizational politics play a role in sabotaging such a culture.

**Methodology** - hierarchical regression has been employed to find the moderating effect. After entering the main variables individually in the model, interaction variable has been entered and changes in measurements were noted.

**Findings** - It was found that organizational culture is positively related with employee performance at 1<sup>st</sup> step, but when interaction variable is introduced, the relationship between the organizational culture and employee performance becomes negative; also the R<sup>2</sup> change of 6.5% was significant depicting the moderating effect of organizational politics.

**Implications** - It is recommended that the government should take measures to depoliticize the office environment, if serious actions are taken on the government behalf then most possibly you will find improving the government organizations output. So depoliticizing the environment will bring allow to reap the true outcomes of adaptability to modern technologies.

**Originality** – This study has introduced organizational politics as a moderating variable that affects the relationship between the organizational culture and employee performance. It depicts that the politics ruin to positive relationship between the organizational culture and employee performance.

**Limitations and Future Research** – especially a public sector has been studied in this research. The sample size was quite low due to many hurdles. The area can further be worked and findings can be verified through studying private sector. It is suggested that future research may use the criteria developed on four types of cultures by Cameron & Freeman (1991).

**Keywords** - organizational culture, employees' performance, organizational politics, public sector, moderating effect

**Article Classification** – Human Resource Management, Organizational Behavior

### **1. Introduction**

Employee performance (EP) is one of the most important factors in the achievement of organizational goals or its performance. It is accomplishment of assigned duties by an employee within the given time frame and according to the position that employee holds in the organization. Several factors have been identified in the literature affecting EP. These

may include skills of the employee, training, supervision, organizational commitment, organizational culture (OC) and organizational politics (OP) etc.

A skill is an employee's special ability in a task especially acquired through training. Knowledge is the skills and expertise in a field on basis of Experience. Wade and Parent (2001) on basis of their findings proposed that organizations should emphasize on improving the organizational skills, and for this purpose training programs be employed. An activity leading to skilled behavior is called training. Training programs are productive and cost effective and also these help employees to contribute significantly to their organization's bottom line (Haslinda & Mahyuddin, 2009). In public sector no direct relationship between training, experience and employee job performance was found (Salleh *et al.*, 2011). When a manager directs or oversees the performance of operation of its subordinates, s/he is involved in supervision. Supervisor's support enhances the employees' job satisfaction. Untrained supervisors may not be able to capture and resolve the employees' problem resulting in poor service quality and customer dissatisfaction (Karatepe & Kilic, 2007).

Yousef (2000) found that there is positive influence on employee job performance by the level of organizational commitment that an employee have, while it reduces the job stress (Sager, 1990). According to Jex (2002) all the behaviors in the organizations occur in the cultural context. Culture acts as a lens through which the employees learn to interpret their environment. It is an informal set of values and norms that control in iteration of people and groups inside and outside an organization. In converging the development of supportive kind; and values and norms can influence the behavior. Once an organization decides the expected behavior, attitudes, its goals and objectives it can formulate its structure and coverage those values and norms to obtain its desired culture.

## **2. Literature**

Relationships between organizational culture (OC) and various variables like attitude, morale, satisfaction and absenteeism in previous researches have been found. Gray *et al.* (2003) concluded that OC has positive impact on employee morale and attitude so job satisfaction increases that leads to decrease in absenteeism. O'Reilly and Chatman (1996) asserted that Culture is a prevalent social control system operating in organizations. Strong cultures that embody norms of creativity, innovation, and change may be the most effective mechanisms for promoting organizational adaptability. Ojo (2009) found positive relationship between OC and employee job performance, he suggests that culture should encourage uniformity in organization's members and this will enhance their commitment and team work efficiency.

Organizational politics (OP) is an elusive type of power relations in the workplace. These may involve the activities carried on by the members concerned with the acquisition of power or gaining one's own ends. Samad and Amri (2011) found that Organizational politics has direct influences on the job performance among civil servants in Malaysia. They also found that employees were involved in going along to get ahead (GATGA) efforts than the other components of OP so it should be minimized in order to promoting Job Performance in organizations. Ram and Prabhakar (2010) found that respondents to their study strongly believed that at workplace their involvement is adversely affected by the OP and it reduces their motivation level to work hard. Individuals may be present at workplace physically but psychologically are not present at work in case of politics so disturbing their work routine (Sowmya & Panchanatham, 2011).

Vigoda (2000) found that in public organizations, employees in political environment are adversely influenced and it is common for the purpose of their public sector job security, they prefer to not indulge in such situation and exhibit lack of interest in their work and neglect their jobs. It is found that politics is positively related with the job stress and job

quitting intention and perception of politics is negatively related with affective commitment and contextual performance (Jam *et al.*, 2011). On the other hand, Yen *et al.* (2009) found that in highly political culture or environment, workplace friendship reduces and some time eliminates anxiety among the employees and colleagues having better relations believe in information sharing for the successful accomplishment of tasks.

### **Objective of the Study**

To examine the impact of organizational culture on employee performance and checking the moderating affect of organizational politics perception on employee performance in a public sector organization.

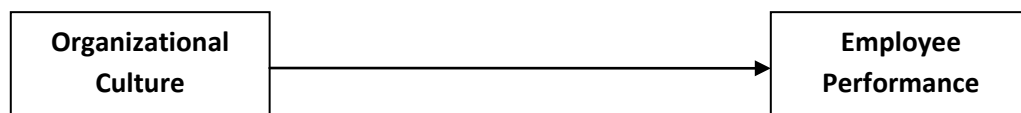
### **Theoretical Framework**

OC has been defined as patterns of shared values and beliefs over times which produce behavioral norms that are adopted in solving problems (Schein, 1990). OC impacts EP that ultimately affects the firm's performance. Sorensen (2002) investigated the relationship between corporate cultures and firm performance basing on the notion that in time of internal and external change, how strong cultures could affect organizational learning. He found that strong-culture firms predict consistent performance in relatively stable environments.

Denison and Mishra (1995) explored the relationship between OC and effectiveness. They found positive relationship between their defined four cultural traits-involvements, consistency, adaptability and mission and the perceptions of performance as well as to objective measures such as return on assets and sales growth. They asserted that by virtue of these four traits, OC can be measured and also can be associated to important organizational outcomes. Gray *et al.* (2003) argued that organization culture pave the ways a business functions and culture's importance can be seemed through the impact its aspects have on employee morale and work attitude and job satisfaction. Chen *et al.* (2005) argued that an agreement between individuals and organization is important to organizational success. They found that the degree of person-organization fit had an important role in all the organizational cultures types studied.

Works of researchers (Sorensen (2002); Denison and Mishra (1995); Gray *et al.* (2003); and Chen *et al.* (2005)) led to infer that there is positive relationship between OC and EP and strong culture firms leads to better firm performance (Sorensen, 2002). The following schematic diagram depicts the relationship.

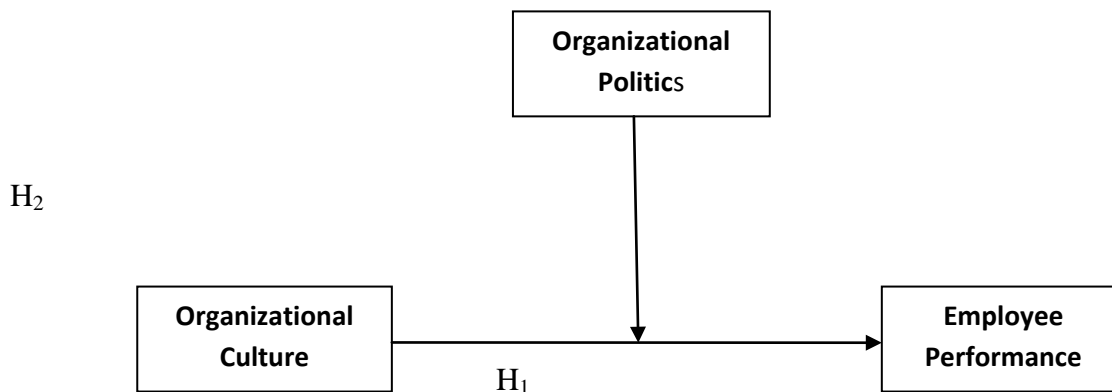
Figure: 1 – Relationship between Organizational Culture and Employee Performance



OP is defined as multiple vested interests and individual goals other than the organization's goals and measures adopted by the members to influence and defend themselves (Sami *et al.*, 2011). Ram and Prabhakar (2010) found that respondents to their study strongly believed that at workplace their involvement is adversely affected by the OP and it reduces their motivation level to work hard. They suggested that to ensure job satisfaction, a culture with fair and transparent organizational policies and salaries decisions is pre-requisite. Samad and Amri (2011) found that OP has direct influences (negatively) on the job performance among civil servants in Malaysia.

According to Sowmya and Panchanatham (2011), politics in the workplace disengage the workers mentally from their tasks. Dunham (1977) identified some of the practices used by the individuals in a political environment like leg pulling; accusations when individual don't get their targets then blame others, these all affect the individual's job performance. Organizations achieve goals through their employees, despite individuals may be busy in achieving their personal goals in highly political environment (Kacmar & Carlson, 1997) this may lead to organization's failure in achieving its goals. OP' consequences are found to be very critical and significant at individual as well as organizational level, and play a role in non-smooth functioning of organization (Sami, Jafri & Dost, 2011). It is likely that in the presence of OP, the relationship between OC and EP get moderated as evidenced by many of the researchers that the OP affects the job satisfaction, employee attitude, involvement at work place (Ram & Prabhakar, 2010), disengaging from work (Sowmya & Panchanatham, 2011). It can be inferred that OP moderates the relationship between OC and EP, the following schematic diagram depicts the relationship.

Figure: 2 – Moderation of Organizational Politics



### Hypotheses

From above, the following hypotheses for the study can be drawn.

- H<sub>1</sub>: There is positive relationship between Organizational Culture and Employee Performance.
- H<sub>2</sub>: Organizational Politics Moderates the Relationship between Organizational Culture and Employee Performance.

### 3. Methodology

#### Measures

**Organizational Culture.** As culture is a complex phenomenon, ranging from underlying beliefs and assumptions to visible structures and practices, it is questioned that whether it can be measured. Cameron and Freeman (1991) identified that there are four types of cultures that prevail in organizations; they called them, clan, adhocracy, hierarchy, & market. After taking rate responses on their developed questionnaire from 100 respondents, type of organizational culture indentified. After a series of work on organizational culture. In their study, Denison and Fey (2003) applied their final model on the comparison of Russia with America. Their model was based on four cultural traits of effective organizations. These cultural traits are Involvement, Consistency, Adaptability, and Mission. These traits are measured by different items of the scale. In total they used 36 items 1-5 Likert scale

instrument to measure the effective organizational culture. The current study has followed this model and an instrument has been developed using the items relating to adaptability and involvement trait and finally their mean is used for organizational culture.

**Organizational Politics.** Almost all the studies that used OP as one of the construct, used an instrument developed by Kacmar and Ferris (1991), Kacmar and Carlson (1997) “Perceptions of Organizational Politics Scale (POPS)” to measure it like Vigoda (2000; 2006), Gbadamosi and Chinaka (2011), Samad and Amri (2011). POPS was defined as the degree to which the respondents view their work environment as political, and therefore unjust and unfair. Through this instrument employee perceptions can be assessed, to extent they think their job setting is political in nature including the politics in the organization and supervisors and co-workers behaviors. Kacmar and Carlson (1997) proposed 12 parsimonious items to measure the Perceptions of Organizational Politics; these items are developed on a five point 1-5 Likert scale. A higher score means that individual(s) thinks that the organization environment is highly political. For this study the general political behavior and get ahead items are used to measure perception of the OP and pay & promotion policies items are omitted, because the respondents belong to government organizations and pays & promotions policies are centrally executed.

**Employee Performance.** Organizations are dependent on their employees, their success and performance is the shared and combined effort of all of its employees. EP has remained another complex area, over which different researchers developed different variables to measure this construct. Vigoda (2006) used in-role performance and organizational citizenship behavior as a variable of EP. Sekiguchi *et al.* (2008) used task performance and OCB. The current study has used organizational citizenship behavior (OCB) as a measure variable for EP. For current study, the 1-5 point Likert instrument developed by Williams & Anderson (1991) has been used. They developed it to measure the three types of OCB. This study uses employee in-role behavior (IRB) as a variable measuring the EP. IRB are those behaviors that are recognized by the formal reward systems and that are part of formal job description. These include performance of duties and undertaking activities that are expected.

### **Sampling and Data Collection**

The study is based on analyzing a public sector organization. For this purpose education departments and affiliated examination controller departments, have been chosen. The motivation for choosing this organization/department is that in recent past we heard about the issue of mal-management of students’ registration and examination records and this led students facing extreme uncertainty regarding future. Also the findings of the author’s unpublished qualitative manuscript “*Implications of Examination System’s Failure over Students’ Lives*” have led to do a quantitative study on the education department. As one of the traits of culture is adaptability, i.e. adopting new technology to improve the operations and processes. Computerization and information technology was introduced in the system. But this system has initially failed, it may be the reason that some of the employees don’t want the implementation just because of personal interests, and it is already discussed in literature that one of the characteristics of the organizational politics (OP) is that individuals work for self interests. So it is checked that whether OP moderates the relationship between the organizational culture (OC) and employees’ performance (EP) in public sector organization. In total 160 questionnaires were distributed to the employees in the concerned organization’s offices. The response rate was quite satisfactory as in person questionnaires

were distributed and collected, finally 120 questionnaires were found to be usable in regression model giving a response rate of 75%.

