INTERNATIONAL CONFERENCE ON CONTEMPORARY ISSUES IN BUSINESS & ECONOMICS (ICCIBE)

CONFERENCE PROCEEDINGS

ORGANIZED BY

EDITORS
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Assistant Professor Dr. Musa Said DÖVEN

July 14-15, 2018
TOKAT/ TURKEY
INTERNATIONAL CONFERENCE ON CONTEMPORARY ISSUES IN BUSINESS & ECONOMICS (ICCIBE) CONFERENCE PROCEEDINGS
(July 14-15, 2018 Tokat / TURKEY)

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EDITORS
Associate Professor Dr. Kubilay Ozyer
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KONYA / July, 2018
PREFACE

The International Conference on Contemporary Issues in Business & Economics (ICCIBE) was held on July 14-15, 2018 at the Tasliciftlik Campus, Gaziosmanpasa University, Tokat, Turkey. It was organized by seven leading universities from Turkey, Pakistan, Indonesia, Macedonia, Uganda, and sponsored by Government of Tokat, Anadolu Management Society and Entrepreneurship Management and Strategy Research Association.

The conference aimed to create a forum for people from different backgrounds to interact and present their research. Over two hundred distinguished researchers, members of business community and local and international students from 13 countries including Pakistan, Libya, Uganda, Gambia, Egypt, Turkey, Nigeria, Ethiopia, Sierra Leone, Morocco, Indonesia, Senegal and Sudan participated in the conference. 120 papers were selected after a double-blind review process. 68 papers were finally presented and included in the Conference Proceedings. The main tracks covered in the conference were Economics, Business Studies and Entrepreneurship and Innovation.

The conference offered a friendly and supportive environment for feedback and exchange of ideas. Moreover, it provided a platform for debate on issues and challenges of the Business and Economic fields, and on strategies that will accelerate worldwide growth and economic recovery alongside evolution of technology and scientific research. The conference was also a great networking opportunity as the audience consisted not only of academics, but also of businesspeople from international business community who were looking to cooperate with academia.

The success of the conference is attributed to the tireless efforts of a team of several individuals. We would like to thank all reviewers for their time and efforts in reviewing the papers. The organizing team at Gaziosmanpasa University did a wonderful job in organizing this successful event. Their efforts must be appreciated. We specially thank Dr. Usman Ghani, Joint Director and Dr. Attaullah Shah, Assistant Professor, Institute of Management Sciences Peshawar-Pakistan for their constant support and dedication.

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A NEW TAX PREVENTING FINANCIAL CRISES: ROBIN HOOD TAX

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ABSTRACT

It can be said that the flexible exchange rate regime, which has been shifting from Bretton Woods’ fixed parity system since the early 1970s, has increased the price volatility of exchange rates. Parallel to this, the maintenance of fixed exchange rates in a situation where capital movements are free is considered as a reason for the speculative attacks on exchange rates in the 1990s. The number and depth of crises have increased after the European Currency Exchange Mechanism Crisis, which lived at the beginning of the 1990s. The Asian Crisis following this crisis, the Latin American Crisis and finally the 2008 global crisis are considered as the consequences of the liberation of capital movements.

The necessity of taking short or long term measures against the crisis can not be ignored. At this point, in the year of 1972, following the idea of taxation of capital movements by James Tobin for financial crises, the two-tiered tax practice developed by Paul Bernd Spahn in the 1990s came to light. Finally, the financial transaction tax, which is discussed in the European Union countries after the 2008 crisis, is another important precautionary tax.

With a campaign launched in February 2010 with the belief that global challenges can only be resolved by global efforts, a wide range of non-governmental organizations, such as trade unions, environmental organizations, religious organizations and humanitarian organizations, demanded Robin Hood tax on nearly 20 countries from the Americas, Europe and Australia. Robin Hood, believed to be living in the Sherwood forests in England, was a folk hero who fainted and distributed to the poor the wealthy. The reason for the mention of financial transactions tax in its name comes from the idea that the taxation of the finance sector, which has been shown as the main responsibility of the ongoing economic and financial crisis that started in 2008, and the idea that these taxes will be transferred to the public.

Robin Hood Tax, which is planned to be collected over financial transactions and to collect about € 57 billion a year, is considered to be collected at 0.1% in the purchase and sale of bonds and stocks and 0.01% in derivative transactions. According to calculations by campaigners, 1333 new wind power plants can be built with a $ 2 billion source, and even when 30 billion dollars is spent, all people around the world can get access to clean water. On the other hand, Robin Hood Tax is also an issue in the European Union. The Financial Transactions Tax, previously proposed by the European Commission, together with the pressures intensifying especially after the crisis, was discussed in the meeting of the EU Finance Ministers on 9 October 2012 and was held in Germany, France, Spain, Italy, Austria, Belgium, Portugal, Greece, Slovenia, Slovakia and Estonia, they expressed a positive opinion on taking tax on financial transactions.

The fact that taxpayers are a subject that falls within the national jurisdiction of the countries and the search for unanimity for its enactment constitutes one of the biggest obstacles to the application of this scheme uniformly in all Member States. As a matter of fact, at the ECOFIN Council meeting held on June 22, 2012, no agreement on Financial Transactions Tax Design has been reached (www.gib.gov.tr). It is the "strengthened cooperation" proposed by the countries opposed to the draft, especially the UK, one of the world’s largest financial centers, to apply for the first time in such a context, exclusively within the scope of national jurisdiction, from a single law binding all member states. As a result, there is a very remote possibility of full agreement at the EU level regarding the acceptance of the design.

In this chapter, information will be given on the effectiveness, advantages and disadvantages of Robin Hood taxation during financial crisis periods and how legal arrangements should be made at the point of feasibility. The point of applicability of the Robin Hood tax in terms of countries is the ultimate goal of this work as a taxation measure at this time, in which globalization and the spread of crisis and similar problems are increasing.

Key Words: Tax, financial crisis, Robin Hood Tax, Tobin tax

Introduction

With financial liberalization, an increase in the price variability of the exchange rates is observed. In this case, it will bring financial escapes and it will cause negative effects especially on developing countries.

The place of taxation can not be denied both in financial crises and in order to prevent economic crises. In times of crisis, who are interfering with the decreasing of the tax rates which are...
present at times, and with the application of new taxes at certain times. The major tax tools of the
crisis periods are Tobin tax, Spahn tax and Robin Hood tax as a new tax.

In this framework, firstly the major crises in the world will be mentioned. Later, they will be
mentioned about the tax that is applied or anticipated to be implemented during crisis periods.
Ultimately, a new tax, Robin Hood tax, will be announced, which is especially known as the rich-
fetish tax.

**International Financial Movements**

Financial liberalization policies, which began in developed countries in the late 1970s, have
become widespread in the 1980s, including developing countries, and approaches have been
adopted to remove obstacles to domestic financial markets and capital movements. Thus, capital
flows and capital flows traded in international financial markets have increased rapidly and have
reached considerable size.

It is possible to define international financial movements as transnational or transnational
funds (Esener and Biniş, 2012: 124). International financial movements consist of direct foreign
capital investments, portfolio investments and other investments. Direct foreign capital investments
can be defined as the participation of a firm in direct or participating in a foreign country, or in the
management of the investment. Portfolio investments, on the other hand, are investments that
investors or investors buy securities from international capital markets to earn a gain. Other
investments are short-term and long-term capital movements stemming from buying and selling
treasury bills and bonds. It is therefore possible to measure the magnitude of international capital
movements by means of direct foreign capital investments and the volume of stock and bond
purchases and sales made in foreign stock exchanges.

Capital movements occur in two ways. The first one is from the outside world into the
country, the second is the capital flows from the country to the outside. Domestic capital inflows
represent the purchase of indigenous assets abroad, capital outflows abroad, domestic residents buy
or sell foreign financial assets (Demirci, 2005.8).

**Financial Liberalization and the Impact of International Financial Movements on the Country
Economy**

It is absolutely essential to link financial liberalization with the effects of international
financial movements on the country’s economy. With financial liberalization, the positive and
negative effects of financial movements both in international financial movements as well as in
developed and developed countries have increased.

At this point of the work, financial liberalization will be explained. Then the impact of
international financial movements linked to financial liberalization on the country’s economy will be
explained.

**Financial Liberalization**

Until the middle of the 1970s, the most important common feature of the economic policies
implemented in developing countries is intervening in the financial markets. These interventions;
limitations on deposit and loan interest rates, application of different deposit allowance ratios
according to deposits and keeping this ratio high, prohibition of bank entry, application of selective
loan policies and restrictions on capital movements.

Financial liberalization is often referred to as the process of opening up economies to
international capital flows and is seen as a consequence of deregulation practices that have removed
or significantly reduced the control restrictions on the banking finance system in order to attract
international financial activities of developed countries to their own countries. (Ongun, 1993:38).

Liberalization is an economic policy. In this context, the partial or complete elimination or
reduction of existing controls in the economy on various markets such as foreign exchange markets,
financial markets, labor markets, agricultural product markets is a natural result of financial
liberalization. Therefore, financial liberalization is an effective economic policy at the point of
eliminating the adverse effects of a financial pressure.
The Impact of International Financial Movements on the Country Economy

The literature on the economic effects of international financial capital movements has been greatly influenced by crises in developing countries. The "influence of foreign capital flows on domestic savings" has become the most analyzed subject, since academic work after 1990s has a significant share of foreign capital in the orientation of the world economy. In recent studies, it has been found that foreign capital inflows have closed investment and technological deficits in a country and accelerated economic growth even more (Besanger et al., 2000: 3-4). However, it is also known that capital inflows hinder domestic savings and potentially create inflationary pressures, distorting the exchange rate imbalances and causing macroeconomic instabilities. For this reason, in some studies it is stated that foreign capital inflows may prevent economic progress. Hence, the direction of the connection and causality between the two variables has not been fully elucidated.

It is possible to rank the effects of the financial capital movements of the underdeveloped countries reinforced by the crisis experiences on the host countries as follows;

- Foreign capital investments in the country provide foreign exchange accumulation.
- The increase in imports and money supply resulting from foreign exchange accumulation increases consumption and investment expenditures. National savings are therefore decreasing. Ultimately, the increase in consumption and investment spending also increases domestic revenues.
- The country faces a major current account deficit due to the slowing or stopping of the rate of capital flows to the country and the increase in imports.
- International financial movements can cause financial crises.

In general, it can be said that international financial movements have both positive and negative effects on the countries. financial crises that can be regarded as a negative impact negatively affect developing countries in particular. However, with globalization, the spread of this effect to developed countries has also gained momentum. At this point, financial crises will be addressed. In this way, the underlying causes of crises will be better understood and the nature of the measures related to them will be clarified more clearly.

Global Financial Crises

Globalization in the financial sector has affected the country's economies in a short time. As a result of globalization in the financial sectors, there has been an artificial expansion in the economy, called macro economic warming or balloon effect. Ultimately, as a result of the globalization, hot money flows arise from the imbalances between interest rates and exchange rates on the markets. Therefore, it is generally accepted that short-term international capital flows are the most important factor in the emergence of financial crises.

In this context, it is necessary to refer to the financial crises experienced in the world. The reasons for these crises are important at the basis of policies that will be applied to those crises. The most important financial crises are;

- The crisis of the euro exchange rate mechanism,
- East Asian crisis,
- Russian crisis,
- 1994-1999-2001 crisis in Turkey,
- 2008 crisis,
- 2011 is the crisis.

European Exchange Rate Mechanism Crisis

With financial liberalization, it emerged in the European Union countries. It is important at the point where it is the first big financial crisis. In the outbreak of the crisis, especially in European countries which are high compared to US interest rates, interest rates attract foreign capital to a stable region, overvaluation of country's money and increase of current account deficits are important factors. (Fratzscher, 2002:15). It is also considered that the failure to obtain the results of the loose fiscal policy and the tight monetary policy in the European countries before the crisis is among the causes of the crisis.

Interest rates have been kept high in order to attract the foreign capital needed to finance current account deficits, which has prevented investment. In the end, the recession has come up.
The crisis of the European exchange rate mechanism actually reveals to the European Union countries how important the fiscal policy is. It is understood that the sustainability of tight fiscal policy and fiscal discipline can hinder financial crises.

**East Asian Crisis**

The reasons for the 1997 crisis in Thailand are quite complicated. When a general assessment is made, it is clear that this crisis, which started in Thailand, soon affected South Korea and Indonesia, Hong Kong, Malaysia and the Philippines.

The main problems that lead to the crisis are that the necessary measures have not been taken to balance the chronic deficits in the balance of payments current accounts of the countries most exposed to the crisis and that the exchange rates are indexed to the US dollar for a very long time without regard to the changes taking place in international currencies.

Asian countries have a successful image on the economic scene. So for many countries this success has been hopeful. At this point, it is important to determine the causes of this crisis in the countries. Causes of a living crisis (Bozdoğan et al., 2013:96);

- Constant exchange rate regimes continue for a long time,
- Streams of non-commercial goods from commercial commodities that cause the rapid deterioration of the structure of the banks' debt securities, and non-refundable debts,
- The institutional review and control mechanism is loosened,
- Large external deficits in many countries, especially in Thailand,
- The People's Republic of China is in a state of growing competition and it is challenging Asian countries to adopt a growth model based on exports.

In this crisis, attention is also paid to the effective use of fiscal policies. It should also be noted that taxation is a particularly important force at this point.

**Russia Crisis**

Due to the decrease in oil prices, Russia's foreign exchange revenues declined considerably. As a result, Russia began to have difficulties in paying short-term debts, and so began to feel uneasy in the Russian market.

The rumors that the ruble will be devalued in the short term in this process necessitated intervention of the Russian Central Bank in the market. In this direction the market has sold dollars. However, the very low level of central bank reserves has forced the ruble to be redeemed. As a result, Russia declared a moratorium in 1998 and declared that it could not pay its debts (Black et al., 2000:1803).

It can be said that the destruction of this crisis in Russia is quite high. The table below shows the economic indicators of Russia during the crisis period.

<table>
<thead>
<tr>
<th>Variables (%)</th>
<th>1996</th>
<th>1997</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>-3.4</td>
<td>0.9</td>
<td>-4.9</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>21.8</td>
<td>11</td>
<td>84.4</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>9.6</td>
<td>10.81</td>
<td>11.89</td>
</tr>
<tr>
<td>Current account deficit / GDP</td>
<td>2.7</td>
<td>-0.02</td>
<td>0.08</td>
</tr>
</tbody>
</table>

Reference: IMF Reports

According to Table 1, a contraction of 4.9 per cent occurred in 1998, the year of crisis in Russia. The inflation rate has increased by about 75% in 1998 compared to 1997 and is 84.4%. Ultimately, the unemployment rate in Russia also increased at this period and was 11,89%.

### 3.4. 1994-1999-2001 Turkey Crisis

24th January 1980 Decisions in Turkey can be said that the cause of the crises in the 90s. Turkey exported in 1980 with the decision open, export-oriented, has adopted a liberal economy.

However, it was not possible to control inflation after 1980. Eventually, the macro balances could not be improved and no competition was made in the external markets. In addition, the public sector and current account deficit grew, and domestic and foreign debts increased. As a result, the balance of exports and imports is distorted.
The causes of the 1994 crisis are the political and economic mistakes made in the first quarter of 1994, as well as those mentioned above. In the 1999 crisis, it is seen that the crisis experienced in Russia played an effective role in 1998. With the global crisis, Russia has ceased its declared moratorium on capital inflows, on the other hand causes the un-escaped capital from Turkey.

When we look at the 2001 crisis, it is possible to list the reasons as follows (Parasz 2001: 851);

- Strategic mistakes made due to the fact that the devaluation of the East Asian countries in 1997 did not anticipate the possible effects on the Turkish economy,
- The wrong way in the domestic debt policy,
- Public banks should pour 20 quadrillion pounds of money into the economy and write it down as a bank loss,
- The private sector responds to the increase in demand by price increase instead of production increase.

2008 Crisis

Increasing speculative capital movements as a result of financial liberalization have been a major problem, especially for developing countries. It can be said that the speculative capital movements are also rooted in the basis of the 2008 crisis. This crisis II. It is the greatest economic devastation after World War II.

The 2008 crisis started in the US and spread all over the world. It should also be noted that the extent and pace of this expansion is an important influence of globalization. The source of this crisis which started in 2007-2008 period is the mortgage crisis which started in August 2007 in USA. Market structure, supervisory problems and policies followed throughout the process have led to many negatives. At the beginning of the 2000s, the US Central Bank decided to lower interest rates in order to quibble that the US economy is still alive. Interest rates fell from 6.5% to 1%. The aim here is to increase consumption and thus stimulate the economy. This situation is also reflected in the real estate prices, the prices have increased excessively. Real estate owners who saw their homes valued tried to buy their second and third homes this time, and they used loans from the banks at high sums.

In the past, when a large portion of housing loans were given to high-quality customers (prime mortgages), over time, loans began to be given to sub-prime mortgages. In the middle of 2008, low-income groups using subprime mortgage loans in the United States preferred largely floating interest loans (Kanberoğlu and Kara, 2013:38). Recent steady increases in interest rates and falling housing prices in the FED have led to the inability to repay the loans that people have been receiving. This situation has made the crisis inevitable.

2011 Crisis

The measures taken against the 2008 crisis can be regarded as the beginning of a new crisis. In this period, expanding policies created new dynamics of crisis (Sezgin, 2012: 141). Among the measures taken in 2008 crisis, fiscal policies were relaxed, taxes were reduced, expenditures were increased, and budgetary borrowing was tried to be closed. The table below shows the gross public debt between the years 2009-2011 of the European Union.

<table>
<thead>
<tr>
<th>Table 2: Gross Public Debt (Billion Euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-3</td>
</tr>
</tbody>
</table>

Reference: Eurostat

Actually, it is seen that the 2008 crisis has been tried to be solved by borrowing and it is determined that it caused the 2011 crisis.
Tax Measures for the Prevention of Financial Crises

Taxes are an important fiscal policy tool used during crisis periods. Therefore, it cannot be denied that there is an interaction between tax policies and crises. While the tax policy is pre-crisis, moment of crisis and indirectly affecting the crisis after the crisis, it is also affected by the crisis itself.

Taxpayers often come to the agenda during financial crises, as existing taxes may be reduced or increased, or as new taxation. The tax as a new tax is often the Tobin tax and the Spahn tax.

Tobin Tax
Following the collapse of Bretton Woods’ fixed parity system in the early 1970s, neo-liberal economic understanding based on liberalization and disorder became increasingly dominant on a global level (Erdoğdu, 2007:259, Bozdoğan et al., 2013:198). The ultimate consequence of this is the liberation of capital movements.

It has emerged, in particular, of the idea of imposing taxation on money transfers to prevent capital movements, which are a danger for developing countries. This idea was put forward by James Tobin in 1972 and is known as the Tobin tax.

The Tobin taxation represents a mechanism that focuses on the conversion of certain currencies into another currency. Accordingly, it is considered to apply a low rate of taxation on semantic movements, which is the area covered by the veggie (Bozdoğan et al., 2013:99).

The Tobin tax is an easy mechanism. What needs to be done is to apply a low-rate Advalorem tax on this transaction during the conversion of any currency to another (Şen et al., 2004:95).

The Tobin tax has been applied by certain countries and has not found a common application area due to the negative effects of international transaction and liquidity volume, contrary to financial liberalization, inefficiency in international markets and insufficient speculation.

Spahn Tax
This tax is an alternative application that develops the idea of taxing capital movements from the Tobin tax. Developed by German economist Paul Bernd Spahn. According to Spahn, the Tobin taxation is an application that can disrupt financial transactions and cause a liquidity problem (Spahn, 1995: 1). In addition, Spahn thinks the Tobin tax has a deterrent effect on speculation.

The Spahn tax basically depends on these principles (Bozdoğan et al., 2013:101);
- A generic low Tobin tax that is always applied,
- 2% tax on spot currency transactions,
- 0,1% tax on derivative transactions,
- Additional prohibitive tax at periods of intensive speculative processing.

From here, Spahn actually offers a two-step tax proposal. This two-tier tax is only an additional tax to be applied during times of crisis, when the exchange rate is experiencing great turbulence. Minimum rate tax will apply continuously. With this tax, the goal is to generate a significant amount of income. The second level of tax will be the automatic braking function against the speculative attack.

A New Tax to Prevent Financial Crises: Robin Hood Tax

As mentioned earlier, James Tobin has emphasized the importance of stability in global financial markets and stated that ensuring this stability will be achieved with a low tax on foreign exchange transactions. Neoliberal policies have reduced support for Tobin taxation over time.

Following the 2008-2009 global financial crisis, many suggestions were made for the "Robin Hood Tax" or financial transaction tax on banks. The 2008 financial crisis revealed Tobin-like taxes, especially in the Eurozone. The Robin Hood taxation provided public support. He has received considerable support for the idea of "getting rich and giving peas" (Baldwin, 2011:5).

With a campaign launched in February 2010, with the idea that global problems can be solved by global efforts, a wide range of civil society organizations and social movements, including trade unions, environmental organizations, religious organizations and humanitarian organizations,
support Robin Hood taxation in a total of nearly twenty countries across America, Europe and Australia.

The Robin Hood tax base is based on Tobin tax. The Tobin tax is only applied on foreign exchange transactions. Speculative foreign exchange transactions are more dangerous than other financial transactions. These transactions are bigger in economic crises and economic depression. The problem of international coordination inadequacy of Tobin tax is obvious. This problem has been taken into account by the advocates of the Robin Hood tax and it has been stated that each country must be in a currency structure (Daniels, 2010:4).

The importance of short-term speculation in today’s markets is undeniable. In other words, short-term speculation has a large trade volume. Therefore, a uniform tax to be paid per transaction will make the short-term speculative movements more costly. Robin Hood tax will be an important application in improving macroeconomic performance and preventing other crises when it is thought that transactional taxes have a balancing factor on asset values. (Esener and Biniş, 2012:132). Ultimately, the Robin Hood tax may be a fairly limited impact on the individual or retail banking. The reason for this is the targeting of high-volume, high-volume trading undertaken by financial institutions, not the banking activities of Robin Hood tax (Seely, 2010:12, Esener and Biniş, 2012:132).

The Robin Hood tax is a 0.05% tax on all financial transactions, stocks, treasury, foreign exchange and derivative assets. Therefore, this tax foresees an increase in income over the financial sector. The Robin Hood tax is limited to the transactions between actors in financial markets. Simple consumer transactions (such as salary checks and cross-border incomes) are outside of this taxonomy.

Income from this tax can be used to fight poverty, both nationally and globally, without helping those affected by the financial crisis negatively and at stagnation. (Esener and Biniş, 2012:131)

The OXFAM survey found that the poorest countries face a $ 65 billion deficit, even when taken only on the basis of 2009 due to financial crises. Therefore, a tax on the banks will contribute to the fight against the financial crises of poor countries and poor people. Some of the income from the banks can be used for the cost of achieving Millennium development goals (Robin Hood Tax, 2011b: 13). The effect of this tax is exemplified as follows: 1.5 million African children can receive enough income for the meningitis vaccine, or only apply this tax for five days to insure the countries against the damage of natural disasters. Even in the case of applying this tax for only one minute, the microclimate risk management mechanism in the developing countries and micro crop insurance capacity. (OXFAM, 2011: 2, Esener and Biniş, 2012:132).

The success of the Robin Hood tax depends on an international coordination. In fact, there are opinions that this point coordination is not very necessary. However, when coordination is not ensured, capital will choose countries that do not apply this tax as an escape route. This will lose tax efficiency. Therefore, international coordination is very important.

Finance capital is a major destructive force on the country’s economy. France, Germany, England, Japan, Austria and Belgium support Robin Hood tax in the face of this destructive power.

Between December 1998 and March 1999, the Canadian House of Commons created public pressure to “put tax on financial transactions in harmony with the international community”. As a result of the increased support of the public, on March 23, 1999 the resolution 164-83 (the proposal of the law) was published. Canada is the first country to declare that a tax must be applied to control international currency speculation (Robin Hood Tax, 2011a: 3-4).

If the Robin Hood tax, which is called the rich and bad tax, is taken in a frame fit for the reasoning, it will be very useful for overcoming the financial crises in the least damage.

Conclusion

Especially in the 1990s short-term financial movements played an increasing role in investments. This indirectly increased investments and contributed to growth. However, withdrawal
of funds from the economy has caused financial instability. In other words, these instabilities are more negative, especially on developing countries.

The countries have some reflexes in the local mania against the emerging financial crises. Especially in the 2000s, it is seen that the states have more authority to regulate. However, the search for solutions at the global level rather than at the local level will yield better results. Tax regulations are frequently applied in recent periods to prevent financial escapes during crises related to financial transactions. Tobin tax, Spahn tax and Robin Hood tax are important tax practices. International taxes may be provided with a small tax on financial transactions. The final version of the financial transaction tax is the Robin Hood tax. This tax, which is based on the logic of giving wealth and giving peasants, only tax the finance sector. This is used to provide support to those who are affected by the income crisis. This feature, which is socially owned, makes Robin Hood tax more powerful than other financial transaction taxes. Therefore, it can be said that this can be used as an effective fiscal policy tool during periods of financial crisis.

References
ABSTRACT

Nowadays, simulation is a tool for a variety of usages as well as analyzing and developing production systems in businesses. The predominant features of simulations are its allowance of setting a system model up and experimenting it without enduring financial costs and time in real-world. In this study, a simulation model was set up for the present situation of a textile factory’s production system. ProModel 9.2 was used for the simulation program. With the model set up with this program, it is possible to follow the production of the department of the stitching in the factory visually and consequently getting quantitative analyses. It was seen that targeted quantity of production in the working hours was not produced and the rate of use of some machines were low. Accordingly, two alternative scenarios were developed. In the first scenario, two machines were removed from stitching tapes and approximately 30% increase was observed in the rate of the use of machine. However, working hours were exceeded. Because in this scenario the working hours were still exceeded, a second scenario in which unused machines named ‘supporting was developed and the completion of production in working hours was ensured. Thanks to this, the rate of use of machine exceeded 90%.

Keywords: production systems, simulation, textile, promodel

INTRODUCTION

Modeling with simulation (simulation) is the most appropriate technique in terms of providing information about the efficiency of the production lines used in the production enterprises and to give information to the owner or investor about the profitability of the new investments which are planned to be made in the efforts to increase efficiency. This technique is a crucial decision support tool that tries to improve the working order of the system by simplifying the production process and all the elements of the production system with complex structure. In the face of strong opponents in the sector, the struggle for survival and competition shows that businesses need to model their investments and existing operating systems by simulation and simulation. With this method, enterprises have aimed to increase their power and to sustain their assets in competitive environment by using new production techniques and models.

In this study, it was aimed to maximize profits by lowering the cost of production and increasing the capacity usage rates and production costs of a textile factory which is producing towels, linens and bathrobes in Tokat province. Simulation and modeling technique were used. The name of the program to be used is the simulation program with ProModel. Only the simulation model of the production system in the sewing department of this textile factory operating in Tokat province was established. The model is operated under the current conditions some results such as daily production capacity, capacity utilization rates, idle waiting times, total production times, and product waiting times have been reached. The effects of changes made on the system (reduction of machine numbers, idle machines to help other machines, etc.) were examined for the total number of production and the total production time.

SIMULATION CONCEPT

Simulation (simulation); to create a model of a system through a computer, to obtain data by making experiments with the system before the system is installed on this model, to analyze the obtained data and to see the production process of the system and to determine the appropriate level of system to be applied by comparing the results obtained under different conditions with each other (Özdamar, 1988: 7).

The aim of the simulation is to uncover the system and system troubles, and then to focus on the solutions that can be thought of and produced as a whole. It is used effectively in determining the options developed (Öztürk, 2004: 1). Simulation simulates the behavior of the real system by examining and examining the existing system as smaller units and by making them move together to follow each other and establishing logical relationships (Taha, 2000: 4).
APPLICATION

The application of this work was also carried out in a factory operating in the central Tokat 2nd Organized Industrial Zone. This factory, which produces in the textile sector, manufactures pique, bed linen, bathrobes and bedspreads. It was established as a workshop in 2012 and expanded its field of activity with the investments made in the year 2014. In the 2nd Organize Industrial Zone, The factory is built on a closed 2500 m² area. The factory exports its products to retail as Turkey "is distributed to the 7 regions. Outsource to a variety of well-known companies in Turkey to produce bed linen and pique.

There are 61 employees in total, 55 of them in the factory and 6 of them as market marketers. The factory will operate 5 days on weekdays, the first stop between 08: 00-18: 00 between 10: 00-10: 15, the second stop between 13: 00-13: 45 and the third stop between 16: 00-16: 15 The time of three breaks is 8 hours 45 minutes when it is removed from working hours. If order is ordered, according to the order, otherwise it is production of stigma. Buying orders are completed within 5 days and shipment is given.

Since the ProModel 9.2 program used for the study is not a full version, it limits 20 locations to be used, 8 work pieces, 8 resources, and 15 scenario parameters. For this reason, 16 machines (locations), which were not thought of transferring the whole system to the application and which have the sewing department, were taken into application. Two separate product groups were selected from the products produced.

CURRENT STATE

To cut fabrics which are the most basic raw materials of the fabrics, 2 large cuts machine There are 2 small cutting machines. 16 sewing machines beside the cutting section and 1 large conveyor. In addition to each sewing machine, a number of intermediate stock boxes There. Fabrics from the cut section to give shape according to the type of product made to ribs and embroidery machines. In this part of the factory 2 ribs, 4 embroidery machine. There are 2 krushing machines used in the production of bedding sets.

If the stitch section is mentioned in more detail: the part goes directly to the sewing machines. Depending on the type of product to be produced, some of them some go to the ironing room first. The production band has 16 machines and a large conveyor. It 4 of the machines are overlocked and the machine is fully automatic industrial sewing machine. In two rows 8 right lanes, 8 left lanes and a large conveyor in the middle. Each positioned just in front of the machine in the order that the factory managers can see Numbers are available. These numerators are used to provide automatic it has writing. Factory managers have created this software to track their own products. The amount of production that the employees should perform within a day on this the amount of products produced by employees can be easily tracked and intervened immediately.

PRODUCTS AND PARTS USED IN SIMULATION MODEL

Various models of bedding and pique sets are produced in the plant. Most in practice was selected to simulate the Economical Bed Cover sets, the product of which was produced. The amount of production of each product for the simulation of the production system of the textile factory is necessary. The textile factory where the work was done has no inconvenience in sharing this information. It In the case that the products specified in the subject of information received from the production planning department in the subject the numbers of entering the system were obtained. These amounts are the working order up until now and the earned the amounts that can be produced in a day on the basis of experience are determined. The model to be installed each product is run 10 times in the system in order to give more realistic and healthy results average quantities are calculated. Thus, from standard deviations between production times the differences that could arise have been avoided and the production period has been achieved close to reality.

In this application, it is aimed to simulate the production system realized in the sewing section.

In accordance with the information provided by the factory, employees and machines (08: 00-18: 00) can be produced from a total of 280 Economic Bed Cover sets. The information on the
table above is taken from the manufacturing department of the factory. Production Using this information from the department's current situation with the Promodel simulation program was simulated. There are two main tasks to add the program in this program. The first one is the bedspread and the second one is the pillow. While the bedspread is produced 280 units a day, since there are two pillows in the product package, 560 pillows are produced.

**SIMULATION MODEL**

In this study's practice, daily production scheduling of the plant to model has been taken into consideration. In this plan, machine numbers, work done, total number of work and processing times. This information is transferred to the simulation model. In the model setup. It is used with ProModel 9.2 software. Place in the simulation model for the economic bedding team field locations, appearance of the simulation model based on the operations performed like this. In the model developed for the current situation, red colored bed linen. The machines in light green color are the cushion making machines shows.

![Simulation Model Image](image)

Figure: Economic Bed Covering Kit Present Situation Simulation Modeled Image

**ANALYSIS OF CURRENT SITUATION**

After the working system of the generated simulation model has been tested repeatedly, the analysis results were obtained. The parts used in the present production system are bedspreads, pillows, linens etc. transferred to the model. Check that the system is operating in accordance with actual operating conditions it was. After all the checks and adjustments needed to achieve the most realistic results, the parts are fully integrated into the model. No resources were added to the system. The production times of each workpiece are modeled on machines. After all this information is transferred, the model is completed.

The products in the system are entered into the system through product entry tanks. In addition, the pallets that collect the products from the machines and distribute them to other machines within the model it is arranged. It is aimed at preventing the poses that may occur in the system.

First, the current situation model for the economic bedding set has been repeated 10 times. The values obtained are mean times that result from running 10 times.
Table 1: Economical Bed Cover Usage Quantities and Rates of the Machines in the Production Section in the Present Situation

<table>
<thead>
<tr>
<th>Location</th>
<th>Total time (average) (hour)</th>
<th>Total assets</th>
<th>Average spend time for each entity (min)</th>
<th>Average number of assets</th>
<th>The maximum number of assets at any location in the locality</th>
<th>Usage rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>M1</td>
<td>9.41</td>
<td>140</td>
<td>1.00</td>
<td>0.25</td>
<td>1.00</td>
<td>24.77</td>
</tr>
<tr>
<td>M2</td>
<td>9.41</td>
<td>140</td>
<td>1.01</td>
<td>0.25</td>
<td>1.00</td>
<td>24.93</td>
</tr>
<tr>
<td>M3</td>
<td>9.41</td>
<td>187</td>
<td>2.00</td>
<td>0.66</td>
<td>1.00</td>
<td>66.29</td>
</tr>
<tr>
<td>M4</td>
<td>9.41</td>
<td>187</td>
<td>1.99</td>
<td>0.66</td>
<td>1.00</td>
<td>65.96</td>
</tr>
<tr>
<td>M5</td>
<td>9.41</td>
<td>186</td>
<td>2.00</td>
<td>0.66</td>
<td>1.00</td>
<td>65.76</td>
</tr>
<tr>
<td>M6</td>
<td>9.41</td>
<td>560</td>
<td>0.67</td>
<td>0.66</td>
<td>1.00</td>
<td>66.13</td>
</tr>
<tr>
<td>M7</td>
<td>9.41</td>
<td>560</td>
<td>0.54</td>
<td>0.54</td>
<td>1.00</td>
<td>53.55</td>
</tr>
<tr>
<td>M8</td>
<td>9.41</td>
<td>560</td>
<td>0.35</td>
<td>0.35</td>
<td>1.00</td>
<td>35.11</td>
</tr>
<tr>
<td>M9</td>
<td>9.41</td>
<td>69,70</td>
<td>4.99</td>
<td>0.62</td>
<td>1.00</td>
<td>61.58</td>
</tr>
<tr>
<td>M10</td>
<td>9.41</td>
<td>69,80</td>
<td>5.00</td>
<td>0.62</td>
<td>1.00</td>
<td>61.85</td>
</tr>
<tr>
<td>M11</td>
<td>9.41</td>
<td>70</td>
<td>5.01</td>
<td>0.62</td>
<td>1.00</td>
<td>62.10</td>
</tr>
<tr>
<td>M12</td>
<td>9.41</td>
<td>70,50</td>
<td>5.00</td>
<td>0.62</td>
<td>1.00</td>
<td>62.38</td>
</tr>
<tr>
<td>M13</td>
<td>9.41</td>
<td>280</td>
<td>1.50</td>
<td>0.75</td>
<td>1.00</td>
<td>74.55</td>
</tr>
<tr>
<td>M14</td>
<td>9.41</td>
<td>186,60</td>
<td>2.01</td>
<td>0.66</td>
<td>1.00</td>
<td>66.29</td>
</tr>
<tr>
<td>M15</td>
<td>9.41</td>
<td>187,20</td>
<td>2.00</td>
<td>0.66</td>
<td>1.00</td>
<td>66.48</td>
</tr>
<tr>
<td>M16</td>
<td>9.41</td>
<td>186,20</td>
<td>2.01</td>
<td>0.66</td>
<td>1.00</td>
<td>66.28</td>
</tr>
</tbody>
</table>

The total time column in Table 1 above shows the completion time of the work in the production of the production department in one time. This time is 10 times and it lasted 9.41 hours. It can be seen that the operator cannot reach the number of production they want to achieve when considering that the operation time is 8 hours and 45 minutes and that the single shift is working. The factory is squeezed in this case and has to stay in the office for as long as it produces this product. When you look at the total asset column, you can see the total number of assets is seen. Accordingly, M1 and M2 machines have entered the system to produce 140 pieces of fabric. The reason why the product numbers in other locations are different is that the numbers of the machines that do that work are different. For example; Since the bedcover overlock process is done by two machines, an average of 140 items goes to these machines. However, since the bedcover has four machines that process the loosening process, it produces an average of 70 products. By looking at the total number of entrances of the inlet conveyors, it is seen how many products are totaled from the system. The third column shows the average duration of each entity in the locations. These values indicate the processing times of the machines shows. For example; The average time spent for an asset at M8 location is 0.35 minutes. This is 20.5 seconds. The fourth column shows the average number of assets at that instant at any moment in the simulation. In the fifth column, the largest number of assets in the locality is shown. The sixth column shows the usage rates of the locations' capacities. It is expected that the average values in this column will be high. Low values indicate that the location is inefficient.

The first impression for the economic bedding set is that the current situation is investigated and the average values of M1, M2 and M6, M7, M8 machines are low when compared to other machines when considering the usage rates of the machines. These values show that machines are used inefficiently. When we look at the rotales that the production system possesses, it can be seen that the M1, M2 machines do the same job M6, M7ve and M8 machines in succession. For this reason M1 and M2 machines can be combined and transported to M2 machine, M7 and M8 machines are combined to M8 machine, M6 machine to M7 machine It has moved. All the machines in the last case have features that can do the job assigned to them. Both products are prevented from moving on the machines and two machines are wasted. This change will be useful for the factory.
ALTERNATIVE SCENARIO FOR CURRENT SITUATION

According to the analysis results obtained from the simulation model of the production system an alternate scenario has been formed as a solution proposal.

In this scenario, the results obtained from the simulation model for the current situation it has been thought that machine may be too much. The idea is that the two machines are doing the same job, the other three machines doing the same thing consecutively. As shown in Table 4, M1 machine is 24.77%, M2 machine is 24.93%, M6 the machine is 66.13%, the M7 machine is 49.52% and the M8 machine has a transaction rate of 32.98%. Generally these values are low and indicate that machines are used inefficiently.

As in the analysis of the present situation, the simulation is repeated 10 times to reach the average total period in order to obtain the realistic values of the total production system as much as possible in the scenario. Accordingly, the last three machines in the system where the cushion product was processed have been modified. One of these machines can do the work of the other two machines. With this change, each product has a reduced system downtime. This too the process of seeing the three products of the incoming product on the same machine, shortening the result. The average total durations, asset numbers and utilization rates in the scenario are given in the table below.

Table 2: Quantities and Rates of Use of Machines in Economic Bedclothes Team Scenario

<table>
<thead>
<tr>
<th>Location</th>
<th>Total time (average) (hour)</th>
<th>Total assets</th>
<th>Average spend time for each entity (min)</th>
<th>Average number of assets</th>
<th>The maximum number of assets at any location in the locality</th>
<th>Usage rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>M2</td>
<td>9.41</td>
<td>280</td>
<td>1.07</td>
<td>0.53</td>
<td>1.00</td>
<td>52.88</td>
</tr>
<tr>
<td>M3</td>
<td>9.41</td>
<td>187</td>
<td>2.00</td>
<td>0.66</td>
<td>1.00</td>
<td>66.21</td>
</tr>
<tr>
<td>M4</td>
<td>9.41</td>
<td>187</td>
<td>1.99</td>
<td>0.66</td>
<td>1.00</td>
<td>66.09</td>
</tr>
<tr>
<td>M5</td>
<td>9.41</td>
<td>186</td>
<td>2.00</td>
<td>0.66</td>
<td>1.00</td>
<td>65.92</td>
</tr>
<tr>
<td>M7</td>
<td>9.41</td>
<td>560</td>
<td>0.67</td>
<td>0.66</td>
<td>1.00</td>
<td>66.09</td>
</tr>
<tr>
<td>M8</td>
<td>9.41</td>
<td>560</td>
<td>0.68</td>
<td>0.67</td>
<td>1.00</td>
<td>67.13</td>
</tr>
<tr>
<td>M9</td>
<td>9.41</td>
<td>69.70</td>
<td>5.00</td>
<td>0.62</td>
<td>1.00</td>
<td>61.74</td>
</tr>
<tr>
<td>M10</td>
<td>9.41</td>
<td>69.90</td>
<td>5.01</td>
<td>0.62</td>
<td>1.00</td>
<td>62.00</td>
</tr>
<tr>
<td>M11</td>
<td>9.41</td>
<td>70.10</td>
<td>5.00</td>
<td>0.62</td>
<td>1.00</td>
<td>62.14</td>
</tr>
<tr>
<td>M12</td>
<td>9.41</td>
<td>70.30</td>
<td>5.01</td>
<td>0.62</td>
<td>1.00</td>
<td>62.44</td>
</tr>
<tr>
<td>M13</td>
<td>9.41</td>
<td>280</td>
<td>1.00</td>
<td>0.50</td>
<td>1.00</td>
<td>49.59</td>
</tr>
<tr>
<td>M14</td>
<td>9.41</td>
<td>186.70</td>
<td>2.06</td>
<td>0.68</td>
<td>1.00</td>
<td>68.26</td>
</tr>
<tr>
<td>M15</td>
<td>9.41</td>
<td>187</td>
<td>2.07</td>
<td>0.69</td>
<td>1.00</td>
<td>68.70</td>
</tr>
<tr>
<td>M16</td>
<td>9.41</td>
<td>186.30</td>
<td>2.06</td>
<td>0.68</td>
<td>1.00</td>
<td>68.00</td>
</tr>
</tbody>
</table>

With the alternative scenario created in the above table 2 two machines have been removed from the system. It the usage rates of vending machines have been increased. Compared to the current situation there was no change in the mean total time. However, with fewer machines at the same time the same amount of production can be done.

RESULTS

In order to create a simulation of a production system, it is necessary to follow real working principles in a very good and realistic way and reach the most accurate data. This process is challenging and requires attention. There are many divisions in the factory production system modeled by simulation. However, the application was made only by considering the sewing section. That's why the factory has to make a product group ready for delivery in three business days and to do the first day of slaughter, the second day of planting and the last day of packing. For this reason, the sewing section where the original production was made is selected for application.

The economic bedding set, the most produced product for the application, was chosen. Values such as the machines, processing times and production quantities of the parts of this product are transferred to the program with realistic values kept in the factory. For the economic bedding
team, problems such as the inability to complete the production within working hours and the vacancies. It has been encountered. One of the most important advantages of the simulation is the ability to do trial and error without any financial expense, and these two products have been modified and the most appropriate ones added to the scenario work. While the scenario was being developed, the processing rates of the machines obtained from the analysis of the current situation were taken into account. As a result of these ratios, the factory can perform the same job within the same period even if the two machines get out of the production system. It the situation will ensure that the plant is free of both the maintenance costs of the machine and the cost of the worker who is working on that machine.

As a result, one of the most important advantages of the simulation is its ability to open forecasting and forecasting routes, allowing plant managers to understand the general operation of the system and the possible changes allowing them to act by seeing their analysis. In the implementation phase of this study, it was in the meeting and exchange of ideas with factory managers. In this process, factory managers followed the work. The results obtained have guided them and reduced the number of machines in the plant's production system.

REFERENCES
EVALUATION OF BASIC CRITERIA FOR MANAGER SELECTION:
ANALYSIS ON TEXTILE SECTOR

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Abstract
The aim of this study is to evaluate the factors that the textile and garment enterprises operating in the province of Tokat have taken into account in the selection of the managers by using Multi Criteria Decision Making (MCDM) techniques. The manager selection process can be regarded as a multidimensional decision problem that accommodates more than one variable. Four basic variables, which are subject to the hierarchical decision problem, have been identified with the help of the basic variables discussed in the literature. These variables are: work experience, professional competence, trust, management ability. Criteria determined within the scope of the study were compared by the owners of the enterprises with the help of linguistic variables. The degree of importance of each criterion was determined by the Fuzzy Analytical Hierarchy Process (FAHP) technique, which was transformed into binary comparisons, and fuzzy numbers. With the help of expert opinions in the textile sector, the study has shown that the selection of manager process can be easily solved with MCDM techniques and that the method applied generates logical and realistic results.

Key words: Manager Selection, FAHP, MCDM.

Introduction
In today’s business world, many businesses which are established with large capital investments are managed by professional managers. The great majority of businesses in Turkey are family businesses and managers of those companies consist of family members (Yazıcıoğlu ve Koç, 2009). However, businesses in particular sectors are managed by professional managers. Textile sector that is subjected to the study is one of them. For some reasons such as government incentives and investment advantages, capital owners can carry their investments outside of the areas where they started their businesses. Therefore, business owners may have to choose and recruit business managers who can take responsibility for their companies. At this point, the aim of our study is to determine what criteria of business and capital owners take into consideration in the selection of business managers operating in the textile sector. First, literature review is carried out in order to determine the criteria (Özbek, 2014; İbicioğlu ve Ünal, 2014; Eroğlu et al., 2014; Doğan and Önder, 2014; Dodangeh et al., 2014; Afshari, 2015; Akin, 2016; Şimşek et al., 2014; Taş and Çavuş, 2010; Uçkun et al., 2013; Ünal, 2011; Yardibi and Küçük, 2015; Yıldız and Deveci, 2013). These are professional competence, trust, work experience and managerial skill. As a result of the study, the importance of these factors will be determined and ranked by using multi-criteria decision making techniques (MCDM). On the basis of the results obtained, various proposals are going to be made to executive candidates.

Method
In study, the owners of five companies operating in the textile sector were interviewed. Experts evaluated the 4 basic variables identified with the help of the fuzzy scale. In the application part, the relative weights of the criteria were determined by the Fuzzy Analytical Hierarchy Process technique.
Table 1. Scale Values of Triangular Fuzzy Numbers (l, m, u)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Fuzzy Numbers (FN)</th>
<th>Reverse FN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equal Important</td>
<td>(1,1,1)</td>
<td>(1,1,1)</td>
</tr>
<tr>
<td>Little Important</td>
<td>(2/3,1,3/2)</td>
<td>(2/3,1,3/2)</td>
</tr>
<tr>
<td>Important</td>
<td>(3/2,2,5/2)</td>
<td>(2/5,1/2,2/3)</td>
</tr>
<tr>
<td>Very Important</td>
<td>(5/2,3,7/2)</td>
<td>(2/7,1/3,2/5)</td>
</tr>
<tr>
<td>Absolutely Important</td>
<td>(7/2,4,9/2)</td>
<td>(2/9,1/4,2/7)</td>
</tr>
</tbody>
</table>

The basic steps of the Extended Fuzzy AHP method are as follows (Chang, 1996):

- **Step 1**: Fuzzy synthetic value is calculated according to i.
  \[
  S_i = \sum_{j=1}^{m} M_{gi}^j \otimes \left[ \sum_{i=1}^{n} \sum_{j=1}^{m} M_{gi}^j \right]^{-1}
  \]
  For the matrix in the first part of the formula, the fuzzy sum of m dimension analysis is done.
  \[
  \sum_{j=1}^{m} M_{gi}^j = \left( \sum_{j=1}^{m} l_j, \sum_{j=1}^{m} m_j, \sum_{j=1}^{m} u_j \right)
  \]
  In order to calculate the second part of the formula, the inverse of the vector is calculated by performing a fuzzy addition operation on the corresponding 'M' values.

- **Step 2**: \(M_1 \left( l_1, m_1, u_1 \right)\) and \(M_2 \left( l_2, m_2, u_2 \right)\) is the triangular fuzzy numbers, \(M_2 \geq M_1\) probability value is calculated.
  \[
  V(M_2 \geq M_1) = \sup_{x,y \in (0,1)} \left[ \min\left(\mu_{M_1}(x), \mu_{M_2}(y)\right)\right]
  \]
  \[
  V(M_2 \geq M_1) = \begin{cases} 
  1 & ; m_2 \geq m_1 \\
  0 & ; l_1 \geq u_2 \\
  \frac{(l_1 - u_2)}{(m_2 - u_2) - (m_1 - l_1)} & ; \text{in other cases}
  \end{cases}
  \]

- **Step 3**: The probability of a convex fuzzy number is greater than k convex numbers is calculated.
  \[
  V(M \geq M_1, M_2, \ldots, M_k) = \min V(M \geq M_i)(i = 1, 2, 3, \ldots, k)
  \]

Results and Findings

Table 2. Fuzzy Comparison of Criterion

<table>
<thead>
<tr>
<th></th>
<th>Work Experience</th>
<th>Professional Competence</th>
<th>Trust</th>
<th>Management Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>WE</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>PC</td>
<td>0.39</td>
<td>0.45</td>
<td>0.53</td>
<td>0.50</td>
</tr>
<tr>
<td>T</td>
<td>1.07</td>
<td>1.15</td>
<td>1.25</td>
<td>1.30</td>
</tr>
<tr>
<td>MS</td>
<td>0.70</td>
<td>0.80</td>
<td>0.92</td>
<td>0.68</td>
</tr>
</tbody>
</table>

Synthetic values are calculated as follows:

\[
S_{WE} = (4.77/5.34/5.9) * (0.052/0.058/0.066) = (l=0.246, m=0.307, u=0.391)
\]
\[
S_{PC} = (0.105, 0.164, 0.212)
\]
\[
S_{T} = (0.172, 0.241, 0.326)
\]
\[
S_{MS} = (0.115, 0.16, 0.22)
\]

The comparison of the criteria was carried out using the vector values obtained above. Comparison results are presented in Table 3.
Table 3. Vector Quantity and Pairwise Comparisons

<table>
<thead>
<tr>
<th></th>
<th>V(S1≥S2)</th>
<th></th>
<th>V(S2≥S1)</th>
<th></th>
<th>V(S3≥S1)</th>
<th></th>
<th>V(S4≥S1)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>V(S1≥S3)</td>
<td>1</td>
<td>V(S2≥S3)</td>
<td>1</td>
<td>V(S3≥S2)</td>
<td>0.549</td>
<td>V(S4≥S2)</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>V(S1≥S4)</td>
<td>1</td>
<td>V(S2≥S4)</td>
<td>1</td>
<td>V(S3≥S4)</td>
<td>1</td>
<td>V(S4≥S3)</td>
<td>0.375</td>
<td></td>
</tr>
</tbody>
</table>

As a result of the comparison operations, the weight vector W’ = (1, 0.343, 0.549, 0.375).

The weights of criteria obtained as a result of vector normalization are presented in Table 4.

Table 4. Relative Weights of Criterion

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Weights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Experience</td>
<td>0.441</td>
</tr>
<tr>
<td>Professional Competence</td>
<td>0.151</td>
</tr>
<tr>
<td>Trust</td>
<td>0.242</td>
</tr>
<tr>
<td>Management Skills</td>
<td>0.165</td>
</tr>
</tbody>
</table>

When Table 4 is examined, the criterion with the highest relative weight is “Work Experience”. The criterion with the lowest relative weight is “Professional Competence”. These results have shown that employers give more priority to experience in managerial choice. Candidates with high work experience appear to be in a more advantageous position to become managers.

Conclusion

Based on the results obtained, it is revealed that work experience is the most important criterion in manager selection for business owners. This criterion precedes trust criterion. For the firm owner, an experienced manager who knows the structural characteristics and market conditions of the sector can be the primary reason of choice. This situation actually brings with it certain confidence because the firm owner can also learn and see the successes and failures of the manager in his resume. The manager’s work experience is the first step in trusting the manager to whom the firm owner will entrust his firm. Trust criterion arises during the process of interviewing with the managers and analysing the references for recruitment. Trust relationship that will develop between business owners and the firm managers as a result of business relations comes after recruitment process. In this respect, the references and the personality of the manager is the second important factor for recruitment. In the simplest term, managerial skill is the ability of fulfilling the managerial functions. Besides, the ability of managing human resources, time, crisis, etc. is another reason for recruitment. Finally, the language knowledge that the manager should have, the ability to use the computer, the level of education, etc. are the last reasons for recruitment. As a result, primarily having a good work experience will give the managers a significant advantage in order to be a manager in the sector. Furthermore, if the managers have a successful work experience they will meet the criteria of both experience and trust to a certain extend.

References


THE EFFECT OF ORGANIZATIONAL CLIMATE ON ORGANIZATIONAL CYNICISM: A RESEARCH ON BANKING SECTOR1

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Abstract

The aim of this study is to put forward the effect of organizational climate on employee’s cynicism perception through an empirical study. In research, a field study is going to be conducted to in Tokat province banking sector. The questionnaire prepared in research section is going to be conducted to the bank staff working at bank branches operating in Tokat province. It is estimated that 645 bank staffs work in 59 bank branches in Tokat. Face to face questionnaire is conducted to 319 bank staffs who are determined by convenience sampling method which is one of the none-probability sampling methods due to the difficulty of determining the sampling frame and time constraints. The questionnaire form contains statements about demographic variables, Stringer’s (2001) organizational climate scale and Organizational Cynicism Questionnaire of Brandes et al. (1999). This study will test the following hypothesis: Organizational climate is negatively related to employees’ perceptions of cognitive, emotional, and behavioral cynicism. Descriptive statistics, reliability and correlation analysis are conducted by using SPSS statistics to analyze the data obtained from the research. The structural equality model(AMOS) is used for the test of hypotheses and the validity of the research scales. According to the findings obtained from the research, organizational climate is negatively related to all organizational cynicism sub-dimensions (cognitive cynicism, affective cynicism, behavioral cynicism). Based on the findings of the study, some suggestions will be offered at the end of the research.

Key words: Organizational Climate, Cynicism, Organizational Cynicism

Introduction

Due to the global competition, there are various structural disruptions in businesses. The firms try to achieve the aim whilst putting their human resource needs and wants at the second place. Organizations are faced with problems such as conflicts in the workplace, salary and reward allocation, long working hours, promotion hurdles, ineffective organizational structure and leadership style, excessive role load, role ambiguity, role conflict, uncertainties in job description, stress, conflict of purpose, organizational complexity, low level of decision-making effectiveness, lack of communication. All these factors lead to organizational cynicism (Eaton, 2000; Andersson, 1996). In this context, the problems in the enterprises operating with the aim of reaching their targets with high competition and profitability rates point to the organizational climate. Organizational climate is defined as a broad concept that expresses the perceptions of employees about the events that occur in the business environment and some factors (İşcan & Karacabey, 2007: 182). In addition, organizational climate emerges as a consequence of various factors such as organization management style, organization policies and general procedures that affect the behaviour of employees (Karadağ vd., 2008:64).

An organizational structure that has adopted the principle of productivity and is well organized, the relationship between the employees in the organization and the support they have established between themselves and administrative level, a promotion and reward system determined according to fair and objective criteria, an organization where both themselves and their colleagues feel proud of working and the staff feels like a member of a team that works well, a participatory management style where employees can take responsibility and be included in decisions taken by management etc. all these elements may cause organizational cynicism to decrease to a great extent. Based on these findings, it is predicted that organizational cynicism will

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1 This study was based on doctoral dissertation accepted in Gaziosmanpaşa University Social Sciences Institute Business Administration Department on May 4, 2018
decrease to a great extent in organization which offers a positive organizational climate to its employees in terms of structure, recognition, support, commitment, responsibility and standards.

The literature suggests that determination of organizational cynicism has concentrated on the predictors such as psychological contract violations, perceived organizational justice, organizational trust, organizational support and perceived organizational politics. (Chiaburu vd. 2013; Andersson, 1996; Johnson ve O’Leary-Kelly, 2003; Ahmed vd., 2013; Davis ve Gardner, 2004). Apart from these concepts, studies related to determine the effect of organizational climate on organizational cynicism are limited. (Khan, 2006; Torun 2016; Özden, 2013). This lays the foundation of the current research to study whether organizational climate is an important determinant of organizational cynicism. Thus the aim of this study is to determine the effect of organizational climate on organizational cynicism that leads to negative organizational and individual outcomes. In addition, the results obtained contribute to the practitioner and researchers.

**Literature Review**

**Organizational Climate**

Litwin and Stringer (1968) defined the organizational climate as a set of measurable properties that the working environment possesses. These characteristics can be directly or indirectly perceived by the employees in the organization and can affect their behaviour and motivation.

Furnham and Goodstein (1997: 164) described the organizational climate both as a psychological condition that is strongly influenced by organizational conditions such as system, structure and management behaviours and the perception of how an individual works in an organizational environment composed of various elements and dimensions.

Much research has been done on the dimensions of organizational climate (Litwin ve Stringer, 1968; Koy’s ve DeCotiis, 1991; Schnieder vd. 1996; Jones ve James, 1979). In this study, organizational climate scale developed by Stringer (2001) is employed to collect the data. These dimensions determined by Stringer (2001) are explained as follow.

**Structure:** It reflects that employees in the organization are well organized and have clear definitions of their roles and responsibilities.

**Standards:** Standards are that employees feel pressure to improve their business performance. The employees feel proud when he/she works at a standard level set.

**Responsibility:** The employee is the owner of his/her work and he/she feels that there is no double control mechanism on the decisions taken.

**Recognition:** Positive perception indicates that the employee will be recognized by the management when he/she does his/her job well and will be rewarded for it.

**Support:** The feeling of trust and the mutual support relationship are formed in a predominant manner in the organization.

**Commitment:** It reflects the degree of loyalty that the employee feels about pride and organizational goals attributed to the organization.

**Organizational Cynicism**

Organizational cynicism emerges as an important concept that can cause the employee to experience negative self-belief, emotional and behavioural experiences to the organization, to work, and finally to self (Kalağan & Aksu, 2010:4820).

Naus (2007) explain organizational cynicism as a defensive mechanism that an employee develops against poor working conditions. The globalization has changed the competition and restructured the organizations, the privatization activities to achieve the higher productivity and efficiency leads to organizational cynicism.

Organizational cynicism has been found in the workplace in the dimensions of belief, emotion and behaviour. Researchers generally describe the perception of organizational cynicism on the basis of three dimensions. In this research, organizational cynicism dimension created by Dean vd. (1998). Dean et al. (1998) are used. They presented one of the most widely accepted definitions in the literature. According to this definition, organizational cynicism is a three-dimensional concept and refers to three negative attitudes that the employee has against the organization.
This dimensions (Dean vd., 1998: 345):
- A belief that your organization lacks integrity
- Negative emotional reactions towards organization
- Consistent with these beliefs and emotions, it is defined as tendency towards negative contempt and disparaging behaviour.

With a similar approach to cynicism, which is determined in the framework of belief, affect and behaviour, Brandes et al. (1999) argued that organizational cynicism is a negative attitude towards the organization, which is composed of three components. These components are cognitive cynicism, affective cynicism, and behavioural cynicism, respectively.

Methodology

Population and Sample

The population of the research is the banking sector in Tokat province. A total of 645 personnel are working in Tokat banking industry. Thus deriving the sampling was easy. A survey was conducted consisting of 420 employees working in central districts and 4 district. Out of 420 distributed questionnaires, 364 survey forms were obtained. 65 survey forms with missing data were excluded. Thus 319 questionnaire were included in the final data analysis process

Measures

Organizational Climate Scale: The organizational climate scale developed by Stringer (2001) is used in the research. Developed by Stringer (2001), this scale consists of 6 dimensions and 24 items. Each dimension of the scale is measured by 4 items.

Organizational Cynicism Scale: In order to measure organizational cynicism in research is used “Organizational Cynicism Scale” which was developed Brandes et al. (1999). Organizational Cynicism Scale has 3 dimension and 13 items.

As a result of the second level multiple confirmatory factor analysis conducted on research scales in the study, it has been found that the organizational climate scale has a four factor distribution different from the original six factors. Four items for the "responsibility" sub-dimension and 4 items for the "standards" sub-dimension are extracted from the analysis. As a result of the analysis, it was observed that the factor loadings of the expressions did not reach the sufficient level and were distributed under multiple dimensions due to the fact that the representations of these sub-dimensions were not fully understood by the respondents. Organizational cynicism is found to be distributed in accordance with the three factorial structure existing in the original structure of the scale. The confirmatory factor analysis results are shown in Table 1.

Table 1: Organizational Climate and Organizational Cynicism Scales Statistical Data on Confirmatory Factor Analysis Models

<table>
<thead>
<tr>
<th>Scale</th>
<th>$\chi^2$</th>
<th>df</th>
<th>$\chi^2$/df</th>
<th>RMSEA</th>
<th>NFI</th>
<th>CFI</th>
<th>GFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCS</td>
<td>179.249</td>
<td>98</td>
<td>1.829</td>
<td>0.051</td>
<td>.934</td>
<td>.969</td>
<td>.934</td>
</tr>
<tr>
<td>OSS</td>
<td>121.856</td>
<td>59</td>
<td>2.065</td>
<td>0.058</td>
<td>.960</td>
<td>.979</td>
<td>.946</td>
</tr>
</tbody>
</table>

*p<0.01 (OCS: Organizational Climate Scale, OSS: Organizational Cynicism Scale)

It has been found that the statistical data of confirmatory factor analysis regarding the construct validity of the scales have accepted values of adaptability and good agreement. After the validity analysis, the subscales of the scale and scales were subjected to reliability analysis according to the internal consistency coefficient "Cronbach Alpha". The "Cronbach Alpha" coefficients for the scales and sub-dimensions are given in Table 2.

Table 2: Results of Reliability Analysis of Research Scales and Sub-dimensions

<table>
<thead>
<tr>
<th>Sub-dimension</th>
<th>Number of Item</th>
<th>Cronbach Coefficients</th>
<th>Alfa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognition</td>
<td>4</td>
<td>.906</td>
<td></td>
</tr>
<tr>
<td>Support</td>
<td>4</td>
<td>.901</td>
<td></td>
</tr>
<tr>
<td>Structure</td>
<td>4</td>
<td>.886</td>
<td></td>
</tr>
<tr>
<td>Commitment</td>
<td>4</td>
<td>.908</td>
<td></td>
</tr>
<tr>
<td>Organizational Climate</td>
<td>16</td>
<td>.889</td>
<td></td>
</tr>
</tbody>
</table>
The research model designed to test research hypotheses is shown in Figure 1. In the research model, organizational climate was constructed as a latent variable by means of dimensions determined by secondary level confirmatory factor analysis. Each dimension of organizational cynicism has taken its place as observed variables in research model.

**Hypothesis**

H1: Organizational climate is negatively related cognitive cynicism
H2: Organizational climate is negatively related affective cynicism
H3: Organizational climate is negatively related behavioural cynicism

**Data Analysis and Processing**

IBM SPSS 22.0 and AMOS 20.0 package programs are used to analyse the research data. AMOS is used to determine the predicted effects in the research model and to conduct validity analyzes of the scales. Confirmatory factor analysis and structural regression (path analysis) were performed through the structural equation model.

**Research Findings**

Correlation analysis is executed to determine the relationship between organizational climate sub-dimensions and organizational cynicism sub-dimensions included in the research model. The statistical values of the obtained correlation analysis are shown in Table 3.

<table>
<thead>
<tr>
<th>Cognitive Cynicism</th>
<th>5</th>
<th>.896</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affective Cynicism</td>
<td>4</td>
<td>.961</td>
</tr>
<tr>
<td>Behavioural Cynicism</td>
<td>4</td>
<td>.876</td>
</tr>
<tr>
<td>Organizational Cynicism</td>
<td>13</td>
<td>.908</td>
</tr>
</tbody>
</table>
The results in Table 3 show that all organizational variables have a significant relationship among each other. Organizational climate and its sub-dimensions are negatively related to organizational cynicism and sub-dimensions.

Established Structural Equation Model for the Test of Research Hypotheses

The structural equation model developed to test research hypotheses is shown in Figure 2. The model is analyzed with AMOS. As a result of the analysis, 3 modifications is made which contribute to the model with theoretically meaningful and change rate. Modification, index and amount of changes in the research model are shown in Table 4.

```
Table 4: Applied Modification Corrections

<table>
<thead>
<tr>
<th>Modification</th>
<th>Modification Index</th>
<th>Par Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>e3</td>
<td>&lt;--&gt; e2</td>
<td>7,142</td>
</tr>
<tr>
<td>e5</td>
<td>&lt;--&gt; e6</td>
<td>10,530</td>
</tr>
<tr>
<td>e7</td>
<td>&lt;--&gt; e6</td>
<td>4,262</td>
</tr>
</tbody>
</table>
```

Figure 2: Structural Equation Model

The compliance index values of the research model are shown in Table 5.
Table 5: Compliance Values Based on Research Model

<table>
<thead>
<tr>
<th>Research Model (After Modification)</th>
<th>$x^2$</th>
<th>df</th>
<th>$x^2$/df</th>
<th>RMSEA</th>
<th>NFI</th>
<th>CFI</th>
<th>GFI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>29,533</td>
<td>11</td>
<td>2.685</td>
<td>.073</td>
<td>.985</td>
<td>.991</td>
<td>.976</td>
</tr>
</tbody>
</table>

The results in Table 5 shows the compliance index values of the model are seen to have good agreement values. After this step, the values of the significant paths is determined and presented in Table 6.

Table 6: Standardized Regression Weights in Research Model

<table>
<thead>
<tr>
<th>Paths</th>
<th>Estimate</th>
<th>($p$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive Cynicism</td>
<td>-.834</td>
<td>***</td>
</tr>
<tr>
<td>Affective Cynicism</td>
<td>-.857</td>
<td>***</td>
</tr>
<tr>
<td>Behavioral Cynicism</td>
<td>-.820</td>
<td>***</td>
</tr>
</tbody>
</table>

The results in Table 6 shows all the paths from organizational climate to organizational cynicism dimensions (cognitive cynicism, emotional cynicism, behavioural cynicism) have a negative effects at $p < 0.001$ level of significance.

Conclusion

Research findings indicate that the organizational climate is negatively related to cognitive, affective and behavioural cynicism. All of the research hypotheses (H1, H2 and H3) are supported. Positive organizational climatic perceptions of employees may negatively affect perceptions of cognitive, emotional and behavioural cynicism. The reduction in organizational cynicism, which causes a significant negative individual and organizational outcome, will positively contribute to both employee and organizational performance and motivation. It is recommended that managers should fulfill the conditions that will ensure a positive organizational climate (business atmosphere) in their organizations. The results we obtained support the relevant literature, which consists of few. Repetition of the relationship between organizational climate and organizational cynicism by researchers in different sectors and samples will provide a more robust basis for the topic.

References


THE TWO-MACHINE NO-WAIT FLOWSHOP PROBLEM WITH
UNCERTAIN SETUP TIMES

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Abstract

The two-machine no-wait flowshop scheduling problem is observed in numerous applications in industries such as metal, plastic, chemical, and pharmaceutical. In the literature, the problem has been mainly investigated with the assumption that setup times have known and deterministic values. However, in some environments, setup times are uncertain. The two-machine no-wait scheduling problem is addressed where setup times are considered as uncertain variables within lower and upper bounds. The objective is to minimize maximum lateness. There may not exist a single schedule that remains optimal for all possible realizations of setup times, within the lower and upper bounds, for environments with uncertain setup times. Hence, a set of dominating schedules is desirable to obtain. Therefore, the objective in such a scheduling environment is to reduce the size of dominating set. Thus, we establish a theorem, providing a dominance relation, which help in reducing the size of dominating set.

Keywords: Scheduling, no-wait flowshop, uncertain setup times, maximum lateness.

Introduction

Technology requirement in some manufacturing environments necessitates the existence of no-wait in process. This is because an operation must instantly follow a previous operation because of the temperature or some other characteristics of the material in such a manufacturing environment. In manufacturing environments, some resources need to be reset before it begins a new task. The time it takes to prepare a resource to perform a new task is called setup time. Allahverdi (2015) stated that scheduling involving setup times plays a significant role in today’s modern manufacturing for the delivery of reliable products on time.

Kim and Bobrowski (1997) stated that in many real-life manufacturing environments, setup times change randomly as a result of factors such as temporary shortage of equipment. Wang and Choi (2012) and Gonzalez-Neira et al. (2017) stated that real life manufacturing environments are subject to a wide range of uncertainties. Furthermore, Aydilek et al. (2013) stated that the uncertain variations in setup times is an important and practical problem for some manufacturing environments. On the other hand, Aydilek et al. (2015) stated that schedulers in manufacturing environments are faced with significant uncertainty in setup times. Hence, they recommended to model setup times as uncertain variables which take real values between some lower and upper bounds.

When setup times are uncertain, they satisfy the inequality \( L_{s_{i,k}} \leq s_{i,k} \leq U_{s_{i,k}} \) where \( s_{i,k} \) denotes the setup time of job \( i \) on machine \( k \) and \( L_{s_{i,k}} \) and \( U_{s_{i,k}} \) denote lower and upper bounds on the setup time \( s_{i,k} \), respectively. Allahverdi et al. (2003) provided dominance relations for the problem of two-machine flowshop with both makespan and total completion time performance measures. On the other hand, Allahverdi (2005), Allahverdi (2006a), and Allahverdi (2006b), established dominance relations for the problems of two-machine flowshop with makespan, total completion time, and maximum lateness, respectively. Moreover, several heuristics were presented in Aydilek et al. (2013) for the problem of the two-machine flowshop with makespan criterion while some heuristics were provided by Aydilek et al. (2015) for the same problem but where processing times were also modelled as uncertain variables within certain intervals.

We address the two-machine no-wait flowshop scheduling problem with uncertain setup times to minimize maximum lateness.

A Dominance Relation

A dominance relation is obtained for the two-machine no-wait flowshop in this section. Let \( s_{i,k} \) and \( t_{i,k} \) represent setup time and processing time of job \( i \) on machine \( k \) \((k=1, 2)\), respectively. Let
also $s_{i,k}$ and $t_{i,k}$ be setup time and processing time of the job in position $i$ on machine $k$, respectively. Likewise, let $d_i$ and $d_{ij}$ represent due date of job $i$ and due date of the job in position $i$, respectively. Furthermore, let $C_{ij}$ and $L_{ij}$ symbolize the completion time and lateness of the job in position $j$ on the second machine.

For the two-machine no-wait flowshop, the completion time of the job in position $j$ is known to be

$$C_{ij} = \sum_{i=1}^{j} \max \{ s_{i,2} + t_{i,2} - t_{i,1}, s_{i,1} + t_{i,1} \} + \sum_{i=1}^{j} t_{i,2}$$  \hspace{1cm} (1)

which can be shown to be equal to

$$C_{ij} = \sum_{i=1}^{j} \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} + t_{i,2}$$  \hspace{1cm} (2)

It follows from Equation (2) that

$$L_{ij} = \sum_{i=1}^{j} \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} + t_{i,2} - d_{ij}$$  \hspace{1cm} (3)

where, $t_{i,2} = 0$. The objective is to minimize Maximum Lateness ($L_{\max}$), which is

$$L_{\max} = \max \{ L_{1,1}, \ldots, L_{n,1} \}$$

Consider two job sequences $\sigma_1$ and $\sigma_2$ where the sequence $\sigma_1$ has job $g$ in an arbitrary position $\beta$ and job $h$ in position $\beta+1$. The sequence $\sigma_2$ is derived from the sequence $\sigma_1$ by interchanging the jobs in positions $\beta$ and $\beta+1$, i.e., job $h$ is in position $\beta$ and job $g$ in position $\beta+1$. If $\pi_1$ denote a subsequence containing the jobs in positions 1, $\ldots$, $\beta-1$, and $\pi_2$ denote a subsequence containing jobs in positions $\beta+2$, $\ldots$, $n$, then, the sequences $\sigma_1$ and $\sigma_2$ can be written as $\sigma_1 = (\pi_1, g, h, \pi_2)$ and $\sigma_2 = (\pi_1, h, g, \pi_2)$.

It should be clear that $L_{ij}(\sigma_2) = L_{ij}(\sigma_1)$ for $r = l, \ldots, \beta-1$.

**Theorem 1:** If the following four conditions hold

a) $L_{s_{i,2}} \geq U_{s_{i,2}} + t_{g,1}$

b) $L_{s_{i,2}} \geq U_{s_{i,2}} + t_{h,1}$

c) $t_{g,2} \geq t_{h,2}$

d) $d_\beta \geq d_\pi$

Then, $L_{\max}(\sigma_2) \leq L_{\max}(\sigma_1)$.

**Proof:** The lateness for jobs in positions $\beta$ and $\beta+1$, and $\beta+2$ for the two sequences $\sigma_1$ and $\sigma_2$ are computed as:

$$L_{ij}(\sigma_1) = \sum_{i=1}^{\beta-1} \max \{ s_{i,2} + t_{i,2} - t_{i,1}, s_{i,1} + t_{i,1} \}$$

t + \max \{ s_{g,2} + t_{\beta+1,2} - t_{g,1}, s_{h,1} + t_{g,1} \} + t_{g,2} - d_\gamma$$  \hspace{1cm} (4)

$$L_{ij}(\sigma_2) = \sum_{i=1}^{\beta-1} \max \{ s_{i,2} + t_{i,2} - t_{i,1}, s_{i,1} + t_{i,1} \}$$

t + \max \{ s_{g,2} + t_{\beta+1,2} - t_{g,1}, s_{h,1} + t_{g,1} \} + t_{g,2} - d_\gamma$$  \hspace{1cm} (5)

$$L_{ij}(\sigma_1) = \sum_{i=1}^{\beta-1} \max \{ s_{i,2} + t_{i,2} - t_{i,1}, s_{i,1} + t_{i,1} \}$$

t + \max \{ s_{g,2} + t_{\beta+1,2} - t_{g,1}, s_{h,1} + t_{g,1} \} + \max \{ s_{h,2} + t_{h,2} - t_{h,1} \} + t_{h,2} - d_\pi$$  \hspace{1cm} (6)

$$L_{ij}(\sigma_2) = \sum_{i=1}^{\beta-1} \max \{ s_{i,2} + t_{i,2} - t_{i,1}, s_{i,1} + t_{i,1} \} + \max \{ s_{g,2} + t_{\beta+1,2} - t_{g,1}, s_{h,1} + t_{g,1} \} + \max \{ s_{h,2} + t_{h,2} - t_{h,1} \}$$

t + t_{g,2} - d_\gamma$$  \hspace{1cm} (7)
\[ L_{[\beta+2]} (\sigma_1) = \sum_{i=1}^{\beta-1} \max \{ s_{[i,2]} + t_{[i,1,2]}, s_{[i,1]} + t_{[i,1]} \} \]
\[ + \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} + \max \{ s_{[\beta,2]} + t_{[\beta,2,1]} + t_{[\beta,2]} - d_{[\beta,2]} \} \]
\[ L_{[\beta+2]} (\sigma_2) = \sum_{i=1}^{\beta-1} \max \{ s_{[i,2]} + t_{[i,1,2]}, s_{[i,1]} + t_{[i,1]} \} \]
\[ + \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} + \max \{ s_{[\beta,2]} + t_{[\beta,2,1]} + t_{[\beta,2]} - d_{[\beta,2]} \} \]

It follows from Equations (5) and (6) that
\[ L_{[\beta]} (\sigma_2) - L_{[\beta+2]} (\sigma_2) = \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} - \max \{ s_{[\beta,2]} + t_{[\beta,2,1]} + t_{[\beta,2]} - d_{[\beta,2]} \} \]
\[ - \max \{ s_{[\beta,2]} + t_{[\beta,1,2]} + t_{[\beta,2]} - d_{[\beta,2]} \} \]

If conditions (i) and (ii) in the statement of Theorem 2 hold, then
\[ L_{[\beta]} (\sigma_2) - L_{[\beta+2]} (\sigma_2) = - s_{[\beta,2]} - t_{[\beta,2]} \]
Therefore,
\[ L_{[\beta]} (\sigma_2) \leq L_{[\beta+2]} (\sigma_2) \tag{10} \]

It follows from Equations (6) and (7) that
\[ L_{[\beta+1]} (\sigma_2) - L_{[\beta]} (\sigma_2) = \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} + \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} + t_{[\beta,2]} - d_{[\beta,2]} \]
\[ - \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} - \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} - t_{[\beta,2]} + t_{[\beta,1]} - t_{[\beta,2]} - d_{[\beta,2]} \]

If conditions (a) and (b) in the statement of Theorem 2 hold, then
\[ L_{[\beta+1]} (\sigma_2) - L_{[\beta+2]} (\sigma_2) = d_{[\beta]} - d_{[\beta,2]} \]
By condition (d) of Theorem 2,
\[ L_{[\beta+1]} (\sigma_2) \leq L_{[\beta+2]} (\sigma_2) \tag{11} \]

Equations (10) and (11) imply that
\[ \max \{ L_{[\beta]} (\sigma_2), L_{[\beta+1]} (\sigma_2) \} \leq \max \{ L_{[\beta]} (\sigma_1), L_{[\beta+1]} (\sigma_1) \} \tag{12} \]

It follows from Equations (8) and (9) that
\[ L_{[\beta+2]} (\sigma_1) = \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} + \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} \]
\[ + \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} + \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} \]
\[ L_{[\beta+2]} (\sigma_2) = \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} + \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} \]
\[ + \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} + \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} \]

If conditions (a) and (b) in the statement of Theorem 2 hold, then
\[ L_{[\beta+2]} (\sigma_2) = t_{[\beta,2]} + \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} \]
\[ - t_{[\beta,2]} + \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} \]
\[ = \max \{ t_{[\beta,2]} + s_{[\beta,2]} + t_{[\beta,2]} - d_{[\beta,2]} \} \]
\[ - \max \{ t_{[\beta,2]} + s_{[\beta,2]} + t_{[\beta,2]} - d_{[\beta,2]} \} \]

Therefore, if condition (c) of Theorem 2 holds, then
\[ L_{[\beta+2]} (\sigma_2) \leq L_{[\beta+2]} (\sigma_1) \tag{14} \]

For jobs in position \( r (r=\beta+3, \beta+4, \ldots, n) \)
\[ L_r (\sigma_i) = \sum_{i=1}^{\beta-1} \max \{ s_{[i,2]} + t_{[i,1,2]}, s_{[i,1]} + t_{[i,1]} \} \]
\[ + \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} + \max \{ s_{[\beta,2]} + t_{[\beta,2,1]} + t_{[\beta,2]} - d_{[\beta,2]} \} \]
\[ + \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{[\beta,1]} + t_{[\beta,1]} \} + t_{[\beta,1]} - d_{[\beta,1]} \]
\[ + \sum_{i=\beta+3}^{n} \max \{ s_{[i,2]} + t_{[i,1,2]}, s_{[i,1]} + t_{[i,1]} \} + t_{[i,1]} - d_{[i,1]} \]
\[ L_{\beta} (\sigma_2) = \sum_{i=1}^{\beta-1} \max \{ s_{[i,2]} + t_{[i,1,2]}, s_{[i,1]} + t_{[i,1]} \} \]

\[
+ \max \{ s_{[n,2]} + t_{[\beta,1,2]}, s_{n,1} + t_{n,1} \} + \max \{ s_{[\beta,2]} + t_{\beta,2}, s_{\beta,1} + t_{\beta,1} \} \\
+ \sum_{i=\beta+3}^r \max \{ s_{[i,2]} + t_{[i,1,2]}, s_{[i,1]} + t_{[i,1]} \} + t_{[i,2]} - d_{[i,1]} \]

From the last two equations,

\[ L_{\beta} (\sigma_2) - L_{\beta} (\sigma_1) = \max \{ s_{[n,2]} + t_{[\beta,1,2]}, s_{n,1} + t_{n,1} \} \]

\[
+ \max \{ s_{[\beta,2]} + t_{\beta,2}, s_{\beta,1} + t_{\beta,1} \} \\
- \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{\beta,1} + t_{[\beta,1]} \} \\
- \max \{ s_{[\beta,2]} + t_{\beta,2}, s_{\beta,1} + t_{\beta,1} \} \\
- \max \{ s_{[\beta,2]} + t_{[\beta,1,2]}, s_{\beta,1} + t_{[\beta,1]} \} \]

This is the same as Equation (13), and hence, if the conditions stated in Theorem 2 hold, then,

\[ L_{\beta} (\sigma_2) \leq L_{\beta} (\sigma_1) \text{ for } r=\beta+3, \beta+4, \ldots, n \]  \hfill (15).

Then, it follows from Equations (12, 14, 15) that

\[ L_{\max} (\sigma_2) \leq L_{\max} (\sigma_1) \]

**Conclusion**

We addressed the two-machine no-wait flowshop scheduling problem to minimize maximum lateness. The setup times are modelled as uncertain variables within some bounds. For such scheduling environments, there may not exist a single schedule that remains optimal for all possible realizations of setup times within the given intervals. Therefore, for such problems the objective is to reduce the size of dominating schedules where it is rarely possible to reduce the size to a single schedule. A local dominance relation was developed which help reduce the size of dominating schedules.

**References**


HOW COLLABORATIVE CLIMATE AFFECTS THE PSYCHOLOGICAL EMPOWERMENT? AN EMPIRICAL STUDY

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ABSTRACT

On the grounds of the Social Exchange Theory (Blau, 1964) this study aimed to explore the effects of collaborative climate on the psychological empowerment. In line with this purpose, to measure for collaborative climate the scale was used developed by Sveiby and Simons (2002) and another scale developed by Spreitzer (1995) and adapted by Cavus and Demir (2010) was used to measure for psychological empowerment. The sample of the research is consists of public and private sector employees in different cities and job groups from Turkey. Data were collected from the 123 employees through convenience sampling method and online survey technique. The obtained data were analyzed via statistical package programs. The findings suggest that significant and positive relationships were determined among all dimensions of collaborative climate and psychological empowerment. According to this, if the perceptions of the employees towards the collaborative climate increase, the level of psychological empowerment will increase as well. While explaining the psychological empowerment, only the work group support dimension of collaborative climate makes a significant contribution. Thus, work group support increases the level of the psychological empowerment however; other dimensions of collaborative climate which are; organizational culture, immediate supervisor and employee attitude don't have an affect on the psychological empowerment. According to difference analysis neither collaborative climate’ perception nor psychological empowerment’ perception differ depending on public and private sector.

Keywords: Collaborative climate, psychological empowerment, organizational climate

INTRODUCTION

The starting point of this research is the Social Exchange Theory. This theory, firstly proposed by Homans (1958) and defined with the final form by Blau (1964), emphasizes the series of activities that produce interdependent mutual social responsibilities and its interpersonal interactions based on volunteerism and trust (Karagonlar, Ozturk & Ozmen, 2015).