### Procedure

A multi-item questionnaire has been developed from previous researchers' work and combined to take responses. For testing hypotheses, hierarchical regression has been employed. As in this study the moderating effect of the OP over the relationship between the OC and EP has been investigated, OP has been taken as moderator. According to Baron and Kenny (1986) that a variable that may reduce or improve the relationship between two variables i.e. dependent variable and independent variable and/or even the relationship direction between the two may be changed by it, like negative to positive or vice versa is called moderating variable. According to Baron and Kenny (1986) whenever there is unexpected weak or inconsistent relationship between independent and dependent variable exist there is chance that a moderator is operating in this case but even when there is strong relationship between the independent and dependent variable, a moderator may be playing its role. Interaction between the independent variable and moderating variable is used to express the moderating variable (Baron & Kenny, 1986; Holmbeck, 1997). In hierarchical regression first the predictor variable and then the main effect and interaction term is introduced at separate steps, and resulting  $R^2$  change is checked & if a moderating effect exists, the value of  $R^2$  change is statistically significant and the moderator hypothesis is supported (Baron & Kenny, 1986; Holmbeck, 1997).

## 4. Data Analysis

### Results

In this section, correlation matrix and hierarchical regression results are presented.

Table 1: Correlation Matrix of demographic characteristics and research constructs							
	Gender	Age	Edu.	Exp.	Inc. level	EP	OC
Age	-0.24						
Edu.	-0.07	0.01					
Exp.	0.00	0.22	-0.10				
Inc. level	-0.03	0.19	0.26	0.35*			
EP	0.16	-0.15	0.40**	0.41**	0.50**		
OC	0.03	-0.21	0.33*	0.23	0.31	0.65**	
OP	-0.04	0.22	-0.09	-0.07	-0.04	-0.14	-0.35*

Correlation is significant at the 0.05

\* level

Correlation is significant at the 0.01

\*\* level

(Edu: Education, Exp: Experience, Inc level: Income Level, EP: Employee Performance, OC: Organizational Culture, OP: Organizational Politics)

From above table it is found that experience and income level are significantly positively related that means that more the experience more the income. Experience is also



highly significantly correlated with EP means that an employee having greater experience will also perform well at job than the novice once. It is found that education is also positively correlated to EP (at 1% level of significance) and to OC that means that higher the education of an employee the better s/he perform at work place and the higher the level of education of the employees, the better the cultural emphasis in that origination. Income level is positively correlated with EP depicting that higher the employee income more it is involved in better performance. OC is found be to highly significantly related with EP and OP is negatively related with EP.

Table 2: Regression Results			
	1st Step	2nd Step	3rd Step
Organizational Culture	1.222	1.287	-8.208
significance (p-value)	0.000	0.000	0.07
Organizational Politics		0.175	-9.477
significance (p-value)		0.448	0.041
Organizational Culture x Organizational Politics			2.161
significance (p-value)			0.037
R <sup>2</sup>	0.428	0.436	0.501
Adjusted R <sup>2</sup>	0.412	0.406	0.46
R <sup>2</sup> Change			0.065
significance (p-value)			0.037
F-values	28.378	14.33	12.063
significance (p-value)	.000	.000	.000
	OC	OP	EP
Cronbach alpha	0.624	.723	.844

In hierarchical regression technique, firstly the EP is entered as dependent variable in the software dialog box, following it OC is entered as predictor and then in 2<sup>nd</sup> block OP is entered and finally in 3<sup>rd</sup> step the interaction variable is entered 3<sup>rd</sup> block, Table 2 is depicting the results of the whole process done in this way. In 1<sup>st</sup> step, when EP is regressed only on the OC, a highly significant relationship is found among the two and the model is also highly significant, but one can see that the value of explaining statistic is quite low i.e. .428, that means there are some other predictors as well of EP and there may be moderating effect. In 2<sup>nd</sup> step, the entrance of OP in regression model found to be insignificant and that wasn't expected while model value is still found to be significant and the R<sup>2</sup> change is found to be insignificant. But when in 3<sup>rd</sup> block, the interaction variable is introduced, it can be seen that this variable inclusion in the model not only brought significant R<sup>2</sup> change i.e. .065, but also the directions of the predictor variables reversed (Baron & Kenny, 1986; Holmbeck, 1997),

also the OP relationship with the EP become significant so there is definitely a moderation effect of OP on the relationship of OC and EP.

### **Discussion**

The results presented in the table 2 give the evidence that support the hypotheses of the study. The first hypothesis for the study was that *there is positive relationship between Organizational Culture and Employee Performance*. In first step highly significant and positive relationship between the OC and EP shows that the organizations that are culturally sound and flexible i.e. believe in employee empowerment, development of the employees i.e. training programs, adaptable i.e. employing modern era technology become successful in attaining higher employee job performance, employees will be more involved in assigned duties, fulfilling responsibilities, avoiding unnecessary absentees etc. so a strong culture organization enhance the EP that ultimately leads to improved performance (Ahmad, 2011). Sorenson (2002) also found that it is the cultural strength that varies the firms' performance, and the organizations involved in employee empowerment seem enhance employee job performance. Cultural norms also impact the employees' retention, where employees are empowered, development of employees is done, employees retention is quite higher there, although in Pakistan, employees turnover in public sector organizations isn't very high but it has been learned in previous studies that the employees turnover is also affected by the variation in the organizational cultural values, the EP also varies with these values (Sheriden, 1992).

OP has been given deep consideration by the researchers as it is another important factor that has significant impact on the workplace. In this study it has been introduced as a moderating variable that not only impacts the EP but it also reverses the direction of relationship between OC and EP. The second hypothesis for the study was, *Organizational Politics Moderates the Relationship between Organizational Culture and Employee Performance*. The use of interaction variable (Organizational Culture x Organizational Politics) at 3<sup>rd</sup> step of the hierarchical regression procedure changed the direction of the relationship between the OC and EP. This finding suggests that even though the organizations may hold very strong and congruent culture but the politics turn the intentions of the employees, and they might become counterproductive. These findings are in line with Shenge (2007), in which he argued that the OP at the management and organizational level affects the employee satisfaction, and ultimately their performance at workplace negatively affected. Also in a study conducted in public sector a negative relationship between employee job attitude and commitment was found whereas a positive relationship between turnover and OP was found (Vigoda, 2000). Even if the OC is flexible and believe in employees' empowerment, freedom, development, OP not only negatively affect EP but also the employees' involvement in politics affects the performance of the organization, the decision making is affected, it reduces culture effectiveness and it leads to undesirable change processes in the organization (Buchanan & Badham, 2007). Because organizational structure and culture work together to shape the employee behavior (George & Jones, 1996) so when OP affect organizational processes and structure this ultimately affects the EP. Excessive OP can cause stress to employees and stress influence negatively the job satisfaction, commitment, and EP (Babin & Boles, 1996).

### **Implications**

This study investigated whether in public sector, OP plays its role in affecting the relationship between OC and EP. It has been found that there is positive relationship between OC and EP but when the moderating variable is introduced the direction of relationship

between OC and EP reverses and also there is a significant change of 6.5% in explanatory statistics i.e.  $R^2$ . It is recommended to the higher level authorities and employees to take measures to reduce the severity of OP; and transparency should be implemented, proper check and balance should be maintained on the rewards, leg pulling should be restricted. After controlling the politics, the true outcomes of organizational changes like introduction of technology in work processes, and other reforms can be obtained.

### **Limitations and Suggestions**

The current study is based on single public sector organization; and final sample of respondents whose responses were used in the study was 120. Corporations are working around the globe and these have very diverse cultures so the findings of this research may not be generalizeable to those organizations. It is recommended that a study should be conducted in private/corporate sector using big sample size so more reliable and generalizeable findings can be inferred. In this study modified organizational culture's questionnaire is used with limited number of items developed by Denison & Mishra (1995), it is suggested future research may use the criteria developed on four types of cultures by Cameron & Freeman (1991).

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## **Impact of Capital Investments per Share over Dividend per Share By:**

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### **Abstract**

**Purpose** – This study has a clear objective of establishing an empirical relationship between the Capital Investments per Share and Dividend per Share and introduction of Capital Investments per Share as predictor of Dividend per Share.

**Methodology** – 7 year balanced pooled data have been used to empirically support the relationship. Multiple regression analysis has been applied on level data, while simple regression has been applied to find the relationship between capital investments at 3<sup>rd</sup> and 4<sup>th</sup> lag.

**Findings** – No significant relationship between the cash dividends and capital investments & operating cash flow has been found at level but at 3<sup>rd</sup> and 4<sup>th</sup> lag the relationship between capital investments and cash dividends has significantly proved. This depicts that an investment today in capital items by the firms bring dividend return to shareholders after 3-4 years. Earning per share is found to be highly related with cash dividends at level.

**Implications** – The finding may not only open new avenues for the fund managers to evaluate the securities for investment decision making but also the foreign direct investment can be attracted through proper channeling of these findings, that investors can get their earning started from 3 to 4 year of their real investments.

**Originality** – The study is investigating a relationship which hasn't been proved empirically yet. New predictor of dividend per share is introduced i.e. Capital Investments per share.

**Limitations and Future Research** – the study is based on the evaluation of only one industry. A more detailed study in line can be conducted by emphasizing on that when companies go for related or unrelated diversification (i.e. make capital investments) then what would be impact over the dividends.

**Keywords** – Capital Investments per share, Cash flow per share, Dividend per share

**Article Classification** – Corporate Finance, Securities and Portfolio Management,

### **1. Introduction**

There are three major policy decisions corporate managers are needed to make regularly involving capital expenditure decisions, dividend (payout) decisions, and financing decisions. Policy regarding dividend is of interests of both the parties including the company managers and the investors. And it is said for stock market investors to, "Buy on Fundamentals and sell on Technicals". Actually these two are the analyses conducted to ascertain, what securities be bought and what be sold. In fundamental analyses we are actually involved in the macro analysis and in technical analysis we made decisions on the previous performance of the firm whose shares are to purchased or sold. In this analysis a shareholder or its funds manager do a

lot of evaluations and employ different models to select the best firm so invest funds in its shares. One of them is seeing the predictors of dividends. A number of studies have rigorously examined the impact of announcements of corporate financing and dividend decisions on the market value of firms, so it can be observed that there definitely exists interrelationship among the policy decisions.

Dividend payout is not only the source of cash flow to the shareholders but it also provides information regarding firm's current and future performance. There is an emerging consensus among financial researchers that no single factor affects corporate dividend decision. The inconclusiveness of empirical findings on determinants of dividend policy has made the issue more complex. Historically it is proved that periods of high capital expenditures have been periods of high profits and periods of low capital expenditures have been periods of low profits, similarly we can have the evidence that claims the apparent role investment in past or current profits (Eisner, 1964). Capital Investments have long term affect over the firms' long term performance. Capital Investments are those expenditures that most companies plan in advance; and companies usually can predict them for the short-term cash budget (Horne and Wachowicz, 2004). Capital Investments are done to create future profits. When companies use money to buy fixed assets or existing fixed assets are upgraded then a capital expenditure is done. Buying or upgrading tangible assets like machinery, equipment, property or building is called Investments. Since often the profitable firms pay cash dividends to their shareholders so we can see that capital investments affect the profitability and earnings ultimately affecting the cash dividend payments. This paper is based on the idea that because impact of capital investments ultimately impact the dividend payment, so financial data of selected Pakistani firms is used in an effort to investigate that whether the relationship among the two exists.

## **2. Literature Review**

Dividend policy has been worked extensively by the researchers but it is such a vast field that numerous factor affecting the dividend policy has been identified and investigated and is being investigated. Here some review of work which has been done by the researchers in the field is being presented.

In determining the determinants of dividend payout policy in Pakistan Ahmed & Javaid (2009) used 320 non financial KSE listed firms for the period data from 2001 to 2006, they found that the Pakistani firms tend to depend on previous dividend payment and current earning per share to announce and pay current dividend. Instability and less smooth dividend payments were identified and it was found that firms having good profitability were having smooth free cash flow and giving handsome amounts as dividend while big companies were found reinvesting funds rather distributing as dividends.

While finding the relationship between corporate dividend policy and share price volatility in Pakistani context Nazir *et al.*, (2010) used 73 KSE listed firms 5 year financial data for the period 2003 to 2008. In their study they applied the fixed effect with arbitrary effect model on the panel data gathered. They found strong relationship among the dividend policy and stock price volatility and suggested that volatility can be reduced by employing an effective corporate policy, under which smooth and reliable dividend payments be made.