Reasons for maintaining mutual relations are; to feel the sense of success, to have a desired stimulant, and the effort to maintain satisfaction with the present situation. According to the Social Exchange Theory, which defines organizations as an exchange zone between employees and employers, the existence of intense exchanges zone between the organization and the employee will ensure that positive effects are observed on the employee due to the reciprocity principle (Blau, 1964; Turunc and Turgut, 2017). When we take into account that organizational climate is the perception of the employees’ towards the mechanism of the organization and shared values, it is envisaged that the collaborative climate will steer the perceptions, attitudes and behaviors of employees in the scope of Social Exchange Theory.

Grounded in the Social Exchange Theory and also the collaborative climate and psychological empowerment literature, the research question of this study is on “whether collaborative climate is influential on psychological empowerment of employees or not”.

LITERATURE REVIEW

Collaborative Climate

There are different perspectives, value judgments, beliefs and perception systems and business approach that differentiate each organization from the others. All these features bring
about different personality traits for each organization and generate the identity of organizations. Today, organizational climate is a phenomenon that is perceived and adopted by all the members of organizations which are regarded as social entities, and this adoption becomes more important issue for the future of organizations (Katz & Kahn, 1977).

The organizational climate, which defines the relationship between the employee-organization and environment and is defined as the personality of the organization is affected by several variables such as the manner of administration, the way of perception, the value judgements, individual characteristics, organizational structure, goals and targets (Dickson, Resick & Hanges, 2006).

In this regard, collaborative climate can be defined and expressed as an organizational climate which is formed as a result of efforts and volunteerism about individuals’ beliefs, values and assumptions on knowledge sharing (Sveiby & Simons, 2002). It will only be possible to create and transfer the human resources which have the potential to meet competitive and today’s changing business world conditions if the organizational climate is perceived properly, interpreted correctly and finally adopted within the framework of cooperation.

In organizations which have collaborative climate, ideas and solutions are put together by the employees and they reach to the end by acting in a sense of sensitivity and empathy during the resolution of conflicts (Wiener, 1988). As a result of that, they will be contributing to the development of more positive and encouraging results with the superior-subordinate cooperation.

When the relevant literature is examined; it is seen that collaborative climate is formed by four basic dimensions which are immediate supervisor (supervisor who is felt psychologically close), organizational culture, employee attitude and work group support.

*Psychological Empowerment*

Empowerment, which found meaning in the 1980s and frequently used concept in today’s business literature, has been addressed by many researchers with different perspectives (Dogan, 2003). The importance of development and adoption of employee empowerment has been emphasized by many thoughts and applications from the Hawthorne Researches to Maslow’ Hierarchy of Needs; from the quality circles to the idea of ensuring employee involvement in management and the need to care the concept of customer (Gurbuz, Kumkale & Oguzhan, 2013).

The concept of empowerment is divided into two parts as psychological and structural empowerment. With regard to empowerment; psychological empowerment which is focused on the perceptions of employees is defined as the perceptions of feeling of being empowered (Steward, McNulty, Griffin & Fitzpatrick, 2010). According to Spreitzer (1995), psychological empowerment can be defined as an internal task motivation which affects the employees’ job-oriented motivation.

The concept of psychological empowerment express the motivating and encouraging employees about understanding, adopting and achieving the vision of the company (Tekin & Koksal, 2012), distributing control instead of collecting in one’s hand (Dogan, 2003), distributing the authority among employees about the structure of tasks, encouraging them to make decisions and produce solutions (Yukl, 2002).

Different factors such as relationships with employees (Greasley, Bryman, Dainty, Price, Soetanto, & King, 2005), organizational culture, participation in decisions, employee’s self-confidence and reliance on organization (Chiang & Jang, 2008) have an influence on psychological empowerment practices as well as managers’ and leaders’ perspectives (Greasley et al., 2005).

With psychological empowerment practices, it is aimed to create a motivating working environment for employees such as providing employee participation on making a decision and to feel free while expressing their views and thoughts, having the right to use their personal power freely (Lashley, 1995); to understanding the meaning and importance of what they are doing, to making a decision about how to do their work; to being less governed and to trusting their own ability and to feeling that they are being considered by others (Quinn & Spreitzer, 1997).
**METHODOLOGY**

**Sample**

The sample of the research is consists of public and private sector employees in different cities and job groups from Turkey. Data were collected from 123 employees through convenience sampling method and online survey technique (n=123). The majorities of the respondents were male (71.5%), 26-35 years old (58.5%) and educated at bachelor’s degree (61.0%). In addition to this, 56.9% of the employees were affiliated to public sector and 43.1% were affiliated to private sector.

Online survey was delivered to each respondent with a detailed explanation message expressing the purpose and importance of the research. The Cross-Table Analysis was performed to determine the cursory answers. According to this, there is no respondent error in data. Since all questions included in online survey are required to be marked, no missing value has been detected.

**Measures**

The Collaborative Climate Scale developed by Sveiby and Simons (2002) has been translated into Turkish. It consists of 20 items and 4 dimensions which are organizational culture, immediate supervisor, employee attitude and work group support. In order to measure of empowerment; the Psychological Empowerment Scale was used developed by Spreitzer (1995) and adapted by Cavus and Demir (2010) has been translated into Turkish. The scale encompasses 4 items and one dimension. All measures scored on a five point Likert scale.

**Validity and Reliability**

Exploratory Factor Analysis (EFA) was applied to determine the structure validation of the scales used in the study. In line with this purpose, the EFA conducted with principal component analysis and varimax rotation method. One item belongs to employee attitude’ dimension was extracted from the model due to the cross-loading problem. And three items belong to work group support’ dimension was extracted from the model because they weren’t loaded to the relevant factor component. Just after the re-EFA it was observed that all items were loaded to the original dimensions and the factor loadings scores of items were over 0.50.

It has been determined that the dimensions of collaborative climate scale explains the 75.95% (immediate supervisor 26.82%, organizational culture 22.13%, employee attitude 17.42%, work group support 9.56%) of the total variance [KMO=0.91; χ²(120)=1530,136; p<0.001]. Cronbach Alpha values showing the reliability level of the variables are; α=0.95, α=0.86, α=0.89, α=0.63 respectively. Besides, psychological empowerment scale explained the 57.08% of total variance [KMO=0.67; χ²(6)=131,518; p<0.001]. The Cronbach Alpha values of the scale is α=0.72. Therefore, construct validity of all scales are confirmed by the data and the scales have internal consistency reliability.

**Correlation Analysis and Descriptive Statistics**

The Correlation Analysis that demonstrates of relationships among collaborative climate’ dimensions and psychological empowerment and also the descriptive statistics for the variables are shown in Table 1 below.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Min.</th>
<th>Max.</th>
<th>Ṕ</th>
<th>s</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Immediate Supervisor</td>
<td>1.20</td>
<td>5.00</td>
<td>3.45</td>
<td>1.07</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Organizational Culture</td>
<td>1.00</td>
<td>5.00</td>
<td>3.41</td>
<td>0.89</td>
<td>.765**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Employee Attitude</td>
<td>1.00</td>
<td>5.00</td>
<td>3.36</td>
<td>1.05</td>
<td>.654**</td>
<td>.704**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Work Group Support</td>
<td>1.00</td>
<td>5.00</td>
<td>3.46</td>
<td>1.03</td>
<td>.002</td>
<td>-.053</td>
<td>.063</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>5. Psychological Empowerment</td>
<td>1.25</td>
<td>5.00</td>
<td>4.13</td>
<td>0.64</td>
<td>.347**</td>
<td>.346**</td>
<td>.280**</td>
<td>.178*</td>
<td>1</td>
</tr>
</tbody>
</table>

* p<0.05, ** p<0.01

According to the results of the Correlation Analysis, significant and positive relationships have been determined among all dimensions of collaborative climate and psychological
empowerment. Based on this, if the perceptions of the employees towards the collaborative climate increase, the level of psychological empowerment will increase as well.

Multiple Linear Regression Analysis

Multiple Linear Regression Analysis that demonstrates prediction level of collaborative climate on psychological empowerment is shown in Table 2 below.

Table 2. Multiple linear regression analysis

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variables</th>
<th>Beta</th>
<th>R²</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediate Supervisor</td>
<td>Psychological Empowerment</td>
<td>.184</td>
<td>.172</td>
<td>6.119</td>
<td>.000</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td></td>
<td>.220</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Attitude</td>
<td></td>
<td>-.007</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work Group Support</td>
<td></td>
<td>.191*</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* p<0.05, ** p<0.01

According to the results of Multiple Linear Regression Analysis, it is possible to predict the psychological empowerment by the dimensions of collaborative climate [(F(4,118)=6.119, p<0.01)]. The collaborative climate explains the 17% of the model as a predictors of psychological empowerment (R²=0.17). The only significant effect among independent variables influencing the dependent variable is belongs to the work group support (β=0.19, p<0.05). Furthermore, according to the collinearity statistics and collinearity diagnostics, there aren’t multicollinearity problems among the variables (VIF<10; Tol.>0.10; CI<30). It is seen that the work group support increases the psychological empowerment however, the other collaborative climate' dimensions doesn’t have an impact on the psychological empowerment.

t Test

Independent Sample t-Test was used to test whether there is a difference in the collaborative climate' dimensions and psychological empowerment in terms of organization type. According to the results, there isn’t statistically significant difference between public sector and private sector employees (p>0.05).

CONCLUSION

Based on the Social Exchange Theory, this study focuses on determining the effects of collaborative climate on psychological empowerment of employees. An applied research performed with the data obtained from public and private sector employees in different cities and job groups from Turkey.

According to the results of the study; significant and positive relationships were found between all dimensions of the collaborative climate and the psychological empowerment of employees. Based on this; if the perceptions of the employees towards the collaborative climate increase, the level of psychological empowerment will also increase. Only the work group support, one of the dimensions of collaborative climate, makes a significant contribution in explanation of psychological empowerment of employees. Work group support enhances psychological empowerment of employees; but, other dimensions of collaborative climate which are organizational culture, immediate supervisor and employee attitude have no effect on psychological empowerment of employees. According to difference analysis neither collaborative climate' perception nor psychological empowerment' perception differ depending on public and private sector.

This work; has an original value in terms of its contribution to scientific accumulation and business life since, it is the first study examines collaborative climate and psychological empowerment subject together.

For the future studies, it is suggested that different results may be obtained if the research is done on a specific region and organizational culture. In addition, this research can be carrying out through a different sampling method and a wider sample size, so that the results can be generalized to the universe.
REFERENCES


A COINTEGRATION ANALYSIS OF THE IMPACT OF FOREIGN DIRECT INVESTMENT ON POVERTY REDUCTION IN NIGERIA

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Abstract
Over the years, the Foreign Direct Investment (FDI) inflows into the Nigerian economy have been on the increase. Nigeria ranks among African countries with high inflow of FDI. A number of studies have found that these inflows of FDI have impacted positively on most domestic economies they flowed into including Nigeria. This study unlike many others that focused on FDI’s impact on economic growth, examines the long run effects of foreign direct investment on poverty in Nigeria using the Cointegration technique. Data for the study were obtained from World Bank’s World Development Indicators. Results from the study revealed the existence of long run relationship between foreign direct investment (FDI) and household final consumption per capita which is a measure of poverty reduction. The paper recommends that Nigerian government should strive towards attracting more FDI in especially the agricultural sector because of its labour-intensive and pro-poor nature.

Keywords: FDI, Poverty, Cointegration, ARDL, Nigeria

Introduction
Foreign Direct Investment (FDI) is an investment in a country where the investing party (corporations, firms) retains control over the investment and generally takes the form of branches, affiliates or subsidiary operations. Also foreign direct investment is an investment made to acquire a lasting management interest (normally 10% of voting stock) in a business enterprise operating in a country other than that of the investor (Simon-Oke, 2012). Poverty on the other hand is a multidimensional concept that has occupied the attention of scholars, activists, politicians, development workers and international organizations for many years with an increased tempo in the last decade. Amartya Sen (1999) has characterized poverty as “capability deprivation”, where a person lacks the “substantive freedoms” he or she needs to lead “the kind of life he or she has reason to value.”

The Human Development Index (HDI), introduced in 1990 by Mahbubul Haq and colleagues, reflects achievements in “the most basic human capabilities—leading a long life, being knowledgeable, and enjoying a decent standard of living” that can be represented as health, education, and income, which are indeed the three pillars of human development. Even though there are different perspectives to poverty in terms of definitions but, Development Assistance Committee (DAC) (2001), stressed that poverty encompasses different dimensions of deprivation that relate to human capabilities, including consumption and food security, health, education, rights, security, dignity, and decent work.

Poverty is a global malady that afflicts virtually every nation in one way or the other. Oloyede (2014) stated that the issue of poverty is a global phenomenon which affects continents, nations and peoples differently. There is no nation that is absolutely free from poverty only that the intensity and prevalence i.e. the highest level of social insecurity, violence, social unrest and generally unacceptable low standard of living differs from country to country. Poverty as a multifaceted phenomenon has been defined by scholars from different stand points. Oloyede (2014) state that the World Bank Report (1990) defined poverty as a condition in which a person is deprived of or lacks the essentials for a minimum standard of living.

More so, poverty being a global concept is critical to developmental and contemporary social discussions eliciting different definitions and conceptualisation. Poverty in its simplest definition means lack of the basic needs of life. The most emphasized goal of the United Nations Development goals is to eradicate extreme poverty and hunger. It is unfortunate that despite concerted effort to end poverty, a number of countries in African countries are off-track on meeting these Goals and require significant levels of capital investment to help them to get back on track. With the adoption of a deficit budget in Nigeria, it is clear that there exist a wide gap between the
domestically available supply of savings, investment, foreign exchange, government revenue, and skills necessary to achieve developmental programmes that has the capacity to end poverty in the country. Thus, this gap necessitates the need for external resources to augment the domestic resources in the country; and a major source of this external resource is foreign direct investment in form of portfolio investment or multinational corporations. This study attempts to examine the impact of foreign direct investment on poverty reduction in Nigeria. The debate on the most appropriate measure of poverty reduction is addressed in this study and a dynamic model was adopted in this study since poverty is a dynamic phenomenon.

Literature Review

There is a general theoretical consensus among development economists that Foreign Direct Investment (FDI) inflows represent the additional resources a country needs to improve its economic performance and provides both physical capital and employment possibilities that may be available in the host market. Foreign Direct Investment (FDI) is considered to be a means for closing the gap between rich and poor capital countries on the ground that it transfers savings from the developed countries to the underdeveloped ones (Olusanya et al, 2012). They also noted that the value of FDI lies in its ability to promote development in the recipient country. Hence, it plays an important role in the development process of many countries, including Nigeria.

There are three main channels through which FDI can bring about economic growth. The first is through the release it affords from the binding constraint of domestic savings. In this case, foreign direct investment augments domestic savings in the process of capital accumulation. Second, FDI is the main conduit through which technology spillovers lead to an increase in factor productivity and efficiency in the utilization of resources, which leads to growth. Third, FDI leads to increase in exports as a result of increased capacity and competitiveness in domestic production. This linkage is often said to depend on another factor, called “absorptive capacity”, which includes the level of human capital development, type of trade regimes and degree of openness (Okon et al, 2012).

Continents, regions and countries (especially developing) now see attracting FDI as an important element in their strategy for economic growth. This is most probably because FDI is seen as an amalgamation of capital, technology, marketing and management. Ogunniyi and Igberi (2014) stated that FDI in flow can be a fool for poverty reduction because it serves as supplement to domestic savings and it is often accompanied with technology and managerial skills which are indispensable in economic development.

Economists believe that FDI is an important element for economic development in all countries, especially the developing ones. Empirical contributions to FDI debate include Borensztein, De Gregorio and Lee (1998). They examined the effect of FDI on economic growth using data on FDI flows from industrialized countries to 69 developing countries over the last decades. Their regression results suggest that FDI is an important tool for technology transfer and it has contributed to growth more than domestic investment. In another similar study, Balasubranyam, Salisu and Sapsford (1999) found evidence in support of FDI and growth in countries with trade openness.

Likewise addressing FDI from a regional perspective, Apergis et. al. (2008) examined the impact of FDI on economic growth using a panel data set from 27 transitional European economies between 1991 and 2004. Their empirical findings indicated that FDI exhibits a significantly positive relationship with economic growth, at least in transitional countries with high levels of income and successful privatization programmes. Gohou and Soumare (2011) noted that FDI to countries in Africa including Nigeria has increased both in terms of average net inflows of FDI per capita and as a proportion of the gross domestic product (GDP). At the same time, real per capita GDP growth has been linked to better welfare or less poverty. The impact of FDI on human development can be analyzed from at least two view-points. On the social side, reducing poverty and improving welfare are the priorities of the government of developing countries. On the economic side, recent literature on endogenous growth suggests that human capital may be the principal contributor to self-sustained growth in GDP per capita.

However, FDI can impact welfare through both direct and indirect channels. A direct channel consists of spillovers to the private sector (backward and forward linkages). Spillovers can take place if FDI creates positive vertical spillover effects with local suppliers (backward linkages) through local sourcing of firms (forward linkages). Foreign Direct Investment may also create positive
horizontal spillovers by promoting and enhancing competition and causing new technologies to be implemented. Another way that FDI can have impact on welfare directly is through creating jobs for new class of workers who becomes new spenders in the economy. This channel is more efficient when the number of jobs created is greater than the number of jobs lost in conjunction with FDI-related activities (mergers, acquisitions, shutting down of firms, etc.). If a country’s overall net transfer of revenues is positive, it is likely that FDI will increase a country’s total investments. This is assumed to increase economic growth even though the link to welfare is not direct (Gohou and Soumare, 2011).

In their study of the impact of FDI on poverty reduction in Pakistan, Haider and Chaudhary (2012) used foreign direct investment and government expenditure on health and education as percentage of GDP and GDP growth rate as independent variables and head count ratio, proxy for poverty, as dependent variable. They used ARDL Cointegration technique and its error correction model to check the long run and short run relationships respectively. The results of their study revealed the existence of long run and short run relationships. They found that foreign direct investments, government expenditure on health and education and GDP growth rate have negative and significant impact on poverty in Pakistan and concluded that they reverse the growth rate of poverty.

Accordingly, the study of Folorunso (2009) on FDI and economic growth in Nigeria, using the rho’s rank correlation and causality test, found the link between FDI and economic growth in Nigeria to be very weak, also that FDI is found to be related to export growth while human capacity building is found to be related to FDI flow. In their study of the effect of FDI on poverty reduction in Nigeria, Anigbogu, Edoko and Okoli, (2016) using OLS multiple regression analysis concluded that there is evidence that FDI has significant effect on poverty reduction in Nigeria. Although FDI in flows have been criticised by scholars alleging that FDI by multinational corporations tends to locate production in countries with low wage, low taxes and weak environmental and social standards (Klein, Danon and Hadjimicheal, 2001), these criticisms notwithstanding, arguably, the benefits of FDI far outweighs the assertions of critics. In support of this statement Oliseh, et. al. (2012) stated thus: “given the plausibility of the theoretically potential gains emanating from FDI, world economies, developing economies in particular have been at logger heads in trying to attract a significant portion of global FDI flows, hence making the market for FDI highly competitive”.

There is therefore a general consensus from available literature that for a developing country like Nigeria, the inflow of foreign capital may be significant in not only raising the productivity of labour, but also allowing a large labour force to be employed thereby creating new class of spenders in the economy.

**Theoretical Framework and Methodology**

The two gap model is adopted as the theoretical framework for this study. This model is an extension of the Harrod Domar growth model. According to this theory, investment is restricted by level of either domestic saving or import purchase capacity. This theory is based on the studies of Domar (1939), Harrod (1946, 1947), and Chenery et al, 1966). Absence of any external or internal financing sources, such as borrowing or aid, supply and demand side of the economy should be in equilibrium. Therefore, countries left without any of these supports might dive into economic stagnation and remain poor. Chenery, et al (1966) emphasized the need for foreign capital as a vehicle to support a certain target growth rate. The vicious circle of poverty is perpetuated by the lack of capital. To overcome the cycle of poverty, savings need to be improved. Therefore, increase capital stock which will lead to increased productivity and higher income and with higher income, the vicious cycle will be broken.

**Model Specification**

The specification of the model in this study takes a lead in the models specified in the works of Omorogbe et al (2007) and Remla (2012). Specifically, Ogunniyi and Igberi (2014) investigated the impact of FDI on poverty reduction in Nigeria. Their model is further augmented to capture the definition of poverty reduction which is household consumption per capita. Since poverty is lack of access to basic necessities of life, the consumption measure of poverty reduction captures it more than the income per capita measure. Therefore, the model for this study is specified as follows:
The functional form of the model can be specified as follows:

CONSP = f (OPEN, GCF, INF, FDI)  

(1)

Where:
CONSP= Household consumption per capita; GFC = Gross Fixed Capital Formation; OPEN=Trade openness; INF=Inflation; FDI =Foreign Direct Investment inflows.

In econometrics form, the model is specified as:

$$
\text{FDI} + \text{INF} + \text{OPEN} + \text{GCF} + \text{CONSP} = \beta_0 + \beta_1 \text{GCF}_t + \beta_2 \text{OPEN}_t + \beta_3 \text{INF}_t + \beta_4 \text{FDI}_t + \varepsilon_t
$$

(2)

Since Poverty is a dynamic phenomenon, a dynamic model such as ARDL is most relevant for this study. The ARDL model is specified as follows:

$$
\Delta \text{CONSP}_t = \beta_0 + \beta_1 \Delta \text{GCF}_t + \beta_2 \Delta \text{OPEN}_t + \beta_3 \Delta \text{INF}_t + \beta_4 \Delta \text{FDI}_t + \sum_{i=1}^{p} \alpha_i \Delta \text{CONSP}_{t-i} + \sum_{i=1}^{q} \chi_i \Delta \text{GCF}_{t-i} + \sum_{i=1}^{q} \eta_i \Delta \text{OPEN}_{t-i} + \sum_{i=1}^{q} \theta_i \Delta \text{INF} + \sum_{i=1}^{q} \omega_i \Delta \text{FDI} + \varepsilon_t
$$

(3)

The sample period for this study is 1981-2016. The period was selected based on the availability of data for relevant variables and the data source for all variables is World Development Indicators of the World Bank (2016).

Results and Discussion

The analysis of this study commenced by verifying the possibility of a unit root in the series used. Asteriou and Hall (2007) noted that most macroeconomic time series are trended and therefore in most cases are non-stationary. It becomes imperative to subject them to stationarity test. In view of the foregoing, the series were examined for stationarity using the Augmented Dickey Fuller (ADF) unit root test (Dickey and Fuller, 1981).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Level F Statistic</th>
<th>First Difference F Statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCONSP</td>
<td>-1.3483</td>
<td>-8.1809***</td>
</tr>
<tr>
<td>FDI</td>
<td>-3.4873**</td>
<td>-8.1082***</td>
</tr>
<tr>
<td>GCF</td>
<td>-4.7130***</td>
<td>-5.7094***</td>
</tr>
<tr>
<td>OPEN</td>
<td>-1.9951</td>
<td>-5.4699***</td>
</tr>
<tr>
<td>INF</td>
<td>-2.8165*</td>
<td>-5.3444***</td>
</tr>
</tbody>
</table>

Source: Author’s Computation

The unit root result shown in table 1 reveal that the variables used in this study are integrated in different level. While FDI and GCF are I (0) variables, LCONSP, OPEN and INF are stationary at I (1). This suggests that the most appropriate method to estimate the impact of FDI on poverty reduction is Autoregressive Distributed lag (ARDL) developed by Pesaran et al (2001). This has become imperative owing to the fact that Engel-Granger (1987) conclude that estimating variables integrated in different order leads to spurious regression.

<table>
<thead>
<tr>
<th>F Statistic</th>
<th>F ( 4, 31) = 4.553</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significance</td>
<td>I0 Bound</td>
</tr>
<tr>
<td>10%</td>
<td>2.45</td>
</tr>
<tr>
<td>5%</td>
<td>2.86</td>
</tr>
<tr>
<td>2.5%</td>
<td>3.25</td>
</tr>
<tr>
<td>1%</td>
<td>3.74</td>
</tr>
</tbody>
</table>

The ARDL bounds test to cointegration results is presented in Table 2. The estimated results show that F-statistic of 4.553 is greater than the upper bound critical values of Narayan (2005) at 5% levels of significance. This confirm the existence of long run relationship between the variables under consideration in this study. This confirmation suggests that household final consumption per capita (poverty reduction), foreign direct investment net inflows (FDI), Gross fixed capital formation (GCF),

47
Inflation rate (INF) and trade openness (OPEN) are related not only in the short run but also in the long run.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOPEN</td>
<td>-2.911966</td>
<td>0.967217</td>
<td>-3.010666</td>
<td>0.0094</td>
</tr>
<tr>
<td>GCF</td>
<td>0.047547</td>
<td>0.026982</td>
<td>1.762204</td>
<td>0.0998</td>
</tr>
<tr>
<td>LFDI</td>
<td>1.914404</td>
<td>0.662082</td>
<td>2.891491</td>
<td>0.0118</td>
</tr>
<tr>
<td>INF</td>
<td>-0.046479</td>
<td>0.014302</td>
<td>-3.249745</td>
<td>0.0058</td>
</tr>
<tr>
<td>C</td>
<td>16.999199</td>
<td>3.261288</td>
<td>5.212419</td>
<td>0.0001</td>
</tr>
</tbody>
</table>

The long run coefficients are presented in Table 3 and the represents the rate of change between poverty reduction and foreign direct investment, gross capita formation, and inflation rate. From the results, it is clearly seen that foreign direct investment has a significant and positive relationship with household final consumption per capita (poverty reduction). This suggests that a 1% increase in FDI net inflows will lead to a 1.91 increase in household consumption and it implies reduction in poverty rate. From the long run results, both inflation rate and trade openness are poverty increasing agents while gross capital formation which is a proxy for domestic investment is positive in reducing poverty in Nigeria but significant at 10% level.

Conclusion and Policy Recommendations
Based on the empirical results, it is evident that FDI has the potential of improving welfare in Nigeria. It is therefore imperative for the Nigerian government to create a very conducive and enabling environment that aids more inflow of foreign direct investment (FDI) in order to take advantage of its poverty alleviating potentials in Nigeria. Also, government encourage domestic investment savings which will improve the level of domestic investment for poverty in Nigeria. The rising level of inflation in the country is a poverty increasing agent. The government should initial policies that will encourage only creeping inflation and not rapid inflation. Nigeria being a country endowed with vast agricultural resources, the government should strive towards attracting more foreign direct investment in the sector which is both labour-intensive and pro-poor, in order to reduce poverty and improve welfare of the masses.

References
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QUALITY OF HEALTHCARE SERVICES IN HOSPITALS OF PAKISTAN: FROM PATIENTS’ PERSPECTIVE

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Abstract

This study is a segment of the series of studies conducted on the hospitals of Peshawar, Pakistan. The aim of the series of the study was an in-depth analysis of the prevailing quality of healthcare services in the hospitals and to contribute in filling up any existing gap and to suggest developments. This part of the study finds the differences in quality healthcare services in the public and private sector hospitals of Peshawar from the patients’ perspective. The differences are measured based on the determinants of healthcare quality using a modified SERVQUAL (Parasuraman et al., 1985, 1988) revealed in the previous parts of the series (Siddiq, Baloch, & Takrim, 2016). The quality of healthcare was measured based on six dimensions as tangibles (infrastructure), responsiveness, process of healthcare, administrative procedures, safety and trustworthiness and empathy. A convenient sample of patients was selected (n = 1200) having treatments from the tertiary level hospitals of Peshawar, Pakistan. The data was analysed and presented using descriptive statistics, reliability analysis, correlation and t-test for independent sample. The study concludes a negligible difference of quality offered by the two sectors hospitals in Peshawar and if private sector is doing a bit good but not everyone can afford the cost, whereas patients have not access to cost effective value of services in public hospitals. The findings suggest continuous improvements using participation of patients’ feedback in the process of developing modern healthcare services with related facilities exclusively in public hospitals in Peshawar. Further, the value-added rewards and facilities to healthcare workforce can help to improve their responsiveness and empathetic attitude towards patients. Cost and leadership interventions are recommended to be included as an isolated dimension of SERVQUAL instrument to measure the cost effective quality of healthcare services in the hospitals having an international standard leadership framework. Similar study is recommended in other cities of Pakistan to develop a homogenous healthcare system at national level.

Key Words: Quality, SERVQUAL, Competitiveness, Healthcare Services

Introduction

The last few decades of globalization had a tremendous impact on services sector especially in education and healthcare systems. Healthcare sector has become a highly competitive and rapidly growing service industry around the world. Health systems are normally appraised in terms of their ability to deliver accessible, safe, high quality, efficient, and equitable care for the sake of population health and longevity (WHO, 2007; UNDP, 1990, HDI report, 2013). The primary element of the system is providing personal health care services to individuals in hospitals. The biggest challenge faced by healthcare markets is to define and measure the service quality. The recognition of service quality and its implementation lead organizations to increase organizational performance, customer satisfaction and loyalty (Berry et al., 1989; Reichheld & Sasser, 1990; Rust & Zahorik, 1993; Spreng & MacKoy, 1996; Cronin et al., 2000; Ladhari, 2008; Yoon & Suh, 2004; Kang & James, 2004). Customer satisfaction is reliant on the service providers’ competence to meet the expectations of availing continuously better services. In Pakistan, the population specifically in urban area are deprived of fundamental rights including healthcare facilities as majority of the public and private hospitals are located in big cities (Irfan et al., 2011). A robust healthcare system in Pakistan must be a dream of every citizen and it is vital to assess the performance of existing system in order to design and maintain a zero-defect healthcare system in Pakistan. Developing such a system where patient is considered as customer is the leading component and the degree of patient satisfaction is the foremost determinant of quality healthcare services (Yoon & Suh, 2004; Kang & James, 2004). Patient satisfaction is the nutshell of patients’ expectations, perception and experiences (Seth, Deshmukh, & Vrat, 2005; Chen, & Hu, 2010; Siddiqi, 2011; Dabholkar, 2015). Enhancing the patients’ satisfaction to achieve competitiveness in the national as well as global industry is the major challenge to the healthcare leadership of this era. The healthcare system should entail superior competencies to meet patients’ needs and expectations in order to ensure quality healthcare.

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2 From PhD Thesis in Management Science
services as its prime goal. Pakistan is having a combination of public, private and informal systems for health care delivery. It is assumed that quality of healthcare services in Pakistan can be boosted up and its competitiveness can be enhanced if it succeeds in improving quality dimensions and leadership practices within standardized framework (Siddiq, & Baloch, 2016). In the globalization age, reasons like healthcare awareness, increasing healthcare costs, demographic trends etc. are the promoters of new approaches to change in overall health care system. Such competitive edge can be called as “Value of Healthcare Services” includes access to effective, adequate and efficient care as a basic requirement of any health care system. Improved quality and access to affordable healthcare service is the value based goal of the system. Equity in care is the value delivered for every patient regardless of socio-economic discrimination. The health sector in Pakistan as a whole is not encouraging. The flaws, shortcomings and gaps need to bridge up through organizational development. Therefore, the study aims to investigate the performance of public and private sector hospitals of Peshawar in delivery of service quality by applying modified SERVQUAL instruments for measuring the functional quality of hospitals of Peshawar and to highlight the problems/gaps.

Review of Literature

The recognition of service quality and its implementation lead organizations to increase organizational performance, customer satisfaction and loyalty (Berry et al., 1989; Reichheld & Sasser, 1990; Rust & Zahorik, 1993; Spreng & Mackoy, 1996; Cronin et al., 2000; Yoon & Suh, 2004; Kang & James, 2004). Patient’s perception is the major indicator to evaluate the service quality of a healthcare organization (Cronin & Taylor, 1992; Connor et al., 1994) and quality of services delivered to the customers should meet their perceptions (Parasuraman et al., 1985, 1988; Reidenbach & Sandifer-Smallwood, 1990; Babakus & Mangold, 1992; Zeithaml et al., 1993). Patient’s perception is the major indicator to evaluate the service quality of a healthcare organization (Cronin & Taylor, 1992; O’Connor et al., 1994) and quality of services delivered to the customers should meet their perceptions (Parasuraman et al., 1985, 1988; Reidenbach & Sandifer-Smallwood, 1990; Babakus & Mangold, 1992; Zeithaml et al., 1993). Service quality and customer satisfaction have been considered as two sides of the same coin. Customer satisfaction is the major device for critical decision making in selecting a healthcare services provider (Gilbert et al., 1992).

Service quality is the ability of an organization to realise the needs and expectations of consumers (Pitt, L & Jeantrout, B., 1994; Siddiq, A., & Baloch, Q., 2016). Total quality management and continuous improvement strategies help service organizations to attain competitive edge even quicker than manufacturing firms due to having inseparability attribute of service (Porter, 2010). Healthcare is defined as a multitude of services rendered to individual, families or communities by health service professionals for promoting, maintaining, monitoring or restoring health (Last, 1993; Azam et al., 2012).

Today improving and investing in healthcare services is one of the objectives of almost every nation. In such a highly competitive healthcare environment, public or private hospitals are focusing on service quality in terms of financial (costs, revenues, profitability) and non-financial performance (quality of their services), to gain competitiveness (Donaldson, Skelcher, & Wallace, 2008). Health service quality is difficult to measure having characteristics such as complex nature, intangibility, heterogeneity, participants with different interests in the healthcare delivery and ethical considerations (Joss & Kogan, 1995; Ladhari, 2009; McLaughlin & Kaluzny, 2006; Naveh & Stern, 2005; Eiriz & Figueiredo, 2005; Rohlin et al., 2002; Zabada et al., 1998; Craig et al., 2007). Healthcare service quality is a sum of technical and functional quality (Donabedian, 1980; Gronroos, 1984; Andaleeb, 1998; Youssapronpaiboon & Johnson, 2013). According to Leebov et al.(2003) the healthcare service quality is doing the right things and making continuous improvements to get the best possible clinical outcome, satisfied customers, retention of talented staff and maintaining superior financial position. Laffel & Blumenthal, (1989) and Porter & Teisberg, (2006) claimed healthcare system as a highly patient involvement service as they are found more involved in decision making related to their health choices. Rohini and Mahadevappa (2006) revealed an overall gap between patient’s perceptions and expectations. A robust health system provides the right services, both personal and population based, in the right places, at the right times to all of those who are in need of those services, from both public health and personal health perspectives, included all preventive, promotable, remedial, rehabilitative and palliative services (WHO, 2010).
Hasin et al. (2001) and Baldwin & Sohal (2003) studied general attitude and behavior of employees, communication, responsiveness, courtesy, cost and cleanliness in hospitals as dimensions of service quality. Quality of healthcare services depends on communication, tangibles, empathy of nursing staff, assurance, responsiveness of administrative staff, security and physician responsiveness (Boshoff & Gray, 2004; Mosadeghrad, 2013). Patients perceive satisfaction from the availed services in terms of physician care, nursing care, staff compassion to attendants, admission and discharge process and pleasantness of surroundings (Otani & Kurz, 2004). Pakdil and Harwood (2005) highlighted interior condition of waiting rooms as value added services to patients and attendants. Medicine availability, medical information, staff behavior, doctor behavior and clinic infrastructure including security in all respects are also proved as vital elements of functional quality to patients (Rao et al., 2006; Duggirala et al., 2008; Andaleeb, 1998; Curry & Sinclair, 2002; Otani & Kurz, 2004; Pakdil & Harwood, 2005; Ramsaran-Fowdar, 2008; Murti, Deshpande & Srivastava, 2013; Padma, Rajendran, & Sai Lokachari, 2010; Murti, Deshpande, & Srivastava, 2013). Bahlbaki et al. (2008) and Ramsaran-Fowdar (2008) revealed that nursing with reliable, fair and impartial treatment contribute high in all patients’ satisfaction level. Padma et al. (2009) studied and concluded that hospital infrastructure, personnel quality, process of clinical care, administrative procedures, safety indicators, hospital image, social responsibility, and trustworthiness of the hospital are key indicators to quality of the services provided to seek high degree of patients’ satisfaction. SERVQUAL model for hospitals can determine the quality gaps in various dimensions and to craft reforming strategies based on the investigations (Alrubaisee & Alkaa’ida, 2011; Gronroos, 1988; Wicks & Chin, 2008; Bakar et al., 2008a; Mostafa, 2005; Hu, Lee & Yen, 2010). Every dimension in the instrument is a guideline for continuous improvement across a range of services to lead global competitiveness of an organization. The research studies measuring service quality of healthcare have used SURVQUAL (22 items) Scale in the context of hospitals mostly focused on patient’s and management’s perspective (Duggirala et al., 2008). The SERVQUAL measurements (Parasuraman et al., 1985, 1988, 1991) are proposed and applied for the measurement of hospital service quality required for policy makers and found differences in the private and public sector hospitals (Wicks & Chin, 2008; Bakar et al., 2008a; Mostafa, 2005; Hu, Lee & Yen, 2010; Brown & Swartz, 1989; Carman, 1990; Kassim & Bojei, 2002; Lewis, 1987, 1991; Pitt, Oosthuizen & Morris, 1992; Witkowski & Wolfinbarger, 2002; Young, Cunningham & Lee, 1994), and therefore, this model is used to develop the conceptual framework for this study. The six dimensions of SERVQUAL including tangibles (infrastructure), responsiveness, process of healthcare, administrative procedures, safety and trustworthiness and empathy used to measure the quality of hospital services in Peshawar, Pakistan as in Table 1. The modified scale is investigated for the expectation and perception levels of patients in order to calculate the gaps in the received quality of services (Siddiq, & Zaman, 2016; Baloch, & Siddiq, 2016).

Table 1: Modified SERVQUAL for Hospitals in Peshawar

<table>
<thead>
<tr>
<th>Domains of Modified SERVQUAL</th>
<th>Items No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles (Infrastructure)</td>
<td>9</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>8</td>
</tr>
<tr>
<td>Process of healthcare</td>
<td>7</td>
</tr>
<tr>
<td>Administrative procedures</td>
<td>6</td>
</tr>
<tr>
<td>Safety measures &amp; Trustworthiness</td>
<td>7</td>
</tr>
<tr>
<td>Empathy</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Author constructed (Adopted: SERVQUAL of Parasuraman et al. 1985, 1987)

Hypotheses of the study

H1: Patients perceived healthcare quality has difference in public and private hospitals
H2: Overall perceived quality GAP of public sector hospitals and private sector hospitals has difference.

Research Methodology

This positivist study is combination of applied, descriptive and correlational in nature focusing on quantitative data to compare two sectors of healthcare services providers that is public sector and private sector. The population of the study confined to the respondents from public and private hospitals.
private sector teaching hospitals located in Peshawar District, Khyber Pakhtunkhwa, Pakistan. The sample of the study consists of a sample conveniently selected 1200 patients from the selected hospital (Siddiq, A. 2016), both male female, ranging in age groups as: 1=18-25 years, 2=26-33 years, 3=34-41 years, 4=42-49 years and 5= 50+ years. Primary data is collected from the patients of the public and private hospitals in Peshawar. The review of literature helped to modify the SERVQUAL instrument for the study align with the hospitals of Peshawar Pakistan. The gap (Siddiq, 2016) is calculated along five quality dimensions related to the study comprise of tangibles, responsiveness, process of healthcare, administrative procedures, safety and trustworthiness and empathy as shown in table 2. Descriptive statistics is used for analysis of the demographic variables. Correlation and comparing means using independent samples t-Test are used to calculate the statistically significant difference (Sig., p < .05) of quality GAP between the public and private sector hospitals in Peshawar (Siddiq, 2016). Analysis of data is conducted using SPSS including Cronbach’s alpha reliability of all the instruments.

Table 2: Details of the Variables used in the Instrument

<table>
<thead>
<tr>
<th>Concept</th>
<th>Model Used</th>
<th>Dimensions</th>
<th>No of Items</th>
<th>Type of Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>To study the Quality Services up to Patients’ satisfaction level</td>
<td>Modified SERVQUAL for Hospitals</td>
<td>Tangibles (Infrastructure) Responsiveness Process of Healthcare Admin; Procedures Safety and Trustworthiness Empathy</td>
<td>43</td>
<td>Rating Scale from Worst condition to Best Condition (1-5)</td>
</tr>
</tbody>
</table>

Source: Author Constructed

Results and Interpretations

Descriptive Analysis

A total sample of (n=1200) patients consists of 61% males and 39% females (as shown in Table 3) is selected using Convenient sampling technique. The selected patients were ranging in age groups as: 1=18-25 years, 2=26-33 years, 3=34-41 years, 4=42-49 years and 5= 50+ years.

Table 3: Gender of the Patients

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>732</td>
<td>61%</td>
</tr>
<tr>
<td>Female</td>
<td>468</td>
<td>39%</td>
</tr>
<tr>
<td>Total</td>
<td>1200</td>
<td>100%</td>
</tr>
</tbody>
</table>

The selected patients consist of both out-ward and in-ward patients in Public (44%) and Private (56%) Teaching Hospital of Peshawar (as in Table 4).

Table 4: Demographics of the Respondents (Sector wise)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Sector Hospital</td>
<td>528</td>
<td>44.4%</td>
</tr>
<tr>
<td>Private Sector Hospital</td>
<td>672</td>
<td>56%</td>
</tr>
<tr>
<td>Total</td>
<td>1200</td>
<td>100%</td>
</tr>
</tbody>
</table>

A total of 1200 patients are selected included 230 from Khyber Teaching Hospital, 179 from Lady Reading Hospital, 143 from Hayatabad Medical Complex, 150 from Rehman Medical Institute(RMI), 32 from North West Hospital, 234 from Kuwait Teaching Hospital, 126 from Mercy Teaching Hospital and 106 patients from Naseer Teaching Hospital.

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Reliability Analysis

The modified SERVQUAL for the service quality measurement of hospitals in Peshawar has overall 89% internal consistency (the Cronbach alpha coefficient is 0.891) among its 43 items as in Table 5.

<table>
<thead>
<tr>
<th>Table 5: Reliability Coefficient for the Variables of the Modified SERVQUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach’s Alpha</td>
</tr>
<tr>
<td>0.883</td>
</tr>
</tbody>
</table>

Further, the Table 6 shows that Cronbach’s Alpha for all items are significantly reliable to be included in the analysis as none of the items have alpha value less than 0.7.

<table>
<thead>
<tr>
<th>Table 6: Reliability of Sub-Scales of Modified SERVQUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimensions</td>
</tr>
<tr>
<td>Tangible (Infrastructure)</td>
</tr>
<tr>
<td>Responsiveness</td>
</tr>
<tr>
<td>Process of Healthcare</td>
</tr>
<tr>
<td>Administrative Procedures</td>
</tr>
<tr>
<td>Safety and Trustworthiness</td>
</tr>
<tr>
<td>Empathy</td>
</tr>
</tbody>
</table>

Correlational Analysis

A simple bivariate correlation analysis provides Pearson correlation coefficients\(^3\) “r” between pair of variables determining the direction of the relationship. Table 7, explains the correlation analysis of variables in modified SERVQUAL for the hospitals used in this study.

From the value of Pearson correlation coefficient of all the variables in the instrument, it is indicated that none of the variable has weak or low relationship among each other.

<table>
<thead>
<tr>
<th>Table 7: Correlation Coefficient for Dimensions of Quality in the Modified SERVQUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>T</td>
</tr>
<tr>
<td>Tangible (T)</td>
</tr>
<tr>
<td>Responsiveness (R)</td>
</tr>
<tr>
<td>Healthcare Process (H)</td>
</tr>
<tr>
<td>Admin; Process (A)</td>
</tr>
<tr>
<td>Safety &amp; Trust (ST)</td>
</tr>
</tbody>
</table>

\(^3\) Cohen (1988) suggests the following guidelines for interpreting the value of “r” as when \(r = 0.10\) to \(0.29\) and \(r = –0.10\) to \(-0.29\) (small); \(r = 0.30\) to \(0.49\) and \(r = –0.30\) to \(-0.49\) (medium); \(r = 0.50\) to \(1.0\) and \(r = –0.50\) to \(-1.0\) (large).
This result helps to understand the value of all included variables in the modified SERVQUAL instruments to study the quality of healthcare services in the public and private sector hospitals of Peshawar. Further, it is found that safety & trustworthiness have highest correlation with tangibles (r = 0.759) followed by the relationship of admin procedures with responsiveness (r = 0.719) and with tangibles (r = 0.690) similar to previous parts of the study (Siddiq, 2016).

**T-test to Compare the Public and Private Sector Hospitals**

The gaps for both the public and private sector hospitals were calculated in the previous part of the study along with five quality dimensions: tangibles, responsiveness, process of healthcare, administrative procedures, safety and trustworthiness and empathy (Siddiq, A, 2015). To assess a service quality, the gap for each question of the instrument is calculated based on comparing the perception score with the expectation score.

Table 8 depicts that the t-value (1262.517) = 3.336, P=.001<0.05, the null hypothesis of “no difference” is rejected and concluded that there is a significant difference in the “tangibles” scores of public and private sector hospitals. The ‘tangibles’ quality of private sector hospitals (M=1.49) with less gap than public is significantly better than public sector hospitals (M=1.65). The results from the table 8 also explains that there is no significant difference in “responsiveness” ability of public sector hospitals and of private sector hospitals with t-value (1250.095) = -1.618, P=0.106 >0.05. Hence both sector hospitals are almost equally responsive to their patients. The findings shown in Table 8 also describe that there is a significant difference in “healthcare process” quality of public sector hospitals and of private sector hospitals with t-value (1263) = -4.131, P=0.000<0.05.

Table 8: Interpretation of t-test for the SERVQUAL Gap (Independent Sample t-test)

<table>
<thead>
<tr>
<th>Quality GAP</th>
<th>Sector</th>
<th>N</th>
<th>Descriptive Statistics</th>
<th>T-test results Comparing Public &amp; Private Sector Hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>M</td>
<td>SD</td>
<td></td>
</tr>
<tr>
<td>Tangibles</td>
<td>Public Hospital</td>
<td>528</td>
<td>1.6964</td>
<td>Equal variances not assumed t(1262.517)= 3.336, P=.001 significant Difference; Private Sector is better than Public Sector</td>
</tr>
<tr>
<td></td>
<td>Private Hospital</td>
<td>672</td>
<td>1.4517</td>
<td></td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Public Hospital</td>
<td>528</td>
<td>0.7099</td>
<td>Equal variances not assumed t(1250.095)= -1.618, P=0.106 No Significant Difference</td>
</tr>
<tr>
<td></td>
<td>Private Hospital</td>
<td>672</td>
<td>0.7810</td>
<td></td>
</tr>
<tr>
<td>Healthcare Process</td>
<td>Public Hospital</td>
<td>528</td>
<td>1.4564</td>
<td>Equal variances assumed t(1263)= -4.131, P=0.000 significant Difference; Public Sector is better than Private Sector</td>
</tr>
<tr>
<td></td>
<td>Private Hospital</td>
<td>672</td>
<td>1.6221</td>
<td></td>
</tr>
<tr>
<td>Admin Procedures</td>
<td>Public Hospital</td>
<td>528</td>
<td>1.2361</td>
<td>Equal variances not assumed t(1232.89)= 1.214, P=0.225 No Significant Difference</td>
</tr>
<tr>
<td></td>
<td>Private Hospital</td>
<td>672</td>
<td>1.1819</td>
<td></td>
</tr>
<tr>
<td>Safety &amp; Trustworthiness</td>
<td>Public Hospital</td>
<td>528</td>
<td>0.6906</td>
<td>Equal variances not assumed t(1251.261)= 2.624, P=0.009 significant Difference; Private Sector is better than Public Sector</td>
</tr>
<tr>
<td></td>
<td>Private Hospital</td>
<td>672</td>
<td>0.5728</td>
<td></td>
</tr>
</tbody>
</table>
Empathy

<table>
<thead>
<tr>
<th>Hospital</th>
<th>N</th>
<th>M</th>
<th>SD</th>
<th>T-test results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Hospital</td>
<td>528</td>
<td>0.9167</td>
<td>0.78</td>
<td>[Equal variances not assumed] t(1080.479)= 5.208, P=0.000</td>
</tr>
<tr>
<td>Private Hospital</td>
<td>672</td>
<td>0.7003</td>
<td>0.67</td>
<td>[Equal variances not assumed] t(1080.479)= 5.208, P=0.000</td>
</tr>
</tbody>
</table>

Hence the results suggest that “healthcare process” quality of private sector hospitals (M=1.62) has greater GAP than public sector hospitals (M=1.46), so public hospitals have better healthcare process than private sector. The results also show that there is no significant difference in “administrative procedures” quality of public sector hospitals (M=1.24, SD=0.75) and “administrative procedures” quality of private sector hospitals (M=1.18, SD=0.83); t (1232.89) = 1.214, P=0.225. As the p-value= 0.225 is greater than α=0.05, the null hypothesis of “no difference” is accepted and concluded that there is no significant difference in the “administrative procedures” scores of public and private sector hospitals. Hence the results suggest that “administrative procedures” quality of public sector hospitals (M=1.24, SD=0.75) is not significant different from private sector hospitals (M=1.18, SD=0.83). Moreover, there is a significant difference in “safety and trustworthiness” of public sector hospitals (M=0.57, SD=0.73) and “safety and trustworthiness” of private sector hospitals (M=0.57, SD=0.86); t (1251.261) = 2.624, P=0.009 is less than α=0.05. Hence the results suggest that “safety and trustworthiness” at private sector hospitals (M=0.57, SD=0.86) is perceived significantly more than at public sector hospitals (M=0.69, SD=0.73). For the empathy dimension, t (1080.479) = 5.208, P=0.000 is less than α=0.05, showing a significant difference in the empathic behaviour of workforce in public and private sector hospitals. It is therefore, concluded that the patients’ perceived quality of ‘tangibles’ in private sector hospitals is more than public hospitals while quality of ‘healthcare process’ is perceived as better in public sector hospitals than private sector hospitals. ‘responsiveness’ and ‘administration procedures’ of both the sector hospitals have no significant difference means nearly similar quality of both dimensions is perceived by the patients in the public and private hospitals in Peshawar. While the degree of ‘safety & trustworthiness’ and ‘empathy’ is perceived higher by the patients in private hospitals in Peshawar compared with public sector hospitals.

Comparing Overall Quality GAP Difference between the Public and Private Sector Hospitals

To assess service quality overall GAP using SERVQUAL, the sum of GAP of all domains is calculated and compared using independent sample t-test. As shown in Table 9, there is no significant difference in “overall quality GAP of all domains” between public sector hospitals (M=6.51) and private sector hospitals (M=6.21);t (1263) = 1.385, P=0.166.

Table 9: Interpretation of t-test for the Overall Quality GAP between Public and Private Hospitals

<table>
<thead>
<tr>
<th>Sector</th>
<th>N</th>
<th>Descriptive Statistics</th>
<th>T-test results Comparing Public &amp;Private Sector Hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Quality GAP of all Domains</td>
<td>528</td>
<td>6.51</td>
<td>3.33 [Equal variances assumed t(1263)= 1.385, P=0.166</td>
</tr>
<tr>
<td>Private Hospital</td>
<td>672</td>
<td>6.21</td>
<td>4.08 [No significant Difference]</td>
</tr>
</tbody>
</table>

As the p-value= 0.166 is greater than α=0.05, concludes that there is an insignificant difference in the “overall quality GAP of all domains” scores of public and private sector hospitals. Hence the results suggest that the quality GAP calculated using SERVQUAL domains has no statistically significant difference between public sector hospitals (M=6.51) and private sector hospitals (M=6.21). Although individual dimensions like tangibles, healthcare process, empathy, safety & trustworthiness have differences in public and private hospitals but overall quality GAP of
all dimensions is statistically insignificant. So both the sector hospitals are nearly providing similar degree of healthcare service quality.

Table 10 Summarizing the comparative position of public and private hospitals in Peshawar. Out of six dimensions, private hospitals in Peshawar are performing better than public hospitals based on patients’ perceived quality of healthcare services. The overall average gap of all dimensions of quality for public hospitals is 5.87 which is greater than the overall average gap of private hospitals 4.88. The results show a comparatively better performance of private sector hospitals.

Table 10: Comparison between Average GAP Scores of Public and Private Hospitals in Peshawar

<table>
<thead>
<tr>
<th>Hospitals</th>
<th>Tangibles (Physical) Aspects</th>
<th>Responsiveness</th>
<th>Process of Healthcare</th>
<th>Admin; Procedures</th>
<th>Safety &amp; trustworthiness</th>
<th>Empathy</th>
<th>Total of Mean Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAP scores of Public Hospitals</td>
<td>1.04</td>
<td>0.85</td>
<td>0.99</td>
<td>1.11</td>
<td>0.80</td>
<td>1.08</td>
<td>5.87</td>
</tr>
<tr>
<td>GAP scores of Private Hospitals</td>
<td>0.93</td>
<td>0.60</td>
<td>1.01</td>
<td>0.83</td>
<td>0.73</td>
<td>0.78</td>
<td>4.88</td>
</tr>
<tr>
<td>Gap score Comparison</td>
<td>0.11</td>
<td>0.25</td>
<td>-0.02</td>
<td>0.28</td>
<td>0.07</td>
<td>0.3</td>
<td>0.99</td>
</tr>
<tr>
<td>Better Performance (with lesser gap)</td>
<td>Private Hospitals</td>
<td>Private Hospitals</td>
<td>Public Hospitals</td>
<td>Private Hospitals</td>
<td>Private Hospitals</td>
<td>Private Hospitals</td>
<td>Private</td>
</tr>
</tbody>
</table>

Conclusion

This study is a segment of the series of studies conducted on the hospitals of Peshawar, Pakistan with the aim to find the differences in quality healthcare services in the public and private sector teaching hospitals of Peshawar from the patients’ perspective using a modified form of a renowned instrument SERVQUAL. The results of the study empirically proved significance of all variables in the modified SERVQUAL instruments to determine the quality of healthcare services in the public and private sector hospitals of Peshawar. The results support the contribution of various researches including Padma et al., 2009, Al-Hawary, 2012; Celik & Sehribanoglu, 2012; Zarei et al., 2012; Ariffin & Aziz, 2008; Butt & de Run, 2010; Donabedian, 1980; Leebov et al., 2003; Lohr, 1991; Øvretveit, 1992; Schuster et al., 1998 in describing vital dimensions to measure quality of healthcare services in hospitals. The results showed a comparatively better performance of private sector hospitals and supporting the work of Mostafa, 2005, Andaleeb, 2000 while contrast to the findings of Shabbir et al., 2010 who found better performing public hospitals with better healthcare facilities than private hospitals in Islamabad city of Pakistan.

In Pakistan most of its population is living in rural areas and small proportion is living in urban areas (Imran et al., 2006). The population in rural area especially and the populations in urban area to some extent are deprived of fundamental rights; especially healthcare facilities as majority of the public and private hospitals are located in big cities (Irfan et al., 2011). Due to the growing importance of service quality especially in healthcare sector of Pakistan, this study can be used to work on the prevailing gaps in the quality of healthcare services delivered by the public and private hospitals to gain patient satisfaction in Pakistan. However, SERVQUAL measures functional quality only means the method in which the health care services were delivered to the patient and not the technical quality including accurate diagnoses and procedures. Whereas the success and strategic competitiveness of a health care organization depends on both types of quality (Donabedian, 1980; Gronroos, 1984; Andaleeb, 1998; Yousapronpalboon & Johnson, 2013). The results of the series of study can make a significant contribution to healthcare industry not only at tertiary level but also at primary and secondary level healthcare organizations. A national level strategic benchmark with
international healthcare standards and organizations as well as an internal collaborative strategy on patients-centered tasks are the priority recommendations of this series study. Further, a robust healthcare system in Pakistan is suggested that must include respect of merit, no to corruption, accountability and reward, work-life balance of healthcare workforce and empathetic care from service providers at all managerial levels. Keeping in view the economic position of the majority population of Pakistan and particularly the province, it is needed to provide affordable services to patients. So that the cost factor may be included as an important dimension of SERVQUAL instrument to measure the cost effective quality healthcare services. The study strongly recommends that the entire workforce in healthcare system must have the leadership knowledge, skills and behaviours to drive essential service redesign and improvement. This will involve working in collaboration across health systems, in developing new models of care, and further developing the skills of the entire workforce. Leadership interventions must be studied as a dimension of quality in hospitals.

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LIFE AND JOB SATISFACTION: DO WORK-TO-FAMILY CONFLICT, FAMILY-TO-WORK CONFLICT INFLUENCE?

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Abstract

Current study examines the influence of two aspects about work and family conflicts upon job and life satisfaction of women who are playing major participative role in Pakistani economy. Married female doctors and nurse from two public hospitals participated in the current research. Non-probability (purposive) sampling methodology was used. Total questionnaires received were 201 out of total 250 with response rate more than 80 %. Our findings indicated that job and life satisfactions of participants were lowered by conflicts generated from family and work together. However, work-to-family conflict had larger negative influence than family-to-work conflict on satisfactions of job and life. Moreover, the results showed a meaningful positive influence of job satisfaction on life satisfaction. Job satisfaction had mediation effect on the relationships between work-to-family conflict and life satisfaction. Additionally, job satisfaction had mediation effect on the relationships between family-to-work conflict and life satisfaction. Organizations should develop employee supportive policies and HR practices in order to lower work family conflicts that may result in organization development.

Key words: Family-to-Work conflict (FWC), Job Satisfaction (JS), Life Satisfaction (LS), Work-to-Family conflict (WFC)

Introduction

Women move out of their traditional home and agriculture-based occupations into the modern occupations in the market sphere to find relatively better financial remuneration to ensure a better social status and equality within the family. Conflict arises when there are differences in work and family social lives. Moreover, women are greatly constrained in their choice of occupations. A woman's entry into the modern occupations initiates a complex process of interactions between the demands of the occupation and her gender-specific social status and family responsibilities. The conflicts faced by the woman at the workplace as well as in the family are indeed daunting.

Women of Pakistan are coming out of their homes in order to compete with men for economic independence, improving their status and gaining more rights in the family and broadly in the society. Presently, women are working as teachers, engineers and doctors and, many other professions. Females have started to join those professions that were considered as male professions only few years back. The women status has been essentially changed in family and society due to their entrance into the labor market. The health of family members of working women is at stake because of their absence from homes. Current study mainly concentrates on assessing the mediating role of job satisfaction on relationships between work-to-family conflict, family-to-work conflict and life satisfaction. Present research holds its importance: a) It may help healthcare professionals and public policy makers to define such policies to minimize work-to-family conflict. b) It may help partners (spouses) to better understand working women in order to minimize their conflicts and extend their support. c) The results may help to improve work-family coordination that may ultimately increase the satisfaction of job and life.

Work-to-Family conflict and Job satisfaction

Employee job satisfaction is the term that explains how happy, content employees are and attaining their needs and desires from their jobs. Spector (1997) defined job satisfaction as all the sensations that an employee perceives concerning his job and its various aspects. Sageer et al. (2012) pointed out that happy and (Hayes et al., 2010) satisfied workers display a key part in the success of an organization.
Adult life revolves around two most important aspects such as work and family. Researchers have extensively discussed the bi-directionality of two variables and have since established that this association has appeared in the shape of work-family conflict. Three key sources of conflict between work and family roles have been identified as: a) Time-based conflict existed because of incompatibility regarding time demands. B) Strain-based conflict existed because of effective spillover between domains. C) behavior-based conflict existed because of incompatibility of in-role behavior between domains (Greenhaus & Beutell, 1985).

Role theory explains the field of work-family effectively, (Kahn et al., 1964), which is one of the primary elements for work-family conflict (Greenhaus and Beutell, 1985). Role theory is defined as “set of behaviors or expected patterns that exists in the mind sets of people and generally explains the interaction between the roles performed” (Ilgen & Hollenbeck, 1991). Spillover model has explained the interconnection between two domains of work and family and their effects on human life. These two domains are interconnected due to the spillover of individual’s attitudes, behaviors, values, and moods (Rothbard & Dumas, 2006). Researchers like (Cohen & Liani, 2009; Janasz & Behson, 2007; Jayaweera, 2005; Chiu et al., 1998) have emphasized that negative link existed between job satisfaction and work-to-family conflict.

**Family-to-Work Conflict and Job satisfaction**

As a non-western society characteristic, feelings about parents are a significant source of conflict, especially for women. In the majority of Eastern societies, wide structures of the families which include parents, parents in law, sisters and brothers etc., are also influential on childcare arrangements and their quality. Women consider their families much more than men. So, actual basis of conflict in females is their view of their family responsibilities (Antalyali & Carikci, 2007).

Lilly et al. (2006) explained differential impact of gender on family-work conflict. She pointed to differences between women and men when it concerns family-work conflict. The women as housewife have to do household, an unpaid labor and are also forced to work in the offices for economic reasons. The culture that women are responsible for all home-related issues traps them in the never-ending job in both family and work domains. Adekola (2010) found that a number of children, Aiswarya and Ramasundaram (2011) non-earning family members especially old or sick family members demand for more time, income and responsibility from breadwinner in the family, increases family-to-work conflict in women.

Lower levels of family-to-work conflicts were associated to higher level of job satisfaction (Cohen & Liani, 2009). In another research, (Akram & Hassan 2013; Parayitam & Kalra 2008; Kossek, Ellen, Ozeki and Cynthia, 1998) pointed out that work and family conflicts two together significantly lower job satisfaction.

**Work-to-Family conflict and Life Satisfaction**

Life satisfaction is a psychological construct which has been increasingly used as a measure of happiness of one’s life. It has been defined by Diener (1984) as overall attitudes and feelings at a specific moment migrating from negative to positive about one’s life. The term happiness has been synonymously used in relation to life satisfaction. Reduction in work-to-family conflict, improvement in job satisfaction and family satisfaction enhances satisfaction of life in a family supportive environment (Lapiere et al., 2007). Overall life stress was associated with work and family role stressors and work-family conflict (Yildirim & Aycan 2008; Parasuraman et al., 1992).

Researchers, Parayitam and Kalra (2008) pointed to a strong influence of work-to-family conflict on life satisfaction, and Fiksenbaum (2013) suggested that work-to-family conflict negatively contributed to both life satisfaction and engagement. This spillover effect of WFC and job satisfaction may lead to volunteer turnover in employees (Pasupuleti et al., 2009).

**Family-to-Work conflict and Life Satisfaction**

Researchers, Maintier et al. (2011) indicated in their study of dual-career couples that the differences existed between men and women in parental roles and household tasks. Hill (2009) pointed out that working mothers experienced higher individual stress, work-family conflict, but less marital satisfaction, family satisfaction, and life satisfaction than working fathers. Surprisingly, Ng et al. (2008) found that no gender difference existed in relation to life satisfaction. In the collective
society, the family members are more connected and affected by each other’s life, specifically, the spouse.

Individuals’ lives are constantly under time pressure due to paid and unpaid labor at work and home. People find less spare time for leisure to relax their body and mind. Poor family functioning, greater depressive symptoms, and ineffective parenting were noted in parents who were working nonstandard schedules. Family relationships and parents well-being partially mediated these associations (Strazdins et al., 2006). Similarly, researchers, Parayitam and Kalra (2008) pointed to a strong influence of family-to-work conflict on life satisfaction. Also, meta-analysis by Kossek, Ellen, Ozeki and Cynthia (1998) suggested that lower family-to-work conflict association with life satisfaction existed. This spillover effect of FWC and job satisfaction may lead to volunteer turnover in employees (Pasupuleti et al., 2009).

Figure 1: Conceptual Model and hypotheses of study

<table>
<thead>
<tr>
<th>Work-to-family Conflict</th>
<th>Job Satisfaction</th>
<th>Life Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family-to-work Conflict</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H1: Work-to-family conflict and family-to-work conflict have negative impact on job satisfaction.
H2: Work-to-family conflict and family-to-work conflict have negative impact on life satisfaction.
H3: Job satisfaction has a positive impact on life satisfaction.
H4: Job satisfaction mediates the relationship between Work-to-family conflict and life satisfaction.
H5: Job satisfaction mediates the relationship between Family-to-work conflict and life satisfaction.

Methodology

Sampling design and size

Female doctors and nurses employed in two government hospitals in Pakistan were selected as population. Non-probability (purposive) sampling technique was used for data collection. The participants should be a) Married, and b) working for minimum of one year in the current hospital. One year condition was introduced for the sample as it is sufficient enough to know the organization and its members. A sample of 250, out of which 75 were doctors and 175 were nurses volunteered for the present study. Sufficient time and space were given to doctors and nurses to fill in the survey questionnaire. Data collection was done in three waves in three months. Researchers received 201 questionnaires out of 250, 14 of which were omitted due to non-conformity to sample requirements. Finally, valid and complete questionnaires were 187 (61 = Doctors, 126 = Nurses).

The average age of participants was between 35-50 years and 70.1% of them were younger than 35 years. Married women who were accompanied by their partners were 98.4%; 1.6% separated, divorced. 51.3% had nursing diploma; 13.9% had BSN degree; 26.2% had MBBS degree; 7.5% had master degree or enrolled in master program and 1.1% had an MS / M Phil degree. The average tenure in the organization was 6-10 years, 61.5% had 1-5 years tenure. 28.9% were working in morning shift; only 2.7% were working in evening shift and 69% were working in shifts with nights. They in average had two children, while 24.6% had no child, 32.6% had one child and a few have four to five children. The average age of the youngest child was two years, while 46.5% had the youngest child aged between 1-3 years and a few participants had children aged 7-15 years. 19.3% had one elder living at the same home. On average, participants spend three hours in a day on family activities, while 27.8% spent 5-6 hours and 25.1% spent 3-4 hours on family activities.
Research instruments

A five-point Likert scale questionnaire ranging from strongly disagree to strongly agree was used. Validated, existing instrument items were used to find out WFC, FWC, job and life satisfaction. Work-to-family conflict and Family-to-work conflict were each determined with five items from Work-Family Conflict Scale developed by Netemeyer, Boles, & McMurrian (1996). Job Satisfaction was determined with five questions from Brayfield and Rothe (1951) job satisfaction measure. Life satisfaction was determined with five items from satisfaction with life scale (SWLS) by (Diener, 1984). The internal consistency of overall instrument was .74. The internal consistency of WFC, FWC, JS and LS scale items were .84, .84, .70, .87 respectively.

Results

Bivariate correlation analyses were first conducted to determine the preliminary relationships. Using SPSS, v. 21.0, regression analyses were then conducted to determine the relationship between independent, mediating and dependent variables in the work-family model.

Table No. 1: correlations between study variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>WFC</th>
<th>FWC</th>
<th>JS</th>
<th>LS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work-to-family conflict (WFC)</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family-to-work conflict (FWC)</td>
<td></td>
<td>.314**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Job satisfaction (JS)</td>
<td></td>
<td></td>
<td>-.607**</td>
<td></td>
</tr>
<tr>
<td>Life satisfaction (LS)</td>
<td></td>
<td></td>
<td>-.533**</td>
<td>-.378**</td>
</tr>
</tbody>
</table>

*p < 0.05; **p < 0.01

Table 1 presents correlations between study variables. The relationship between work-family conflict (WFC) with job satisfaction (JS) and life satisfaction (LS) is negatively related (-.607**) and (-.533**) respectively. Similarly, the negative relation of family-to-work conflict (FWC) with JS (-.252**) and LS (-.378**) showed that the employee having a conflict due to family problems will not be satisfied with job and life. Job satisfaction is positively related to life satisfaction (.663**) that depicted that employee satisfied with the job will be satisfied with life.

Regression Results

Table No. 2: Regression between work-to-family conflict (WFC), family-to-work conflict (FWC) and job satisfaction (JS)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>WFC - .827</td>
<td>.080</td>
<td>-.607</td>
<td>-10.397</td>
<td>.607*</td>
<td>.369</td>
</tr>
<tr>
<td>2</td>
<td>FWC - .220</td>
<td>.070</td>
<td>-.225</td>
<td>-3.143</td>
<td>.225*</td>
<td>.051</td>
</tr>
</tbody>
</table>

In model 1 of table 2 of work-to-family conflict, coefficient of determination R² in job satisfaction was 0.37, means 37% of variation in job satisfaction (JS) was described by predictor WFC (-.607). In model 2 family-to-work conflict, coefficient of determination R² in job satisfaction was 0.05, means 5% of variation in job satisfaction (JS) was described by predictor FWC (-.225). Job satisfaction of the employees would be reduced by 37% due to WFC and 5% due to FWC. Hence hypothesis H1 is accepted.

Table No. 3: Regression between work-to-family conflict (WFC), family-to-work conflict (FWC) and life satisfaction (LS)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


In model 1 of table 3 of work-to-family conflict, coefficient of determination $R^2$ in life satisfaction was 0.28, means 28% of the variation in life satisfaction (LS) was described by predictor WFC (-.533). In model 2 of family-to-work conflict, coefficient of determination $R^2$ in life satisfaction was 0.14, means 14% of variation in life satisfaction (LS) was described by predictor FWC (-.378). Life satisfaction of the employees would be reduced by 28% due to WFC and 14% due to FWC. Hence hypothesis H2 is accepted. Table 4 of Job satisfaction, coefficient of determination $R^2$ in life satisfaction was 0.44, means 44% variation in dependent variable LS was explained by predictor job satisfaction. Hence, hypothesis H3 was accepted.

**Table No. 4: Regression between job satisfaction (JS) and life satisfaction (LS)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>R</th>
<th>$R^2$</th>
<th>Adjusted $R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>JS</td>
<td>.786</td>
<td>.065</td>
<td>.663</td>
<td>12.047</td>
<td>.663*</td>
</tr>
</tbody>
</table>

**Job satisfaction as mediator**

In order to find the mediating influence of job satisfaction, Sobel Test is used. Complementary Mediated effect (a*b) and direct effect c both existed, negative and pointed at the same direction in model 1 table 5.

**Table No. 5: Mediation of JS between WFC, FWC and LS**

<table>
<thead>
<tr>
<th>Model</th>
<th>Test Statistic</th>
<th>Standard Error</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-7.85758516</td>
<td>0.08272542</td>
<td>0.00</td>
</tr>
<tr>
<td>2</td>
<td>-3.64179788</td>
<td>0.05684796</td>
<td>0.00235170</td>
</tr>
</tbody>
</table>

The test statistic was equal to -7.85758516, with standard error 0.08272542. The statistical significance was equal to 0.00. Assuming we have set our alpha at 0.05. As matter of fact, the observed p-value was lower than the assumed alpha value of .05 indicated that the link between WFC and LS was affected meaningfully by the addition of mediator JS in the model1; in other words, there is strong confirmation of mediation. Hence, hypothesis H4 is accepted.

In model 2 table 5, test statistic was equal to -3.64179788, with standard error 0.05684796. The statistical significance was equal to 0.00235170. Assuming we have set our alpha at 0.05. As matter of fact, the observed p-value was lower than the assumed alpha value of .05 indicated that the association between FWC and LS was affected meaningfully by the inclusion of the mediator JS in the model; in other words, there is strong evidence of mediation. These results confirmed that the significant effect of job satisfaction on independent variables WFC, FWC and dependent variable LS. Hence, hypothesis H5 is accepted.

**Discussion**

Direct significant negative relationships of work-to-family conflict and family-to-work conflict with job satisfaction were found. This indicates that satisfaction with job is minimized when participants encountered work-to-family conflict and family-to-work conflict. Current findings are consistent with results achieved by Akram and Hassan (2013); Parayitam and Kalra (2008) in their studies. Majority of participants are in their early stage of jobs. Therefore, the participants have limited financial resources at their own disposal. However, husbands of majority of the participants are employed. This helps them to manage their financial problems. Moreover, work in shifts is major cause of stress resulting in work-to-family conflict in participants.

Direct significant negative relationships of work-to-family conflict and family-to-work conflict with life satisfaction were found. This indicates that satisfaction with life is minimized when participants encountered work-to-family conflict and family-to-work conflict. Current findings are consistent with results achieved by Akram and Hassan (2013); Parayitam and Kalra (2008) in their
studies. Majority of the participants are dual earners, so they do not have sufficient time to take care for their children. This problem is managed by most of them by having at least one old parent sharing the same home / apartment for child and home care.

A direct significant positive association existed between job and life satisfaction. This confirms that participants’ more satisfaction regarding their jobs lead to more satisfaction in their lives. Current findings are consistent with results achieved by Landry (2000) in his study. Findings have shown that satisfaction with job of working women makes them happy in life. It is an obvious fact that jobs that individuals’ hold in their lives a significant effect on their lives.

Significant indirect relationships were also reported in the present study. The results are in accordance with our hypothesized assumptions. The outcomes of current study are an extension to the present literature, as it indicates indirect negative significant relationship between work-to-family conflict and life satisfaction through job satisfaction. This indicates that when participants are more satisfied with their jobs, their work-to-family conflict reduced resulting in increased life satisfaction. This shows that job satisfaction is responsible for improving happiness in the lives of a majority of participants in part by lowering work-to-family conflict. Moreover, the present study has also demonstrated indirect negative and significant relationship between family-to-work conflict and life satisfaction through job satisfaction. This indicates that when participants are more satisfied concerning their jobs, their family-to-work conflict minimized which resulted in their improved life satisfaction. This shows that happiness in the lives of a majority of participants in part is enhanced by lowering family-to-work conflict through the indirect effect of job satisfaction. Present study findings have confirmed the bi-directionality of work-family conflict.

Conclusion

This study has examined the effects of work-family conflicts experienced by Pakistani working women. Findings of current research are very consistent with and extend results of previous researchers like Anafarta (2010). The findings have shown the bi-directionality of work-family conflicts. However, family-to-work conflict has less effect than work-to-family conflict on job satisfaction and life satisfaction of married doctors and nurses as pointed by Howard, Donofrio, and Boles (2004). Moreover, job satisfaction positively influences life satisfaction. The findings depict if the elements of WFC and FWC are minimized the employee job satisfaction would be increased that may lead to life satisfaction and happiness.

Scope for further research

Current research has not found the positive spillovers of balancing work-family conflict. The study was limited to females but males should also be studied in future.

Recommendations/Suggestions

- Effective organizational support system should be in place to minimize work-family conflict often encountered by the employees. The public and NGOs together should try to furnish daycare arrangements to the children of all levels of employees.
- The female (married) workers who have high level of social and marital obligations may be stationed to less stressful positions although single employees may be posted to stressful positions for improving job and life satisfaction.
- For motivating the workers, sufficient fringe benefits may be provided by the employers and hence increasing their job satisfaction with corresponding effects on life satisfaction.

References


AN ANALYSIS OF ENTREPRENEURIAL PERSPECTIVE OF PUBLIC SECTOR: A SYSTEMATIC LITERATURE REVIEW FROM 1990-2016

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Abstract
The concept of entrepreneurship in the public sector has prompted a discussion and debate in the public management literature especially with the movement of new public management (NPM) which was initiated to improve the performance of public sector. In this article phenomenon of public entrepreneurship is reviewed systematically by analyzing 90 research articles published between 1990 and 2016. Articles were analyzed based upon the following themes of public entrepreneurship. Definitions of public entrepreneurship, goals of entrepreneurship into public sector, issues and limitation, influencing factors, and main research streams are the main themes analyzed in this systematic literature review. As far as the field of entrepreneurship is concerned, no unanimous definition exists in the literature Analysis revealed five main dimensions of entrepreneurship in which it was defined. Changing institutional routines, introducing innovation for efficient service delivery, and add social value into public services were the main goals which are to be achieved by the entrepreneurship into public sector. Entrepreneurial practices, paradigm, method, theories, contextual antecedents and implications were the main research streams revealed in this review. Further reviews could be conducted by focusing on exploiting entrepreneurial opportunities in the public sector.

Key Words; Entrepreneurship; Public Entrepreneurship; Definitions of Entrepreneurship; Systematic Review;

Introduction
Entrepreneurship has been focused field of research among researchers and practitioners since 1980s (Doherty, Thompson, & Spear, 2006). Its significance has been well established due to its pivotal role in venture creation by exploiting opportunities, bringing innovation, creativity and uplifting sustainable economic development by creating new jobs in every economy (Wagner & Schaltegger, 2010). Generally the word “entrepreneurship” is associated with private sector (Salazar, 1997), for creating new firms by those individuals who have unique cognitive characteristics, they are called entrepreneurs but this view has been considered too narrow and various significant attempts has been made by the scholars and practitioners to stretch its scope into public sector for efficient and effective delivery of public services (Zerbinati & Souitaris, 2005). Eventually, the phenomenon of entrepreneurship entered into the discourse of public management literature across a number of public sector organizations in different countries (Edwards, Jones, Lawton, & Llewellyn, 2002) but its role into public sector has remained controversial (Llewellyn & Jones, 2003) due to the nature and structure of public sector organizations.

Interestingly, the concept of entrepreneurship in the public sector has prompted a discussion and debate in the public management literature especially with the movement of new public management (NPM) which was initiated to improve the performance of public sector organizations and to let public managers manage entrepreneurially and to make it possible for public managers to work like private sector entrepreneurs (Bernier & Hafsi, 2007). In the public sector to work entrepreneurially by the public managers and politicians is very difficult due to the democratic and bureaucratic values (Llewellyn & Jones, 2003; Zerbinati & Souitaris, 2005). Public sector organizations are managed by strong and rooted democratic rules, culture, and values whereas entrepreneurship promotes risk taking, aggressiveness, autonomy, innovation and disrespect for certain culturally embedded traditions and this difference has not allowed to adopt the entrepreneurial models into public sector organizations (Zerbinati & Souitaris, 2005).

Public sector organization have experienced various reforms in all over the world due to the escalated pressures upon governments for improved effectiveness through efficiency and to cater
citizens’ needs in a responsive manner (Zampetakis & Moustakis, 2007b). Moreover to bring innovation in the public sector to transform public organizations into more responsive agencies towards the efficient and effective provision of public service delivery (Mack, Green, & Vedlitz, 2008) was the hallmark of NPM movement.

This substantial development envisioned by NPM movement in delivering public services has considered entrepreneurial mindset of public managers and politicians as an essential requisite which enables the public managers to be entrepreneurial in their approach by exploiting opportunities irrespective of resources they own, doing innovative and new things and should be willing to escape themselves from old routines to pursue opportunities (Zampetakis & Moustakis, 2010). Traditional approaches to fulfill the complex and emerging demands of 21st century are not sufficient to meet the evolving challenges of governments for public administration which has forced the public managers to portray and devise new public management tools (Moghaddam, Khorakian, & Maharati, 2015). To bring efficiency and effectiveness into public sector has been a key challenge for public policy makers and civil servants and since 1970 various initiatives and reforms measures have been taken and implemented around the world in which government structures have been transformed to adapt changes efficiently and effectively (Zampetakis & Moustakis, 2007a).

Moreover, scholars like Seo and Chung (2012) argues that entrepreneurial orientation of public sector managers for managing public services, agencies, and enterprises is considered as a vital tool for upgrading and developing public organizations’ efficiency and effectiveness which satisfy citizens’ demands. To bring entrepreneurial approach into public sector is more challenging due to the difference in public and private sector but entrepreneurial development has become a most significant determinant to ensure economically rational and market based practice for design and implementation of public policy and services (Vecchi, Brusoni, & Borgonovi, 2014). Thus, the importance of incorporating entrepreneurial methods into public sector has been widely acclaimed and acknowledged and political agents are becoming more concerned to foster entrepreneurial methods into public sector agencies to improve their performance (Luke & Verreynne, 2006; Moon, 1999) and researchers argued that practices of private sector entrepreneurship could to applied to public sector due to its emergence as leading force in public management literature (Sadler, 2000).

Insofar, entrepreneurial spirit and its application into public sector for improved performance of state enterprises have been discussed with its various implications. However, what is public entrepreneurship or how entrepreneurship is defined with particular reference to public sector?, What are the emerging models/methods of entrepreneurship in public sector?, Are the practices of public entrepreneurship are different from private sector entrepreneurship?, these are the few conceptual and theoretical contemporary issues being discussed into entrepreneurship literature by the scholars?

To get answers to these conceptual and theoretical issues, this study was conducted to investigate the phenomenon of entrepreneurship with particular reference to public sector by adopting the methodology of systematic literature review and this systematic literature review of public entrepreneurship is aligned with the review of (De Vries, Bekkers, & Tummers, 2016) which was conducted on innovation in public sector. This study endeavored to explore the concept of public entrepreneurship, its current practices, goals, limitations and possibilities, major research streams, their emergence, convergence, and divergence points, antecedents and its outcomes in public sector. In order to pursue these objectives, following pertinent research questions were posed;

What definitions of public sector entrepreneurship are being used?
What are the goals of public sector entrepreneurship?
What are the limitations and possibilities of entrepreneurship in the public sector?
What are the main streams/types of public sector entrepreneurship?
What are the main antecedents which influence the public sector entrepreneurship?

Entrepreneurship is a multidimensional concept and its applicability into public management literature has broad breath and scope and its practices are considered to be innovative and productive both in public and private sectors (Mack et al., 2008; Seo & Chung, 2012).

This study has significant contributions to literature as it was conducted by systematic review of literature on public entrepreneurship. Systematic review are different from general literature review as they are guided and govern by rigorous and objective methods and structure of
this systematic review is adapted from (De Vries et al., 2016) systematic literature review on innovation in public sector.

The next section presents the detailed methodology followed to complete this systematic literature review on public entrepreneurship, followed by results sector which presents comprehensive findings revealed by this study about public entrepreneurship phenomenon.

**Study Methodology**

**Searching of Literature on Public Entrepreneurship**

Literature on public entrepreneurship was explored rigorously by using the following systematic steps and procedures to ensure maximum objectivity. Period from 1990 to May 24, 2016 was selected for literature search published on public entrepreneurship to include various seminal contributions like Bellone and Goerl (1992) paper on reconciling public entrepreneurship and democracy and various other significant studies conducted by (Perlmutter & Cnaan, 1995; Sadler, 2000; Shane & Venkataraman, 2000; Terry, 1993; Teske & Schneider, 1994) and emergence of NPM movement which refers to apply entrepreneurial methods in public administration and management (Mark, 2015).