Miller and Modigliani (1961) as one of the theorists of dividend policy developed the irrelevance theorem in which they claim that there is no inter-association between the firm's dividend policy and its current market share value. However many researchers don't agree with this statement because Miller and Modigliani (1961) based their theory on perfect capital market assumption and claimed that there is full efficiency in markets.

After the Miller and Modigliani (1961) theorem Black (1976) did remarkable work over dividend policy and raised the questions, "Why do firms pay dividends?" and "Why do

investors pay attention to dividends?" although, the answers may appear clear, but Black concludes that they are not. As we try to explain the fact, the more it seems like a puzzle, with pieces that just do not fit together. Various factors can be considered as the determinants of dividend payout policy and a number of logics for dividend payout policy have been declared in the literature, however, the researchers are not agreed on a single point.

It is found that there exists significant impact of firms' investment policies on its dividend payout policy; less investment plans incurs firms with greater amount of cash that is distributed as dividends in shareholders. Due to the higher investment opportunities firms deprive from higher dividends to lower. So in Pakistani context negative relationship to the dividend payouts with the investment opportunities is found (Naeem & Nasr, 2007). Naeem and Nasr (2007) using KSE listed 108 firms' data for the period 1999 to 2004 also found negative impact of firms' liquidity on the firms' dividend payout decision as the stock market liquidity and dividend are substitutes in the sight of investors, so the firm's dividend policy is associated to the liquidity of its common stock. As a result firms with more liquid common stock, distribute less cash dividend.

In Bangladesh, Ali and Chowdhury (2010) found an insignificant relation between stock prices and dividends. In their event study they analyzed the price movement of private commercial banks listed at Dhaka Stock Exchange towards the dividend announcement. They took a sample of 25 banks and used pooled t-test and their results showed that stock prices of 11 banks decreased, 6 banks' stock prices increased, while 8 banks' stock prices remained unchanged when dividends were announced and they found that dividend announcement does not convey any information due to strong contribution of the insider trading as well as some other influencing factors in the capital market.

Consleret *et al.*, (2011) in their study used 1,902 dividend-paying firms between 2000 and 2006 data taken from Quarterly CRSP and Compustat in the study. They used linear mixed effects models to test which variable, earnings per share or cash flow per share is the better predictor of dividends per share. They found that cash flow per share is shown to produce a better fit than earnings per share, but it cannot be said how much better, so investors should emphasized on it in valuation of the securities to invest.

In their work Jones *et al.*, (2004) investigated stock market reaction upon the company investment announcements. The market-adjusted returns method was used to found whether corporate investment announcements are significant to market valuation or not. The analysis used data of 402 UK investment announcements (1991-1996). Investment announcements were grouped according to functional categories. The value of the firm changes as soon as the information becomes accessible to the market which will change the expectations about returns from current and future assets. Market adjust method was used in the research. It was clear from the descriptive statistics that the abnormal returns were larger on the day of the announcement than on days before or after the event. When capital investments are announced, the most significant abnormal returns were found on that event day. The researcher had found out that certain categories of investment decisions had a higher average abnormal return. The researchers had proposed in his study that the managers should consider the effect of any information that will go in the market and effect the investment decisions, information should not be ambiguous it should be clear and crystal.

Brio *et al.*, (2003) studied the corporate investment impact on market prices in Spanish capital markets. The sample taken was composed of both investment and divestment announcements. The firms selected were companies quoted on the Madrid Stock Exchange (MSE) or on the Spanish continuous market (SIC). The time span covered by the study was from Jan 1991 till Jun 1997. The data used in this study was extracted from a database composed of the historical records of public announcements in Spanish Stock Markets. Only



announcements related to any investment or divestment project undertaken by the firm in the near future was considered. The number of announcements collected was 114, of which 73 related to investments and 41 to divestments. An event study methodology was used to investigate the valuation effects of investment announcements. The study showed that the Spanish market behavior is different from the other markets and no reaction of investment projects was expected from day 0 onwards on the value of firm, it shows that all the information had been already adjusted in the prices. The study also suggests that there may be undisclosed insider trading is taking place prior to the announcement. While the investors respond positively when they get to know that firm is going to invest in a valuable project. Historically it is proved that periods of high capital expenditures have been periods of high profits and periods of low capital expenditures have been periods of low profits, similarly we can have the evidence that claims the apparent role investment in past or current profits (Eisner, 1964).

Inci *et al.*, (2009) examined dynamic relations between earnings and capital investment in an international context. They used firm level data from 40 different countries for the period 1988 through 2004 and obtain data from the Worldscope database. They applied Granger causality tests and examined the causality relationships and cumulative impact of lagged earnings (capital investment) on capital investment (earnings). They did work over both for individual countries, and for country groups categorized as G7 vs. non-G7, civil law vs. common law, and financially developed vs. undeveloped. They found that that the causality from earnings to investment is positive and strong in almost all countries in the sample; on the other hand they found that on the causality from investment to earnings, that this causality is not positive and strong in many countries. This indicates that managers fail to invest in value-creating projects or that investment decisions involve high levels of uncertainty about future performance.

From Eisner, (1964) and Inci *et al.*, (2009) we can infer that capital investments not only affect the firms current and future performance, earnings and profitability but also this effect may lead to the cash dividends payments. Because a firm not performing good or with less profitability will not pay cash dividends most often, so my study is based on finding the relationship between the capital investments and dividend policy.

### **3. Methodology**

#### **3.1. Data Collection**

The study is based on firms related to an important sector of Pakistani economy which is energy. 7 years balance data is used in which I pooled all the data and assuming the intercept and regression coefficient constant. Financial data is collected, KSE 100 website, Khistock.com and from annual reports year 2004 to 2010 and relevant information is elicited from these reports. The reason behind restricting the time period for seven years was the availability of the financial statements. All sample firms are listed on Karachi Stock Exchange however, firms from financial sectors were not chosen as their financial management is different from other ones. The following table describes the statistics of the companies chosen.

Industry/Sector	No. of Companies
Energy	13

#### **3.2. Dependent Variable**

**Dividend Policy:** The dependent variable for the study is dividend Policy and cash dividend per share has been used as proxy for dividend policy as the relationship between the capital investments and dividend policy will be found.

### 3.3. Independent Variables

**Capital Investments:** the main independent variable for the study is capital investments. capital investment per share is used as proxy for capital investments variables and calculated as dividing the total capital investment (expenditure) for the year taken from cash flow statement and dividing it by the number of total outstanding common stock shares.

**Earning Per Share:** it has been identified as a crucial predictor of the cash dividend and both the financial managers as well as investor use it to predict the cash dividend payments (Consler *et al.*, 2011). EPS is calculated as net income divided by number of common shares outstanding for the year.

**Operating Cash Flow:** Consler *et al.*, (2011) has identified it an important and better predictor of Cash dividend Per Share, they used Operating cash flow per share. Operating cash flow per share is used for operating cash flow and calculated as net income plus depreciation plus net working capital divided by the number of common shares outstanding used to obtain earnings per share.

### 3.4. Control Variables

**Finance Expenditures:** The other variable identified is Finance Expenditure Finance Expenditure (FIEX) is the cost incurred on the amount borrowed either long term debt or short term borrowings. Because amount borrowed is mostly used for financing operations or corporate investment so it is an important variable to be considered because payments made to lenders can significantly result in reduction of cash dividend payment. These are obtained from the Income Statements of the firms. Finance Expenditure per share is used as proxy for finance expenditures and finance expenditure per share calculated as finance expenditures divided by the number of common shares outstanding used to obtain earnings per share.

**Market to Book Value Ratio:** Both the market and book value per share tend to vary with the effect of different factors. When company pays smooth and handsome cash dividends, investors will be more willing to buy its stock, increasing the market price so varying the M/B ration. Market to book value (M/B) for a company is calculated by dividing the Market price per share by the book value per share for that company.

**Growth: Sales Growth (GRO):** As discussed that when company is profitable opportunity it is likely that it will go for utilizing that opportunity. When there will be increased demand, firms will incur capital expenditures and it will be then if firms have required funds. So internally generated funds play a vital role in growth, so funds will be retained and may reduce the cash dividend payment so there exists relationship among the two. Sales Growth (GRO), calculated as current year sales divided by last year sales divided by 1.

**Leverage:** When a company has higher level of external financing through issuance of bonds, commercial papers, loans then it has normally very less potential for new investments. Because for a new capital investment it have to generate funds and it is difficult to acquire from outside firm sources. Leverage calculated as total debt to total equity (D/E).

### 3.5. Data Analysis Model:

In order to analyze the impact of capital investments on cash dividend policy, multiple regression model is been developed. As Eisner, (1964) wrote that it historically proved that periods of high capital expenditures have been periods of high profits and periods of low capital expenditures have been periods of low profits and Inci *et al.*, (2009) found that causality from investment to earnings, is negative and strong so the managers that fail to invest in value-creating projects face deteriorating firm performance. So when firm will perform less or get less profitability or go in loss, definitely its cash dividend payments will be reduced. So the hypothesis for the study is,

**H<sub>01</sub>:** Capital Investment is not related to Cash dividend per Share.

**H<sub>11</sub>:** Capital Investment is positively related to Cash dividend per Share.

Furthermore I have included in my model two more independent variables namely Earning per Share and Operating Cash Flow per Share, control variables of growth, leverage and finance expenditures are also included in the model. The general regression model for the study is.

$$(DPS)_{it} = \beta_0 + \sum_{all}^n \beta_i X_{it} + \varepsilon \quad \text{Eq. 3.1}$$

The multiple regression equations 3.2 have been used to estimate the impact of Capital Investments on dividend policy.

$$(DPS)_{it} = \beta_0 + \beta_1(CIPS)_{it} + \beta_2(EPS)_{it} + \beta_3(OCFPS)_{it} + \beta_4(M/B)_{it} + \beta_5(Gth)_{it} + \beta_6(D/E)_{it} + \beta_7(FEPS)_{it} + \varepsilon$$

**Eq. 3.2**

Where,

$\beta_0$ :	The intercept of equation
$\beta_{it}$ :	Coefficients of X it variables
$X_{it}$ :	The different independent variables for working capital management of firm i at time t
t:	Time = 1, 2,.....,7 years.
$\varepsilon$ :	The error term
DPS:	Dividend per Share
CIPS:	Capital Investments per Share
EPS:	Earning per Share
OCFPS:	Operating Cash Flow per Share
M/B:	Market to Book Ratio
Gth:	Growth
D/E:	Debt to Equity Ratio (Leverage)
FEPS:	Finance Expense per Share

#### **4. Data Analysis and Discussion**

After the data was collected and transformed into required shape, above model has been applied in Microsoft Excel and the results of the model for current (level) data are in the table: 4.1 given below. After finding the relationship between DPS and CIPS at level and for current data, relationships are found at lags; the 3<sup>rd</sup> and 4<sup>th</sup> lag simple regression results are presented in following tables i.e. table: 4.2 and table: 4.3.

When I developed the model, on the basis of Eisner (1964) and Inci, Lee and Shu (2009) works, I hypothesize that there is positive significant relationships expected between DPS and CIPS because Eisner (1964) had asserted that it is historically proved that capital investment leads to better performance and that generate profitability. While Inci, Lee and Shu (2009) proved the granger causality from capital investment to earnings that means capital investment leads to higher earnings and it is known that firms with good earnings can afford smooth cash dividends to its shareholders. The following table shows the results of multiple regression test.

Energy Sector		
13 firms 2004-2010 (At Level)		
Variables	DPS	
	B	P-value
Intercept	1.22	0.54
CIPS	0.08	0.30
EPS	0.22	0.00
OCFPS	-0.03	0.27
FEPS	0.23	0.01
Gth	-0.18	0.66
M/B	1.10	0.03
D/E	-0.71	0.54
F-value	8.08	
Significance F	0.00	
Multiple R	0.64	
R Square	0.41	
Observations	91	
Table: 4.1 Regression Findings at Level		

From above table it comes to knowledge that at current level the hypothesis for the study is not proved and CIPS is insignificantly impacting the DPS. It was hypothesized that capital investments leads to good returns to shareholders, but at current level it is disproved. The most possible reason for this finding may be that when firms go for current capital then firm uses the internally generated funds to finance that and it is known that internally generated funds have small costs of capital as compare obtaining externally (Cleary, 1999; Smith, 1986) and firms are likely to undertake growth opportunities to initiate corporate investments if they have required liquidity levels. So it can be said that when firms go for current capital investments these are left with low amounts to distribute to the shareholders that's why an insignificant relationship at level is found. When firms go for capital investments i.e. acquiring new plants etc. it leads to increase in production that will definitely boost the revenue and profitability and ultimately increasing the returns to shareholders. But it can be sought after some period of capital investments because of operationalization of the machinery and production takes time so author will go to check the relationship between DPS and CIPS at lags and it expected that there is positive relationship between the two. .

EPS is found to be highly significant and it is found that 1 rupee increase in EPS leads to 0.22 rupee in dividends to shareholders and this finding is in line with previous finds like of Consler *et al.*, (2011). in their study Consler *et al.*, (2011) argued that operating cash flow per share is better predictor of dividend per share, author did try to prove this in Pakistani context but author didn't find the significant relationship among the two and it can be argued that firms in this sector don't rely on operating cash flow when going for distribution of dividends. Also insignificant relationships between growth, leverage and dividend per share are found. A significant relationship is found between M/B value and DPS, and between finance expense per share and DPS. It can be argued that when firms go for external

financing to get funds to invest in expansion of the operations, this leads to increase in production and ultimately higher profitability and good dividends so there is positive relationship among the two.

At 3<sup>rd</sup> lag:

Energy Sector		
13 firms 2004-2010 (3rd Lag)		
Variables	DPS	
	$\beta$	P-value
Intercept	6.47	0.00
CIPS	0.35	0.05
F-value	3.92	
Significance F	0.05	
Multiple R	0.27	
R Square	0.07	
Observations	52.00	
Table: 4.2 Regression Findings at 3 <sup>rd</sup> lag		

After finding an insignificant relationship between capital investments and dividend per share as argued that it would be significant at lags because capital investment often operationalize after some period incurring revenues after some period. From above table it comes to knowledge that in 3<sup>rd</sup> year after the capital investments is done, the impacts on dividend can be found and these are significant to some extent. One lag more is taken to further prove this argument.

At 4<sup>th</sup> lag:

Energy Sector		
13 firms 2004-2010 (4th Lag)		
Variables	DPS	
	B	P-value
Intercept	3.56	0.11
CIPS	0.87	0.00
F-value	15.60	
Significance F	0.00	
Multiple R	0.54	
R Square	0.30	
Observations	39.00	
Table: 4.3 Regression Findings at 4 <sup>th</sup> lag		

From the above table it is found that the capital investments and dividend per share highly significant in 4<sup>th</sup> year of investment. Also the model is quite better than the previous ones. And it is found that 1 rupee per share investment in capital assets leads to generate 0.87 rupee dividend in 4<sup>th</sup> year. So investors can take benefit of this knowledge that by identifying the

firms doing capital investments and then invest in them just before 4<sup>th</sup> year and can earn higher returns on their investments.

## 5. Conclusion

The study was based on the idea taken from the findings of the Eisner (1964) and Inci *et al.*, (2009) in which they argued that the capital investments and firm performance are significantly related and capital investments lead to higher profitability, author built hypothesis that because profitability often leads to cash dividends by a firm, so capital investment has an impact on cash dividends. In this study, energy and fuel sector 13 firms' data for 7 year, in total 91 years are used. The findings of the research don't give evidence that capital investments are related to cash dividends at level, rather a significant relationship is found at 4<sup>th</sup> year lag that tells the going for capital investments can provide its returns to shareholder in 4<sup>th</sup> year, so it would be quiet new avenue for the investors to evaluate securities and can choose firm that go for capital investment and most possible its returns in 4<sup>th</sup> year will started distributing. Further two other independent variables including earning per share and operating cash flow were examined whether these are related to and predicting cash dividends. EPS is found to be highly significantly predicting the cash dividends but operating cash flow was insignificantly related to cash dividends, this finding is in conflict to Inci *et al.*, (2009) findings in which they argued that operating cash flow is better predictor of dividends than earnings per share.

### 5.1. Limitation and Future Research

This study is based on a limited number to firms related to single sector, future studies may be based on larger number of firms from different sectors and dividend policy may be measure through other variables like dividend payout ratio and dividend yield etc. and more evident findings can be elicited related to behavior of dividends policy in Pakistan.

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## **Pressures at Work in Changing Environment and Organizational Development**

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### **Abstract**

#### **Purpose (research objectives)**

Working in today's changing environment is far different from past. For working in 21<sup>st</sup> century, organizations demand such employees who have knowledge, patience, decision power, communication skills and ability to work under pressure; these elements put a range of pressure on the employees at work place.

The objectives of the study will be:

1. To explore the pressures at work in changing environment.
2. Need of organizational development

#### **Methodology**

The present study will explore the opinion of employees about pressures at work and why organizational development is necessary for working in changing environment. The sample for the study will be the employees of multinational companies working in Pakistan. A questionnaire will be developed on five point Likert scale for knowing the opinion of the employees. Each statement of the questionnaire will be tested by chi square technique.

#### **Results**

Results will be discuss after conducting the study

#### **Research Implications**

The study will highlight the opinion of the employees about pressures at work and will provide an insight to the authorities of the organizations to study these pressures and to develop new ways to cope these pressures for increasing the productivity and staff satisfaction.

#### **Research Contribution**

Sometimes, pressures at work generate stress among the employees and they perceive themselves unable to deal with. The organizational purpose of these pressures is to increase the productivity. For any organization, the role of its employees is very crucial and there is a direct relationship between the employees' performance and organizational development. Organizational development, becomes necessary for survival in the present scenario, almost all organizations are taking every step that is necessary for working in the global market, and are bringing new changes to meet the challenges of the present era.

The study will provide an opportunity to explore the employees' opinion about pressures at work, who are one of the major stock holders of some organization. Their opinion is of much importance for authorities of the organizations and invite the high ups to identify these pressures and then try to reduce the quantum of these pressure for better working in the new changing environment.

#### **Future Research**

The present study will identify the pressures at work and will offer an opportunity to organizations to conduct indepth study for better working in the challanging environment.

### **Introduction**

Today's market demands and working styles are totally poles apart as compared to the past. New inventions changed the face and pace of market and working in the market. Information and communication technologies (ICTs) reduced the distances and increased



the competition among the organizations. ICTs made this universe a globe and put the man on the top of this globe, from where, everything is in his preview. As, the distances are get smaller which provided a customer more options for the selection of one product, even sometimes, a customer feel some kind of difficulty in selection from a range of available variety. Competition among organizations expended from local level to global level. Now, organizations are interlinked and are working in a network where no organization can work in isolation.

With the every changing moment, many changes appear on the scene of the market. In the present scenario, such type of workforce is required that must have knowledge, skills, communication power, confidence and will of working in the changing environment, and for an individual, these characteristics are pre-requisite for entrance in the market. On the other hand, in Pakistan, it is a common opinion of the people that the students leave learning organizations with degrees but have low level of knowledge and face many problems at the work place.

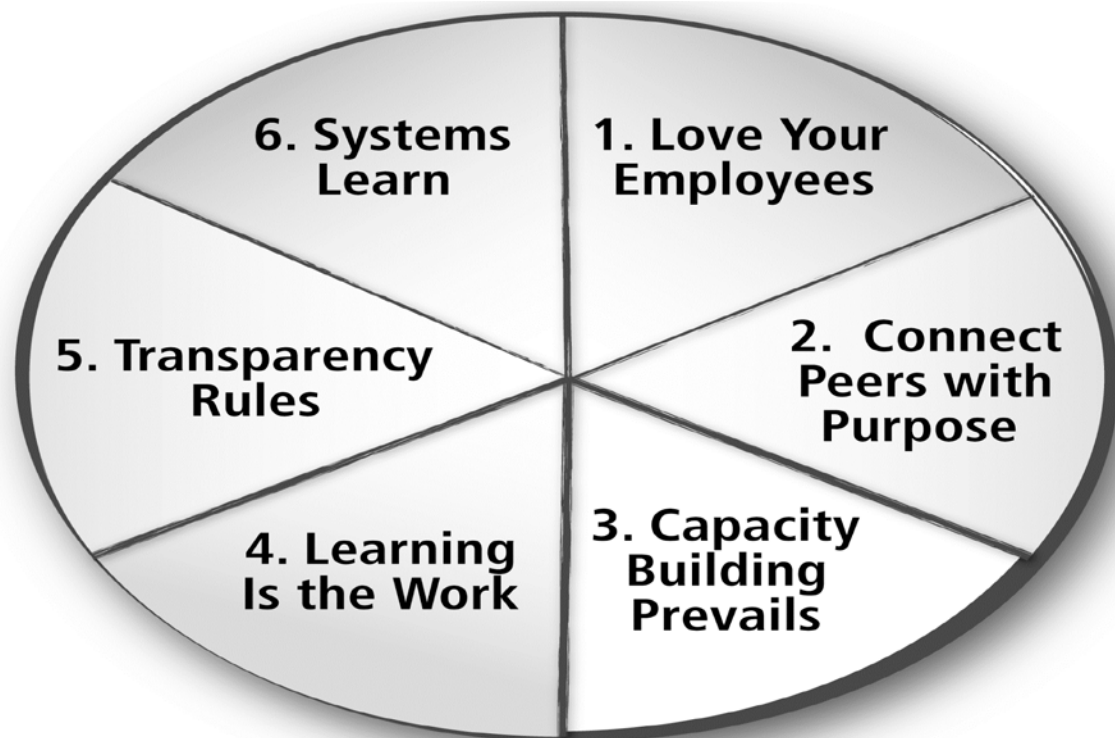
All these facets forced the organizations to change their attitude towards their workforce, think about them in some different way and satisfy them in all respects. The changing environment made it compulsory for organizations to think beyond the limits of local level. Though, different organizations are trying to train their employees for working in the changing environment, but due to all rapid changes, there is competition among the organizations and this competition put a pressure on the employees of these organizations. Organizations are facing many kinds of challenges, such as quality issues, performance problems and customers' satisfaction etc. To meet all these challenges, organizational development is necessary and it is very difficult for an organization to work in the changing environment without taking steps necessary for working in the changing environment.

## **Literature**

### **Changing environment**

Change is a continuous process and with the passage of every moment, changes are occurring in almost all fields of life. Modern changes have changed the pace, depth and working styles of organizations and force individuals and organizations to make new techniques and strategies to move with the pace of these changes. Wamwangi (2003) says that change is a part of human nature and therefore continuous. He is of the opinion that modern change has changed in speed, depth and complexity bringing with it a new phenomenon in technological, social, political and economic pace adaptation to which becomes a fundamental condition of survival for individuals and organizations. The changes in every field have changed the whole phenomenon of the organizations and create a changing environment. Such an environment, where only production is not enough for survival, rather quality of product and customers' confidence in products are equally important. Now, organizations take feedback from customers, care its employees, provide training to its employees and continuously revisit its quality process for the survival in the market. All these practices are the result of changing environment.

Fullan (2008) has provided the following six secrets of change



Fullan (2008)

Information and communication technologies (ICTs) have changed the face of market situations. With the help of ICTs, organizations can check every change in the market. It means that only those employees of organizations can work effectively who have good hand on ICTs. This is a big challenge for the organizations to train every employee for ICTs as well as it is a cause of pressure for the employees. For the survival in the global market, it is necessary for the organizations to accept every change and implement it within the organization.

### **Organizational Development**

Organizational development means to update and modified the functioning areas of the organization according to the needs of the time. Wamwangi (2003, p. 2) states that it is [Organizational development] based on the understanding of behavioral sciences and is concerned with how people and organizations function and how they can be made to function better through effective use of human and social processes. The main purposes of the organizational developments are to improve the quality of the products, satisfy the customers, provide them better services and to move with the new waves of change appeared in the world. Philbin and Mikush (n.d) affirm that organizational development is the process through which an organization develops the internal capacity to be the most effective it can be in its mission work and to sustain itself over the long term.

French and Bell (1999) provided a scholarly and broader definition of organizational development as a long-term effort, led and supported by top management, to improve an organization's visioning, empowerment, learning, and problem-solving processes, through an ongoing, collaborative management of organization culture...using the consultant/facilitator role and the theory and technology of applied behavioral science.

### **Pressure at workplace**

In the current scenario, organizations are facing many internal and external pressures. There pressures demand by the organizations to improve the strategies of work style and to move with the time. Moreover, globalization has created a competition among the organizations.

Currently, no one can work in isolation within an organization. Organizations set groups of people as teams in the organizations with the aim to prepare the workforce under the supervision of the seniors. This team work is beneficial for organizations from different angles, for example, more than one individual can comment on a topic, this activity provide an opportunity to share knowledge, learn skills and improve the quality of the products. On the other hand, sometimes it is difficult to work with many individuals in a group; it demands more sense of responsibility, flexibility, self organization and decision making. All these forces are exerting pressure on the employees of the organizations.

### **Research Contribution**

Sometimes, pressures at work generate stress among the employees and they perceive themselves unable to deal with. The organizational purpose of these pressures is to increase the productivity. For any organization, the role of its employees is very crucial and there is a direct relationship between the employees' performance and organizational development. Organizational development, becomes necessary for survival in the present scenario, almost all organizations are taking every step that is necessary for working in the global market, and are bringing new changes to meet the challenges of the present era. The present study provided an opportunity to explore the employees' opinion about pressures at work, who are one of the major stock holders of some organization. Their opinion is of much importance for authorities of the organizations and invites the high ups to identify these pressures and then try to reduce the quantum of these pressures for better working in the new changing environment.

### **Methodology**

#### **Sample**

The purpose of the present study was to explore the opinion of employees about pressures at work and why organizational development is necessary for working in changing environment. The sample for the study was the employees of multinational companies with at least experience of one year in their field, working in Islamabad, Pakistan. For the study, 150 employees from software houses and pharmaceuticals were selected through convenient sampling technique.