A search into six electronic databases was carried out namely; ISI web of knowledge; Emerald; J-Store; Taylor & Francis; Wiley; and Elsevier (Science Direct) in order to include extensive literature on public entrepreneurship. In all the databases, the key term “public entrepreneurship” with inverted commas’ was searched with a filter of time duration from 1990 to 2016 and the last search was conducted on May 24, 2016. The search results with the term “public entrepreneurship” revealed 572 articles in total from all six databases. Detailed literature search criteria are presented in the following table;

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Search Factors</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Literature Search</td>
<td>Public Entrepreneurship</td>
</tr>
<tr>
<td>2</td>
<td>Search Discipline</td>
<td>Public Administration Domain</td>
</tr>
<tr>
<td>3</td>
<td>Language</td>
<td>English</td>
</tr>
<tr>
<td>4</td>
<td>Publication Period</td>
<td>1990 – 2016</td>
</tr>
<tr>
<td>5</td>
<td>Electronic Databases</td>
<td>ISI-Web of Knowledge</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emerald</td>
</tr>
<tr>
<td></td>
<td></td>
<td>J-Store</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Taylor &amp; Francis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wiley</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Elsevier (Science Direct)</td>
</tr>
<tr>
<td>6</td>
<td>Search Key Word</td>
<td>“Public Entrepreneurship”</td>
</tr>
</tbody>
</table>

Hence, the above mentioned criteria was used to search the literature on public entrepreneurship, a potential limitation by the part of researchers is acknowledged as only databases were searched with the key word “public entrepreneurship” there is possibility of missing some significant contributions.

**Eligibility Criteria for Studies Selection**

After conducting the initial search on the six databases mentioned in table 1; following eligibility criteria was used to include research studies into consideration for systematic review on public entrepreneurship.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Eligibility Factors</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Field of Studies</td>
<td>Studies dealing with entrepreneurship in the public sector.</td>
</tr>
<tr>
<td>2</td>
<td>Topic/Issue of Study</td>
<td>Studies core issue should be public entrepreneurship, reflected in their topics, titles, abstracts and objectives were selected for review. Studies having following key words (Public Entrepreneurship, Public Sector Entrepreneurship, Public Entrepreneur, and Entrepreneurship in the Public Sector) were included.</td>
</tr>
<tr>
<td>3</td>
<td>Design of Studies</td>
<td>Both empirical and conceptual studies were eligible and all research designs like survey, case study, descriptive, exploratory, causal and mixed methods were included.</td>
</tr>
<tr>
<td>4</td>
<td>Publication Status</td>
<td>Only published research articles were selected for systematic review on public entrepreneurship.</td>
</tr>
</tbody>
</table>
Selection of Studies

After applying the search criteria on all the six electronic databases, search results 572 results were appeared. Based on the eligibility criteria 90 research articles were selected after removing repetitions and book reviews. Figure 1; depicts the selection process used to select the articles. All the articles were carefully screened by the researchers, their titles and abstracts were studied and selected articles were read thoroughly and meticulous analysis was carried out, an excel spreadsheet was maintained to ensure maximum quality. Data about articles publication year, title, journal, study objective, research questions/hypothesis, variables, main research findings, contribution were derived from 90 selected articles. Moreover, data about the main research questions, like definition of entrepreneurship in the public sector, goals of entrepreneurship in public sector, research streams, limitations and possibilities, influencing factors and outcomes were derived to get answers to posed by this systematic review.

Figure: 1 Flow chart of articles searching, screening and selection

Articles searching on mentioned online databases, initial screening, downloading, and reading was rigorously performed, although maximum efforts were made to ensure objectivity but limitation of subjectivity (De Vries et al., 2016) could never be ignored because of certain limitations. All the 90 selected articles were thoroughly reviewed and studied by the researchers and comprehensive analysis was performed on excel spreadsheet deriving relevant themes about public entrepreneurship definitions, goals, its limitations and possibilities into government sector in the presence of strong democratic values and bureaucratic system, its antecedents and major influencing factors and outcomes.
Results of Systematic Literature Review

Year Wise Selected Articles Analysis

Chart: 1 Year Wise Articles

Chart 1 depicts year wise number of articles included in systematic literature review of public entrepreneurship. It reveals that majority articles on public entrepreneurship were published between the periods of 2011 to 2016 as 40 (44.44%) articles were published during this period. Moreover, 34 (37.78%) articles were published in 2001 to 2010, and 16 (17.78%) articles were published during 1990 to 2000. Hence, it could be concluded that majority articles 74 (82.22%) included in this systematic literature review on public entrepreneurship were published during 2001 to 2016.

Table 3: Continent Wise No. of Articles

<table>
<thead>
<tr>
<th>Sr.</th>
<th>Continents</th>
<th>No. of Articles</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Asia</td>
<td>10</td>
<td>11.11%</td>
</tr>
<tr>
<td>2</td>
<td>Australia</td>
<td>6</td>
<td>6.67%</td>
</tr>
<tr>
<td>3</td>
<td>Europe</td>
<td>36</td>
<td>40%</td>
</tr>
<tr>
<td>4</td>
<td>North America</td>
<td>37</td>
<td>41.11%</td>
</tr>
<tr>
<td>5</td>
<td>South America</td>
<td>1</td>
<td>1.11%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>90</td>
<td>100%</td>
</tr>
</tbody>
</table>

Continent wise analysis showed majority of the articles 37 (41.11%) were published in North American countries, and 36 (40%) were published in European countries. Hence, it could be concluded that 73 (81.11%) articles were published in European and North American countries.

Table 4: Country Wise No. of Articles

<table>
<thead>
<tr>
<th>Sr.</th>
<th>Country</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Australia</td>
<td>4</td>
<td>4.44</td>
</tr>
<tr>
<td>2</td>
<td>Belgium</td>
<td>2</td>
<td>2.22</td>
</tr>
<tr>
<td>3</td>
<td>Brazil</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>4</td>
<td>Canada</td>
<td>4</td>
<td>4.44</td>
</tr>
<tr>
<td>5</td>
<td>China</td>
<td>3</td>
<td>3.33</td>
</tr>
</tbody>
</table>
Table 4 depicts country wise number of published articles which were finally got eligible for this systematic literature review. Overall, articles from 23 countries are got selected for this review. Analysis reveals that majority of the research studies 33(36.67%) were conducted in USA, followed by 12(13.33%) were conducted in UK. Thus, 45 (50%) studies were conducted in USA and UK only. It means researchers from USA and UK are more concerned about the phenomenon of public entrepreneurship as compared to other countries. Furthermore, Australia 4(4.44%), Sweden 4(4.44%), Canada4 (4.44%), China 3 (3.33%), Denmark 3 (3.33%), Greece 3 (3.33%), Spain 3 (3.33%), Iran 2(2.22%), Pakistan 2(2.22%), New Zealand 2(2.22%), Belgium 2(2.22%), France 2(2.22%), Germany 2(2.22%), and Italy 2(2.22%) studies were conducted. Rest of the countries had only 1 research articles included in this review.

Table 5: Journal Wise No. of Articles

<table>
<thead>
<tr>
<th>Sr.</th>
<th>Journal</th>
<th>No. of Articles</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Entrepreneurship &amp; Regional Development</td>
<td>11</td>
<td>12.22</td>
</tr>
<tr>
<td>2</td>
<td>Public Administration Review</td>
<td>11</td>
<td>12.22</td>
</tr>
<tr>
<td>3</td>
<td>Public Management Review</td>
<td>4</td>
<td>4.44</td>
</tr>
<tr>
<td>4</td>
<td>Procedia Social and Behavioral Sciences</td>
<td>3</td>
<td>3.33</td>
</tr>
<tr>
<td>5</td>
<td>Public Administration</td>
<td>3</td>
<td>3.33</td>
</tr>
<tr>
<td>6</td>
<td>Australian Journal of Public Administration</td>
<td>2</td>
<td>2.22</td>
</tr>
<tr>
<td>7</td>
<td>European Journal of Marketing</td>
<td>2</td>
<td>2.22</td>
</tr>
<tr>
<td>8</td>
<td>European Management Review</td>
<td>2</td>
<td>2.22</td>
</tr>
<tr>
<td>9</td>
<td>Journal of Enterprising Communities: People and Places in the Global Economy</td>
<td>2</td>
<td>2.22</td>
</tr>
<tr>
<td>10</td>
<td>Journal of Poverty</td>
<td>2</td>
<td>2.22</td>
</tr>
<tr>
<td>11</td>
<td>Journal of Public Administration Research and Theory</td>
<td>2</td>
<td>2.22</td>
</tr>
<tr>
<td>12</td>
<td>Local Government Studies</td>
<td>2</td>
<td>2.22</td>
</tr>
<tr>
<td>13</td>
<td>Academy of Management Review</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>14</td>
<td>Administration in Social Work</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>15</td>
<td>Asia Pacific Journal of Public Administration</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>16</td>
<td>Emerging Markets Finance and Trade</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>17</td>
<td>Entrepreneurship Theory and Practice</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>18</td>
<td>European Journal of Innovation Management</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>19</td>
<td>European Planning Studies</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>20</td>
<td>Financial Accountability &amp; Management</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>21</td>
<td>HEC Montréal</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>22</td>
<td>Industry and Innovation</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>23</td>
<td>Innovation: Management, Policy &amp; Practice</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>24</td>
<td>Innovation: The European Journal of Social Science Research</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>25</td>
<td>International Journal of Entrepreneurial Behavior &amp; Research</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>26</td>
<td>International Journal of Manpower</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>27</td>
<td>International Journal of Public Administration</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>28</td>
<td>International Journal of Social Economics</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>29</td>
<td>International Public Management Journal</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>30</td>
<td>Journal of Business Venturing</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>31</td>
<td>Journal of Economic Education</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>32</td>
<td>Journal of Economic Policy Reform</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>33</td>
<td>Journal of International Development</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>34</td>
<td>Journal of Nonprofit &amp; Public Sector Marketing</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>35</td>
<td>Journal of Small Business &amp; Entrepreneurship</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>36</td>
<td>Journal of Small Business and Enterprise Development</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>37</td>
<td>Journal of the American Planning Association</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>38</td>
<td>Journal of World Business</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>39</td>
<td>Korean Review of Public Administration</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>40</td>
<td>Labour &amp; Industry: A Journal of the Social and Economic Relations of Work</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>41</td>
<td>Marketing Communications for Local Nonprofit Organizations</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>42</td>
<td>Network of Asia-Pacific Schools and Institutes of Public Administration and Governance</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>43</td>
<td>Political Science and Politics</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>44</td>
<td>Politics &amp; Policy</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>45</td>
<td>Public Administration and Development</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>46</td>
<td>Qualitative Research in Accounting &amp; Management</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>47</td>
<td>Regional Studies</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>48</td>
<td>Research Policy</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>49</td>
<td>Review of Policy Research</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>50</td>
<td>State &amp; Local Government Review</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>51</td>
<td>Strategic Entrepreneurship Journal</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>52</td>
<td>The Journal of Economic Education</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>53</td>
<td>The Journal of Technology Transfer</td>
<td>1</td>
<td>1.11</td>
</tr>
</tbody>
</table>
Table 5 depicts total number of journals in which 90 selected articles were published. Articles selected for review on public entrepreneurship were published in 56 different journals. Majority of the articles (12.22%) were published in Public Administration review followed by same frequency published in Entrepreneurship & Regional Development journal. In Public Management Review 4(4.44%), 3 (3.33%) were in Public Administration, and 3(3.33%) Procedia Social and Behavioral Sciences journal. On the basis journals analysis, 65 (72.22%) articles were published in public administration and public policy, and public management journals.

Table 6: Nature Wise No. of Articles

<table>
<thead>
<tr>
<th>Sr.</th>
<th>Nature of Papers</th>
<th>No. of Articles</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Empirical</td>
<td>54</td>
<td>60</td>
</tr>
<tr>
<td>2</td>
<td>Conceptual</td>
<td>27</td>
<td>30</td>
</tr>
<tr>
<td>3</td>
<td>Theoretical</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>90</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 6 reveals that 54(60%) articles included in the review were empirical studies conducted on various perspectives of public entrepreneurship. Moreover, 27(30%) papers were conceptual in nature, and 9 (10%) articles were theoretically written. Majority articles were 60% were empirical and 30% were conceptual.

Table 7: Strategy Wise No. of Articles

<table>
<thead>
<tr>
<th>Sr.</th>
<th>Strategy of Papers</th>
<th>No. of Articles</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Qualitative</td>
<td>28</td>
<td>51.85</td>
</tr>
<tr>
<td>2</td>
<td>Quantitative</td>
<td>23</td>
<td>42.59</td>
</tr>
<tr>
<td>3</td>
<td>Mixed Methods</td>
<td>3</td>
<td>5.56</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>54</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 7 presents strategy wise number of articles. It reveals that out of 54 empirical papers 28(51.85%) were qualitative research papers, 23 (42.59%) used quantitative research strategy, and 3(5.56%) used mixed method research strategy. Hence, it could be concluded that majority articles used qualitative and quantitative research strategy. Further, categories of various research designs used in qualitative and quantitative research strategy are presented in next tables.

Table 7.1: Qualitative Paper Categories

<table>
<thead>
<tr>
<th>Sr.</th>
<th>Qualitative Paper Categories</th>
<th>No. of Articles</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Case Studies - Grounded Theory Method</td>
<td>1</td>
<td>3.57</td>
</tr>
<tr>
<td>2</td>
<td>Discourse Analysis</td>
<td>1</td>
<td>3.57</td>
</tr>
<tr>
<td>3</td>
<td>Exploratory - Case Study</td>
<td>1</td>
<td>3.57</td>
</tr>
<tr>
<td>4</td>
<td>Exploratory - Interviews - Discursive pragmatism</td>
<td>1</td>
<td>3.57</td>
</tr>
<tr>
<td>5</td>
<td>Qualitative - Case Study</td>
<td>14</td>
<td>50</td>
</tr>
<tr>
<td>6</td>
<td>Qualitative – Ethnography</td>
<td>1</td>
<td>3.57</td>
</tr>
<tr>
<td>7</td>
<td>Qualitative - Exploratory</td>
<td>3</td>
<td>10.71</td>
</tr>
</tbody>
</table>
Table 7(A) depicts the various designs used in qualitative research papers included in this review. It reveals that 14(50%) articles used case study design. Followed by 3(10.71%) exploratory design, 2(7.14%) used interviews and secondary data analysis and 2(7.14) used triangulation approach as research design. It could be concluded that majority used case study design while analyzing phenomenon of public entrepreneurship.

Table 7.2: Quantitative Paper Categories

<table>
<thead>
<tr>
<th>Sr.</th>
<th>Quantitative Paper Categories</th>
<th>No. of Articles</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bibliometric Analysis</td>
<td>1</td>
<td>4.35</td>
</tr>
<tr>
<td>2</td>
<td>Longitudinal</td>
<td>1</td>
<td>4.35</td>
</tr>
<tr>
<td>3</td>
<td>Quantitative – Survey</td>
<td>15</td>
<td>65.22</td>
</tr>
<tr>
<td>4</td>
<td>Quantitative - Secondary Data Analysis</td>
<td>2</td>
<td>8.70</td>
</tr>
<tr>
<td>5</td>
<td>Quantitative – Descriptive</td>
<td>1</td>
<td>4.35</td>
</tr>
<tr>
<td>6</td>
<td>Research - Action Approach</td>
<td>1</td>
<td>4.35</td>
</tr>
<tr>
<td>7</td>
<td>Secondary Data Analysis – GEMs</td>
<td>2</td>
<td>8.70</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>23</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 7(B) presents different types of quantitative research design used in the articles. It reveals that out of total 23 articles which used quantitative design, 15(65.22%) used survey approach, 2(8.70%) used secondary data analysis, and 2(8.70%) used secondary data published by GEMs(Global Entrepreneurship Monitor). Majority 65.22% articles used survey design.

Definitions of Entrepreneurship in Public Sector

This section presents the various definitions of entrepreneurship and entrepreneur as an individual used in the selected research studies. The most interesting finding is that only 21 (23.33%) out of 90 selected articles used the definition of entrepreneurship and an entrepreneur in their research articles. In the literature, there is very little agreement on exactly how to define entrepreneurship (Harper-Anderson & Gooden, 2016) and the concept of public entrepreneurship recently appeared into the mainstream literature of entrepreneurship (Zerbinati & Souitaris, 2005).

Mostly, definitions focused personal characteristics of entrepreneurs and their approaches towards innovation, creativity, and opportunity exploitation (Harper-Anderson & Gooden, 2016). While exploring the definition of public entrepreneurship it is seen as having the market based features of entrepreneurship with an addition of creating social capital for social benefits (Edwards et al., 2002). While analyzing various aspects of definition used in the articles it was revealed that entrepreneurship was defined in multiple perspectives. Following table depicts the various perspectives of definition along with their frequency and percentage.

Table 8: Definition Perspectives

<table>
<thead>
<tr>
<th>Definition Perspective</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneur as an individual</td>
<td>7 (33.33%)</td>
</tr>
<tr>
<td>Entrepreneurship as a process</td>
<td>5 (23.81%)</td>
</tr>
<tr>
<td>Entrepreneurship as a task</td>
<td>5 (23.81%)</td>
</tr>
<tr>
<td>Entrepreneurship as a method</td>
<td>3 (14.29%)</td>
</tr>
<tr>
<td>Entrepreneurship as a Field</td>
<td>1 (4.76%)</td>
</tr>
<tr>
<td>Total</td>
<td>21 (100%)</td>
</tr>
</tbody>
</table>
Moreover, analysis of these perspectives revealed numerous key factors discussed in definitions of entrepreneurship in public sector which are presented in the following table along with description and references.

**Table 8.1: Definition Perspectives and their Key Points**

<table>
<thead>
<tr>
<th>Definition Perspectives</th>
<th>Description</th>
<th>Key Traits of Entrepreneurs</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entrepreneur as an Individual</strong></td>
<td>Entrepreneurship is referred to the unique character traits of an individual having a vision, able to take risk, and exploit opportunities which creates new firms.</td>
<td>Risk Taking, Autonomy, Create New Firms, Opportunity Exploitation, Innovative Capacity, Vision, Bring Change</td>
<td>(Baumgartner, Pütz, &amp; Seidl, 2013; Bernier, 2014; Bernier &amp; Hafsi, 2007; González-Pernía, Jung, &amp; Peña, 2015; Llewellyn, Lewis, &amp; Woods, 2007; Mack et al., 2008; Salazar, 1997)</td>
</tr>
<tr>
<td><strong>Entrepreneurship as a task</strong></td>
<td>Public entrepreneurship is referred to a task by which opportunities are created, discovered, and exploited to create social capital and value in public enterprises.</td>
<td>Discover and exploit rewarding opportunities, Create social capital and value in public sector enterprises, Create organization, Creating opportunities.</td>
<td>(Edwards et al., 2002; Hayter, 2015; Katsikis &amp; Kyrgidou, 2009; Rennie, 2008; Zerbinati &amp; Souitaris, 2005)</td>
</tr>
<tr>
<td><strong>Entrepreneurship as a method</strong></td>
<td>Entrepreneurship is referred to as a method or practice of bringing efficiency and creativity into public sector organization for effective services delivery.</td>
<td>Efficiency and creativity, To transform public organization into flexible units for effective services delivery, Serves to maintain institutional forms through social redistribution and change, Undertake activities leading to creation of organizations.</td>
<td>(Bjerregaard &amp; Lauring, 2012; Sarasvathy &amp; Venkataraman, 2011; Smith, 2013)</td>
</tr>
<tr>
<td><strong>Entrepreneurship as a field</strong></td>
<td>Entrepreneurship is referred to as a field which studies the sources of opportunities, the processes of discovery, evaluation and exploitation of opportunities and set of individuals who discover, evaluate, and exploit them.</td>
<td>Sources of opportunities, Processes of discovery, evaluation, &amp; exploitation of opportunities.</td>
<td>(Shane &amp; Venkataraman, 2000)</td>
</tr>
</tbody>
</table>
Goals of Entrepreneurship in Public Sector

This section presents the analysis of selected article regarding goals of entrepreneurship in public sector. It was revealed that 14 (15.56%) articles mentioned goals of entrepreneurship in public sector organizations. Baez and Abolafia (2002) mentioned that entrepreneurs are recognized as change agents, innovators, creative and opportunity seeker. Hence, new values could be created into public sector organization for various stakeholders by applying entrepreneurial approach into public sector (Moghaddam et al., 2015). Moreover, the field of entrepreneurship has broaden its horizon into international, policy, social, and not-for-profit entrepreneurship which signifies its importance into public sector (Kearney & Meynhardt, 2016). Following table summarizes the various goals of entrepreneurship that could be achieved by applying entrepreneurial practices, methods, approaches, and mind-set into public sector organizations.

<table>
<thead>
<tr>
<th>Description</th>
<th>Objectives</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change institutionalized practices and routines.</td>
<td>Introduce innovation for efficiency and better services delivery.</td>
<td>(Baez &amp; Abolafia, 2002; Bartlett &amp; Dibben, 2002; Edwards et al., 2002; Harper-Anderson &amp; Gooden, 2016; Lindh &amp; Thorgren, 2016; Llewellyn &amp; Jones, 2003; Moghaddam et al., 2015; Zerbinati &amp; Souitaris, 2005)</td>
</tr>
<tr>
<td>Orientation of risk in public services.</td>
<td>Partnership to add value into public services.</td>
<td></td>
</tr>
<tr>
<td>Leveraging of public Resources.</td>
<td>Solving problems and satisfying public needs.</td>
<td></td>
</tr>
<tr>
<td>Discover and exploit opportunities.</td>
<td>Conception and implementation of public policies for greater value to citizens.</td>
<td></td>
</tr>
<tr>
<td>Support for economic development at local, regional, and national level.</td>
<td>Foster entrepreneurial mind-set for entrepreneurial culture.</td>
<td></td>
</tr>
<tr>
<td>Create new values in public sector organizations by adopting an entrepreneurial approach.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Issues and Limitations of entrepreneurship in Public Sector

This part analyses the various issues and limitations of entrepreneurship discussed in the selected articles regarding its application into public sector organizations. Analyses revealed that 11 (12.22%) out of 90 selected articles discussed the numerous issues and limitations of entrepreneurship caused by distinct nature, rigid rules and regulations, and culture of public sector organizations. Therefore management models of entrepreneurship into public sector organization presents significant challenges (Emmendoerfer & Valadares, 2014). Three categories of issues and limitations are identified from selected articles named issues regarding behaviors of entrepreneurs, issues of conflict, and entrepreneurial activity. Following table presents the categories of issues and limitations along with frequency and percentage.

<table>
<thead>
<tr>
<th>Categories</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issues regarding entrepreneurs behaviors</td>
<td>7 (63.64%)</td>
</tr>
<tr>
<td>Issues of conflict</td>
<td>2 (18.18%)</td>
</tr>
<tr>
<td>Issues regarding entrepreneurial activity</td>
<td>2 (18.18%)</td>
</tr>
<tr>
<td>Total</td>
<td>11 (100%)</td>
</tr>
</tbody>
</table>

Moreover, following table summarizes the issues and limitation of public entrepreneurship.

Table 10: Issues and Limitation of Entrepreneurship in Public Sector

<table>
<thead>
<tr>
<th>Categories</th>
<th>Issues and Limitations</th>
<th>References</th>
</tr>
</thead>
</table>
Citizen Participation.
Entrepreneurial Secrecy versus Democratic Openness.
Entrepreneurial Risk Taking versus Democratic Stewardship
Incompatibility of entrepreneurial mindset with Weberian tradition rules.

Issues regarding entrepreneurs behaviors
Character behaviour of entrepreneurs is not well-suited for public managers.
Self-interest of public entrepreneurs could be a threat to democratic governance.
Little agreement regarding definition of an entrepreneur.
Risk aversion while dealing with new and unfamiliar challenges.
Lack of interest on the part of political entrepreneurs.

Issues regarding entrepreneurial activity.
Classification of entrepreneurial processes and action is complex.
Opportunity cost of opportunity exploitation.

Factors Influencing Entrepreneurship in Public Sector
This section presents numerous factors which influence entrepreneurship in the public sector. Analyses revealed that 11(12.22%) studies included in this systematic literature review discussed various factors which influence the entrepreneurial practice in public sector organizations. Zampetakis and Moustakis (2010) presents two main categories of factors which stimulate or hinder entrepreneurship in the public sector, these are institutional factors, and individual factors.

However, in this systematic review four categories of influencing factors are identified from the selected articles. Following table depicts these categories of factors along with frequency and percentages which influence the entrepreneurship in the public sector organizations.

Table 11: Factors Influencing Entrepreneurship in Public Sector

<table>
<thead>
<tr>
<th>Categories</th>
<th>N</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Factors</td>
<td>4</td>
<td>(36.36%)</td>
</tr>
<tr>
<td>Institutional Factors</td>
<td>3</td>
<td>(27.27%)</td>
</tr>
<tr>
<td>Social and Political Factors</td>
<td>3</td>
<td>(27.27%)</td>
</tr>
<tr>
<td>Legal Factors</td>
<td>1</td>
<td>(9.09%)</td>
</tr>
<tr>
<td>Total Articles</td>
<td>11</td>
<td>(100%)</td>
</tr>
</tbody>
</table>

Furthermore following table depicts the categories along with detailed influencing factors identifies from the analysis of selected articles.

Table 11.1: Categories and Influencing Factors

<table>
<thead>
<tr>
<th>Categories</th>
<th>Influencing Factors</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Factors</td>
<td>Respect for creativity</td>
<td>(Baumgartner et al., 2013; Lewis, 2014; Salazar, 1997; Teske &amp; Schneider, 1994)</td>
</tr>
<tr>
<td></td>
<td>Enjoyment of challenge</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Self-confidence</td>
<td></td>
</tr>
<tr>
<td></td>
<td>High tolerance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personal autonomy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Vision for opportunity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capacity to innovate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Technical expertise</td>
<td></td>
</tr>
<tr>
<td>Institutional Factors</td>
<td>External environment</td>
<td></td>
</tr>
</tbody>
</table>
Structure of the organization
Size of the organization
Culture of the organization
Degree of specialization
Centralization of decision-making
Clarity of performance objectives
System of rewards and sanctions
Degree of autonomy
Institutional venturing, renewal and frame-breaking change

Social and Political Factors
Transparency
Stakeholders participation in decision-making
Respect for the others
Pertinence and fairness of decisions
Protection of human rights
Harmony with national objectives
Social justice
Equal access to service
Pertinence and coherence of investment choices

Legal Factors
Policies and Rules regarding economic development, monetary policy, taxation, health, education, legislation, industry, employment, and technology.

Analysis of Main Research Streams in Public Entrepreneurship
This section presents the analysis of main research streams identified from selected articles for this systematic review on public entrepreneurship. These research streams are derived from 37(41.11%) articles and categorized into seven distinct dimensions which are individual, task, institutional, innovation, business creation, opportunity exploitation, and entrepreneurship as a field of research. Shane and Venkataraman (2000) made an award winning contribution into the literature by creating conceptual framework for entrepreneurship as a field of research. Similarly, Moghaddam et al. (2015) made an attempt to articulate the conceptual model of entrepreneurship and studied its importance for bolstering performance of government organizations. Moreover, Baumgartner et al. (2013) reviewed an extensive literature to identify various comprehensions of entrepreneurship and their role for regional development. Whereas, still there is no agreement of scholars about the unique identity of entrepreneurship as after the analysis of research articles it looks a hodgepodge having no clear direction as a field of research.

Following table depicts the main conceptual and theoretical areas of research about entrepreneurship identified from selected research articles.

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Research Areas</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual as an entrepreneurs</td>
<td>Public entrepreneur personality traits.</td>
<td>(Fernando, 2005; Gupta, MacMillan, &amp; Surie, 2004; Kayasan, 2011; Lewis, 2014; Llewellyn et al., 2007; Mack et al., 2008; Salazar, 1997; Zampetakis &amp; Moustakis, 2010)</td>
</tr>
<tr>
<td></td>
<td>Leadership skills of public entrepreneurs.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Managerial autonomy.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personal and situational attributes.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Entrepreneurial behaviour.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gender dimension of entrepreneurial narratives.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Entrepreneurial vision for entrepreneurial action.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Needs of entrepreneurs in public sector.</td>
<td></td>
</tr>
<tr>
<td>Task Dimension</td>
<td>What do public entrepreneurs do?</td>
<td>(Bernier &amp; Hafsi, 2007; Hafsi et al., 2007; Moon, 1999; Schumpeter, 1934)</td>
</tr>
<tr>
<td></td>
<td>Entrepreneurial activities.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Product and process based entrepreneurship.</td>
<td></td>
</tr>
<tr>
<td>Institutional Dimension</td>
<td>Institutional entrepreneurship</td>
<td>(Baez &amp; Abolafia, 2002; Harper-</td>
</tr>
</tbody>
</table>
Institutional change process through sense making.
Collective and collaborative entrepreneurship.
Corporate entrepreneurship.
Motivation for entrepreneurship services.
Components of corporate entrepreneurship strategy in public sector.
Suitability of market-driven entrepreneurial practices into public sector; similarities, constraints, and prospects.
Strategic entrepreneurship.

**Innovation Dimension**
- Innovation in service delivery (Llewellyn & Jones, 2003)
- Creating New Business
  - New ventures and SMEs. (Cheng, Stough, & Jackson, 2009)
- Opportunity
  - Exploitation (Nancy C Roberts & King, 1991)
- Entrepreneurship as field
  - Social value creation.
  - Characteristics of entrepreneurship.
  - Applying Market mechanism into public management problems.
  - Paradigm of public enterpreneurships.
  - Culture influence on entrepreneurship.
  - Academic entrepreneurship.
  - Knowledge spill over theory of entrepreneurship.
  - Entrepreneurship for economic development.
  - Entrepreneurial stakeholders in public sector.
  - Entrepreneurship theory.
  - Creating social and societal values through entrepreneurship.
  - Contextual antecedents of entrepreneurship.
  - Anderson & Gooden, 2016;

**Conclusion**

As 21st century has witnessed a unprecedented change in the environment of public organization which has created unpredicted challenges for the public administrators and conventional approaches are not sufficient to cater the complex and elusive challenges of this century (Moghaddam et al., 2015). Therefore, public administrators and political leaders has focused to foster entrepreneurship into public sector organizations in order to improve their performance (Luke & Verreyne, 2006).

Notion of entrepreneurship has been seen as inherently private (Salazar, 1997) but with a widespread application of entrepreneurial practices into public sector organizations, this perspective has been changed after NPM movement which was focused on improving the performance of public sector organizations for efficient and effective delivery of public services (Klein et al., 2010). Moreover, various studies have unleashed the social potential of entrepreneurship along with its market based orientation (Zampetakis & Moustakis, 2007a) and scholars have acknowledged that entrepreneurship methods must be modified and adjusted according to the demands of public sector. (Zampetakis & Moustakis, 2007b).

Application of entrepreneurial mind-set into public sector for improved performance of state enterprises have been the key issue of discourse of entrepreneurship literature. Moreover, what is public entrepreneurship? Is it different from private notion of entrepreneurship? Are entrepreneurial methods compatible with democratic structure? Who are public entrepreneurs? And what are their characteristics? How do they improve service delivery of public organizations?
These are few basic questions about the concept, nature, applicability and implementation of entrepreneurship into public sector organizations.

This study was conducted to investigate the phenomenon of entrepreneurship with particular reference to public sector by adopting the methodology of systematic literature review and this systematic literature review of public entrepreneurship is aligned with the review of (De Vries et al., 2016) which was conducted on innovation in public sector. This study endeavored to explore the concept of public entrepreneurship, its current practices, goals, limitations and possibilities, major research streams, their emergence, convergence, and divergence points, antecedents in public sector. Out of total 572 research articles searched from six databases by applying inclusion and exclusion criteria mentioned in detail in methodology section, 90 articles were found eligible for this systematic review on public entrepreneurship.

Analysis revealed that majority of the articles included in this review were published during 2011 to 2016 in North American and European countries. USA, UK and Australia were the top three countries in which mostly studies were conducted. Public Administration Review, Entrepreneurial and Regional Development, and Public Management Review are the top three journals in which majority articles were published. Majority studies were empirical which followed qualitative strategy in their research designs. Further case study design was significantly used in the qualitative studies, followed by exploratory and secondary data analysis. Majority of the quantitative design articles used survey approach.

Moreover, analysis of main research questions about entrepreneurship definitions, its goals in public sector, its issues and limitations, influencing factors and main research streams revealed very interesting and comprehensive results. Analysis of definitions revealed five main dimensions of entrepreneurship in which it was defined. Majority referred it as an individual having certain unique characteristics which distinguish entrepreneurs from other individuals. Main emphasis of studies was on entrepreneurs’ key traits like having a vision, exploit opportunities, take risk, and bring innovation into existing processes and practices. Further focused dimensions were task and process in which entrepreneurship was referred as a task and process to exploit opportunities and create new ventures, and innovation into the firms.

Next question about goals of entrepreneurship revealed numerous objectives which could be achieved by applying entrepreneurial practices into public sector firms. Changing institutional routines, introducing innovation for efficient service delivery, and add social value into public services were the main goals which are to be achieved by the entrepreneurship into public sector.

While analyzing issues and limitations of entrepreneurship into public sector it was revealed that management models of entrepreneurship into public organizations presents significant challenges due to the innate capacity of entrepreneurship embedded in private sector organizations. Majority studies discussed issues related to entrepreneurs’ behavior which are not compatible to public sector organization due to their democratic and bureaucratic structures. Certain issues of theoretical nature like issues of conflicts i-e entrepreneurial autonomy and democratic accountability, entrepreneurial secrecy versus democratic openness were also found in the discourse of entrepreneurship scholarship.

Four categories of influencing factors were derived from the analysis of selected articles in which majority were individual, institutional, and social and political factors. In individual visions for opportunity exploitation, capacity to innovate, self-confidence, tolerance, and technical expertise were main influencing factors. Institutional venturing, structure, rules, environment, systems of rewards, delegations, and decision making were the main institutional factors. Transparency, social justice, harmony with national objectives, access to services were the main social and political factors.

Similarly, while analyzing major theoretical research areas from the studies it was revealed that focus of majority was entrepreneurship as a field of research rather confining it to some specific individual, process or activity. Entrepreneurship nature, paradigm, method, as a theory, contextual antecedents and implications were the main research streams. Second discussed research area was its institutional dimension in which institutional entrepreneurship, collaborative and collective entrepreneurship, corporate entrepreneurship, and strategic entrepreneurship were mainly focused. Third major research stream focus was on individual and behavioral characteristics of entrepreneurs. Public entrepreneurs’ personality traits, entrepreneurial leaders, entrepreneurial vision, and gender
narratives were mainly focused. However, much acknowledged dimensions like venture creation, innovation were less focused in the literature of public entrepreneurship whereas they are leading dimensions of entrepreneurship when it comes to private sector.

Summing it up, this study conducted systematic review of literature on public entrepreneurship. Various facets of entrepreneurship were analyzed with reference to public sector orientation. Entrepreneurship in the public sector has gained enormous currency due to its embedded capacity for innovation, creativity, opportunity exploitation, and solving elusive problems of the 21st century. Public entrepreneurs are widely acknowledged across the globe for their significant contribution in improvement of public services and creating social value for the citizens (Luke & Verreyne, 2006). As far as the field of entrepreneurship is concerned, no unanimous definition exists in the literature; it could be due to its widespread scope and applicability.

Note: All 90 articles references are not mentioned in the bibliography.

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Mark, R. (2015). From Old Public Administration to the New Public Service: Implications for Public Sector Reform in Developing Countries: Global Centre for Public Service Excellence - UNDP.


A MODEL AND EMPIRICAL STUDY OF PASSIONATE DESIRE: EVIDENCE FROM APPAREL PRODUCTS

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Abstract
The interest in fashion products represents a noteworthy proportion of consumer buying behaviors. From one point of view, fast fashion trends have provided new opportunities for fashion companies to offer a wide range of collection for its customers. Additionally, fashion products provide the way to its customers to express themselves to others. Thus consumer behavior in context of fashion products is of paramount importance that not only offers a great deal of interesting avenues for research to marketing scholars, but also captures the intentions of practitioners. It is therefore considerably important and beneficial to investigate the consumer buying behaviors with respect to individual and social factors in context of fashion products. For this reason, this study on the grounds of social comparison theory, model and empirically test individual and social factors in fashion industry. This study aims to explicitly probe into the individual vanity, social influence, passionate desire, exhibitionism and self-expression word of mouth. A questionnaire based survey is conducted by using convenience sampling technique to collect the data from buyers of fashion products (apparel products). A total of 372 useable responses are analyzed to test measurements and propositions by using structural model. In general, the findings of the study are in support of the accretions and in support of the argument that individual and social factors leads towards exhibitionism and self-expressive word of mouth through passionate desire. This study offers solid grounds and valuable insight to practitioners as well as academicians concerning consumer buying behavior in fashion industry by documenting empirical findings and important implications.

Key Words: Individual vanity, social influence, passionate desire, exhibitionism and self-expression word of mouth, fashion industry

Introduction
For the past few years, an increased awareness and consumption of fashion brands among consumers has been observed in Pakistan. Fashion brands are mainly concerned with newness (Evans, 1989) and fashion is a depiction of personality, in a unique way within the socially acceptable context (Sproles, 1985). Consumer behavior is a very vast area that tries to trace the consumers’ attitudes and behavior towards something of their interest and to determine how potential consumers develop passionate love for fashion products and then actually use them for self-expressions and self-disclosure.

The luxury fashion consumption is not limited to US and European countries rather a remarkable demand is evident in emerging countries (Tynan, McKechnie, & Chhuon, 2010). Kim and Ko (2010) explained that the luxury fashion brands use social media for advertising and marketing and the extensive usage of social media especially by youngsters is creating awareness regarding what is new about the lifestyle. Such awareness is changing the consumption patterns of individuals in our society more than ever before.

Self-expressing has become the essential part of users and through consumption index observation it is recognized that usage of fashion products among the people are increasing more and more (Richins, 1994; Escalas, 2005 & Belk, , 2013). This change in consumption pattern is partly due to extensive usage of social media that has played an important role in creating awareness among people. Blogs and SNSs are the mediums which are growing rapidly to spread word of mouth and create social influences. (Mitchell, Hutchinson, & Bishop, 2011). Blogs and Social networking sites are empowering the consumers to gather information about fashion products and consumers are becoming more and more influential in the decision to purchase (Kim & Ko, 2012.). Socialization activities have made basal changes to the ways of consumers’ communication patterns as well as
consumption activities toward others, nurturing a culture for exhibitionistic consumers. (Mitchell, Hutchinson, & Bishop, 2011). Publicly expressing the consumption activities of consumer is changing the lifestyle, purchase patterns, and product usages which communicate who they are to others (Richins, 1997).

According to some typologies; consumer select consumption activities which encourage self-disclosure that devise self-concepts and also utilize following activities as means to explicit their self-concept toward others, specifically when word of mouth is supported by virtual world (Saenger, Thomas, & Johnson, 2013). Conventionally communication in terms of word-of-mouth was limited to the social circle of a particular person, however now it can reach audience all over the globe through internet (Chen & Xie, 2008). Unlike previously, it has enabled an individual to overcome the limitation of word of mouth to few acquaintances (Watts & Dodds, 2007) but numerous consumers (Libai, et al., Aug 11, 2010). Self-expression word of mouth is dissimilar with former study of word-of-mouth. It does not focus on the purchase behavior influences or assist in decision making of others. The self-expression WOM Individuals are encouraged to disseminate WOM for their self-expression, moreover they are not in the quest to be perceived as innovative or opinion leaders for other consumers (O’Cass & McEwen, 2004).

In psychology for the purpose Self-gratification the exhibitionism is taken as incongruous self-exposure behavior. (Blair & Lanyon, 1981). According to marketing concepts the exhibitionism emphasized on consumer behavior in hedonic and experiential aspects (Holbrook, 2001). Consumption activities are used to shape social image, whereas Holbrook define that “products express actual, desired, or ideal self-concept of consumers toward others”. Market researchers have long recognized that every consumer is exhibitionist; although it varies in tendency in which consumer possess, sanctioning the measurement scale development. Broadening the definition by Holbrook, satisfaction and attention are the two goals that consumer exhibitionist strive to achieve. Consumer exhibitionism have communal relationship with voyeuristic behavior (Holbrook, 2001), indicates that attention of others is a desire of an exhibitionist. Several studies indicates that attention of others is vital a component for self-expression which consumers seeks to satisfy through consumption activities (Richins, 1994; Escalas, 2005 & Belk, 2013). According to established psychological construct, Self-gratification is achieved by engaging in behavior of exhibitionism (Blair & Lanyon, 1981), which indicates that individual’s quest for satisfaction through exhibitionistic activities.

Moreover brand evangelists explained exhibitionism, “Preach the brand’s most loved aspects and all positive associations that come with it to people who have so far not acknowledged the wonder of it”. (Matzler, Pichler, & Hemetsberger, 2007). Although brands consumed by the exhibitionist consumers are preached when they exert effort to discuss with others about their consumption activities rather than due loyalty. However, conspicuous consumption is unlike consumer exhibitionism. Whereas conspicuous consumption (Veblen & 1899; O’Cass, Aron, & McEwen, 2004) have discussed that premium goods, symbol of status, and visible consumption activity are concerned with conspicuous consumptions. All activities of consumption which portray consumer’s public and private self-expression are publicized by the exhibitionist consumer. Consumer exhibitionists are possibly very much materialistic (Richins 2004), narcissistic (Raskin & Hall, 1979) highly self-confident (Bearden, William, Hardesty, & Rose, 2001) and more extroverted.

Problem Statement

It is of great interest for the marketers as well as academicians to identify what are different motivational forces that influence the Passionate Desire or emotional attachment for fashion consumption. It is of immense importance to find out whether desire for fashion is aroused by dominant personal characteristics i.e. vanity or it is a group phenomenon in which social influence and conforming to the society are more important factors. It is important to study various outcomes of passionate desire for fashion consumption.