#### **Instrument**

A questionnaire was developed on five point Likert scale (SA= Strongly Agree, A= Agree, UNC= Uncertain, DA= Disagree, SDA= Strongly Disagree) for knowing the opinion of the employees of pressures on work place due to changing environment and need of organizational development. There were two sections in the questionnaire, i. e . Pressures on work place due to changing environment and need of organizational development. There was a covering letter explaining the purpose of the questionnaire and the respondents were also assured that their provided information will be used only for the research purpose and nothing will be disclosed to any other person even after the completion of the paper.

#### **Validity of the Instrument**

After developing the questionnaire, it was presented to 10 academicians who were teaching management sciences and social sciences subjects at post graduate level. They were requested to point out the weaknesses of the questionnaire and also suggest the lines for the improvement of the questionnaire. The academicians pointed out some irrelevant statements and some gaps in the statements. The irrelevant statements were deleted from the questionnaire and the remaining statements were rephrased in the light of the comments of the academicians.

#### **Reliability**

For testing reliability, the questionnaire was administrated to 30 employees taken from software houses and pharmaceuticals. For this, 5 employees were chosen from software houses of Islamabad, while 25 representatives of pharmaceuticals were taken from Rawalpindi. The Cronbach's alpha was calculated through SPSS, it was 0.61. These 30 peoples were not considered in the final sample.

### **Limitation of the Study**

Due to time constraint, this study is done with a small sample of representatives taken from software houses and pharmaceutical and convenient sample technique is used which is not fully authentic so it cannot be generalized over the whole population in the same context.

### **Data Collection and Analysis**

For data collection, the researcher visited representatives of the sample personally and handed over the questionnaire to them. Help from some friends and colleagues were also taken. After collected questionnaire back, responses were tabulated. Each statement was tested through chi-square technique on level 0.05.

<b>Pressures due to Changing Environment</b>							
Item #	Statement	SA	A	UNC	DA	SDA	$\chi^2$
1	Changing environment has created a scenario to work under pressure in different situations.	35	96	19	0	0	210.1
2	Changing environment has influenced the working styles of the employees.	62	86	2	0	0	224.8
3	Changing environment compel the employees to identify new and integrate new technologies in their working.	46	81	23	0	0	156.9
4	Changing environment force the employees to update their knowledge and learn new skills for effective working.	51	91	8	0	0	214.9
5	Changing environment demands to change even some personal attributes, such as responsibility to work, emotional intelligence and decision making in some critical situation at work place.	43	86	21	0	0	172.9
<b>Need of Organizational Development</b>							
6	Changing environment has created an environment of competition among the organizations.	67	69	14	0	0	164.9
7	Organizational development is a process to achieve the objectives of the organization in an effective way.	61	81	8	0	0	194.9
8	Organizational development is	42	93	15	0	0	204.6

	a way to meet the challenges of the changing environment.						
9	Organizational development provides the best solutions for the problems of the organization.	63	84	3	0	0	217.8
10	Organizational development is a process to fill the gaps and enable the organizations to learn modern techniques for enhancing capacities of its employees and introduce the quality products.	47	92	11	0	0	209.8

df=4

table value of  $\chi^2$  at 0.05 = 9.488**Discussion**

New technologies affect every field of life, and have changed the working environment of the organizations as well. Now there is a competition of quality as well as of customer services. This changing phenomenon has also affected the efficiency of the employees and put a pressure on the employees. Now, employees feel that they are under pressure and cannot stay longer with the present working styles. It is necessary to learn new skills, update their knowledge and integrate new innovations in their working patterns for effective working. Changing environment also demands to adjust them according the situation even against their personal attributes. It is essential to own the responsibility, show confidence and manage work according to the situation.

The changing environment has created a scene where only those organizations can move which are working differently and have potential to accept the change for the betterment of the existing system. Organizational development is a process through which the objectives of an organization can be achieved and organizations can prepare a force with potential to face the challenges of the changing environment. Organizational development highlights the gaps in the working pattern of the organizations and provides the solutions to fill these gaps.

**Findings**

Currently, individual is connected with each other and are affecting each other in many ways. This phenomenon makes this world more multifaceted and interrelated and forces the individuals and organizations to look for the big picture and work for this big picture. Organizational development is process to address the changes and look new ways to meet the challenges appeared due to these changes.

Changing environment put a pressure on employees and influenced the working styles of the employees, force them to learn new skills and integrate new technologies in their work for effective work. Changing environment insist the employees to adjust according to the situation and even make some changes in personal attribute. Changing environment has created a situation of competition among the organizations. Through organizational development, gaps are underline and solution for these gaps are derived to meet the challenges of changing environment.

**Recommendations for Future Research**

The present study identified the pressures at work and offers an opportunity to organizations to conduct in-depth study for better working in the challenging environment. As this study

is done with a small number of participants, it is more appropriate that other organizations do this study with a greater number of participants within their own limits.

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## **Role towards Poverty Alleviation and Gender Participation in Livestock Management in Rural Areas of the Punjab-Pakistan**

**By:**

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**Muhammad Ahmed**

**Sundas Iqbal**

### **Abstract**

The livestock accounts for approximately 55.1 percent of the agriculture value added and 11.5 percent to GDP 35-40 million populations are dependent on Livestock.

A sample of 600 small farmers was taken from three Tehsil of the district Toba Tek Singh. Out of these 120 farmers were landless and rest of the farmers were having less than 12.5 acres of land. Farm area distribution between poor and non poor shows that the poor respondents of the study area had average land owned 3.45 acres, while non-poor respondents had an average of 4.58 acres of land.

The poor respondents have family size of 8 members per family while non poor respondents have only 6 members per family. Huge majority (82%) of poor respondents have herd size having 1-4 animals per family. While in case of non poor respondents vast majority (54%) of the respondents have 4-8 animals per family.

The poor respondents had more sheep/goats as compared to non poor respondents. Poor respondents had more than 2 numbers of sheep/goats as compared to non poor respondents who have only near to sheep/goats per family in the rural areas of the study area. Poultry keeping at the household level is a common feature in all rural areas of the Punjab. The poor respondents had about 4 poultry birds, while non poor respondents had about 7 poultry birds per family. Buffalo milk productivity per animal of poor respondents is only 8 liters per day and non poor respondents have about 17 liters per day. In case of cow milk productivity poor respondents have only 4 liters per day milk while non poor respondents have about 7 liters per day per cow.

Poor respondents having education of 1-5 years of schooling were 16 percent. About 40 percent respondents attained educational level between 6-8 years of schooling. The poor respondents having education more than 9 years of schooling were only 5 percent of the sample. In case of non poor respondents, 27% respondents were uneducated. Respondents having education between 1-5 years of schooling were 30 percent. Respondents having education from 6-8 years were about 33 percent and with education more than 9 years of schooling were about 10 percent. It was further noted that where the education level was high among the women, the household income was relatively better.

58.0% of the farmers of the sample area reported that livestock was their first choice to augment their income while 27 percent and 11 percent of the farmers put livestock at a second or third place respectively. As the women's participation in various livestock related activities has increased, the proportion of income from this source also increased and subsequently poverty reduced in rural areas of Pakistan. The poor and non-poor farmers

comparison showed that the reduction in poverty among the small farmers was significantly related to the livestock keeping in conjunction with crop growing.

### **PURPOSE OF THE STUDY**

- Study the socio-Economic characteristics of the livestock Farmers
- Workout economics of existing combinations of farm and livestock enterprises.
- Estimate level of gender participation in tendency towards livestock activities
- Suggest policy guidelines to improve the livestock and dairy farming for poverty alleviation.

### **METHODOLOGY**

To obtain the objectives mentioned in Chapter 1, a detailed survey of 600 farmers engaged in dairy activities was conducted. During the survey farmers were interviewed to obtain the information that could enlighten the animal keeping system and constraints associated in the area under study.

### **SAMPLING AND DATA COLLECTION**

#### **SELECTION OF SITE**

The area selected for this study was situated in the center of the Punjab (Pakistan) province. The area selected was famous for its milk production traditions. Although the area does not represent the entire Punjab area but reason for selection of this area can be justified as it was expected that this area will remain at the forefront in milk production and was intensifying the village milk production.

#### **SELECTION OF FARMER**

From the selected villages, 600 households were selected for interviews who were keeping at least one buffalo or cow. To achieve a sample of 600 farmers, eligible households were randomly selected per village.

#### **SURVEY INTERVIEW**

The selected farmers were interviewed for about 30-45 minutes. The questionnaire included topics like family composition, education of head of household, income sources, land ownership and utilization, livestock ownership, fodder resources and utilization, use of concentrates, lactation period data, milk utilization, objectives of dairy husbandry, animal health and reproduction management. The data included maximum daily yield, lactation length and months opened of the last complete lactation.

The farmers' objective for keeping livestock was examined through paired comparison. The data collected were used to draw the valid information on different parameters and objectives as discussed previously. The data was depicted in percentage and standard error was calculated. Best possible statistical techniques were also applied to draw the valid conclusion (Steel and Torrie, 1980).

### **SURVEY AND SAMPLING PROCEDURE**

To generate information on farm management practices and income pattern of the farmers, a detailed survey was conducted. The district of T.T. Singh was selected as the study area as majority of the small farmers were maintaining livestock in the rural areas. Rural poverty in Punjab is highest than urban areas. A random sample of 600 respondents, from the mixed cropping zone of TT Singh was taken.



The random sampling was done in the following three stages. In the first stage total sample was allocated to three Tehsils. All the three Tehsils were almost equally contributing towards the Punjab domestic production. Thus, it was decided to take equal respondents from each Tehsil i.e. 200 livestock farmers.

In the second stage of sampling, 10 villages from 5 union councils of each Tehsil were selected randomly. The number of sample farmers' village was proportionately distributed among the randomly selected villages based on the share of small livestock farmers in these villages.

In the third stage, sample was divided into two parts. First part of the sample consisted of landowners and second part landless respondents. According to the proportion of landowners and landless prevailing in all the villages, 80 percent of the total respondents were landowners and 20 percent landless were taken for interview. Then from the list of small livestock farmers in those villages final sample was selected. As the size of farm increases, proportion of small farmers decreases. According to Provincial statistics, the proportion of small farmers having land holdings up to 7.5 acres was 66 percent and greater than 7.5 acres but less than 12.5 acres, was 34 percent. So 66 percent of the sample was taken from first category i.e. less than 7.5 acres and remaining 34 percent from second category (greater than 7.5 acres but less than 12.5 acres). So total 600 farmers (480 land owners and 120 landless). Sample distribution is given in Table 3.1.

**Table-3.1 Sample Distribution**

<i>Description</i>	<i>TT Singh Tehsil</i>	<i>Gojra Tehsil</i>	<i>Kamalia Tehsil</i>	<i>T.T Singh District</i>
<i>Less than 7.5 Acres</i>	<i>106</i>	<i>106</i>	<i>106</i>	<i>318</i>
<i>Greater than 7.5 but less than 12.5 acres</i>	<i>54</i>	<i>54</i>	<i>54</i>	<i>162</i>
<i>Landless</i>	<i>40</i>	<i>40</i>	<i>40</i>	<i>120</i>
<i>Total</i>	<i>200</i>	<i>200</i>	<i>200</i>	<i>600</i>

### **DATA COLLECTION**

A well structured questionnaire was used to collect the data on livestock farm management practices, cropping pattern, input use, production constraints, farmers' perceptions regarding their social status (Poor/Non poor), knowledge about growing of vegetables etc.

Data on household characteristics such as operational holdings, family size, education, sources of irrigation, income and cultivation were also collected.

### **LIVESTOCK STRENGTH**

The important source of income of small farmers in the district was livestock. In order to work out the income and expenditure of the farmers from livestock, livestock inventory was

also considered. In order to calculate the total animal units on the farms, following conversion factors were used. Ali and Bashir et.al, 1993, also used these conversion factors.

**Table 3.2 Animals Conversion Factors**

S. No.	Species/Class of Animals	Equivalent Animal Units
1.	Buffaloes Adult	1.28
2.	Cows Adult	0.72
3	Buffaloes Young Stock	0.96
4.	Cows Young Stock	0.54
5.	Bullocks	1
6.	Sheep	0.2
7.	Goat	0.2
8.	Horse	1
9.	Camel	1.75
10.	Donkey	0.57

## INTRODUCTION

Poverty is multi-dimensional in its connotation and estimation. It is the lack of socio-economic resources that are necessary for maintaining an optimal level of well being. It may be hunger and lack of access to education and health facilities. It may be availability of opportunities like credit. Its dimensions have been changing from place to place and across time. The poor in Pakistan have not only low incomes but they also lack access to basic needs such as education, health, clean drinking water, proper sanitation and sense of security. The latter undermines their capabilities, limits their opportunities to secure employment, and thereby results in their social exclusion and exposure to exogenous shocks. The probability of future generation to fall in the trap of poverty both in social and economic terms seems to be high if they are ignored in any welfare arrangements.

Almost 67.5 percent people of Pakistan live in rural areas and overwhelming majority of them are engaged in the business of agriculture either directly or indirectly (Population Census, 1998).

The livestock accounts for approximately 55.1 percent of the agriculture value added and 11.5 percent to GDP 35-40 million populations are dependent on Livestock. The role of livestock in rural economy may be realized from the fact that 30-35 million buffalo and 5-6 sheep/goat per family help farming community to derive 30-40 percent of their income from it. The livestock population comprises 25.5 million buffaloes, 23.8 million rural population is engaged in livestock raising, having household holdings 2-3 cattle cows, 24.7 million sheep, 54.7 million goats and 0.8 million camels. The annual milk production has been recorded as 28.62 million tones and Pakistan is ranked fifth among highest milk-producing countries. This sub-sector has tremendous scope for pro-poor growth, as the value of milk is more than

that of the major crops. Moreover, small farmers who combine livestock with crop production have income twice as high as those with only crops (Anon., 2009-010).

**Table1.1 Population of Livestock in Pakistan** (Million)

Species	2005-06	2006-07	2007-08	2008-09	2009-10
Cattle	29.6	30.7	31.8	33.0	34.3
Buffalo	27.3	28.2	29.0	29.9	30.8
Sheep	26.5	26.8	27.1	27.4	27.8
Goats	53.8	55.2	56.7	58.3	59.9

(Economic Survey., 2009-10).

**Table 1.2 Livestock Products**

Products	Units (tones)	2005-06	2006-07	2007-08	2008-09	2009-10
Milk.	(000)	31970	32966	34064	35160	36299
Beef.	(000)	1449	1498	1549	1601	1655
Mutton.	(000)	554	566	578	590	603

(Economic Survey., 2009-10).

In 2010 over 36 million tons of milk was produced in our country, which amounted six percent of the world production. Over two-thirds of milk is produced by buffaloes. Milk production here has increased by 17 percent from 2005 to 2010. This increase in production was achieved mainly by a growth in the number of dairy animals.

The livestock plays a vital role in the economies of developing countries. It provides food, or more specifically animal protein in human diets, income, employment and possibly foreign exchange. For low income producers, livestock also serve as a store of wealth, provide draught power and organic fertilizer for crop production as well as means of transport. Consumption of livestock products in the developing countries, starting from a low base, is growing rapidly (Garcia, et al., 2003).

Livestock is often associated with wealth. However, about 70 percent of the world's 1.3 billion poor live in rural areas, and of those an estimated 70 percent, or about 600 million, depend on livestock as part of their livelihood. For many, livestock is one of the few means of asset creation and escaping the poverty trap. Livestock are often the only means of transforming inedible biomass of marginal areas where many of world's poor live into high value products. Thus, livestock must be an integral part of nearly all rural poverty reduction strategies. The poor keep livestock under various production systems including: (i) pastoralists, mostly live in the arid and semi-arid areas, who have livestock as their main

source of livelihood; (ii) small mixed farmers, who use livestock for traction, manure for organic fertilizer and fuel, meat, milk and fiber; and (iii) landless livestock farmers, often in peri-urban areas, who feed animals on residues from arable crops and fodder from communal areas. Women often keep livestock and get most of the revenue from livestock production (Claire. 2001).

Livestock plays an important role in poor households and in the societies in which they live. Livestock is a key source of income for the poor, especially the rural poor. In most developing countries, 25-30 percent of the agricultural gross domestic product, the GDP, is related to livestock. In some of the poorer ones, the ratio is much higher. Thus, livestock products are definitely an important source of income today and an increasingly important asset for the poor.

The Punjab province is backbone of agriculture system in Pakistan and plays main role to meet the ever-growing food demands of nation. It provides 75 percent wheat, 49 percent rice, 85 percent cotton and 62 percent sugar cane of total production. Out of the 30.8, 34.3, 59.9 and 27.8 million heads of Buffalo, Cattle, goat and sheep, Punjab owns 71 percent Buffalo, 50 percent cattle, 36 percent goat and 29 percent sheep respectively. The buffaloes supply 71 percent, cattle 24 percent and rest of 5 percent of the milk comes from sheep, goats and camels. Only Punjab supplies 73 percent of total milk production, while Sindh and other provinces supply only 23 and 7 percent, respectively, (Arain and Somroo, 1998).

The small farmers or landless poor people primarily raise about 80 percent livestock. As compared to landholdings, livestock is found to be more evenly distributed. Generally, the raising of livestock is traditional for subsistence farmers. A commercialization is only limited around urban areas. Approximately 5 million families in Punjab (about 40 million people) are dependent on livestock for livelihood.

Continuously increasing poverty in the developing countries has become a critical international issue, which has attracted the attention of the donor agencies /institution of the world. They have started endeavoring to mitigate the pains and the miseries of the deprived and the poverty stricken. This is a general realization that inequitable distribution of financial resources has tended to widen a gap in income in developing countries. Since governments of these countries have been interested in over all production of the country, their policies favored the elite class and the deprived were left ignored. If somewhere development projects provide opportunities to poor households to prosper and develop, they were not enough in number and could not provide the financial resources to a level needed to develop social sector (health, sanitation, communication etc) and infrastructure (roads, improved water courses, schools etc) (Sere, 2003).

In spite of the fact that we are living in the era of scientific inventions and globalization, 800-million people are compelled to sleep hungry and 791 millions of the hungry people live in developing countries which make the 90 percent of the hungry people. Out of these people 284 millions live in south Asia and 49 millions in Pakistan which make 6 percent of the world total and 17 percent of the south Asian's poor people. Most of the poor are the inhabitants of rural areas living below poverty line, 32.9 millions live in rural areas and 16.1 percent live in urban areas

Apart from above mentioned factors, the increased pressure of urbanization, increase in per capita income, better education level and nutritional awareness have resulted in gigantic increase in use of food products of animal origin in people's daily diet schedule. This increase in food demand both in terms of quality and quantity coupled with insufficient per capita availability of milk and meat has forced consumers to pay higher prices for these products. The shifting of rural population to urban areas for better employment earnings,

health and living facilities are other factors that are causing more demands of animals' food products in urban areas.

**Table 1.7 Cattle and Buffaloes in Pakistan.**

<b>Cattle Breeds</b>	<b>Buffalo Breeds</b>
<b>Milch Breeds</b>	
Sahiwal and Red Sindhi	Neeli-Ravi and Kundi
<b>Draught Breeds</b>	
<b>Heavy</b>	
Bhagnari and Dajal	
<b>Medium</b>	
Dhanni	
<b>Light</b>	
Lohani and Rojhan	
<b>Dual-Purpose Breed</b>	
Tharparkar	

**Table1.8 Important Sheep Breeds in Pakistan.**

<b>Thin Tail Sheep</b>	<b>Fat Tail Sheep</b>
Bakkarwal	Balkhi
Buchi	Bibrik
Cholistani	Dumbi
Damani	Gojal
Kacchi	Harnai
Kaghani	Hashtnagri
Kail	Kohai Ghizer
Kali	Michni
Kajli	Pahari
Kooka	Rakhshani
Lohi	Salt Range
Poonchi	Tirahi
Sipli	Waziri
Thalli	-

**Table1.9 Important Breeds of Goat in Pakistan.**

<b>Milch Breeds</b>	<b>Meat</b>	<b>Mohair</b>	<b>Skin</b>
Beetal	Barbari	Pak Angora	Beetal
Dera Din Panah	Chapper	Bilkaneri	Dera Din Panah
Kamori	Teddy	Kaghani	Nachi
		Khurasani	

**Literature Cited**

There is an ample literature that shows a positive relationship between livestock rearing and poverty alleviation though most of such findings were based on economic parameters instead of socio-economic indicators. Ayalneh Bogale (2002) studied the poverty profile in rural and made marginal effect analysis of the exogenous variables which revealed that among others, cultivated land per Adult Equivalent, geographical location, education and oxen ownership had greater role in reducing poverty. Rao (1988) reported that that about 37 percent farmers benefited from the government loan scheme and thus came out of poverty trap. Adams and He (1995) argued that local cows and female buffalo were the main sources of livestock income for both the poorest as well as the richest households. The poor, however, derived 60 percent of their livestock income from local cows. King (2002) revealed that 85 percent of Uganda's 22 million people were based in rural areas and 80 percent (2.5 million families), primarily engaged in subsistence agriculture and livestock farming. 85 percent of milk and 95 percent of beef consumed in the country was from indigenous cattle raised traditionally by the poor farmers. He suggested that modern social tools and practices for livestock development must be introduced for eradicating poverty in the country. Nazli (2003) found that 47 percent of rural household depended either on farm or livestock for their livelihood while 13 percent households were solely based on livestock. The incidence of poverty was found highest among these rural households. Moreover, IFPRI (2004) reported that livestock revolution could well become a key means of alleviating poverty in the next 20 years. Livestock products also benefit the poor by alleviating the protein and micronutrient deficiencies prevalent in developing countries. Increased consumption of even small additional amounts of meat and milk can provide the same level of nutrients, protein, and calories to the poor that a large and diverse amount of vegetables and cereals could provide. Saha et al. (2005) visualized that with very small and marginal operational holding, increased milk production could be an efficient way to improve rural livelihoods.

**CONCLUSION**

The study revealed a good number of new findings which had rarely been identified by the previous researchers particularly in Pakistan's perspective. The apparent identification indicated that crops along with livestock were the main source of income for about 69 percent of such income was coming from this head. As the managerial involvement of female in various activities of livestock rearing was increased, there was a raise in the proportion of income from this source and subsequently reduction in poverty overtime. The core lesson from the poor-non-poor comparison established that the elimination of poverty among the small farmers was significantly positively related to livestock farming in conjunction with crop growing. There was found to be an ample scope to enhance income level of poor farmers because milk yield in case of poor farmers was about half of that of rich farmers (16.90 liters per day) while the former faced 20 times higher per unit cost of milk. More than 70 percent of the livestock related activities were done by female members spending on an average 4.71 hours per day. With the active involvement of females in livestock rearing, it was not only that per unit cost of milk yield was enhanced but their social status in running the domestic affairs was dignified as well. And with the improved social capital of women folk, the impact of livestock development in poverty alleviation is relatively good as compared to the community where women remained a dependent entity with no economic work and social say in domestic life. Milk price, health initiatives, credit and infrastructure created good probability of increase in the income of the farmers.

## RECOMMENDATIONS

1. Government should increase both formal and informal technical education of the farming community towards rearing of healthy animals and dairy farming. For better milk marketing government should install milk cooling tanks in each village. It was observed that most of the problems were related to milk were due to poor literacy rate and use of conventional practices. The focus should be on the education of farmers, especially school going children, for they are farmers of the future. These children can play an important role in looking after the animals if they are properly trained at younger age.
2. Latest tools and techniques (transfer of technology) for increasing productivity of animals should be introduced in the rural parts of the country particularly among the women. Launch massive basic and functional literacy programmes for women to enable them to learn and apply improved agricultural technologies.
3. Each village with a population of 500 farmers should be provided a dairy development and extension centre by the government. The centre should register the farmers of the area and provide them facilities of milk collection, supply of processed feed, artificial insemination service, health services, parasite control, natural breeding services through high pedigreed bull, supply of multi cutting fodder seeds, and arranging cattle shows to create a sense of competition among the farmers. This centre should also arrange trainings of farmers both male and female on modern farming systems.
4. The one window credit facility should be available to landless and small farmers for doing livestock enterprise. Women entrepreneurs in the field of livestock development should be facilitated on priority basis. The recovery of credit, feed and other service charges should be made from the income of milk on weekly basis.
5. To exclude the middleman "Dodhi" a better and efficient marketing system should be devised. Easy loaning, excellent extension service and individual respect can give the favorable results. The village association can play important role in this respect.
6. New systems of milk marketing on pattern of India may be introduced i.e. sale through milk booths, both in localities of rich and poor, with high and low fat contents along with other products like yoghurt, ice cream, ghee, lassi etc.
7. Health initiatives are also important to livestock and dairy development. The cheep balanced dairy rations should be prepared and introduced in the rural areas. The high quality and multicut fodder seed should be provided to farmers. Women should be trained to the level of maintaining the health of their stock for qualitative dairy production. The livestock extension services should be more practical, based upon farmer's participatory principles
8. Animal health, parasite control, breeding and training services should be provided free of charge, where as other services should be provided on no-loss and no-profit basis.
9. A modern demonstration farm (livestock or dairy) should be developed to show the farmers that how with the use of modern techniques and good involvement of women, the level of milk production is increased both qualitatively and quantitatively.
10. Reliable data availability in Pakistan is a problem; government should keep updating reliable data availability towards better future strategies. A panel kind of



data should be developed to gauge the real impact of livestock development on the changing level of welfare of the farming community.

11. Rural women must be trained in preserving and processing of various fruits, vegetables and livestock products and assist in marketing their products through the establishment of cooperatives. In this regard, the skills and efficiency of rural women should be improved through appropriate technology and range of extension service.

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## **ROLE OF TRUST MANAGEMENT IN REDUCING CONFLICTS WITHIN ORGANIZATION**

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### **Abstract**

**Purpose:** The purpose of the study is the identification of the today's organizations as working hard in reducing conflicts in the organization. There are different types of conflicts within organization and purpose of this study is to describe the role of trust management in reducing conflicts within organization

**Methodology:** Utilizing a framework suggested by the resource-based view of the organization, this exploratory study investigate the role of trust management in reducing conflicts in the organization with respect to different level of trust.