The popularity of fashion among people in emerging markets has put the designers and fashion apparel manufacturers in an ongoing effort to compete. Fashion brands and designer clothing are becoming popular. The designers and managers of fashion clothing need to consider different dimensions of values that consumers of fashion brands associate with a given specific
product in the context of luxury fashion brands to identify how individuals perceive such fashion products and how they self-express themselves by such fashion consumption.

Research Objectives
This research paper is aimed at investigating different factors that influence the passionate desire for fashion apparels in Pakistan. The scope of this study is limited to fashion clothing brands due to their visible nature to public. People today put emphasis on their appearance to public that how they look. The visibility of apparels depicts the social status that one assumes in a society. People also try to conform to the values and norms of the social groups which they belong to. It is important to find out what factors are more influential that give marketers opportunity to target the most suitable segment and introduce their products.

Therefore the research objectives of this study are:
• To explore the different factors that influence people to develop passionate desire for fashion clothing.
• To identify the impact of social influence, and vanity on passionate desire for fashion brands.
• To analyze the impact of passionate desire on exhibitionism and self-expression word of mouth
• To check out the significance of the relationship between exhibitionism and self-expression word of mouth.

Research Questions
Following research questions are therefore formulated in order to accomplish the aim of the study;
• Whether informational social influence develop passionate desire among the consumers for fashion apparels?
• Do group phenomena like normative social influence impacts the passionate desire for fashion apparels?
• Does passionate desire has any significant role in developing exhibitionism among fashion apparel consumers?
• Does passionate desire for fashion consumption impacts self-expression word of mouth?
• Does exhibitionism affects self-expression word of mouth?

Literature Review
Social value is linked with instrumental aspect of theory of impression management as social value of luxury items mainly depends on external directed motivations of buying goods. Shukla (2011) explain that purchase behavior of customers is affected by rules set by social institutions that is family of a person, peers and other reference groups. The social norms and values that have established in society and while living in that particular groups people have to follow those established norms thus consumption pattern is affected. This point was also addressed by Tsai (2005) that that consumers who are more social and outward oriented purchase luxury fashion brands in order to show their status to their social groups and they try to show their success by using those luxury items

According to Teimourpour et al. (2011) social value indicates the value perceived by users of a specific social group towards high quality items. These social groups might have strong influence on the evaluating decisions of using luxury fashion brands and influence their desire of purchasing that particular fashion brands. People tend to purchase fashionable products to show their social status to be unique from others or to impress others (Li et al., 2012; Loureiro & De Araujo, 2014). Hence social influence can impact consumer perceptions and behavior, especially in purchase of hedonic goods (Wakefield and Stone, 2004). Social influence can be informational and normative. Informational influence is related to make informed decisions by collecting information by sources which are considered as credible for example taking advice from experts and opinion leaders.
Normative is related to when one person is conformed to the norms of other people, groups like his close friends and family (Bearden et al., 1989; Lord et al., 2001).

According Durvasula et al. (2001) vanity is defined as individuals concerns for achievements in society and individual concerns for their physical appearances that how they look to others by their appearance physically. According to Watchravesringkan (2008) role of vanity is considerable in purchase intentions this is because vanity plays an interacting part between a people’s self to reach their ideal world trough somatic and symbolic fulfillment. Hung et al. (2011) explained that vanity considered having some factors that are not so obvious and kind of hidden nature as using personal care items because of physical concerns and pretentious use of goods that are related with status. The later factor is signaling achievement vanity which is linked to social position and authority. In this study both dimension of vanity that is physical vanity and achievement vanity is included.

Netemeyer et al. (1995) give definition of physical vanity that a person excessive concern for his physical appearance and a positive or perhaps overstated view of own physical appearance. Netemeyer et al. (1995) give definition of achievement vanity that a person excessive concern for his success and achievement and a positive or perhaps overstated view of own achievements in their social group.

According to Malik and Gupta (2017), brand love is the passionate emotional attachment a consumer has for a specific brand name. According to Batra, Ahuvia and Bagozzi (2012), brand love of the consumer consists of three parts i.e. affection, connection and passion. Passionate love or passionate desire is one dimension of brand love as explained by Batra et al. (2012) along with six other dimensions. Rauschnabel & Ahuvia (2014) have also worked with passionate desire as one construct of brand love.

Tsai (2014) has studied three construct of brand love which are passionate love, emotional attachment, and self-brand integration. Lee and Hyun (2016) has also studied passionate love as one dimension of brand love. Caroll, Barbara and Aaron (2006) stated that brand love is generated from a number of sources. The degree of Brand Love is measured through their proposed scale which consists of loyalty, positive word of mouth, self-expression and hedonic products.

Raskin and Terry (1988) describes narcissists as having a grandiose sense of uniqueness and self-importance and they expect special favors from others without assuming the responsibility to give favor in return. Brunnel, Staats, Barden and Hupp (2011) explained the narcissistic personality as someone considering oneself as unique and special and one who exaggerates his or her talent. Narcissists want to maintain their self-image and they expand their performance in achievement domain. Brunnel et al. (2011) have explained narcissists as being exhibitionists because they show off to get admired by others. It has been suggested by Rose and Campbell (2004) that exhibitionism is one way for exhibiting one’s superiority to others. People normally have a some degree of narcissistic tendency but luxury fashion brand consumers have relatively more narcissistic tendency to satisfy their conspicuous needs and for impression management.

Ackerman et al. (2011) studied one exhibitionism as one dimension of narcissism and explained exhibitionists as having a desire to be the point of attention for others through inappropriate self-disclose because they do not want to be ignored.

Self-expression figures among self-actualization needs and represents an individual’s highest potential. Past research shows that the goals and outcomes of using cosmetic products relate well to the concepts of self-expression and self-esteem. For instance, previous studies demonstrated that physical improvement responds to one’s need for pleasure and self-expression (e.g. Featherstone, 1993).

Leung (2013) has also worked with exhibitionism, authority/superiority, vanity and exploitativeness as four dimensions of narcissism.

Theoretical Framework

This study is based on Social Comparison Theory which states that individuals compare themselves with others to confirm opinions, to make judgments, and thus reduce uncertainty as reported by Festinger (1954). Ideally, individuals should compare themselves with those who are equal on a desired trait, but according to some research comparison mostly occurs with those who are either worse i.e. downward comparison or better i.e. upward comparison than the person comparing himself with others (Bunk & Gibbons, 2000). People who are too much concerned with
physical appearance and achievements develop a passionate desire to consume fashion products more frequently which leads them to disclose themselves in public and alter others opinion about them. This passionate desire also lead them to be self-expressive about them regarding their purchases and consumption patterns.

**Social Influence and Passionate Desire**

Greenacre et al. (2013) argued that information sharing among groups enhances the brand passion of consumers. Moreover Workman and Lee (2011) found that people who are trendsetters and fashion conscious have a desire from inside to find new trends of fashion related information. Thomas et al. (2012) argued that consumer’s involvement with the community and society i.e their social influence enhances their sense of belonging to fashion brands and hence increases one’s personal passionate desire to use fashion brands. Loureiro et al. (2017) proved in his research that social influence positively affects passionate desire of consumers to use fashion products.

According to social identity theory (Tajfel & Turner, 2004), individuals may have numerous social identities by which they define themselves and their identity via being part of a group. In a study of Ortiz, Reynolds and Franke (2013), the respondents keenly shared the memories of social group introducing them to their passion for example a favorite product. This is how the social identity theory explains the impact of social influence in developing passionate desire for something among people.

- **H1:** Informational social influence positively impacts passionate desire.
- **H2:** Normative social influence significantly has positive impact on passionate desire.

**Vanity and Passionate Desire**

Sedikides et al. (2007) showed that customers who are concerned to vanity of both types are influenced in their purchase behavior for high status products and their conclusion was that these users will keep using luxury fashion brands and it increases their desire to use those luxury brands. Cheah et al. (2015) mentioned that people do special efforts to purchase appearance related goods to express their self-image in society. Hence it increases their passion to use fashion brands to enhance their social acceptance and physical attractiveness. Loureiro et al. (2017) proved in his research that physical vanity and achievement vanity positively influence passionate desire of consumers to use fashion products.

Egan and McCorkindale (2007) has found a significant positive correlation between vanity and narcissism whereas exhibitionism has been studied as an aspect of narcissism in a number of studies (Ackerman et al. 2011; Brunnel et, al. 2011).

- **H3:** Vanity has positive and significant impact on passionate desire.

**Passionate Desire and Exhibitionism**

Kang and Park (2016) have studied that people with narcissistic attributes express themselves via luxury brand consumption in numerous ways. The fashion consumption is used as expression for their social goings-on. They also stated that narcissistic consumers are passionately involved in luxury fashion shopping to purchase what will positively impact their public images as their own ideal self-images. They always keep on trying to get to their ideal images because they want to get admirations and compliments from others.

- **H4:** Passionate desire has a positive significant impact on exhibitionism.

**Passionate desire and Self-Expression Word of Mouth**

According to Saenger et al. (2013), consumers like to self-express through the products they purchase and they positively talk about those product in front of others. Consumers are passionate about certain things and they like to talk about consumption and advise others to use the same. Albert, Merunka and Valette (2009) found a positive significant correlation between passion for a brand and positive word of mouth that customers use as self-expression. So this is case with fashion brand lovers who are passionate about fashion consumption. Albert, Merunka and Valette (2009) found a positive significant correlation between passion for a brand and positive word of mouth that customers use as self-expression. So this is case with fashion brand lovers who are passionate about fashion consumption.

- **H5:** Passionate desire significantly and positively impacts Self-Expression Word of Mouth.
Exhibitionism and Self-Expression word of Mouth

Consumers who enjoy showing their fashion consumption (Cisek et al., 2014) and those who want to be the point of attention are more likely to talk about the products and services they consume, and they eagerly communicate their consumption activities to others.

Additionally, passionate desire to use fashion goods increases the exhibitionist tendency to grab attention by fashion consumption, which then positively influences the tendency to communicate and recommend the fashion products to others. So it can be assumed that consumers with exhibitionist tendency more actively talk about fashion goods and this exhibitionist tendency is enhanced by the passionate desire to buy and use the fashion products. Carpenter (2011) has studied the positive correlation between exhibitionism and self-promotion through which an individual presents their expanded image to a lot of people.

H6: Exhibitionism has significant positive influence on Self-Expression Word of Mouth.

The given is the theoretical framework which explains relation between proposed variables.
Methodology

A quantitative research method was designed to empirically examine the theoretical model and to examine the relational paths. Survey questionnaire was employed to collect data from the sample, questionnaire was developed by adapting scale from the existing literature. Population of the study was online purchasers and customers of online fashion stores such as telemart, kaymu, daraz, lootlo and ishopping. A total 317 responses were collected from online shoppers. Demographics shows the characteristic of the respondents, in age category majority of the respondents 163 (52%) were belonged to the age group of 25 to 29, in qualification category most of the respondents 217 (68.5%) were graduates, in income level mostly respondent have 20000 to 29000 monthly income. Structural equation modeling was adopted to check the validity and reliability of the scale, as well as examining the hypothesized relationship between variables.

Measures

The questionnaire is developed based on multi-item scales existing literature related to formation of behavioral intentions. Questionnaire was structured into two parts respondent’s profile and study variables. Informational influence was measured with the help of seven items adapted from Wiedmann et al. (2009) and Bearden et al. (1989). Normative influence was measured on five items scale adapted from Wiedmann et al. (2009) and Bearden et al. (1989). Vanity was operationalized as physical vanity and achievement vanity measured with four items each adapted from (Tsai, 2005; Wang & Waller, 2006; Watchravesringkan, 2008). Passionate desire was estimated with four items adapted from Batra, Ahuvia, and Bagozzi (2012). Exhibitionism was measured on four items scales adapted from Raskin, and Terry (1988). Johnson (2013) five item scale was used to measure self expressive word of mouth.

Data Analysis

A two step structural equation modeling was used to examine the theoretical model and test the assertions.
Measurement model

Measurement model was estimated to test the validity of model measurers. AMOS and SPSS 20 used to conduct the analysis. Before estimating structural model measurement model was estimated and re-specified it for model fit threshold (Anderson & Gerbing, 1988; Sethi & King, 1994). Measurement model was evaluated on the bases of Goodness of model fit (χ²/df, GFI, AGFI, NFI, CFI, RMSEA), average variance extracted (AVE) (greater than 0.5 or .4), composite reliability (greater than 0.7) and Cronbach’s alpha (greater than 0.7) (Chung et al., 2017). Result of model fitness, reliability and validity of the scale illustrated in table 3 and figure 2. According to the model fitness indices (CMIN = 393.648, CMIN /df = 1.204, p ≤ 0.007; df = 327, GFI= .922, AGFI= .903, NFI= .899, CFI= .981, RMSEA = 0.025) measurement model emerged statistically fit.

Results were in support of internal consistency reliability, convergent validity, and discriminant validity and consistent with the prescribed criteria of (Fornell and Larcker, 1981). Alpha values, AVE and CR were exceed the cutoff point of .70, .50 and .70 respectively (Hair, Black, Babin, Anderson and Tatham, 2013). The AVE of Vanity and SWOM were less than .50, however AVE values greater than .40 is acceptable if CR is greater than .60 (Mittal et al., 2016).

Table 1 Verification of measurement model for convergent/ discriminant validity and composite reliability

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean</th>
<th>Estimate (Reflective measure)</th>
<th>No of Items</th>
<th>CR</th>
<th>AVE</th>
<th>Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>INF</td>
<td>3.67</td>
<td>(.67-.73)</td>
<td>4</td>
<td>.80</td>
<td>.50</td>
<td>.798</td>
</tr>
<tr>
<td>NORM</td>
<td>3.07</td>
<td>(.72-.84)</td>
<td>4</td>
<td>.85</td>
<td>.58</td>
<td>.843</td>
</tr>
<tr>
<td>AVAN</td>
<td>3.60</td>
<td>(.55-.72)</td>
<td>4</td>
<td>.75</td>
<td>.44</td>
<td>.767</td>
</tr>
<tr>
<td>PVAN</td>
<td>2.75</td>
<td>(.58-.65)</td>
<td>3</td>
<td>.66</td>
<td>.40</td>
<td>.637</td>
</tr>
<tr>
<td>DES</td>
<td>3.10</td>
<td>(.57-.82)</td>
<td>4</td>
<td>.81</td>
<td>.52</td>
<td>.803</td>
</tr>
<tr>
<td>EXBT</td>
<td>2.50</td>
<td>(.73-.75)</td>
<td>4</td>
<td>.83</td>
<td>.55</td>
<td>.830</td>
</tr>
<tr>
<td>SWOM</td>
<td>2.73</td>
<td>(.60-.67)</td>
<td>4</td>
<td>.73</td>
<td>.40</td>
<td>.656</td>
</tr>
</tbody>
</table>

CMIN = 462.162, CMIN /df = 1.426, p ≤ 0.00; df = 324, GFI= .911, AGFI= .889, NFI= .887, CFI= .963, RMSEA = 0.037, RMR= .031
Structural Model

A total of six hypothesis were tested which supported at the sig value less than 0.01. Results of structural model were displayed in Table 2 and figure 3. Figures shows that, H1: informational influence and significant impact on passionate desire (β = .493, p < .01), H2: norms has positive and significant influence on passionate desire (β = .586, p < .01), and H3: Vanity has positive and significant influence on passionate desire (β = .739, p < .01), all these three hypothesis were supported. Likewise, H4: passionate desire exert significant impact on exhibitionism (β = .413, p < .01) was also supported. Furthermore, result revealed that H5: e passionate desire exert significant impact on self expressive word of mouth (β = .773, p < .01) was supported. Along with H6: exhibitionism has positive and significant influence on self expressive word of mouth (β = .272, p < .01) was also supported.

Table 2: Testing of Structural Model

<table>
<thead>
<tr>
<th>Structural Path</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>DESR ← INF</td>
<td>.493</td>
<td>.039</td>
<td>7.970</td>
<td>***</td>
</tr>
<tr>
<td>DESR ← NORM</td>
<td>.586</td>
<td>.317</td>
<td>3.161</td>
<td>.002</td>
</tr>
<tr>
<td>DESR ← VAN</td>
<td>.739</td>
<td>.144</td>
<td>6.694</td>
<td>***</td>
</tr>
<tr>
<td>EXBT ← DESR</td>
<td>.413</td>
<td>.094</td>
<td>7.315</td>
<td>***</td>
</tr>
<tr>
<td>SWOM ← DESR</td>
<td>.773</td>
<td>.098</td>
<td>5.867</td>
<td>***</td>
</tr>
<tr>
<td>SWOM ← EXBT</td>
<td>.272</td>
<td>.051</td>
<td>3.809</td>
<td>***</td>
</tr>
</tbody>
</table>

Note: CMIN = 420.257, CMIN /df = 1.369, p ≤ 0.00; df = 307, GFI=.914, AGFI=.894, NFI=.892, CFI=.969, RMSEA = 0.034, RMR=.031
Discussion

This study probes into the consumer behavior by developing an integrated theoretical model, based on the grounds of social comparison theory and existing literature. This study theoretically defines a mechanism through social influence and individual vanity transformed into self-expressive word of mouth and exhibitionism through passionate desire. The model is empirically tested for online fashion store customers. The estimated results ensure the validity of measure and are in line with the past studies. Consistent with the current literature social influence (informational and normative; Li et al., 2012; Loureiro and De Araujo, 2014); vanity (physical and achievement vanity; Wallace and Baumeister, 2002) were found as key predictors of passionate desire. Furthermore results regarding passionate desire revealed that as contributing factor towards exhibitionism (Lee et al., 2013; Cisek et al., 2014) and self-expressive word of mouth (Bressolles et al., 2015).

Limitations and Future Recommendations

Although, this study presents solid ground based on empirical findings, certain limitations should be consider before generalizing the results. First, self-reported responses are collected from young consumers, so there might be change of self-reported bias. Thus study of actual behavior may yield more objective results. Second cross sectional data is used to test the propositions. To get more insight about the dynamic nature of intentions and behavior longitudinal study may present more objective results. Further, this model can also be replicated for different samples like working professionals and households for generalization. There are a lot of variable that contributes in passionate desire that ultimately transform in self-expression word of mouth. Thus, literature review may help for the selection of different variables and dimensions and offer a more integrated research e.g. Moral norms, situational factors etc. Replication of this model in other culture settings with different research context may increase the generalizability of the model.

References


GLOBALIZATION OF ACCOUNTING STANDARDS AND PERFORMANCE OF SYSTEMICALLY IMPORTANT BANKS IN NIGERIA

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Abstract
This study examined the impact of globalization of accounting standards on the performance of systematically important banks in Nigeria. This study adopted ex-post facto research design, in estimating the model, Breusch Pagan Lagrangian Multiplier (LM) test and Hausman test were used, while random effect panel analysis was to analyze the data. The study revealed that globalization of accounting standards indicated an insignificant positive effect of 2.86 (p-value=0.29>0.05) on the performance (ROE) of systematically important banks in Nigeria. The study concluded that as the adoption of IFRS affects many aspects of accounting, it does not influence a robust performance. The study recommended that the adoption of a global accounting standard should not be seen by users of financial statements as a determinant of performance but as a sacrifice to be performed to ensure globally unified financial statement.

Keywords: Accounting standard, International Financial Reporting Standards, Performance, Systemically Important Banks.

Introduction
Accounting is an inevitable tool of human function in this dynamic world that erupted from a stone village to a global village, due to the idea of trade liberalization which now makes business organisations to operate beyond their national boundaries. In accounting practice, a principle that guides and standardizes is known as accounting standards. The first accounting standards were developed in the 1930s and subsequently each country having its own accounting standards, until recently where there is increasing globalization of the marketplace and international investors need to access financial information based on harmonized accounting standards and procedures (Beke, 2011).

Historically, the cruise for globalization in accounting standards commenced in 1973 as a result of the coming together of a group of qualified accounting professionals of major countries (UK, Ireland, United States, Australia, Canada, France, Germany, Japan, Mexico and Netherlands) to form IASC (International accounting standard committee) with focus on developing a global accounting standard which will replace local standards, harmonize the differences in financial report due to diversities in legal systems, business structures and tax systems around the world (Akinleye, 2016). Proponents of globalization in accounting practices argued that a unified global accounting, reporting and disclosure set of standards will result to increase volume of cross border capital flows through a number of foreign direct investments via mergers and acquisitions, international comparism of corporate performance, accessibility to capital, both from local and foreign investors just to mention a few (Akinyemi, 2012).

Prior to the globalization of accounting standards, most countries had their own standards with local bodies responsible for developing and issuance of the local standards even if some of them align largely with the international accounting standards (IAS). In Nigeria for example, Statement of Accounting Standards (SASs) was issued by Nigerian Accounting Standards Board (NASB), but in this present age this body was renamed Financial Reporting Council (FRC) of Nigeria which is a regulatory body overseeing the adoption and implementation IFRS (Kenneth, 2012).

The adoption of IFRS definitely affects many aspects of accounting. Based on this, Deloitte (2013) reported that the adoption of IFRS has led to the use of a variety of definitions for elements of financial statements like assets, liabilities, equity, income, expenses and also resulted in the use of different criteria for the recognition and measurement of items in the financial statements. Galaen and Stenheim (2010) disclosed that the shift to IFRS represents substantial change in recognition and measurement of accounting numbers and it is reasonable to believe that adoption of IFRS will affect the quality of accounting numbers.

Existing studies on globalization of accounting standards as either argued that it impact performance in one way or another (Yahaya, Yusuf & Dania, 2015; Abata, 2015; Okoye, Okoye &
Ezejiofor, 2014; Firoz, Ansari & Akhtar, 2011) or there is no significant change in performance ratio pre and post adoption globalization of accounting standards (Ironkwe and Oglekwu, 2016; Akinleye, 2016; Umobong, 2015; Zayyad, Ahmad & Mubaraq 2014; Tanko, 2012). These studies were either carried out on manufacturing companies or banks.

This present study is at distinct from the previous due to the fact that it focuses on systemically important banks-SIBs as previous studies never concentrated on this sets of banks. Studies such as Akinleye (2016), Yahaya, et al., (2015); Firoz, et al., (2011) and others only concentrated on banks as a whole or the quoted ones.

The uniqueness of SIBs is that they are institutions whose distress or failure would cause significant dislocation financial system and adverse economic due to their size, market importance, and global interconnectedness (Financial Stability Board-FSB, 2010), therefore a constant study on their performance should always be conducted so as prevent against adverse economic events, because based have been argue in literature as the life blood of an economy (Aurangzeb, 2012). These SIBs are highly influential in the banking system. In Nigeria the SIBs are are First Bank of Nigeria Limited, Diamond Bank Plc, Access Bank Plc, Guaranty Trust Bank Plc, Ecobank Nigeria, Zenith Bank Plc, United Bank for Africa Plc and Skye Bank Plc. and accounted for 69.06% and 72.2% of the banking industry assets and deposits respectively (Central Bank of Nigeria, 2016).

Based on the above, this study examined globalization of accounting standards on performance of SIBs from 2006 to 2016.

**Literature Review**

**Globalization of Accounting Standards**

This is standard produced by accounting bodies to guide entities in their financial reporting. The purpose of accounting standards is to improve accounting information quality as well as to diminish the information asymmetry among market participants (Jorisssen, Lybaert & Poel, 2006). In addition, agency problems can be resolved efficiently with the existence of accounting standards (Brown & Tarca, 2001). Issues in internationalization of accounting standards revolve round the following push and pull factors; continuous integration of world economy; improved interdependence of international financial markets; increased mobility of capital across national boundaries; international entities with listing in capital markets within and outside their home jurisdiction. The standard setting process has helped to provoke a high level of research and discussion among members of the profession and this has awakened the profession from its slumber (Abata, 2015). However, He also pointed out some inherent problems with of internationalization to include; multiplicity language, conflict with government policy for instance, LIFO is not allowable for tax purpose in stock valuation, cultural diversities, lack of trust, universal tendency to resist change.

**Systemically Important Banks in Nigeria**

Systemically important banks are financial institutions whose distress or failure would cause significant dislocation in the global financial system and adverse economic consequences across a range of countries, due to their size, market importance, and global interconnectedness (Financial Stability Board-FSB, 2010). In response to the outcome of G20 leaders meeting in November 2011 that BCBS and FSB should develop framework for domestic SIBs, the Central Bank of Nigeria identified eight of its domestic banks as Nigeria’s SIBs, the banks are First Bank of Nigeria Limited, Diamond Bank Plc, Access Bank Plc, Guaranty Trust Bank Plc, Ecobank Nigeria, Zenith Bank Plc, United Bank for Africa Plc and Skye Bank Plc.

**Research Methods**

This study adopted ex-post facto research design. The target population and sample size of this study consisted of the eight SIBs in Nigeria which are Access Bank Plc, Skye Bank Plc, United Bank for Africa Plc, First Bank of Nigeria Limited, Zenith Bank Plc, Guaranty Trust Bank Plc, Ecobank Nigeria and Diamond Bank Plc. Secondary data derived from the annual reports of the SIBs were utilized in the study. In estimating the model, Breusch Pagan Lagrangian Multiplier (LM) test and Hausman test, while random effect panel analysis was used.

\[
PERF = f (IFRS_{it}, SIZE_{it}, MEFF_{it}, \text{CAD}_{it})..................................................(ii)
\]

\[
PERF_{it} = \alpha + \beta_1 IFRS_{it} + \beta_2 SIZE_{it} + \beta_3 MEFF_{it} + \beta_4 CAD_{it} + \epsilon_t......................(iii)
\]
The study utilized return on equity-ROE as a measure of performance, which is the ratio of profit after tax to equity, globalization of accounting standards was measured with IFRS which is a dummy variable (0 and 1) 0 represents the period whereby the respective banks have not adopted IFRS and 1 represents the years of adoption. In addition, a number of control variables which prior studies have shown to affect bank performance were included. This study controls for management efficiency-MEFF which is the ratio of cost overheads to total assets, was proven to impact performance (Kasman & Carvallo, 2013), firm size-SIZE which Bikker and Hu (2002) argued to influence financial performance of firms and thus measured as the natural log of total assets, capital adequacy-CAD which is argued in literature to influence the performance of top rated banks (Noualli, Abaoub & Ochi, 2015). Where; $\epsilon_t$ = Stochastic Error Term/ Disturbance Factor, $\beta_1$, $\beta_2$= Shift Parameters and $a_0$= Constant Parameter

### Results and Discussion

#### Table 1: Breusch Pagan Lagrangian Multiplier (LM) test

<table>
<thead>
<tr>
<th>Value</th>
<th>Asymptotic test statistic: Chi-square(1)</th>
<th>P-Value</th>
<th>0.0455051</th>
</tr>
</thead>
</table>

Source: Author’s Computation, 2018.

In other to determine the model estimator out of panel and pooled OLS, the study conducted Breusch Pagan Lagrangian Multiplier (LM) test. The test hypothesis is that the variance of the unobserved fixed effects is zero. In table 4.1, the Breusch Pagan LM test produces a chi-square of 3.99982 with a p-value of 0.0455051, thus indicating that rejection of the hypothesis indicates that the pooled OLS may not be the appropriate model to use. This implies that the panel estimator is suitable for estimating the model.

#### Table 2: Hausman Test

<table>
<thead>
<tr>
<th>Value</th>
<th>Asymptotic test statistic: Chi-square(4)</th>
<th>P-Value</th>
<th>0.0780949</th>
</tr>
</thead>
</table>

Source: Author’s Computation, 2018.

This test was used to determine the most constituent model out of fixed effect and random effect model. The result in table 4.2 showed that Chi-square(4) = 8.39626 with p-value = 0.0780949 which is greater than 0.05, so the null hypothesis that individual effect are random and that regression provides consistent estimates is accepted.

#### Table 4.3: Random effect of globalization of accounting standards on financial performance

Random-effects (GLS), using 88 observations
Included 8 cross-sectional units
Time-series length = 11
Dependent variable: roe

<table>
<thead>
<tr>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-ratio</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Const</td>
<td>45.947</td>
<td>28.3706</td>
<td>1.6195</td>
</tr>
<tr>
<td>IFRS</td>
<td>2.86674</td>
<td>2.7236</td>
<td>1.0526</td>
</tr>
<tr>
<td>Cad</td>
<td>-0.134879</td>
<td>0.177043</td>
<td>-0.7618</td>
</tr>
<tr>
<td>Meff</td>
<td>-0.723111</td>
<td>0.752466</td>
<td>-0.9610</td>
</tr>
<tr>
<td>Size</td>
<td>-1.79124</td>
<td>1.97039</td>
<td>-0.9091</td>
</tr>
</tbody>
</table>

Mean dependent var 15.83011  S.D. dependent var 9.418460
Sum squared resid 7459.792  S.E. of regression 9.423749
Log-likelihood -320.2242  Akaike criterion 650.4484
Schwarz criterion 662.8351  Hannan-Quinn 655.4387

Source: Author’s Computation, 2018.
Table 4.3 shows that globalization of accounting standards indicated an insignificant positive effect of 2.86(\textit{pvalue}=0.29>0.05) on the performance (ROE) of systematically important banks in Nigeria. This implies that the adoption of unified accounting standard in the form of IFRS does not impact the performance of the big-8 Nigerian banks which is in tandem with Akinleye (2016), Ironkwe and Ogolekwu (2016), Umobong (2015), Zayyad, \textit{et al}, (2014) that internationalization of accounting standards does not significantly influence performance. This finding of this study negates the findings of; Yahaya, Yusuf and Dania (2015) that IFRS adoption has positively impacted some variables in the financial statement of banks, Firoz, Ansari and Akhtar (2011) that showed that IFRS impacted Indian banking sector and Abata (2015) which indicated that compliance with IFRS relatively improves the performance of companies. In addition, none of the control variables (SIZE, MEFF and CAD) significantly influence the performance-ROE of Nigerian systemically important banks as they also indicated a negative relationship, thus indicating that size, management efficiency and capital adequacy are not determinants of financial performance of the selected banks.

**Conclusion and Recommendation**

The adoption of a global accounting standard by systemically important banks in Nigeria does not influence the performance of the banks. This implies that as the adoption of IFRS affects many aspects of accounting, it does not lead to influencing of financial performance figures to show a robust performance. The study recommends that the adoption of a global accounting standard should not be seen by users of financial statements as a determinant of performance but as a sacrifice to be performed to ensure globally unified financial statement.

**References**


Financial Stability Board. (2010). Reducing the moral hazard posed by systemically important financial institutions. FSB Recommendations and Time Lines


A BIBLIOMETRIC ANALYSIS OF DOCTORATE THESES IN THE FIELD OF MANAGEMENT & ORGANIZATION IN TURKEY: 2010-2018

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ABSTRACT

The aim of this study is to provide an overview on the field of management & organization in Turkey. To accomplish this, a comprehensive bibliometric analysis of doctorate theses in this field from 2010 to 2018 was carried out. Bibliometrics offers an exhaustive view on the history and examination of research agenda by means of an analysis of existent documents. Therefore, bibliometric analysis was utilized in this study to understand the recent background of management & organization field in Turkey. In the research process, doctorate theses, which were archived at the Databases of National Thesis Center of the Council of Higher Education in Turkey were evaluated by classifying them due to their characteristics, such as, acceptance year, title of supervisor, research sector, research variables and etc. According to the findings of the study, the profile of doctorate theses under the topic of management & organization field were revealed.

Keywords: Management & Organization Field, Doctorate Theses, Bibliometric Analysis, the National Thesis Center of the Council of Higher Education in Turkey.

INTRODUCTION

In rapidly developing science era, human life is shaped by science and welfare is provided by science. Nowadays, it has become the world's greatest and most important goal to reach new discoveries through research as a creative activity, and to present them into the service of society by transforming them into technology. Universities are the most important institutions which are serving to actualize purpose (Türk and Doğan, 2002). Traditionally, producing and spreading science come at the beginning services expected from the universities. Universities are the source of science and art production through thesis studies (Benligiray, 2009: 169). Considering postgraduate programs in the field of business administration in Turkey, it is thought that the postgraduate theses written in company with supervisors are produced with the concerns of creating benefits for practitioners as well as the production of scientific information (Armutlu and Arı, 2010: 7). In this context, it can be said that the theoretical and empirical contents of the postgraduate theses conducted in the discipline of management & organization contribute to the development of the field, and also, they are impressive on the studies in this field. Therefore, examining postgraduate theses is very important in terms of understanding the studies in the relevant field, seeing research trends and comprehending the intellectual structure of the field.

National Thesis Center of the Council of Higher Education allow open access to theses in electronic platform in order to provide contributonto science and support scientific research and activities. Theses, which are allowed to full-text access on the internet and to archive at the Databases of National Thesis Center of the Council of Higher Education by authors, are being published open access. Researchers who are using the National Thesis Center web page benefit from theses in the context of scientific ethics and citation rules (YÖK, 2018). Thus, researchers are offered literature relevant to postgraduate thesis carried out in Turkey. Bibliometric analysis can be used to examine postgraduate theses through the support of this data source. Bibliometry is interested in statistically examining the various elements of the scientific publications (author, subject, year, number of pages, citations etc.). Findings from bibliometric studies provide comprehensive knowledge specific to the relevant discipline by enabling researchers to demonstrate the general structure and characteristics of a particular discipline (Yozgat and Kartaltepe, 2009; Zan, 2012; Polat, Sağlam and San, 2013).

The aim of this study is to provide an overview on the field of management & organization in Turkey in terms of a comprehensive bibliometric analysis of doctorate theses in this field from 2010 to 2018. In Turkey, as in many areas, necessity of a self-reflection is undeniable for the development of management / organization discipline. The fulfillment of this self-reflection at
certain periods will keep the expectations and contributions towards field on the agenda (Erdemir, 2009). In this study, the self-reflection addressed to management & organization field is achieved by determining the general profile of doctorate theses.

**METHODOLOGY**

**Aim**

The main purpose of this research is to reveal the recent research trends of doctorate theses carried out in Turkey in management & organization field. It is also aimed to understand in which direction these theses are improving and shaping. Thus, for researchers and practitioners working in this area, it is aimed to gain and raise awareness of what is being done on the relevant field and to present the main concepts studied in the field. To accomplish the purpose of the study, a comprehensive bibliometric analysis of doctorate theses in management & organization field from 2010 to 2018 was carried out. In this context, the following questions are tried to be answered in the research.

- In which years doctorate theses were carried out?
- Which concepts were studied in doctorate theses?
- What is the title of supervisors conducting doctorate theses?
- What is the literary language of doctorate theses?
- What is the gender of researchers conducting doctorate theses?
- What kind of research type is used in doctorate theses?
- In which universities doctorate theses take place?
- What is the research sample used in doctorate theses?
- In which sector doctorate theses take place?
- What is the number of pages of doctorate theses?

**Research Group**

In the research, open access (in the National Thesis Center of the Council of Higher Education in Turkey) doctorate theses of management & organization field which were carried out at universities in Turkey since 2010 January to 2018 June were investigated in terms of bibliometric analysis (YÖK, 2018). It has been determined that 261 doctorate theses were carried out within the period covered by the research. By the help of the search made at the Databases of National Theses Center of Higher Education in Turkey, 189 doctorate theses which have been given open access permission were examined. The theses examined in the research have been determined by using “criterion sampling” method. Criterion sampling method is a convenient method in cases where observation units required to be consist of people, events, objects or situations which have predetermined characteristics (Büyüköztürk et al., 2011). In this context, for doctorate theses, being involved in the Databases of National Thesis Center of the Council of Higher Education in Turkey and being in open access are the main criterias that determine the research group. 72 doctorate theses which don’t currently have open access permission were not included in the research group.

**Research Design, Data Gathering and Analyses**

This study is a descriptive research using qualitative research methods and bibliometric analysis is utilized in the study. Bibliometric analysis can be in a descriptive (such as determining the number of articles published in a given year) characteristic (McBurney and Novak, 2002). Doctorate theses carried out in the field of management & organization during the period of 2010 January to 2018 June due to the purpose of the study were examined by researchers within a period of one month by using content analysis. In the data gathering process related to doctorate theses, the research process was carried out with the stages of naming, category formation, validity and reliability, numerical calculation and explication. In this research process, informations about doctorate theses were transferred to the Excel table, and the calculations and the tables to be presented as findings were processed. The content analysis was used for the stages of naming and category formation. Thus, doctorate theses were provided to categorize under the titles of acceptance year, key concepts, title of supervisor, literary language, gender of the researcher, research type, university, research sample, research sector and page number. In order to ensure the validity and reliability of the study, firstly, doctorate theses were evaluated separately by each of the researchers who carried out the research in terms of the determined analysis categories. Then, at
the end of the calculation offered by Miles and Huberman (1994), which is formulated as \[ \frac{\text{Agreement}}{(\text{Agreement}+\text{Disagreement})} \times 100 \], the agreement rate among coders was calculated above ,93 for each question of the study. At this point, it can be said that a high level of agreement among the coders (percentage of agreement among coders) is provided. As a result of the numerical calculations made with the data transferred to the Excel table in the research, the frequency and percentage values are determined for each question that is aimed to be answered in the research and the tables are explicated.

**FINDINGS**

In the study, findings obtained as a result of bibliometric analysis of doctorate theses are shown in the following tables as frequency and percentage values.

<table>
<thead>
<tr>
<th>Acceptance Year</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>46</td>
<td>24.4</td>
</tr>
<tr>
<td>2011</td>
<td>37</td>
<td>19.6</td>
</tr>
<tr>
<td>2012</td>
<td>19</td>
<td>10</td>
</tr>
<tr>
<td>2013</td>
<td>31</td>
<td>16.4</td>
</tr>
<tr>
<td>2014</td>
<td>19</td>
<td>10</td>
</tr>
<tr>
<td>2015</td>
<td>18</td>
<td>9.6</td>
</tr>
<tr>
<td>2016</td>
<td>11</td>
<td>5.8</td>
</tr>
<tr>
<td>2017</td>
<td>4</td>
<td>2.1</td>
</tr>
<tr>
<td>2018 (first 6 months)</td>
<td>4</td>
<td>2.1</td>
</tr>
<tr>
<td>Total</td>
<td>189</td>
<td>100</td>
</tr>
</tbody>
</table>

Distribution of doctorate theses by their acceptance year is presented in Table 1. When Table 1 is examined, it can be seen that most of the theses (46 theses) in management & organization field were published in 2010. Following this, 37 (19.6%) doctorate theses were published in 2011 and 31 (16.4%) doctorate theses were published in 2013. Four doctorate theses were published in the year 2017 and in the first six months of 2018.

<table>
<thead>
<tr>
<th>Key Concepts in the Theses</th>
<th>N.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>39</td>
</tr>
<tr>
<td>Culture, organizational culture</td>
<td>19</td>
</tr>
<tr>
<td>Human resource</td>
<td>16</td>
</tr>
<tr>
<td>Strategy</td>
<td>16</td>
</tr>
<tr>
<td>Leadership</td>
<td>15</td>
</tr>
<tr>
<td>Organizational commitment</td>
<td>15</td>
</tr>
<tr>
<td>Competition</td>
<td>12</td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>11</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>11</td>
</tr>
<tr>
<td>Organizational citizenship behavior</td>
<td>10</td>
</tr>
</tbody>
</table>

The top first ten concepts studied most in doctorate theses in management & organization field are presented in Table 2. According to Table 2, it can be seen that the most studied concept in the theses is performance with 39 theses. The performance concept is followed by culture (19 theses), human resources (16 theses), strategy (16 theses), leadership (15 theses) and organizational commitment (15 theses).
Table 3. Distribution of Doctorate Theses According to Title of Supervisor

<table>
<thead>
<tr>
<th>Title of Supervisor</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asst. Prof.</td>
<td>7</td>
<td>3.7</td>
</tr>
<tr>
<td>Assc. Prof.</td>
<td>36</td>
<td>19</td>
</tr>
<tr>
<td>Prof.</td>
<td>146</td>
<td>77.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>189</td>
<td>100</td>
</tr>
</tbody>
</table>

Distribution of doctorate theses according to title of supervisor is presented in Table 3. It can be seen that the vast majority of the supervisor of doctorate theses are professors (77.3%). Later, it can be stated that they are the associate professors (19%) and assistant professors (3.7%).

Table 4. Distribution of Doctorate Theses by Their Literary Language

<table>
<thead>
<tr>
<th>Literary Language</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkish</td>
<td>177</td>
<td>93.5</td>
</tr>
<tr>
<td>English</td>
<td>12</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>189</td>
<td>100</td>
</tr>
</tbody>
</table>

Distribution of doctorate theses by their literary language is presented in Table 4. When Table 4 is examined, it can be seen that theses are written in Turkish language (93.5%) and slightly written in English (6.5%).

Table 5. Distribution of Doctorate Theses According to Gender of Their Researcher

<table>
<thead>
<tr>
<th>Gender of the Author</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woman</td>
<td>87</td>
<td>46</td>
</tr>
<tr>
<td>Man</td>
<td>102</td>
<td>54</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>189</td>
<td>100</td>
</tr>
</tbody>
</table>

Distribution of doctorate theses according to gender of their researcher is presented in Table 5. Due to Table 5, it can be seen that 102 of the theses were conducted by men (54%) and 87 by women (46%).