**Findings:** The results are based on the theory and showed that different levels of trust management can reduce different types of conflicts rising in the organizations.

**Research Implications:** The research explores the trust among employees with respect to their behavior, personality, interest and performance at different levels of trust and explain that trust management play a key role in the organization in reducing the conflicts which is positively related the success of the organization.

**Originality:** The study is conducted on the original conceptual framework about now-a-day's organizations as working hard in reducing conflicts in the organization. The work is of primary nature.

**Limitations and Future Research:** Limitation of this study is that there are different types of management but we take only trust management as our area of research. Future research would be conducted by taking other types of management in reducing conflicts within organization.

**Key words:** Trust Management, Causes of Conflicts, Types of Conflicts, Trust Levels

### **INTRODUCTION:**

The importance of conflicts is the key issue of today. Organizations are now considering that to gain competitive advantage over other companies they have to manage conflicts strategically. Many researchers have given many strategies to overcome the conflicts within organizations. One of the key issues which create conflicts is distrust and considering organization and its members a threat will lead to more dissatisfaction and de motivation ultimately resulting in stress and strain. In this 21<sup>st</sup> century Trust Management is the major problem. According to La Porta et al., (1997, 1998) trust management play a pivotal role in

promoting cooperation and sense of responsibility in any type of organization. According to Grudzewski W.M et al., (2008b) Trust management is a procedure through any person i.e. an employee, an employer, a member or a team leader collaborate with each other and it is essential for success and survival of any organization. Trust management is defined as the process of predicting/ estimating reliability of any individual to other.

Taking trust management as a key issue is very concise in its manner. For the triumph of any type of organization there must be the need of high level of commitment, organizational uniqueness and predefined goals and objectives which can be achieved with different levels of trust in the organization. Trust would be used both for individual and collective purposes. Consequently trust management is defined as (Grudzewski W.M et.al., 2008b, 2007), ***“The activities of creating systems and methods that allow relying parties to make assessments and decisions regarding to the reliability of potential transactions involving risk, which are bounded up with other parties (reliability assessment of other units) as well as to allow players and owners of these systems to increase and correctly represent reliability of themselves and their systems (building own reliability)”***.

Fukuyama (1995) has defined that trust management is a powerful tool for gaining the competitive advantage in this society. Trust management is significantly related to resolve organizational conflicts at different levels of trust. So there is need to create, maintain, and communicate various levels of Trust in order to resolve conflicts in the organization. In this paper we propose four levels of trust that can reduce 4 levels of conflicts that arises in the organizations.

The degree of confidence in the reduction of communication conflict process is called authentication trust level.

The degree of confidence in the reduction of interest conflict process is called identity trust level. The degree of confidence in the reduction of task conflict process is called protection trust level. The degree of confidence in the reduction of relationship conflict process is called participation trust level.

### **Communication Conflict:**

Communication is a very important aspect in any organization which is used by managers. Working environment has been changed in the last decade with the growing use of information technology. In fact, things have become swifter and more refined. Due to information technology and rapid changes this world has become a global village and has resulted in changing the employee's perceptions regarding their job and their working environment. In this competitive working environment employees are able to raise voice for their rights, participation in decision making and their obligations relating organization's performance. So we can say that communication is a very critical factor for all types of organizations in this modern era.

Mis-communication or lack of communication in the organization may take place on a huge scale between management and employees and also on small scale such as between an individual employee and the management. According to R. L. Heath (1994), the major purpose of any organization is to coordinate different tasks among employees, use affective communication as a medium for information exchange. The feedback of affective communication is the healthy relations between employer and employees who directly affect on the reduction of conflicts and organization productivity. Hence, mishandling of communication by management would move towards improper job description, lack of interest and job insecurity, troubleshooting, poor organizational culture, high turnover rate

and low productivity. So we can say that proper communication among different levels management and between worker and owner is essential for improving organizational workplace and culture but miscommunication creates stress and tension among employees.

**Interest conflict:**

Before defining the interest conflict it is necessary to define 'interest'. Everybody in this world has personal or professional interests in shape of hobby, interest in investing capital in different businesses or helping friends or family. Usually most of us take those decisions which will be beneficial for us in current scenario and long run objectives for our future. Naturally there is contradiction between person's personal and professional interest. Mostly interest conflict arises when values and social status of any employee would not be considered. Similarly Budd, (2005) explain that ignoring values and social status of employees are the root cause of conflict of interest among employees in any type of organization. Various researchers explain that employees have different interests in the organization in terms of monetary, employees social values and identity (Ciulla, 2000; Kelloway, et al., 2004).

When the values, social status, respect are being ignored by the management then there is creation of sense of distress, abuse, lack of interest/ interest conflict. An interest conflict occurs when there is direct connection or link between employees and management or among employees in the organization. It is a relationship, not an action. So we can say that a person or organization cannot commit or perform interest conflict within organization.

**Task Conflict:**

Task conflict is the situation in which different members of group or individuals have different opinions and different ways to perform their tasks (Yang & Mossholder, 2004). Task conflict is the misunderstanding of thoughts and ideas of our closed ones which create conflict among people, poor performance and job rotation (Simons & Peterson, 2000). Resultantly it can be said that as many members in any organization or group have different attitude and behavior regarding their work/ task. (Huang, 2009).

**Relationship Conflict:**

Relationship conflict refers to stress, loathing and aggressive behavior of different people in a team. Relationship conflict includes anticipated tension and annoyance among the members of group regarding their preferences, behavior, cognitive and affective approach towards their relations (Dreu & Vianen, 2001). Dreu and Vianen (2001) and Dreu and Weingart's (2003) study meta-analysis of the role of relationship conflict on team performance and concluded that on the performance of a group both task and relationship conflict has uniformly affect. Driks and Ferrin (2001) explained the positive effect of trust management on employee's attitudes and performance but actually in the working environment it is not possible to obtain the desired outcomes from the employees working in the organization.

Curşeu & Schruijer (2007) explain that the higher level of trust management can resolve the conflicts between the employees and the employer in the organization. Furthermore it can be stated that trust management can lead to the conflict resolution in the organization. Curşeu and Schruijer, (2007), Greer *et al.*, (2007) argued that trust management is closely linked with the resolution of task and relationship conflicts in any organization. Friedman et al., (2000) explained the two levels of conflicts such as individual level conflict which can be said as task conflict and team conflict which is stated as relationship conflict.

Mayer et.al, (1995) further explain that the employees who have high level of trust on each other they would be agree to acquire possible threats and dangers in reducing conflicts prior those conflicts effects on the organization performance. On the other hand when employees

have lack of trust in one another, it will incur the negative behavior among employees which is the cause of relationship conflict in organization (Simons and Peterson, 2000). A lot of empirical evidences support the negative effect of trust management on resolution of conflicts in the organization. Massey and Dawes (2007) argued their findings collected data from 53 firms situated in Australia that trust management has negative impact on relationship conflict. On the other hand, Porter and Lilly (1996) explained that protection level of trust management resolve task conflicts in the organization. Finally, Greer *et al.* (2007) portrayed their views relevant to the task and relationship conflict that in both types of organizations inter and intra trust management has inversely effect on the organization performance.

#### **PURPOSE:**

We choose this topic as role of trust management in reducing conflicts within the organization. Although a lot of work has been done on reduction of conflicts within the organization. However, from the literature we explore that very little work has been done on how trust management reduce these types of conflict together in the organization.

#### **OBJECTIVES:**

The paper is helpful for the organizations to reduce cost and improving performance of the organization by implementing the proposed model of trust management. It will also help the organization to achieve the following objectives.

- To create of sense of responsibility among employees
- To reduce apparent risk and ambiguity of a decision or process in the organization
- To perform significant role in functional performance
- To implement the organizational goals
- To share information within organization
- To promote communication
- To improve governance in the organization
- To promote different trust levels which are helpful in reducing different types of conflicts within the organization

#### **SIGNIFICANCE/ IMPLICATION:**

We choose this topic as it has not been considered important by many individuals whereas it holds a great importance in the strong management and relationships within the organization directly. It's important to recognize that nothing hinders to resolve the conflicts within the companies first. Although a lot of work is done on this topic but we want to find out how trust management at different trust levels affect in reducing the conflicts.

#### **LIMITATION:**

There are many types of management as well as many types of conflicts in the organizations but we take Trust Management to reduce different types of conflicts at different levels of trust as our area of research. There is needed to take many other types of management to resolve conflicts in the organization which directly affect the organization performance.

## LITERATURE REVIEW:

It is believed that trust is the great standard of management in organization and the big phenomenon of the 21st century (O'Hara, 2004). Trust management is the new approach in this modern age for the success of any business. Experiential research conducted in Poland, U.S. and Sweden explained the importance and scarcity of trust management for organization success (W.M. Grudzewski et al., 2008b). It has been clear that trust management is a very complicated issue in this society and its investigation is covered the within and outside the organization with the positive relation almost all members in the society in different fields. A lot of researchers give their opinion about such a broad and the most crucial issue of trust management (Grudzewski et. al., I. K. Hejduk, A. Sankowska & M. Wańtuchowicz, 2008b;2007;2006). They believed that trust management is the forerunner concept for all types of management. Grudzewski et al., (2008b), further explain that different types of management theories are suitable for one or more than one business situation, but trust management the new concept of the century is the most appropriate theory for all types of business in all times and places. It plays the vital role, because it is a prerequisite management idea for success of any organization. Because trust management is the medium of human interaction and reduction of conflicts in the organization.

Similarly Covey & Merrill (2006) elaborate their ideas about trust management that it is the most ignored, undervalue and implicit issue in this age of information technology which will be most beneficial in resolving conflicts in the organization. Whereas conflict can be explained as the misunderstanding, malpractice and dispute among workers and managers of any type of organization (Jhen, 1994). Researchers make a distinction between conflicts arising from interest conflict, task conflict, communication conflict and relationship conflict arising from interpersonal disagreement within the organization. There are three main reasons for a conflict. First is if any individual, company or organization assumes a healthy discussion as a conflict. The second reason for the rise of the conflicts is that interdependence between the involved companies/individual/organizations which lets the mutual influence over each other. The last and the most important reason is the scarcity of resources, which includes monetary, human or prestige (Aritzeta et al. 2005).

Conflict of interest can be defined as, a system or setup in which the basic interest or purpose of employees is influenced due to resting purposes (Thompson D, 1993). Furthermore, they explain that if values of employees would be respected then conflict of interest will be reduced. According to Rumsey TS (1999), values and belief of employees play a greater role in reducing conflict of interest otherwise they would become frustrated. Different researchers define Conflict of interest as it is a pattern under different conditions in which different interests of workers or employees are clashed with one another on the basis of their priorities. The results of conflict of interest is due to the different roles performed by different persons in the society such as: worker/ employees, managers, research scholars, administration and consultants (Noble J, 2006).

According to Organization for Economic Cooperation and Development (OECD, 2007), ***“Conflict of interest occurs when an individual or a corporation (either private or governmental) is in a position to exploit his or their own professional or official capacity in some way for personal or corporate benefit”***. Dorn N. (2011) defined that interest conflict is a crucial problem, since there are many factors involved in it such as political, social, environmental and cultural factors and there is need to resolve these different types of issues for increasing organization performance.

West's Encyclopedia of American Law defines interest conflicts as a phrase which is utilized in describing the working environment through which different officials and officers must

oblige their assigned duties and responsibilities without damaging the image of the organization and healthy relationship between employees and organization. Conflict of interest arises due to the reason of reputation rather than of creating wealth. Interest conflict is the major cause of creating many serious problems gaining objectives and goals especially at the time of sacrificing the values and respect of employees. Furthermore, Fang and Yasuda (2006a) defined conflict of interest is a process in which employees have damaged their confidence and trust on organization which inversely affect on organization performance. They further explain that prestige and standard of any employee perform a punitive function in case of conflict of interest.

In the organization it is usual issue that employees feel tension and lose their temper when lazy employees got their wages same as compared to hardworking employees. So the dignity of all employees must be considered which brought positive results. According to the International Labor Organization's (ILO, 1944), ***"All human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity"***.

Kantian traditions & Aristotelian ethical theories put emphasis on the importance of giving respect to employees' prestige and values at the workplace (Budd, 2004). Similar thoughts defined by different researchers that employees work standard will increase only in case when their values are respected and provide chance for raising their voice (Adams, 2001). Another view of employee conflict of interests is based on the fulfillment of workers basic needs which includes social respect, dignity and identification (Donovan, 2001; Latham and Pinder, 2005). Similarly Maslow (1943) argued in favor that employees need belongingness, regard & respect, and self-actualization only when their safety and basic needs have fulfilled which is the major cause of conflict in the organization. Leidner, (2006); Muirhead, (2004) also argued their views in favor of Maslow's theory. In fact, Hodson, (2001) highlight the significance of accomplishment of employees social status, prestige, without the loss of human dignity which is a key factor in the positive working employees employer relationship.