Table 6. Distribution of Doctorate Theses According to Their Research Type

<table>
<thead>
<tr>
<th>Research Type</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantitative</td>
<td>149</td>
<td>78.8</td>
</tr>
<tr>
<td>Qualitative</td>
<td>36</td>
<td>19.1</td>
</tr>
<tr>
<td>Both quantitative and qualitative</td>
<td>4</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>189</td>
<td>100</td>
</tr>
</tbody>
</table>

Distribution of doctorate theses according to their research type is presented in Table 6. When the findings were examined, it was determined that a great deal of the theses had a quantitative research approach (78.8%). At the same time, 19.1% of the theses have a qualitative research approach and 2.1% of them have both quantitative and qualitative approaches.

Table 7. Distribution of Doctorate Theses by Their University

<table>
<thead>
<tr>
<th>University</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afyon Kocatepe University</td>
<td>4</td>
<td>2.1</td>
</tr>
<tr>
<td>Anadolu University</td>
<td>11</td>
<td>5.8</td>
</tr>
<tr>
<td>Ankara University</td>
<td>1</td>
<td>0.5</td>
</tr>
<tr>
<td>Atatürk University</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Bahçeşehir University</td>
<td>1</td>
<td>0.5</td>
</tr>
<tr>
<td>Başkent University</td>
<td>17</td>
<td>9.1</td>
</tr>
<tr>
<td>Boğaziçi University</td>
<td>3</td>
<td>1.6</td>
</tr>
<tr>
<td>Cumhuriyet University</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>
Distribution of doctorate theses by their universities is given in Table 7. According to Table 7, it is seen that theses are carried out in 33 different universities. In the context of the findings, Marmara University (with 36 theses) is the university where the maximum number of doctorate thesis is carried out. Marmara University is respectively followed by Sakarya University (with 24 theses), Başkent University (with 17 theses), Selçuk University (with 14 theses), İnönü University (with 13 theses) and Erciyes University (with 12 theses).

Table 8. Distribution of Doctorate Theses According to Their Research Sample

<table>
<thead>
<tr>
<th>Research Sample</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10</td>
<td>9</td>
<td>4.8</td>
</tr>
<tr>
<td>11-30</td>
<td>14</td>
<td>7.3</td>
</tr>
<tr>
<td>31-100</td>
<td>18</td>
<td>9.6</td>
</tr>
<tr>
<td>101-200</td>
<td>27</td>
<td>14.3</td>
</tr>
<tr>
<td>201-300</td>
<td>36</td>
<td>19.1</td>
</tr>
<tr>
<td>301-500</td>
<td>44</td>
<td>23.2</td>
</tr>
<tr>
<td>501-1000</td>
<td>38</td>
<td>20.1</td>
</tr>
<tr>
<td>1001 and more</td>
<td>3</td>
<td>1.6</td>
</tr>
<tr>
<td>Total</td>
<td>189</td>
<td>100</td>
</tr>
</tbody>
</table>
Distribution of doctorate theses according to their research sample is given in Table 8. When Table 8 is examined, it is seen that 23.2% of the doctorate theses are studied at the maximum range of 301-500 as sample number. This sample range is respectively followed by range of 501-1000 (20.1%), range of 201-300 (19.1%) and range of 101-200 (14.3%).

<table>
<thead>
<tr>
<th>Resource Sector</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>35</td>
<td>18.5</td>
</tr>
<tr>
<td>Private</td>
<td>124</td>
<td>65.6</td>
</tr>
<tr>
<td>Both public and private</td>
<td>30</td>
<td>15.9</td>
</tr>
<tr>
<td>Total</td>
<td>189</td>
<td>100</td>
</tr>
</tbody>
</table>

Distribution of doctorate theses according to their research sector is given in Table 9. Due to findings, a great deal of doctorate theses (124 theses) were carried out in private sector. Theses carried out in public sector was identified as 35 theses (18.5%) and theses carried out both in private and public sectors (mixed sector) was determined as 30 theses (15.9%).

<table>
<thead>
<tr>
<th>Page Number</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-100</td>
<td>1</td>
<td>0.5</td>
</tr>
<tr>
<td>101-200</td>
<td>74</td>
<td>39.2</td>
</tr>
<tr>
<td>201-300</td>
<td>91</td>
<td>48.1</td>
</tr>
<tr>
<td>301-500</td>
<td>22</td>
<td>11.7</td>
</tr>
<tr>
<td>501 and more</td>
<td>1</td>
<td>0.5</td>
</tr>
<tr>
<td>Total</td>
<td>189</td>
<td>100</td>
</tr>
</tbody>
</table>

Distribution of doctorate theses by their page number is presented in Table 10. According to findings, 48.1% of doctorate theses are written in the range of 201-300 pages as having maximum number of pages. This is followed by doctorate theses written in the range of 101-200 pages (39.2%).

Conclusion

Bibliometric findings related to academic publications provide valuable knowledge for researchers in creating their scientific road maps and in understanding how the scientific communication process takes place in a particular discipline. In this context, expected contribution of this research is firstly to reveal information about the general structure of management & organization field in Turkey in the light of the findings outlined above. By the help of this research, it is aimed to give important clues about the development and communication process of the literature of management & organization discipline in Turkey. Within the scope of the research, 189 open access doctorate theses from inside of the total of 261 doctorate theses conducted in the management & organization field and involved in the National Thesis Center of the Council of Higher Education in Turkey were examined and their findings were evaluated.

According to research findings; most of the doctorate theses was published in 2010. In the following years, there was a decrease in the number of doctorate theses. Within the scope of doctorate theses, it is observed that the emphasis is on performance-related issues and this is followed by the concepts of culture, strategy, human resources, leadership and organizational commitment. Performance has gained importance in terms of the prominence competition in global business life. In the same way, organizational culture, strategy, leadership and human resources are accepted as important concepts. Another finding is that the vast majority of supervisors of the doctorate theses have professor titles. Moreover, most of the theses are written in Turkish. In addition to these findings, it appears that gender of more than half of the researchers were male. It can be stated that most of the doctorate theses carried out between 2010-2018 are written at the universities in big cities of the country (Marmara, Sakarya, Bağkent, İnönü, Erciyes). Another finding of the research is that doctorate theses have a quantitative approach as their research type. However, the number of qualitative studies seems to increase day by day. It is also possible to
mention that doctorate theses carried out between the relevant periods were predominantly carried out in the private sector, and they are mainly in the range of 200-1000 as their research sample. Within the scope of the last finding of the research, it is seen that doctorate theses are predominantly written between 101-300 pages.

Consequently, this research includes the bibliometric findings of open access doctorate theses that were conducted in management & organization field between the years of 2010 and 2018. In this context, this research provides information about which concepts are studied in the relevant field, which sector and research type is preferred, and which sample groups are chosen. Thus, it is thought that this research will contribute to increase the awareness in the field and to provide insight to practitioners and researchers who will make scientific studies in the relevant field. This research has some limitations. First and foremost, data of the research is being obtained from open access doctorate theses appeared in the National Thesis Center of the Council of Higher Education in Turkey between the years of 2010 and 2018 in the field of management & organization.

References


Abstract

Bitcoin is one of the cryptographic entities that are not affiliated to a central authority or financial institution and that contain cryptographic features. The fact that Bitcoin does not depend on central authority and disclose the factors affecting its price by supply and demand have resulted in high volatility. The biggest concern of investors in recent times is the excessive volatility of Bitcoin prices. Bitcoin, which is an output of Blockchain Technology, Mining and Blockchain Technology, is briefly described in this study. ARCH, GARCH, ARCH-M, EGARCH and TARCH models are used to determine the asymmetric volatility which is frequently used in the literature in the application part of the study. For this purpose, historical returns for Bitcoin are calculated from Bitcoin/USD closing prices. The calculation period is determined as 01.01.2015-11.02.2018. As a result of the analyzes made, it was found as TARCH method which gives the best result for estimating volatility.

Key words: Bitcoin, Blockchain, ARCH, GARCH, EGARCH, TARCH.

Introduction

After the industrial revolution, the world adapts very quickly into the process of technology revolution. In particular, technological innovations in the production of products and services are well received by ultimate consumers and the penetration of technology-related products into world markets and market potentials are rapidly increasing. Due to this change and development, finance and technology have become increasingly close to each other in recent years, and the use of technology-based financial products and, accordingly, intermediary services has increased. When all these developments are experienced, it can be said that the meeting of technology with finance by the "Bitcoin: A peer-to-peer electronic cash system" published by a person or people in charge of the nickname Satoshi Nakamoto in 2008 made a very different dimension (Nakamoto, 2008: 1).

In this context, the first part of the study will briefly explain the Bitcoin and blockchain system that constitutes the subcomponent of Bitcoin. The second part of the work will include work on Bitcoin volatility and other financial instruments. In the application section of the study, volatility forecasts will be made using Bitcoin/USD closing prices between 02.02.2012 and 09.02.2018. Although there are many estimation methods used in the literature, in the study the two-threshold TARCH model, which is derived from the ARCH model, which estimates the leverage effect of the news in particular, is applied.

Blockchain Technology and Bitcoin

Online shopping, payments, money transfers and banking transactions have become dependent on financial institutions as a reliable third party. The Blockchain system has been put forward by Satoshi Nakamoto, which allows this dependence to be abolished and to pay between people who have no central authority in between. In his work Nakamoto (2008) succeeded peer-to-peer system (p2p) with the blockchain system without the need for a third party. The Blockchain system can be defined as a system that allows any data in the digital environment to be stored in distributed (open to all users) over the networks and remain the same at all points in the process (Usta and Dogantekin, 2017: 15).

The Blockchain system assumes a notebook where transactions are recorded. This system began with the establishment of the first block (Genesis). The Genesis block or start block is the first block of a block chain. It is numbered as zero block by modern versions of Bitcoin. Bitcoin, on the other hand, is a prize given to ensure the continuity of the operation of the Blockchain system. This award is given to the miners who form an important part of the system in the Blockchain system. Here, a separate parenthesis will be introduced to this topic, which is the key to mining practice in the blockchain system. The mining system is defined as the confirmation of any data transfer process between A and B in the blockchain system. The transfer does not occur without this confirmation. The miners do this with the help of the computer they use. Confirmation starts after the transfer.
order is entered. This is accomplished by breaking a sixty-four-digit hash (transaction summary) code. This takes about ten minutes. Depending on the size of the transaction, the approval process must be carried out by at least two miners (Vigna and Casey, 2017: 85). Over this period, the computers used by miners are working extensively, increasing their energy consumption accordingly. Energy consumed during mining constitutes the biggest cost item of miners. After completion of each of these transactions, the miners are given Bitcoin.

Beginning as a reward at first, Bitcoin has started to be accepted by many commercial enterprises over time. In 2010 and 2014, Bitcoin, especially known as terrorist financing and Deep Web, has gained a reputation in sites where illegal transactions of internet technology have been made. In particular, Bitcoin has attracted investors in recent years and reached 20,000$ in December 2017 from 3$ in 2012. The price of Bitcoin, which has seen many bottoms in this process, has also made great gains to its investors with its sudden rise. In recent times, technical analysts’ price estimates have been divergent for bitcoin, whose volatility is quite high. The main reason for these deviations is that any macroeconomic variable, product, service, commodity, etc. in the absence of the existence of a foundation. Bitcoin prices are changing depending on supply and demand in the market, and economics and finance experts say that the biggest source of volatility is news manipulation.

Literature Review

Volatility forecasts and methods for other financial instruments will be summarized in this part of the study, and studies on the estimation of Bitcoin volatility will also be included.

Tuly and Lucey (2006) investigated the effect of gold prices on macroeconomic variables. Guvenek and Alptekin (2009) firstly tested the real exchange rate index, marked with the appropriate ARIMA model after stabilization, and the ARCH method to see if the index has volatility. As a result of the study, two threshold TARCH models were used and they concluded that there was no volatility in the series.

Glaser et al. (2014) were asked to provide better information to crypto-money users and to answer Bitcoin’s question of being an asset or money. Linear GARCH technique was applied in the study. The result is that Bitcoin investors are not yet readers of crypto money, and that these investors see Bitcoin as an investment instrument.

Bouoiyour et al. (2015) tried to estimate the volatility of Bitcoin using daily closing prices between 2010 and 2015, and as a result of the study, the asymmetric information reached the conclusion that it was affected from negative shocks more than positive shocks.

Bouoiyour and Selmi (2015) looked at Bitcoin’s price formation from a new perspective with the Empirical Mode Decomposition technique and concluded that the price of Bitcoin could be manipulated by speculative movements as a result of the study.

Dyhrberg (2016) investigated whether Bitcoin is a financial asset. The Asymmetric GARCH model was used in the study and the first model that was established as a result of the study found several outstanding features in terms of investment potential against gold and dollar. They also concluded that the asymmetric GARCH method is a good tool for riskier investors against possible shocks that might be on the market for riskier investors.

Katsiampa (2017) has tested ARCH models that yield the best results in volatility forecast for Bitcoin and found that AR-GARCH model is the best model for the result.

Data, Methodology, Analysis and Findings

In this part of the study, explanations and research findings about the data set and analysis method used in the analyzes are given. The daily returns of Bitcoin calculated from the daily closing price between 01.01.2015 and 18.10.2018 were used in the study.

Data

The following table provides descriptive statistics for Bitcoin returns (RBTC):
Table 1. Descriptive Statistics

<table>
<thead>
<tr>
<th>Sample Volume</th>
<th>2080</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>-0.002832</td>
</tr>
<tr>
<td>Median</td>
<td>-0.002602</td>
</tr>
<tr>
<td>Maximum</td>
<td>0.451250</td>
</tr>
<tr>
<td>Minimum</td>
<td>-1.000000</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>0.051374</td>
</tr>
<tr>
<td>Skewness</td>
<td>-0.262494</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>8.52425</td>
</tr>
<tr>
<td>Jarque - Bera</td>
<td>536.1662</td>
</tr>
</tbody>
</table>

According to Table 1, RBTC is a thick tail because the kurtosis coefficient of the series is greater than three, and also indicates that it is pointed. The fact that the skewness coefficient is close to zero suggests that the data set is symmetric but has a skewed distribution to the left, since it is negative.

Methodology

When analyzing any time series, the stationarity test of the series is very important for the models to be established. Tests in non-stationary series often produce false results (Gujarati, 1999: 713). McKinnon (1991) stated that the test results made with the stability of the series would be healthier. Augmented Dickey Fuller and Phillips Perron Unit Root tests were applied to determine if the series were stationary in the study. The hypothesis of $H_0$ and $H_1$ in these tests when we make the unit root test is as follows:

- $H_0$: There is unit root / Series are not stationary.
- $H_1$: There is no unit root / Series are stationary.

Since it was determined that our series were not stable in the level values, they were subjected to reanalysis by taking first differences.

Table 2. ADF and PP Test Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Augmented Dickey- Fuller</th>
<th>Phillips – Perron</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>t statistics</td>
<td>p value</td>
</tr>
<tr>
<td>RBTC</td>
<td>-50.4296</td>
<td>0,0001</td>
</tr>
</tbody>
</table>

According to the test results in Table 2, it is seen that the $H_0$ hypothesis is rejected for the RBTC variable because the probability values according to the ADF test statistic and the PP test statistic are smaller than 0.05. Financial time series have some general characteristics. It was observed that the prices of financial assets were not stable in general, while returns those of assets were stable and did not show autocorrelation characteristics.

Another phenomenon frequently encountered in the returns of financial assets is the volatility cluster. In the series of returns, it is seen that major changes are followed by major changes and minor changes are followed by minor changes. In particular, it is known that the news reflected on the market leads to a volatility on financial data, depending on whether it is good or bad. Studies in the literature have shown that bad news is causing more volatility.

The ARCH model proposed by Engle (1982) is known as the first model to add empirical findings to financial asset returns. Engle et al. (1987) developed the Autoregressive Conditional Varying Variance in Mean (ARCH-M) model by including the conditional variance as an explanatory variable in the mean equation. The ARCH-M model is important in terms of testing the relationship between uncertainty and return, which play an important role in finance theory. Bollerslev (1990) presented the Generalized Autoregressive Conditional Variance (GARCH) model by modeling the conditional variance as an autoregressive moving average (ARMA) process different from the ARCH model. Nelson (1991) developed the Exponential GARCH (EGARCH) model to explain the asymmetric volatility observed in financial markets. In this model, the conditional variance can vary depending not only on the magnitude of the shock that is exposed but also on the sign. Another important
model considering asymmetric volatility is the Threshold ARCH (TARCH) model proposed by Zakoian (1994).

Findings

The ARCH-LM test was conducted to test the presence of ARCH effect in the RBTC series after the series is stabilized. The most suitable model for the structure of the series is determined by trialing with ARIMA models at different grades. The first step in the ARCH-LM test is to decide the average equation (Ozer and Ece, 2016: 8). Based on the corelogram of the time series, it has been determined which of the series conform to the which process such as MA(q), AR(p) or ARMA(p, q). The order of the AR part is determined by significant autocorrelation, and the order of MA part by the number of significant autocorrelation coefficients. All Box Jenkins (ARIMA) models have been tested to the 10th level for the determination of the average equation and the ARIMA (1,1) model with the best explanation power has been accepted as the average equation. The ARIMA (1,1) model results are given in Table 3 below:

Table 3. ARIMA (1,1) Model Test Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficient</th>
<th>T Statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>0.002472</td>
<td>7.360821</td>
</tr>
<tr>
<td>AR2</td>
<td>-0.274409</td>
<td>-11.165052*</td>
</tr>
<tr>
<td>MA2</td>
<td>0.289803</td>
<td>5849.132*</td>
</tr>
<tr>
<td>R²</td>
<td></td>
<td>0.014953</td>
</tr>
<tr>
<td>F Statistics</td>
<td></td>
<td>7.147843</td>
</tr>
<tr>
<td>Probability</td>
<td></td>
<td>0.0000</td>
</tr>
<tr>
<td>Durbin Watson</td>
<td></td>
<td>2.005969</td>
</tr>
</tbody>
</table>

White Test and ARCH-LM test were applied to test whether the model has heteroscedasticity and autocorrelation.

Table 4. White Test and ARCH-LM Test Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>White Test</th>
<th>ARCH-LM Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>F Statistic</td>
<td>120.321</td>
<td>234.7</td>
</tr>
<tr>
<td>Probability</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

When Table 4 is examined, it is concluded that there is heteroscedasticity and autocorrelation according to White Test Results. In this case it was found that the RBTC conformed to the ARCH model.

Table 5. Statistical Results Related to Estimated Models

<table>
<thead>
<tr>
<th>Variables</th>
<th>ARCH(1)</th>
<th>GARCH(1,1)</th>
<th>ARCH-M(1)</th>
<th>EGARCH (1,1)</th>
<th>TARCH (1,1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R²</td>
<td>0.017385</td>
<td>0.00796</td>
<td>0.00506</td>
<td>0.00195</td>
<td>0.04461</td>
</tr>
<tr>
<td>F</td>
<td>7.147843</td>
<td>0.053392</td>
<td>0.053384</td>
<td>0.053376</td>
<td>0.053383</td>
</tr>
<tr>
<td>Log-Olab.</td>
<td>646.4567</td>
<td>646.5190</td>
<td>644.1798</td>
<td>647.3684</td>
<td>648.8629</td>
</tr>
</tbody>
</table>

When all models are examined, it is seen that the most suitable model is the TARCH (1,1) model with the lowest AIC and SIC values.

Conclusion

The increasing convergence of finance and technology in recent years and the development of financial intermediation and financial products based on technology have changed the monetary understanding of everyday use. Consumers and businesses are now beginning to accept systems that are faster and less costly to process payments. Nowadays, the crypto money that emerged in 2009, which is exactly the trend, and the blockchain system, the technological power behind these money,
become increasingly popular because of its increasing popularity and usage. The mentioned crypto money and the technology behind crypto money have attracted not only businesses (especially financial institutions) but also investors. Crypto money (the most widespread use of Bitcoin - 54%), which is particularly favored by riskier investors, has begun to be the subject of many studies. While strengthening the rhetoric that crypto money does not depend on any center is a speculative tool, it does not have any relation with macroeconomic variables in particular, resulting in high volatility.

In this study, between January 2015 and March 2018, Bitcoin returns were calculated from the closing prices according to the Bitcoin/Dollar exchange rate, and an attempt was made to determine the most appropriate model for volatility forecasting based on asymmetric information. As a result of the analyzes made, it is concluded that the model which makes the most suitable volatility estimation from the ARCH models is the TARCH model. The fact that crypto money does not belong to any center (central bank, state etc.) makes price estimations difficult and in this case results in high volatility. In order for investors to take a position against this high volatility, the news reflected in the market must be followed. It is also believed that the analysis of these news items as categorical variables, both good and bad, is very important for investors’ current positions.

References


Abstract

In 1994, Credit Default Swaps, which were defined as transfer of risk to another investor to protect themselves against the likelihood of default by a counterparty of a lending institutions, were introduced to the market by the JP Morgan Inc. The purpose of this study is to test the relationship between the Credit Default Swap, Exchange Rates and the BIST 100 Index in a short and long term. For this aim, monthly data of Credit Default Swap Premiums, Exchange Rates and BIST 100 Index of Turkey was used in this study between 2012 and 2017. As a result of the analyzes carried out, there was a two-way causality relationship between the BIST 100 Index and the Credit Default Swap, and no causality relationship between the BIST 100 Index and the Exchange Rates.

Key words: Credit Default Swap, Exchange Rates, BIST 100, Cointegration, Causality.

Jel Codes: F43, C22, F62.

Introduction

Nowadays, information and technological development are growing rapidly by incorporating all sectors together. Especially in recent years, the expansion of global financial markets and the continuous shift of capital have become one of the biggest indicators of this expansion. Financial market integration brings high returns to investors and in this case brings high risk. The financial sector has developed various hedging transactions for such risks and has made a significant contribution to making more optimal decisions for investors against risk. In addition to hedging transactions, an early warning system has been introduced for the use of investors in techniques that can be called. Especially investors investing in a different country are investing by analyzing many indicators before investing in that country. Credit Default Swaps (hereafter CDS) are one of the most widely used indicators.

Credit Default Swaps (hereafter CDS) are defined as the cost of accepting the risk of not being paid by a person or an organization for a certain amount of money (Eğilmez, 2016). CDSs are not only a risk protection method, but also provide users with the opportunity to benefit from arbitrage opportunities (Hancı, 2014: 10). CDSs, one of the most used instruments of the credit derivative market, refers to a financial contract to protect against credit risk arising from one or more financial assets. In this respect, the recipient party transfers the risk of weakening credit quality or exposure to default to the protection seller for a certain fee. The general processing of the CDSs’ is shown below:

Figure 1. CDS Processing

CDSs have recently become widely used as country risk indicators, as momentary changes in the credit ratings given by credit rating agencies as a risk indicator for the country are not as flexible as the CDS in price. In this point, CDSs provide information on the adequacy of the payment of the credits of the creditors used while credit rating agencies give information about the adequacy of the payment of the assets issued by any country, firm, etc. (Conkar and Vergili, 2017: 60). The relationship between the CDS and the stock dates back to 2003. With the activity of the CDS index, The J. P. Morgan Investment Bank has established an index called Trac-X. This index is composed of CDS premiums of fifty investment grade bonds. In the following period, the IBoxx Index, which is formed by several banks operating in the USA and Europe, was established. On 21 June 2004 these two CDS indices were merged to form the Dow Jones iTraxx Index (Eren and Basar, 2016).

CDS premiums are an important indicator that gives information that varies according to market conditions. Many studies in the literature have investigated the interaction with the stock market. Another important indicator about the markets is the exchange rates. Both stocks and CDS premiums are in a mutual interaction with the exchange rates. As the CDS premiums increase due to the increased country risk, the currency depreciates against other currencies. In this context, the relationship between the CDS, the exchange rates and the BIST 100 index has been tested in this study in a short and lengthy manner. For this aim, monthly data of the CDSs belong to Turkey, currencies and BIST 100 index are used in the study between 2012-2017. In the next part of the study, we will refer to the studies done in the literature and in the last part the analysis results will be given.

**Literature**

Duffie's (1999) study is the first study that made the first studies on CDS and the basis of many studies in finance literature. In this study, CDSs are generally defined and provided information on credit defaults.

Ayvaz (2006) was investigated the relationship between the stock market and the exchange rate in Turkey using monthly data with time-series analysis. As a result of the study, it has been determined that there is a long-term stable relationship between exchange rate and national 100 index, exchange rate and financial sector index, and exchange rate and industry sector index.

Fung et al. (2008) conducted a study of the relationship between stock exchange of the US and Asian countries (China, Malaysia, Korea, Thailand and Philippines) and the CDS between 2001 and 2007 and found that the stock market pioneered both the investment and high-yield CDS markets shows. Unlike the investment class CDS, there are strong feedback effects from the high yield CDS market towards the stock market; resulting in the high-yield CDS market showing that firms may include a certain default risk component that may not be embedded in the stock issue.

Bali and Yilmaz (2012) investigated the relationship between the BIST 100 index and the CDS and found a negative relationship at the end of the study.

Hanci (2014) was examined the volatility between CDS premiums and BIST 100 index by GARCH method between 2008 and 2012 and found an inverse relation between two variables.


Basarir and Keten (2016) examined the relationship between the CDSs of developing countries, stocks and exchange rates. The monthly data of the countries covered in the study for the period 2010-2016 were used. The short-term relationship is measured by the Granger Causality Test and the long-term relationship is measured by the Johansen Cointegration Test. As a result of the analyzes made, a bidirectional causality relationship between CDS premiums and stocks at 95% level of significance was found in the countries covered and no short and long term causality relationship was found with exchange rates.
Data

In this study, the relationship between BIST 100 index returns and Dollar/TL, Euro/TL and CDS premiums was tested. The data set of the study consists of the monthly data for the period 2012-2017. These time series are derived from the "Data Stream" database. The natural logarithm of each of the data used in the study was taken and used. Thus, the measurement differences between the series have been tried to be minimized. The model used in the study is in Equation 1.

\[
\text{LOGX100} = a_1 + a_2 \text{LOGDollar}/\text{TL} + a_3 \text{LOGEuro}/\text{TL} + a_4 \text{LOGCDS} + \varepsilon_t
\]  

(1)

Methodology and Findings

First, Augmented Dickey Fuller unit root test and Phillips Perron unit root test were applied to determine the stability of the series. The Engle Granger Cointegration analysis was conducted to determine whether there was a long-term relationship between the series, as the series were stationary in the first difference. As a result of the analysis, a long-run relationship was established between the series and an error correction model was established. Error correction coefficient to be both statistically significant and negative sign are indicated that the equilibrium moves back in case of deviation from equilibrium. A Granger Causality Analysis was conducted to find the direction of the short-term relationship between the series, and causality relation was found.

ADF and PP Unit Root Test

Stationary information of the series is needed in the studies related to the time series. Analyzing with non-stationary series may lead to fake regression. A stationary series does not contain a "unit root". The mean, variance and covariance of stationary series do not change over time (Gujarati, 1999: 713).

Augmented Dickey Fuller and Phillips Perron unit root tests were applied to determine if the series were stationary in the study. The hypothesis of \( H_0 \) and \( H_1 \) in our tests of unit root test is as follows:

\( H_0 \): There is unit root / Series are not stationary.
\( H_1 \): There is no unit root / Series are stationary.

Since it was determined that our series were not stable in the level values, they were subjected to reanalysis by taking first differences. According to the test results in Table 1, the series are stable because the \( H_0 \) hypothesis is rejected in the case of the probability values of the LOGX100, LOGDOLLAR/TL, LOGEuro/TL and LOGCDS variables are smaller than 0.05 in the both of the ADF test statistic and the PP test statistic results. In the first differences of the series, stationary outputs make it possible to investigate whether there is cointegration or long-term relationship between the series.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Augmented Dickey Fuller (ADF) Test</th>
<th>Phillips Perron (PP) Test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First Difference</td>
<td>Probability Value</td>
</tr>
<tr>
<td>LOGX100</td>
<td>-6.21753</td>
<td>0.0000</td>
</tr>
<tr>
<td>LOGDollar</td>
<td>-6.077378</td>
<td>0.0000</td>
</tr>
<tr>
<td>LOGEuro</td>
<td>-7.620633</td>
<td>0.0000</td>
</tr>
<tr>
<td>LOGCDS</td>
<td>-8.604979</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

Finding the Lag Length

Once we have determined that our series are stationary in their first difference, we have determined the appropriate lag length in order to be able to carry out other analyzes. Information criteria have been used to determine the optimal level of lag. In Table 2, information criterias such as LR (Likelihood), FPE (Final Prediction Error), Aka (Akaike Information Criterion), SC (Schwarz Information Criterion) and HQ (Hannan-Quinn Information Criterion) are given and the optimal delay lag is set to "1".

119
<table>
<thead>
<tr>
<th>Lag</th>
<th>LR</th>
<th>FPE</th>
<th>AIC</th>
<th>SC</th>
<th>HQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>NA</td>
<td>2.03e+08</td>
<td>30.47779</td>
<td>30.62116</td>
<td>30.53350</td>
</tr>
<tr>
<td>1</td>
<td>379.3851*</td>
<td>241257.8*</td>
<td>23.74332*</td>
<td>24.46018*</td>
<td>24.02192*</td>
</tr>
<tr>
<td>2</td>
<td>22.12021</td>
<td>269153.1</td>
<td>23.84389</td>
<td>25.13424</td>
<td>24.34536</td>
</tr>
<tr>
<td>3</td>
<td>12.83168</td>
<td>360343.9</td>
<td>24.11366</td>
<td>25.97750</td>
<td>24.83801</td>
</tr>
<tr>
<td>4</td>
<td>11.34864</td>
<td>496142.3</td>
<td>24.39135</td>
<td>26.82867</td>
<td>25.33858</td>
</tr>
</tbody>
</table>

### Cointegration

The Engle-Granger cointegration method is used to test the long-run relationship between variables with stability tested and stable at the same level. After establishing our model with our series, which is stationary in the first difference, the method looks at whether the error terms are stable at the level. Since the absolute value of the Mackinnon critical values of (-3.546099), (2.911730), and (-2.293551) at the significance level of 1%, 5%, and 10% respectively is smaller than the absolute value of the ADF test statistic for error terms (-8.061318) the error terms are stable. As a conclusion, according to the test result given in Table 3, it is determined that our variables LOGX100, LOGDollar/TL, LOGEuro/TL and LOGCDS are cointegrated, that is, they are in a long run. After identifying the long-run relationship between the variables, an error correction model was applied to examine how this relationship went through in the short run.

### Table 2. Delay Length

<table>
<thead>
<tr>
<th>Lag</th>
<th>LR</th>
<th>FPE</th>
<th>AIC</th>
<th>SC</th>
<th>HQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>NA</td>
<td>2.03e+08</td>
<td>30.47779</td>
<td>30.62116</td>
<td>30.53350</td>
</tr>
<tr>
<td>1</td>
<td>379.3851*</td>
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<td>23.74332*</td>
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<td>25.13424</td>
<td>24.34536</td>
</tr>
<tr>
<td>3</td>
<td>12.83168</td>
<td>360343.9</td>
<td>24.11366</td>
<td>25.97750</td>
<td>24.83801</td>
</tr>
<tr>
<td>4</td>
<td>11.34864</td>
<td>496142.3</td>
<td>24.39135</td>
<td>26.82867</td>
<td>25.33858</td>
</tr>
</tbody>
</table>

### Table 3. Engle-Granger Cointegration Test Result

<table>
<thead>
<tr>
<th>R²</th>
<th>DW</th>
<th>ADF test.</th>
<th>Mackinnon Critical Values</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>% 1</td>
</tr>
<tr>
<td>0.55</td>
<td>2.00</td>
<td>-8.061318</td>
<td>-3.546099</td>
</tr>
</tbody>
</table>

### Error Correction Model (ECM)

The error correction model helps to determine the long-run equilibrium and short-term dynamics between variables. Even if the variables move together in the long term, they can deviate in the short term. An error correction model is applied to determine how long after the short term deviations will converge to the long term equilibrium. Error correction coefficient is expected to be between -1 and 0 and statistically significant (Tari, 2012: 435). As shown in Table 4, the error correction coefficient is -0.101290, which is statistically significant according to the t statistic value.

### Table 4. Error Correction Model (ECM) Results

<table>
<thead>
<tr>
<th>LOGX100</th>
<th>Error Correction Coefficient</th>
<th>Standard Deviation</th>
<th>t Statistic Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-0.101290*</td>
<td>(0.099341)</td>
<td>[-4.732467]</td>
</tr>
</tbody>
</table>

### Granger Causality

Since it is not appropriate to perform a standard granger causality test when variables are co-integrated, it is better to perform a granger causality test within the error correction model (Granger, 1988: 205). Possible bi-directional causality cointegration relationship is expected between the series, and there is also a one-way relationship or absence of relationship. When the ECM Granger Causality Test results are examined in Table 5, there is a two-way causality relationship between LOGX100 and LOGCDS.

### Table 5. ECM Granger Causality Test Results

<table>
<thead>
<tr>
<th>H₀ = Not Granger Cause</th>
<th>H₁ = Granger Cause</th>
<th>Κ² Square</th>
<th>Probability Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOGX100   =&gt; LOGCDS</td>
<td>8.336294</td>
<td>0.0015</td>
<td>H₀ Reject, H₁ Accept</td>
<td></td>
</tr>
<tr>
<td>LOGCDS    =&gt; LOGX100</td>
<td>15.46282</td>
<td>0.0004</td>
<td>H₀ Reject, H₁ Accept</td>
<td></td>
</tr>
</tbody>
</table>
Conclusion

The relationship between CDSs used as an alternative to credit rating scales and foreign exchange rates and stock return has been examined in many studies. Since CDSs and exchange rates are daily variable values, it is inevitable to examine their relationship with stocks. In the study, the relationship between Credit Default Swap (CDS), exchange rates and BIST 100 index has been tested in a short and lengthy manner. For this purpose, the monthly data of the CDS of Turkey, exchange rates (Dollar/TL and Euro/TL) and BIST 100 index are used between 2012-2017 in the study. In the study, ADF–PP unit root tests were performed to determine whether there was a unit root in the data. Since it was determined that our series were not stable in the level values, they were subjected to reanalysis by taking first differences. According to the analysis results, the series were found to be stationary in the first order. The Engle-Granger cointegration method was used to test the long-run relationship between two variables with stationarity tested and stationary at the same level. As a result of this analysis, there was a two-way causality relationship between the BIST 100 index and the Credit Default Swap (CDS), and no causality relationship between the BIST 100 index and the exchange rates.

References

A MODEL AND EMPIRICAL EXAMINATION OF INFLUENCING FACTORS OF CUSTOMER SATISFACTION AND SERVICE PERFORMANCE THROUGH INTERACTIONAL QUALITY

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ABSTRACT
Marketing scholars have recognized that building and maintaining strong employee-customer relationships are contributors to the performance of organizations. Empirical evidences concerning employee-customer interaction with the help of integrated framework by using the data from supervisor, employee and customer is scare. Insights from various literatures, application of service profit chain and unique set of triad (supervisor, employee and customer) as a unit of analysis, enables an examination of various relational paths among the antecedents and outcomes of interactional quality and fills in the aforementioned void. This study seeks to model and empirically test key cognitive (role overload, self efficacy, and service climate) and emotional aspects (emotional regulation) on outcome variables (interactional quality, customer satisfaction, service performance). An integrated theoretical model, rooted on the reflections of emotional cognation theory, cognitive energetical theory and cognitive emotional theory is developed. A survey questionnaire on the bases of well established measurements from the previous research studies is adopted for data collection from insurance sector of Pakistan. Data is collected with the help of purposive sampling. A total of 270 sets of survey responses are used to empirically test the measurements and propositions by structural equation modelling. The findings are in support of a significant model and proposed relational paths. In general results revealed that role overload, self efficacy, service climate and emotional regulations lead towards customer satisfaction, service performance through interactional quality. This research offers a number of academic and practical implications. The main implication of this research is the extension in conceptual research of marketing literature by providing empirical evidence regarding employee-customer relationship. Managers should recognize that frontline employees, whether they simply interact or actually render the service are the central actor in delivering better quality services that resulted in customer satisfaction. A number of academic as well as managerial implications are proposed and discussed.

Keywords: Cognitive aspects, emotional regulation, interactional quality, customer satisfaction, service performance, and insurance sector.

INTRODUCTION
Frontline employee are main actors in delivery of quality services, whether they simply interact with customer or actually render services to the customers (Bettencourt & Brown, 2003). Employees’ proficient performance during service encounter may leads towards high quality interaction interface, positive evaluations of customer about services and higher service performance (Hong, Liao, Hu, & Jiang, 2013; Jha et al., 2017; Ranjan, Sugathan, & Rossmann, 2015). These encounters put frontline employees in a situation where they are supposed to be met the requirements and expectations of their job along with the varying customer demands (Brown, Jones, & Leigh, 2005). Not surprisingly, these dichotomy cause frontline employees to suffer some cognitive and emotional aspects for instance role overload (Jha et al., 2017; Karatepe, Yavas, & Babakus, 2005; Lin & Lin, 2011); self efficacy (Jung, Brown, & Zablah, 2017); service climate (Chen, Zhu, & Zhou, 2015); and emotional regulation (Wang, 2009) which are significant contributors of their service performance (Menguc, Auh, Katsikeas, & Jung, 2016).

Cognitive emotion theory and emotion action tendency are with the view point hat cognitive interpretation (role overload, efficacy, service climate) are used by individuals to label their emotions (emotional regulation) which results in favorable outcome variables such as customer satisfaction, higher interaction interface and better service performance (Pugh, 2001; Wang et al.,
Furthermore cognitive energetical theory is with the proposition that role overload negatively cause the employee discipline and harmony and leads towards poor delivery of service, unfavorable customer reviews and ultimately poor financial performance (Jones, Chonko, Rangarajan, & Roberts, 2007). Moreover, Emotional contagion is considered as a phenomenon in which one persons’ emotions may trigger emotions and behaviors (Hatfield, Cacioppo, & Rapson, 1993). Thus, employees emotional display evoke emotional changes in customers during employee-customer interactions (Hatfield et al., 1993).

Given that employees cognitive and emotional aspects in a service delivery processes leave an impression on customer, customer evaluations may significantly depends upon employee customer interaction. This study probe into the employee customer relationship by developing a model and empirically test key cognitive (role overload, self efficacy, and service climate) and emotional aspects (emotional regulation) on outcome variables (interactional quality, customer satisfaction, service performance).

This study contributes to marketing literature specifically into employee customer relationship. This study addresses the recent call for systematic research on employee customer relationship (Jung et al., 2017; Menguc et al., 2016) and attempted to develop an integrated model of cognitive, emotional aspects with interactional quality, customer satisfaction, service performance. Furthermore this study provides empirical evidence based on the data from employee, customers and superiors. A number of studies can be found on linkage of service profit chain, however there is dearth of literature concerning employees’ related attitudes on customer responses and performance (Jha et al., 2017). It is then a worthy research avenue to model and empirically test key cognitive and emotional aspect of customer responses and service performance through interactional quality.

LITERATURE REVIEW

In service industry, satisfied and motivated frontline employees are required to fulfill the customer needs, build long term relationships and develop a competitive advantage over competitors (Auh, 2005). On the other hand, required job demands may evoke the feelings of stress that can adversely influence the expected performance of employee. Role overload is acknowledged as one of the job stressor, where employees perceive high time pressure due to a number of responsibilities and commitments in their lives (Brown et al., 2005). Role overload is acknowledged as predictor aspect of interactional quality. For instance, Brady and Cronin Jr, ((2001) stated that employee expertise (e.g., knowledgeable); employee attitudes (e.g., friendly and warm) and behaviors (e.g., prompt action) significantly contributes in developing consumers perceptions regarding interaction quality. In line with this, (Van Dolen, Lemmink, De Ruyter, & De Jong, 2002) documented that customers perception about employee competence and behaviors significantly lead towards interaction quality. Self efficacy is considers as employee’ about feelings about self competences, skills and abilities (Jung et al., 2017). Self-efficacious employees are more inclined as self efficacy assists them cope with and fulfill performance expectation. Self-efficacious employees are believed as highly motivated to leverage their expertise and knowledge to up lift the performance. Therefore, self effect may predict the quality of interaction interface, consumer evaluations about service quality and employee performance (Jung et al., 2017; Menguc et al., 2016).