Communication conflict occur when a message is not communicate or conversation effectively which turn to ambiguity which ultimately leads towards depression and stress among employees. Another cause of mis-communication is maltreatment of resources in the organization, employees have mis-conception regarding their position and obligations to be performed in the organization and the most important disadvantage of miscommunication/ poor communication is the buzz and scandals, which can create tension, agony and job dissatisfaction amongst employees. According to M. S. Kim, and T. Leung (2000) define conflict is the process of miscommunication in which affective message would not be sent to respondents and the respondents have contradiction in their objectives and goals and each and every person/ worker wants to achieve his/ her predetermined objectives and goals even on the coast of others. Miscommunication leads to inconsistency among employees particularly when the management seems to guide the workers regarding any significant modification within the organization (Dawson, 2003). However, he also argued that effective communication may resolve conflicts among employees. Robbins (2005) explains that most of the conflicts occur in the organization because of miscommunication/ poor communication. A lot of aspects can be taken as the cause of failed communication i.e. lack of provision of necessary information, information containing coercion and undue influence and excessive or unnecessary information delivered. Similarly Cloke, and Goldsmith (2000) stated the results of miscommunication such as different type of conflicts, strikes, poor moral and reduction of productivity. In other words communication conflict is also called as lack of

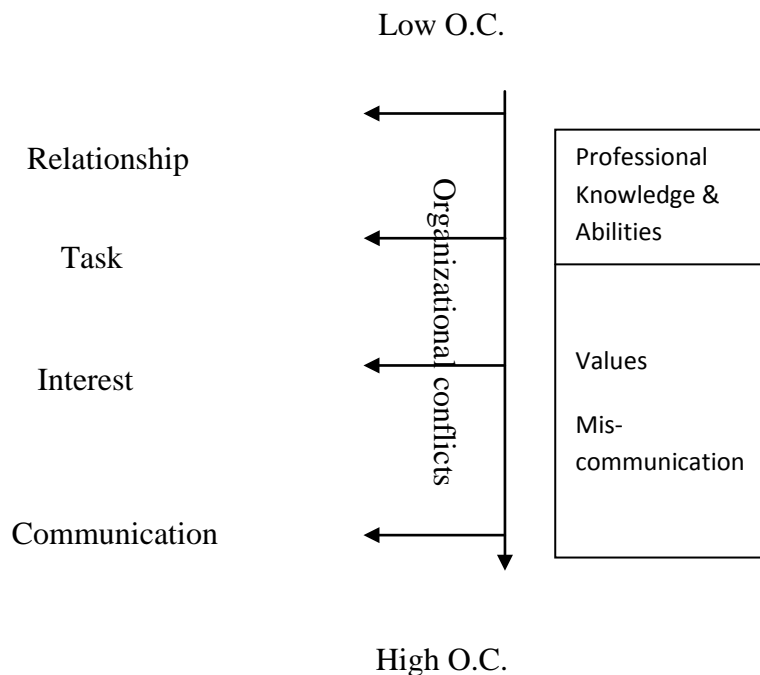


authenticity of information within and outside the organization which results in contradiction among employees and their efficiency (Pănișoara *apud* Bocoș, 2008). Krauss and Morsella (2010) have suggested that conflict resolution is depends upon the effective communication among employees in the organization which play a critical role in achieving quality objectives, high commitment towards management and long term productivity.

Many types of conflict have many and diverse effects. With the passage of time the causes and types of conflicts may vary from organization to organization. Task conflict occur among workers due to difference between functional requirements and relationship conflicts occur due to difference in personal attitude, personality traits and dealing with other colleagues, which ultimately reduce the performance of both employees and organizational productivity (Gregory and Shoham, 2002). These two conflicts are not implicated in the organization. In spite of these other two types of conflicts are communication conflict and interest conflict which nearly have similar affect on the organization as task and relationship conflicts, All these conflicts must be resolved in the organization because the success and survival of any type off organization is depends upon the sound and healthy working environment which increase organizational good will in the competitive market. But it is possible only through professional knowledge, skill and training (Gregory and Shoham, 2002). Professional knowledge, abilities and skill is necessary for any person in the organizational developmental. He must be aware of all facts and figures regarding his/ her profession. It is important for career development and improving their performance and organization productivity. It can be said that technically trained people can be a great asset for the organization.

Similarly People In Aid (2007) defined that there are many causes of conflicts among employees such as: low salary, stressed environment, improper duties, job uncertainty, and most importantly professional knowledge, skills and trainings necessary for proper completion of assigned work effectively and competently. Professional knowledge, abilities and skills are major factors for increasing conflicts among employees. On the other hand training and employees' work experience condense conflict in the organization (Tippelt et al., 2003). Jones et al. (2008) agreed that the most important objective of professional knowledge, skills and training is to enhance the employees' capabilities in handling different and continues changes with respect to improving workers' performance and loyalty relevant to their work and reducing conflicts in the organization.

DeChurch and Marks (2001) conduct his study which provides linkage among different types of conflict such as: interest conflict, communication conflict, relationship conflict and task conflict. The findings of the study report a strong negative interaction between organizational conflicts and different levels of trust management in the organization. Finally, it is understood that if the top management give values to employees' moral and perception towards the organization then they will be motivated and satisfied with their job and relations in the organization and they have strong trust on their superiors. Naturally at the workplace where a lot of people work and have interaction with each other there is a maximum chance of raising conflicts. Senior management has little time for resolution of such type of conflicts in the organization. A literature-based model defining how different types of conflicts would change the positive relations into negative and would be a critical factor for damaging the organizational environment, management decision making and organization productivity was presented by Janssen, et. al., (1999).



The term trust management reducing conflicts is based upon the idea that when there is high level of trust management within organization there would be low organizational conflicts and vice versa (Duarte & Gary Davies, 2001). There is negative correlation between organizational conflicts and trust management. If there is high level of trust management then it will provide long life to the organization in terms of reducing conflicts within organization. Researcher talks about the simpler and linear relationship between resolving conflicts and trust management. They have manifested their thoughts that the management must take keen interest in reducing conflicts within organization by taking essential steps which is beneficial for their long term objectives. So, the trust management has strong impact on the all types of conflicts in the organization whether i.e. conflict of interest, task, communication or relationship conflict was examined by Tidd, McIntyre and Friedman, (2004). Simons & Peterson (2000) the authors hypothesize that the organizations having strong commitment with employees and respecting their voice may face low organizational conflicts and trust levels would be promoted toward high level. They concluded a support for strong and effective internal control by management which is only possible through high level of trust management.

In human life Trust management is an important tool which enable humans to manage or deal with the uncertain situation created due to different types of conflict within the organization (Ruohomaa S, Kutvonen L, 2005). There is a famous book on trust management written by K. Ricci, (2006) which explain the relationship between employees and employers and different types of conflicts in the organization. The book is appreciated by The New York Times in which the book is supposed for significant success in the American economy.

Decoupling different types of conflict in the organization may leads to decrease different types of conflicts and reduce the major causes from which communication, task, interest and relationship conflicts happened and thee most appropriate way is to build trust among employees as well as between employees and employer which ultimately increase organizational productivity and prestige among competitors (Yang & Mossholder, 2004). Different scholars also point out the positive relation between trust management and conflict handling within the organization. (Jehn & Mannix, 2001). Main cause of communication conflict is poor/ mis-communication or lack of communication which can be reduced when there is authentication trust level. In the recent decade authentication of information is major problem in any type of organization. Trust can reduced this type of conflict in the organization. It can be explained that trust worthy environment employees feel that their values are respected which result in increasing performance of employees in the organization. At this level identification trust level play vital role (Just, M. & Vaudenay, S. 1996).

According to Gerrit J. et. al. (2008) Creating trust and becoming trust worthiness is life long process. Identification trust is as the process in which values and social status of employees have been respected by the management in the organization which generate positive results in shape of honestly and diligently of employees towards their work, level of commitment increased and ultimately increase the performance of the organization. They further explained that Protection means employees of the organization feel comfort and protection about their job security. They don't have any fear of termination or dismissed due to any reason in the organization. So their interest has increased in their work. They perform their duties well and there is a minimum chance of task conflict within the organization.

Participation means physically and technically involvement of employees in the working of organization. The relationship conflict occurs when employees not perform their duties well and misunderstanding increased in the organization. This type of conflict is reduced by the participation trust level. This level of trust assumes that both parties' employees and employer behave according to each other expectations and requirements (Gerrit J. et. al. 2008).

High T.M



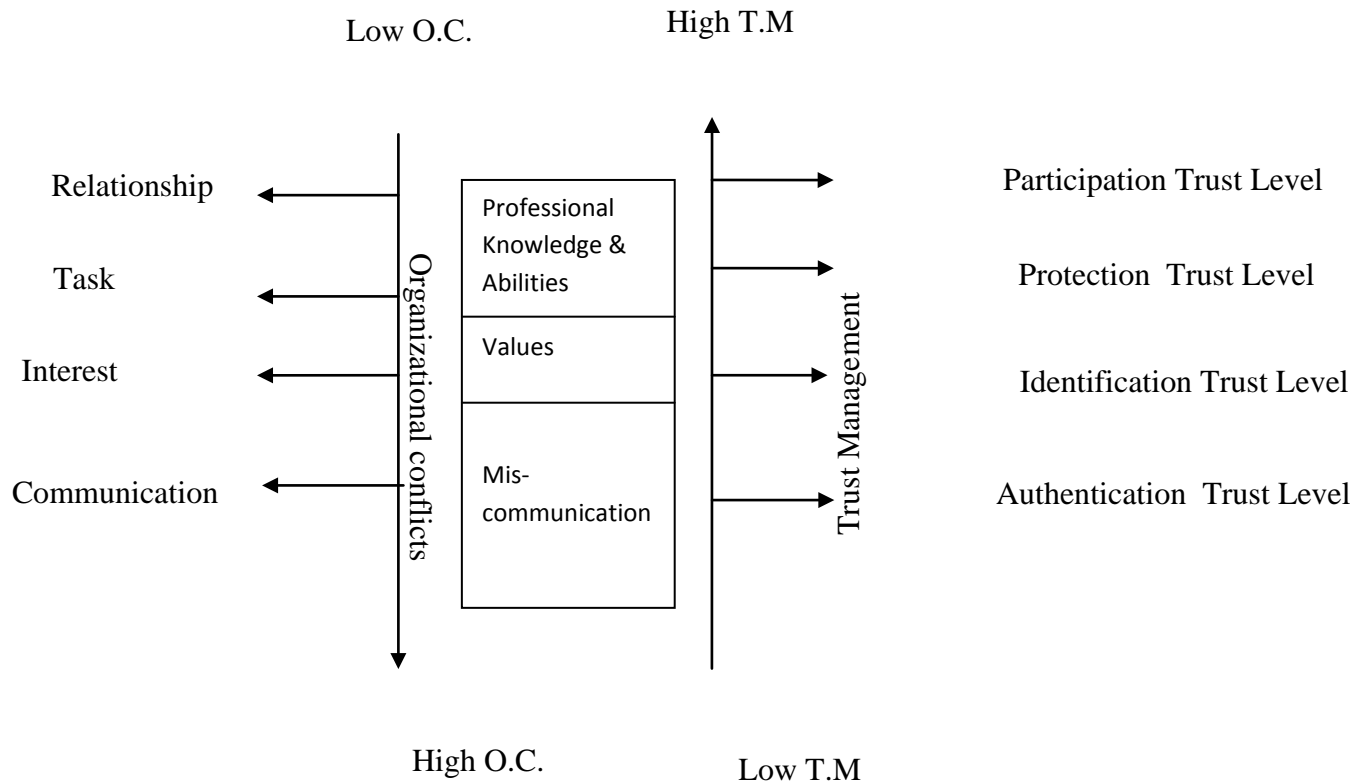
Participation Trust Level

Protection Trust Level

Identification Trust Level

Authentication Trust Level

Low T.M

**RESEARCH DESIGN/ CONCEPTUL FRAMEWORK:****RESEARCH IMPLICATIONS:**

Type of conflicts	Trust levels	Possible results
Communication conflicts	Authentication trust level	If communication is authenticated the trust level is increased leading towards reduction of communication conflicts.
Conflicts of interest	Identification trust level	By identifying the values of individuals and showing trust on them can lead towards reduction in conflicts of interests within individual as well as in organizations.
Task conflicts	Protection trust level	If the employees know the scope and limits to their tasks they feel protected and protection trust level will lead towards reduction in tasks conflicts.
Relationship conflicts	Participation trust level	If employees are given the right of participation according to their knowledge and expertise participation trust level is developed and relationship conflicts will be reduced.

## **CONCLUSION:**

Research on trust management is the area of organizational framework which has gained a tremendous importance from last decade and taken as a door for opening new dimensions for further research on our topic. We try to introduce the structure, adopting which any organization would be able to cover its conflicts through different levels of trust management within the organization. The major focus of our paper is to suggest a model that helps to reduce conflicts through trust management. Our model is just a drop of water in the great ocean of researches. There is need for continues research for covering up the gaps by improving the situations trust management which have long lasting impact on organizational life and behavior.

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