There is inconsistency among the views of researchers concerning the service environments on consumer behavior (Babin, Chebat, & Michon, 2004). For instance Mehrabian and Russell., (1974) Stimuli Organism–Response (S–O–R) model is with the view that stimuli may affect the internal assessment of an individual that may define approach or avoidance behavior. Literature regarding store environment postulated the relationship between service escape and in-store behavior. Furthermore service climates is recognized as predictor of interactional quality that may drive customer satisfaction and service performance (Chen, 2015). Researhe studies also validate the confirmed the association between perceived service environment and satisfaction (for example see: Ryu, Lee, & Gon Kim, 2012). Chen et al., (2015) and; Wang (2009) found a significant impact of emotional regulation on interactional quality.
A stream of research posits that trustworthy, competent, and understanding employees are more likely to develop long lasting relationships with customers. Heskett, Sasser and Schlesinger (1997) associate employee customer interaction and customer response behaviors. This view point suggested interactional quality as an external indicator of employee’s attitude in employee customer interaction during service exchange encounter. Based on this it can be concluded interactional quality significantly contributes in customer satisfaction. Previous studies were in favor of customer satisfaction and both type of performance outcome subjective (e.g. service performance) and objective (sales performance and financial performance (Hong et al., 2013; Menguc et al., 2016; Yee, Yeung, & Cheng, 2010). Consequently it can be asserted that satisfaction of customer may uplift the service performance of the sales person.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Definition</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Role overload</td>
<td>Expecting the role incumbent to engage in several role behaviors, all of which may be mutually incompatible in the abstract, within too short a time period</td>
<td>(Van Sell et al., 1981, p. 44)</td>
</tr>
<tr>
<td>Self Efficacy</td>
<td>Feel more competent are commonly more willing to help others than individuals who feel less competent</td>
<td>(Jung et al., 2017)</td>
</tr>
<tr>
<td>Service Climate</td>
<td>Specific atmospheric elements in service setting</td>
<td>(Ladhari, Souden, &amp; Dafour, 2017)</td>
</tr>
<tr>
<td>Emotional Regulation</td>
<td>The processes by which individuals influence which emotions they have, when they have them, and how they experience and express these emotions</td>
<td>(Grandey, 2000)</td>
</tr>
<tr>
<td>Interational Quality</td>
<td>Quality of interpersonal interactions between a customer and an employee in a service exchange</td>
<td>(Jung et al., 2017)</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>Person’s feeling of pleasure or disappointment which resulted from comparing a product’s perceived performance or outcome against his/ her expectations</td>
<td>(Kotler &amp; Keltner, 2006)</td>
</tr>
<tr>
<td>Service Performance</td>
<td>An assessment of how well a service employee delivers in-role service performance to customers,</td>
<td>(Menguc et al., 2016)</td>
</tr>
</tbody>
</table>
THEORETICAL FRAMEWORK

Hypotheses
H1: Role overload has a significantly negative impact on interactional quality.
H2: Self Efficacy has a significantly positive impact on interactional quality.
H3: Service climate has a significantly positive impact on interactional quality.
H4: Emotional regulation has a significantly positive impact on interactional quality.
H5: Interactional quality has a significantly positive impact on customer satisfaction.
H6: Interactional quality has a significantly positive impact on service performance.
H7: Customer satisfaction has a significantly positive impact on service performance.

METHODS

A quantitative research methodology was adapted to empirically test theoretical model and hypotheses. Participants in this study were managers, sales persons and customer of insurance companies. Insurance companies offer a wide range of policies which cover a variety of insurance products like property insurance, life insurance, health insurance and auto insurance. Insurance sales persons are mainly concerned with the introduction and selling of appropriate insurance policies to current and potential customers. Hence, insurance agents are actively involved to interact with customers to communicate insurance policy and address inquires related to insurance policies. The selection of insurance sector for the subject of the study is deemed appropriate to empirically test the model as insurance agents frequently contacting with customers to resolve their complaints and get customers satisfaction. Survey questionnaires based on existing literature were used for data collection. A total of three versions, one for employee, one for customer and one for supervisor were developed to collect the response from unique set of tried (employee, customer and supervisor). Questionnaires were distributed to the managers of insurance companies, managers wrote a memo to supervisors and requested for their corporation. Supervisors help to get the response from their respective sales persons and clients (customers). Purposive sampling was adopted for this study to collect the data. A total of 294 sets of responses (882 individual responses) were considered a reasonable size. Moreover, the sample size of 294 also satisfies the requirement of minimum sample size based on calculations provided by Morgan and Krejci (1970). As per Morgan and Krejci (1970) formula 285 responses are enough when the population is unknown and
propositions are tested on the bases of population proportion expressed as 0.5 (50%) with 95% confidence of internal and margin of error at 5% (0.05).

**Measures**

Online questionnaires based on existing validated scales from existing literature were adapted. Five point Likert scales was used to measure the items of study variables. Role overload (RO) was measure on three item scale adapted from Jha et al., (2017). Self efficacy (SEF) was measured on three item scale suggested by (Menguc et al., 2016). Service climate (SCL) was estimated based on six items scale scales adopted from (Ladhari et al., 2017). 10 items scale suggested by Sohn (2017) was used to measure emotional regulation (EMR). Interaction Quality (ITQ) was measured with five items scales adopted from Cronin, Brady, and Hult (2000). Customer satisfaction (SAT), was measured via three items adopted from Jha et al., (2017). Service performance (SPEF) was measured by using six items scale adapted from Menguc et al., (2016)

**DATA ANALYSIS**

A series of data analysis tools were employed to empirically test the model and proposed relational paths among the antecedents and outcomes of interactional quality. Descriptive statistics and correlations were depicted in Table 1. The results showed that the means of study variables ranged between 2.50 to 4.22 and standard deviation ranged between .51 to .98. Furthermore, the normality of the data is verified with the help of skewness and kurtosis. The estimates for skewness and kurtosis were within the recommend range of ±3 and establish normality of the data. The results correlation coefficients were also in support of a significant association among the antecedents, interactional quality and outcomes of interactional quality.

**Table 1: Descriptive statistics and correlations of study variables**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. Dev</th>
<th>Ske</th>
<th>Kurt</th>
<th>RO</th>
<th>SEF</th>
<th>SCL</th>
<th>EMR</th>
<th>ITQ</th>
<th>SAT</th>
<th>SPEF</th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td>3.24</td>
<td>0.53</td>
<td>0.263</td>
<td>0.168</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEF</td>
<td>3.23</td>
<td>0.98</td>
<td>-0.53</td>
<td>-0.41</td>
<td>-0.429''</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SCL</td>
<td>4.22</td>
<td>0.75</td>
<td>-1.08</td>
<td>0.82</td>
<td>-0.554''</td>
<td>-0.04</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMR</td>
<td>4.06</td>
<td>0.63</td>
<td>-1.26</td>
<td>1.30</td>
<td>-0.359''</td>
<td>0.01</td>
<td>-0.03</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITQ</td>
<td>2.98</td>
<td>0.51</td>
<td>-0.27</td>
<td>0.34</td>
<td>-0.556''</td>
<td>0.512''</td>
<td>0.460''</td>
<td>0.298''</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAT</td>
<td>2.50</td>
<td>0.62</td>
<td>0.30</td>
<td>-0.16</td>
<td>-0.291''</td>
<td>-0.209''</td>
<td>0.216''</td>
<td>0.135''</td>
<td>-0.329''</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>SPEF</td>
<td>3.36</td>
<td>0.54</td>
<td>-0.12</td>
<td>0.03</td>
<td>-0.630''</td>
<td>-0.324''</td>
<td>0.513''</td>
<td>0.254''</td>
<td>-0.593''</td>
<td>-0.434''</td>
<td>1.00</td>
</tr>
</tbody>
</table>

**Note:** ** Correlation is significant at the 0.01 level (2-tailed); * Correlation is significant at the 0.05 level (2-tailed).

**Common method Variance**

Method biases are recognized as major measurement error that may cause the validity issues f conclusions about the relationships between measures. Harman’s single-factor was used to test the common method variance. Results in Table 2 showed largest factor accounted for 27.305% less than the threshold value of 50%, an indication of no common method biases (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003).

**Table 2: Harman’s single-factor test for common method variance**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Initial Eigen values</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Rotation Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of Variance</td>
<td>Cumulative %</td>
<td>Total</td>
</tr>
</tbody>
</table>

**Note:** Extraction Method: Maximum Likelihood.
**Test for Multi-Collinearity**

Multicollinearity collinearity was assessed by estimating Variance inflation factor (VIF). The estimated VIF values shown in Table 3 were ranged between 1 to 2.851, lesser than the recommend range of 4 by O'Brien (2007). Thus results indicated that data is free from the issue of multi-collinearity.

<table>
<thead>
<tr>
<th>Table 3 VIF for latent and observable variables</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>RO</td>
</tr>
<tr>
<td>SEF</td>
</tr>
<tr>
<td>SCL</td>
</tr>
<tr>
<td>EMR</td>
</tr>
<tr>
<td>ITQ</td>
</tr>
<tr>
<td>SAT</td>
</tr>
</tbody>
</table>

**Measurement model**

Structural equation modeling was adopted to estimate the measurement model and structural model for the assessment of validity and structural path respectively. Measurement model was depicted in Figure 2. Factor loads, Cronbach's alpha, composite reliability and average variance explained (AVE) were shown in Table 3, Table 4 and Table 5. Consistent with Fornell and Larcker (1981); Hair, Black, Babin, Anderson and Tatham (2013) and Mittal et al. (2016), results were in support of reliability, internal consistency reliability, convergent validity, and discriminant validity. The Cronbach’s alpha for all study variables exceeded the cut-off point of .70 (Nunnally, 1970). Composite reliability (CR) and average variance extracted (AVE) exceeded the cutoff point of .70 and .50 respectively (Chung et al., 2017). The factor loads greater than .50 and AVE greater than .50 were the indication of convergent validity (Hair et al., 2013). However, the AVE of OR and TQL was less than .50, however AVE values greater than .40 is acceptable if CR is greater than .60 (Mittal et al., 2016). Furthermore, the square roots of the AVE of each variable exceeded the correlation coefficient of that variable with other variables illustrated the discriminant validity of the variable (Hair et al., 2013). The goodness-of-fit indices were quite satisfactory after the provided additional validation of measurement model ($\chi^2/df = 1.23$; GFI = .89; AGFI = .88; NFI = .90; CFI = .98; RMSEA = .028). In the analysis one of the emotional response (i.e. EMER10) was dropped due to low factor load.

<table>
<thead>
<tr>
<th>Table 3: Standardized regression weights indicating factor loads</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>RO1</td>
</tr>
<tr>
<td>RO2</td>
</tr>
<tr>
<td>RO3</td>
</tr>
<tr>
<td>SEF01</td>
</tr>
<tr>
<td>SEF02</td>
</tr>
<tr>
<td>SEF03</td>
</tr>
<tr>
<td>SCL01</td>
</tr>
<tr>
<td>SCL02</td>
</tr>
<tr>
<td>SCL03</td>
</tr>
<tr>
<td>SCL04</td>
</tr>
<tr>
<td>SCL05</td>
</tr>
<tr>
<td>SCL06</td>
</tr>
<tr>
<td>EMR01</td>
</tr>
<tr>
<td>EMR02</td>
</tr>
<tr>
<td>EMR03</td>
</tr>
<tr>
<td>EMR04</td>
</tr>
<tr>
<td>EMR05</td>
</tr>
</tbody>
</table>
### Table 5: Results of the Fornell–Larcker validation

<table>
<thead>
<tr>
<th>Variables</th>
<th>AVE</th>
<th>SQRT (AVE)</th>
<th>RO</th>
<th>SEF</th>
<th>SCL</th>
<th>EMR</th>
<th>ITQ</th>
<th>SAT</th>
<th>PEF</th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td>.44</td>
<td>0.66</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEF</td>
<td>.56</td>
<td>0.75</td>
<td>-.429**</td>
<td>(0.75)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SCL</td>
<td>.73</td>
<td>0.85</td>
<td>-.554**</td>
<td>-.04</td>
<td>(0.85)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMR</td>
<td>.40</td>
<td>0.63</td>
<td>-.359**</td>
<td>0.01</td>
<td>-0.03</td>
<td>(0.63)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITQ</td>
<td>.49</td>
<td>0.70</td>
<td>-.556**</td>
<td>.512**</td>
<td>.460**</td>
<td>.298**</td>
<td>(0.70)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAT</td>
<td>.56</td>
<td>0.75</td>
<td>-.291**</td>
<td>.209**</td>
<td>.216**</td>
<td>.135**</td>
<td>.329**</td>
<td>(0.75)</td>
<td></td>
</tr>
<tr>
<td>SPEF</td>
<td>.50</td>
<td>0.71</td>
<td>-.630**</td>
<td>.324**</td>
<td>.513**</td>
<td>.254**</td>
<td>.593**</td>
<td>.434**</td>
<td>(0.71)</td>
</tr>
</tbody>
</table>

**Note 1:** Values in parentheses “(*)” are the square root value of AVE of given variables.

**Note 2:** **p < 0.05**
Figure 2. Measurement Model

STRUCTURAL MODEL

The proposed structural paths (H1 – H6) were accessed with the help of structural model. Results were shown in Table 6 and Figure 3. Results were in support of assertions. For instance role overload showed a significant and negative impact on interactional quality (β = -.666, p< .01), support H1. Self efficacy had a significant and positive impact on interactional quality (β = -.518, p< .01), in favor of H2. For service climate and interactional quality (β = .379, p< .01), results revealed a significant and positive effect and confirm the proposition H3. Similar, emotional regulation significantly and positively contributes in interactional quality (β = .255, p< .01), in line with the hypothesis 4. For outcome variables, International quality was found a significantly positive predictor of satisfaction and service performance (β = .346, p< .01; β = .558, p< .01), supporting H5 and H6. Results were also in support of a significant and positive impact of customer satisfaction and service performance (β = .282, p< .01), consistent with H7.

<table>
<thead>
<tr>
<th>Path</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITQ←RO</td>
<td>-.666</td>
<td>.073</td>
<td>-8.032</td>
<td>***</td>
</tr>
<tr>
<td>ITQ←SEF</td>
<td>.518</td>
<td>.039</td>
<td>7.305</td>
<td>***</td>
</tr>
<tr>
<td>ITQ←SCL</td>
<td>.379</td>
<td>.029</td>
<td>7.210</td>
<td>***</td>
</tr>
<tr>
<td>ITQ←EMR</td>
<td>.255</td>
<td>.038</td>
<td>4.808</td>
<td>***</td>
</tr>
<tr>
<td>SAT←ITQ</td>
<td>.346</td>
<td>.104</td>
<td>4.585</td>
<td>***</td>
</tr>
<tr>
<td>SPEF←ITQ</td>
<td>.588</td>
<td>.089</td>
<td>6.997</td>
<td>***</td>
</tr>
<tr>
<td>SPEF←SAT</td>
<td>.282</td>
<td>.052</td>
<td>4.163</td>
<td>***</td>
</tr>
</tbody>
</table>

Note: CMIN = 1401.009; CMIN /df = 2.41, p ≤ 0.00; df = 581, GFI= .91, AGFI= .88, NFI= .89, CFI= .96, RMSEA = 0.037
This study looks into the employee-customer relationship by developing an integrated theoretical model, based on the grounds of emotional cognition theory, cognitive energetic theory and cognitive emotional theory and empirically tests it with the data from the insurance sector. This study provides theoretical mechanisms through which key cognitive variables (role overload, self efficacy, and service climate) and emotional aspects (emotional regulation) significantly lead towards interactional quality that ultimately resulted in customer satisfaction and service performance. The results of the study are in line with the viewpoint above said supporting theories and support the asserted rational paths.

Consistent with the existing literature, role overload (Jha et al., 2017; Karatepe et al., 2005; Lin & Lin, 2011); self efficacy (Jung et al., 2017); service climate (Chen, Zhu, & Zhou, 2015); and emotional regulation (Wang, 2009) were found as significant precursors of interactional quality. Furthermore results regarding international quality with customer satisfaction relationship (Choi & Kim, 2013; Dabholkar, Shepherd, & Thorpe, 2000) and service performance (Alegre & Cladera, 2009; Ranaweera & Menon, 2013; Yee et al., 2010) were consistent with previous literature. Results regarding customer satisfaction and service performance were also consistent with previous studies like Hong et al. (2013) and Williams and Naumann, (2011).

From the results it can be comprehended that insufficient time, over work and high performance standards resulted in high score on work over load. Work overload reduce the interactional quality between employee-customer interfaces. Employees (sales person) with high work load conditions could not interact in a competent and reliable way and fail to provide services knowledge and services in timely manner. The results imply that employees develop a sense of self efficacy if they are confident, believe on their abilities and master their abilities to perform their job. A self efficient can enhance the quality of interaction with customer and in a potion to provide dependable, reliable and competent interface for interaction. Additionally self efficient employee can also provide comprehensive information about services and services in timely manner. Results regarding service climate revealed that easily assessed lotions with well assorted products and soothing sent and light effects are rated high on service climate. Consequently healthier service climate may enhance the interactional quality as comfortable services climate may provide help to communicate and deliver services in better way. Findings also make out clear that positive emotions
lead to develop sufficiently flexible and socially tolerable manner to respond in a situation that
ultimately enhance the quality of interaction while dealing with the customers.

Finding illustrated international quality as a significant contributor of customer satisfaction
and service performance. From this it can be figure out that if service provider provide services in a
competent, knowledgeable, reliable and timely manner, customer are more likely to get delighted
from the services and give positive feedback of both the service and service provider. Furthermore,
results also revealed that favorable customer evaluation of service encounter transforms into the
service performance of employees.

The empirical evidences provide a solid ground for implications to practitioners concerning
development of customer relationship on services sector. The outcome of the research assist that
sales managers should considers the cognitive and emotional aspects of employee to enhance the
quality of interaction with customer and achieve customer satisfaction. Sales managers should
consider the load of the work on sales person and their working conditions. Managers should
provide them the confidence and ability to believe in their skills and mastered their skills while
performing their job. Additionally, sale manager should develop a climate in which employee can
regulate their emotions and develop positive emotions that may contribute in achieving customer
satisfaction through quality interaction. Sales Managers can use the results of this reach to develop
the strategies for sustainable customer relationship.

Limitations and Future Directions
Although profound care has been taken to make the study prudent and objective, certain
issues may delimit generalizations. First the data was collected from insurance sector only, for
conclusive generalizations replications are needed in other sectors like hospitality, banking sector
and other services organizations. Second the findings of the study are based on cross-sectional
sample. This may be arguable to make causal inferences. For instance, it may be possible that
customer satisfaction may not immediately transform into services performance. Similarly, the effect
of cognitive and emotional aspects may not appear instantly into interactional quality. Future
research considering longitudinal research design may provide better insight of the relational paths
and would allow causal inferences. Third, validity measures (AVE) for role over load and emotional
regulation were just acceptable. Future studies may consider other measure for role over load and
emotion regulation. Forth, this study examines the relationship between cognitive and emotional
aspects of employee, customer evaluation of service encounter and supervisor evaluation from
employee customer and supervisor data respectively. Future research may consider some other
employee related role stressors for example role conflict and role ambiguity or customer related
outcome variables like relationship investment or loyalty, Future studies may also consider objective
measure for sale person service performance. Thus, we additional researches on these issues
contribute to theory building, facilitate managerial decisions and enhance the generalizations.

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IMPACT OF SELF-EFFICACY ON TEAM EFFECTIVENESS: MEDIATED BY INDIVIDUAL LEARNING IN TEAMS

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Abstract

The purpose behind conducting this study is to provide a possible channel which will start from Self-Efficacy and leads to Team Effectiveness while identifying the importance of Individual Learning in Teams as mediator. In the past, researchers have found out the importance of employee learning for organizational effectiveness but still there is a need to identify the factors that influence and influence by employee’s Individual Learning. Present study has hypothesized that Individual Learning in Teams plays a role of mediator in the relationship of Self-efficacy and Team Effectiveness. Team Commitment and Team Performance is used in order to measure Team Effectiveness. This study was conducted on the employees of Hotel Industry in Rawalpindi and Islamabad who were part of any team. Structured questionnaires were floated among the employees of Hotels. The reason for selecting the Hotel Industry for this research is because team work is one of the most prominent practices in the Hotels. Purposive sampling technique was used to collect data. Sample size for this study was 337 and data was collected from the employees of Pearl Continental, Hotel Shalimar, Marriot Islamabad, Islamabad Inn and Crown Plaza. Andrew F. Hayes process was used for regression analysis. Correlation analysis was used to find the nature of relationship between the variables. Confirmatory Factory analysis (CFA) was used to check the validation of instrument and goodness fit of the model. Results of this study show positive relationship between Self-Efficacy and Team effectiveness and also identifies that Individual Learning in Teams mediates the relationship between Self-Efficacy and Team Effectiveness. This study provides theoretical and practical implication for the understanding of Individual Learning in Teams for Hotels.

Keywords: Self-Efficacy, Individual Learning in Teams, Team Effectiveness, Team Commitment, Team Performance, Social Learning theory, Self-Regulation Theory, Hotels Employees, Individual Performance and human resource management.

Introduction

In today’s business environment organizations are continuously changing their working processes and operations in every field. The reason behind this change is globalization and advancement in technology which give rise to high competition. To survive in high competition as well as to gain competitive advantage organizations are relying on their human resource practices. High work practices play the role of foundation for any organization in order to gain the competitive advantage (Dessler, 2007). Organizations are adopting different human resource practices to achieve success, competitive advantage and effectiveness. So the management of human resource and human resource practices plays an important role for the organizational success. That’s why this study is conducted in the area of human resource management (HRM) in Hotel Industry of Rawalpindi and Islamabad. Hotel Industry in Pakistan is witnessing increase in growth after a gap of almost five years and this trend is expected to continue in future as well. New Hotel development is becoming an important destination for investment in Pakistan. Because of all these development, investment and growth Hotel Industry is becoming more competitive. So this study will be helpful to Hotel Industry to achieve success and effectiveness.

Impact of Self-Efficacy on Individual learning has been test in literature but still it’s lacking (Bommer, Miles & Grover, 2003). Present literature is lacking in terms of measuring that how Self-Efficacy and Individual Learning can vary in Teams (Yoon & Kayes, 2016). Although previous studies on Self-Efficacy have identified the impact of Self-Efficacy on performance (Gibson, 1999; Mitchell, 1997) but still there is lack of possible route that starts from Self-Efficacy and ends at Team Performance. This study provides a possible route in which Self-Efficacy of individuals enables them to learn in team context and their learning result into Team Effectiveness (Ellis et al., 2003).
After a gap of almost five years Pakistan Hotel industry is showing some signs of growth. In the past Hotel Industry of Pakistan has faced a decline in its growth because of the terrorism, economic condition and political condition of the country (Hashim et al., 2016). But now Hotel Industry is reviving itself after a gap so it’s very important for the Hotels to improve their effectiveness and performance. In Hotels most of the work is done through teams e.g. cleaning teams, security teams, cooking team etc. So there is need for Hotels to pay attention towards the learning of their teams and how they can improve Team Effectiveness. The reason behind conducting this study is that in previous research emphasizes were on the importance of learning in an organizations (Edmondson, Dillon, & Roloff, 2007; Lewin, 1936) but this study focus on how Self-Efficacy has positive impact on Individual Learning in Teams. There are main two reasons behind the limitation of Individual Learning. First reason is that researchers have only conceptualized in term of improving the task but ignore the fact that learning is a self-regulation process and what factors actually contribute in increasing self-regulation of learning. Some studies that actually work on self-regulation of learning were only conducted in educational sector and there is still lacking in working sector (Klein, Noe & Wang, 2006). So learning of employees in working sector has been overlooked.

The gap for this study was also identified from the future directions of Yoon and Kayes (2016) paper in which they recommended for future researchers to include team level or individual level out comes such as commitment and performance that are being discussed under Team effectiveness. Individual Learning of employees in teams is a mechanism which helps organizations as well as employees to gain knowledge and skills from each other (Noe et al., 2003). Researchers have emphasized on the benefits of Individual Learning of employees within the team context (Edmondson et al., 2007). Yoon and Kaynes (2016) suggested that future researchers should focus on how Learning of Individuals in Teams can impact the Team Effectiveness.

- What is the importance of Self-Efficacy for the Team Effectiveness in Hotel Industry of Rawalpindi and Islamabad?
- How Individual Learning in Teams mediate the relationship between Self-Efficacy and Team Effectiveness in Hotel Industry of Rawalpindi and Islamabad?

**Objectives of the study**

- To explore the importance of Self-Efficacy for the Team Effectiveness in Hotel Industry of Rawalpindi and Islamabad.
- To investigate mediating effect of Individual Learning in Teams among Self-Efficacy and Team Effectiveness in Hotel Industry of Rawalpindi and Islamabad.

This study provides support to social theories to fill out an important gap that occur while understanding the relationship of Self-Efficacy and Individual Learning in teams. Individual Learning of members in Teams provide them an opportunity to understand the situation better and address any kind of problem that may arise (Edmondson, 2002). Past researches have been conducted on Self-Efficacy also support the notion that Self-Efficacy improves individual learning (Bandura, 1997). Present study also gives directions for the managers in term of its implication for one of the important function of human resource that is selection. Because Self-Efficacy and Individual Learning in Teams are positively related to each other, so organizations who want to increase their Team Effectiveness may select those employees in selection process that have high Self-Efficacy (Mauer et al., 2002). This study will be very helpful for Hotels in Pakistan to achieve organizational performance. This study believes that problem in learning process can be solve by developing Self-Efficacy in employees (Gist, 1987). Human resource management will make their selection by keeping in mind the importance of Self-Efficacy for Team Effectiveness. This study also brought the attention of practitioners towards the importance of Self-Efficacy and Individual Learning in the Hotel Industry of Pakistan which is being neglected in the past. As this research is being conducted on the working teams like cleaning, security, cooking, and waiters’, So this study opens a door for practitioners to consider the fact that Self-Efficacy and Individual Learning is also important for the work teams as it is important for the top or middle level teams.
Literature Review

Self-Efficacy is defined belief and confidence that individuals have in their abilities to perform certain task (Bandura, 1977, 1982, 1997). Self-Efficacy was important element of Bandura’s social learning theory that also defined Self-Efficacy as level of confidence that individual possess about their skills and abilities to perform any action. Self-Efficacy develops from that social experience, physical abilities and complex cognitive (Bandura, 1982). Self-Efficacy can influence the way people feel, think and act (Bandura, 1995). Individuals with high Self-Efficacy are more likely to engage in tasks as compare to individual who have low Self-Efficacy. People with low Self-Efficacy avoids difficult tasks and only pay attention towards task that can be easily achieved (Yoon & kayes, 2016). Blomquist, Farashah and Thomas (2016) also found out that Self-Efficacy is positively related with performance.

Scholars have emphasized on the significance of Individual Learning in teams setting and its benefits for organizations (Edmondson, Dillon & Roloff, 2007). Edmondson (2002) recommended that employees’ learning in teams enhances how organizations pick up the knowledge, and skills that eventually leads to changing the scope of organizational behavior and improves performance. Teams enhance individual abilities and knowledge of people which contribute in Individual Learning of employees (Kukenberger, Mathieu & Ruddy, 2015). Specifically, employees’ view of Individual Learning encourage them to explore different avenues regarding new thoughts, to pick up information through experience, and to reflect on the unexpected results of activities that benefit people as well as the organization and enables them to adapt in changing situations (O’Leary, Mortensen & Woolley, 2011). By watching and interfacing with others and participating in learning practices in the group, efficacious people tend to concentrate more on the work procedure and turn out to take initiatives at confronting challenges, developing new skills, and adopting new techniques for the completion of tasks (Gogus & Yu, 2010). People who step up with regards to enhance their knowledge and abilities will be more prepared for the dynamic world in which we live (Wilson & Narayan, 2014).

Cohen (1994) defines Team Effectiveness in term of 1. Team Performance 2. Team member attitude about the quality of work life 3. withdrawal behavior. The performance includes cost, productivity and quality. The team member attitude factors include job commitment and satisfaction and team satisfaction with social relationship. The withdrawal behavior includes absenteeism and turnover. There is ambiguity under the nature of Team Effectiveness because of the incomplete specification of effectiveness across levels and time. Research on team has measures effectiveness at both team and individual levels. Team Effectiveness does not only have impact on team level outcome but also influence individual outcome (Kukenberger, Mathieu & Ruddy, 2015). In simple words team effectiveness is different from the individual effectiveness.

Commitment is also one of the important growing topics in the context of teams (Riketta & Van Dick, 2005). Previous Researches tends to focus more on the commitment to the organization rather than commitment to the Teams. Researchers have found out that an employee can have different types of commitment e.g commitment to work, commitment to supervisor, commitment to organization, commitment to customers, commitment to occupations and commitment to union. All these commitments combine to influence behavior of an individual (Cohen, 2003).Recent studies show a change of attention from organization commitment to team Commitment. Team commitment is defined as commitment that an individual feels towards its team (Bishop & Scott, 2000). Pearce and Herbik (2004) defined Team commitment as an attachment of member of team towards its teams. Team Commitment is similar to the organizational commitment; the only difference is the target of the commitment. Employees can show different commitment to the organization and team (Bishop et al., 2005). Reason for this difference is that employee may feel easy to connect with his team members as compare to connecting with the organization which result in their low organizational commitment but high Team Commitment (De Lara & Rodriguez, 2007).

Otley (1999) defined performance as doing work that can result into desire outcome. Belbin’s (1981) defines performance in term of winning and losing. But now performance can be define in term of achieving goal or mission. Definition of performance on the individual level is similar to the performance on the team level. There are many factors which contribute in the overall performance of team. Performance can be of two type’s financial and non-financial performance.
(Lebans & Euske, 2006). So in this regard Team Performance is set of financial and non-financial indicators which provide information on the accomplishment of goals and objectives. Researchers should be clear about what they want to measure in their research whether researcher wants to measure performance related to human factors (non-financial performance) and productivity outcome (financial performance). But in this study focus was on non-financial measures which are related to human factors (Lemmink & Mattson, 1998).

Self-Efficacy, defined as peoples judgment about their capabilities to perform certain tasks and actions (Bandura, 1986). This study adds up in the literature of Self-Efficacy by examining the influence of Self-Efficacy on Individual Learning. Self-regulation theory (Bandura, 1991) also suggests that individuals with high Self-Efficacy would take part in the learning activities to achieve high performance. In the literature of attitude behavior it has been also found that Self-Efficacy is important to involve in the learning process (Azjen, 1991; Azjen&Fishbein, 1980). The reason why Self-Efficacy is important is because it creates positive emotions towards the learning and sense of control over the learning situations (Yoon &Kayes, 2016). In teams individuals with high confidence can perform the task successfully and learn more from the task and other team members.

Self-Efficacy has a great impact on the task related performance which is one of the components of the Team Effectiveness. In literature there is clear evidence that shows the effect of Self-Efficacy on performance and also explains that Self-Efficacy is not just related with the past performance but also has impact on the future performance of the team. Index of practical utility by Grissom’s (1994) shows that there is 72 % chance that employees with high Self-Efficacy will show better performance as compare to employees who don’t believe in their capabilities. Individuals may stop putting their efforts for challenging task if they feel that the task is beyond their abilities, skills and capacities (Alessandri, Borgogni, Schaufeli, Caprara&Consiglio, 2014). According to the social cognitive research related to the individual work behavior, high level of Self-Efficacy result into better performance of an individual (Bandura, 1997) and better will be team effectiveness.

Previous researches have proved that team work in organizations can lead to better performance for organization by enhancing the productivity the workplace, increasing the service quality, more satisfaction of employees and decreasing the turnover rate which eventually results in Team Effectiveness. Individual Learning in Teams has positive association with Team Performance (Harms, 2015). Positive team experience enhances the learning process of team which contributes in Team Effectiveness (Kukenberger, Mathieu &Ruddy, 2015).In the past scholars have suggested that the effectiveness of organizations and Teams is influence by the how well knowledge and information has been shared among the individuals, Teams and units (Kogut & Zander, 1996; Alavi & Leidner, 2001; Tsai, 2001).

Commitment is define as individual psychological attachment and identification with the organization (Meyer et al.,1993). In team, knowledge is shared among the team members it creates a synergy affect and develop collective knowledge (Cabrera et al., 2006). For Individual Learning in Teams, managers and organizations has to wisely develop good teamwork behaviors as opposed to simply focusing on outcomes (Kukenberger, Mathieu & Ruddy, 2015). When knowledge is being shared in teams, members are more likely to engage in Individual Learning which enhances the Team Performance and Team Commitment (Guchait, Lei &Tews, 2015).

Figure 1: Conceptual Model
According to Bandura (1977) Self-Efficacy has impact on the choices that individual made and their efforts. Efficacy of an individual can influence the way individual think, feels, motivate him and take action. People who don’t believe in their capabilities to complete a task may avoid it, but those who believe in their abilities will take part in the task and will show more commitment towards the work. Self-Efficacy has impact on work motivation of the employees which leads to their commitment. Individuals who have high Self-Efficacy are hypothesized to work (Helm 1977), that’s mean they are more committed to their work as compare to those who have low self-efficacy. In this regard we can say that individual’s Self-Efficacy increase Individual’s Commitment to work and if he is working in team than Self-Efficacy can increase his Team Commitment. That’s why we hypothesized that Self-Efficacy has positive impact on Team Commitment.

**H1: Self Efficacy has positive impact on Team Commitment**

Self-Efficacy is a person’s belief to perform a specific task (Bandura, 1977). Self-Efficacy is an important construct in the literature of organizational behavior. People who have the confidence to perform a task do better in their work as compare to those who have low confidence. Research findings also support the notion that high Self-Efficacy is associated with high performance, but the strength of the relationships is different for different studies. A lot of studies have explained the importance of Self-Efficacy for improving the performance (Gist & Mitchell, 1992). Results of Grissom’s (1994) index of practical utility shows that there is 72% chances that employees with high Self-Efficacy will perform better than those who have low Self-Efficacy. Self-Efficacy is positive predictor of Performance (Wilson & Narayan, 2014). By keeping in mind the results of past studies this study has hypothesized that Self-Efficacy is positively related to the team performance.

**H2: Self efficacy has positive impact on Team Performance**

According to Bandura (1991) employees with high Self-Efficacy would participate more in the learning process to produce high performance. In the past other Researchers have also suggested that Self-Efficacy is important for employees to involve in learning (Azjen, 1991; Azjen & Fishbein, 1980). Yoon and Kayes (2016) also suggested that Self-Efficacy has influence on Individual Learning in Teams. Now the question is how Self-Efficacy impacts the Learning of an Individual in Teams. An individual working in team gets information form others and in the same way others also offer the best basis for comparison (Schunk, 1989). In teams people who have more confidence in them to perform the task are more likely to participate in the task and will have high chance to learn from others. In this context it has been hypothesized that Self-Efficacy has positive impact on Individual Learning in Teams.

**H3: Self efficacy has positive impact on Individual learning in Team**

Commitment defines as individual’s attachment, loyalty and identification with the organization (Meyer et al., 1993). When in an organization knowledge is being shared and transferred from one to another within the team, a synergy effect is being created. Knowledge sharing among the team creates collective knowledge for the team members (Cabrera et al., 2006). When knowledge is being shared among the team members, Individual Learning in Teams increases and individuals feel more committed to their team. So, this study hypothesized that Individual Learning in Team positive impact on Team Commitment.

**H4: Individual Learning in Team has positive impact on Team Commitment**

Knowledge sharing among the team members result into increase in their learning and their learning can improve their performance (Srivastava et al. 2006) because of its beneficial effect on the team coordination. Marks et al. (2001) concluded that the success of teams is not only limited to the members talents; skills and resource but it is also depending upon the interactions of members. Interactions among the team member will provide them a chance to learn from each other and increase their individual learning. Team performance is positively affected by the Individual Learning (Harms, 2015). Harms (2015) also found out that team size and team tenure does not matter for the Team performance as long as members succeed in creating Learning environment in Team. So it has been hypothesized that Individual Learning in Team has positive impact on Team Performance.

**H5: Individual Learning in Team has positive impact on Team Performance**

Self-Efficacy has great importance in the literature of organizational behavior and human resource management (Stajkovic & Luthans, 1998). In the literature relationship between work-related performance, learning and adaptability has been found (Gist & Mitchell, 1992). When individuals work in team their Self-Efficacy helps them to learn more from their team member and
get more knowledge about the complex task in order to improve their team effectiveness. When employees are able to learn more from their group not only the performance of team increases but it also effect the employees commitment towards their team. A large number of researches in the organization and management suggest that teams can differ in roles depending on the activities they perform and these difference have important implications for their Team Performance (Bunderson & Sutcliffe, 2002; Gibson & Vermeulen, 2003; Schippers et al., 2003; Van der Vegt & Bunderson, 2005). Self-Efficacy of an individual can influence the Learning of Individuals so; organizations should find ways to build high Self-Efficacy because learning of team members can influence their performance (Wilson & Narayan, 2014). So this study has hypothesized that Individual Learning in Team plays the role of mediator between Self-Efficacy, Team Commitment and Team Performance.

H6: Individual Learning in Team mediates the relationship between Self-Efficacy and Team Commitment

H7: Individual Learning in Team mediates the relationship between Self Efficacy and Team Performance

Methodology

Population and sample
Employees from five big Hotels of Rawalpindi and Islamabad were population of this study. Five selected Hotels were Pearl Continental, Hotel Shalimar, Marriott Islamabad, Islamabad Inn and Crown Plaza Hotel and in one hotel there were approximately 425 – 450 employees. Approximately the population frame for this study was 2200 employees. Data was collected from the employees of five stars hotels in Rawalpindi and Islamabad. Total sample size was 337 employees. Sample size was determined by using the formula table which was given by Krejcie and Morgan in 1970. In Krejcie and Morgan formula table sample size for known population has been calculated by using the given below formula.

\[ S = \frac{X^2 NP (1-P)}{d^2 (N-1) + X^2 P (1-P)} \]

Sampling Technique
Purposive Sampling was used for the collection of data. As quantitative approach was used in this research so, structured questionnaires will be floated among the employees for the data collection. This research was conducted to scrutinize the impact Self-Efficacy on Team Effectiveness with mediating role of Individual Learning in Teams, in Hotels of Rawalpindi and Islamabad. Data was collected from Hotels of Rawalpindi and Islamabad through structured questionnaires. For the data collection meetings were arranged with managers of those Hotels. In those meetings permission was taken from those mangers. After permission questionnaires were distributed among employees who were willing to fill the questionnaire. 340 questionnaires were distributed among employees.

Research Instruments
To measure Self-Efficacy the scale was adopted from Jerusalem and Schwarzer (1981), which was first developed as 20-item scale and later on reduced to 10-item scale (Jerusalem & Schwarzer, 1986,1992; Schwarzer & Jerusalem, 1989). The Dimensions of the Learning Organization Questionnaire (DLOQ), developed by Marsick and Watkins was adapted to measure individual learning in teams instead of organization. Individual level learning in teams was measured with 13 items. The OCS developed by Allen and Meyer (1990) was modified to measure Team Commitment instead of organizational commitment with 12 items. Hackman’s Team Performance scale of 4 items was used to measures team performance. A five point Likert scales was used for the measurement of variables. Statistical Package for Social Sciences (SPSS) version 20 was used in this research to analyze the data. Descriptive statistics was used to know the percent of age, gender and education. Reliability and normality was also being checked through this software. Correlation test was used to find out the strength of relationship between variables. Andrew F. Hayes process was used for regression analysis. Confirmatory test analysis was used to check the validity of the questions and goodness fit of model.
Results and Findings

The demographic analysis shows the clear picture about the characteristic of the respondents. The demographic analysis includes the frequency test which describes the sample in term of demographics. Responses are presented in table 1.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Options</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>194</td>
<td>57.6</td>
<td>1.4243</td>
<td>0.49498</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>143</td>
<td>42.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>18-31</td>
<td>173</td>
<td>51.3</td>
<td>1.5638</td>
<td>0.63358</td>
</tr>
<tr>
<td></td>
<td>32-44</td>
<td>138</td>
<td>40.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>45-57</td>
<td>26</td>
<td>7.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualification</td>
<td>Under matric</td>
<td>17</td>
<td>5.0</td>
<td>2.6409</td>
<td>0.57620</td>
</tr>
<tr>
<td></td>
<td>Matric</td>
<td>87</td>
<td>25.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Intermediate</td>
<td>233</td>
<td>69.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bachelors</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team</td>
<td>Cleaning</td>
<td>80</td>
<td>23.7</td>
<td>2.6439</td>
<td>1.26217</td>
</tr>
<tr>
<td></td>
<td>Cooking</td>
<td>75</td>
<td>22.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Security</td>
<td>101</td>
<td>30.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Waiters</td>
<td>47</td>
<td>13.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>34</td>
<td>10.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience</td>
<td>Less than 1 year</td>
<td>81</td>
<td>24.0</td>
<td>2.2315</td>
<td>0.94167</td>
</tr>
<tr>
<td></td>
<td>1-3 years</td>
<td>135</td>
<td>40.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4-5 years</td>
<td>83</td>
<td>24.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>More than 5</td>
<td>38</td>
<td>11.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N=50

The demographic variables are age, gender, education, team and experience of the respondent. The result shows that there were 194 males and 143 females in respondent and majority of them were lying in age group of 18-31. Out of 337 there were 223 employees who have done intermediate so majority of the employees were educated up to intermediate level. Respondents of this study were mainly from cleaning and security teams and most of the employees have experience from 1-3 years.

Reliability analysis is used to confirm that scale is consistently measuring the variables. The Cronbach’s alpha technique is used to find out the internal consistency of the items that how closely set of items are related as a group. Cronbach’s alphas of the variables are presented in table 2.

<table>
<thead>
<tr>
<th>Variables</th>
<th>No of Items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Efficacy</td>
<td>10</td>
<td>0.917</td>
</tr>
<tr>
<td>Individual Learning in Teams</td>
<td>13</td>
<td>0.926</td>
</tr>
<tr>
<td>Team Commitment</td>
<td>12</td>
<td>0.928</td>
</tr>
<tr>
<td>Team Performance</td>
<td>4</td>
<td>0.815</td>
</tr>
<tr>
<td>Cumulative Alpha</td>
<td>39</td>
<td>0.942</td>
</tr>
</tbody>
</table>

Alpha coefficient of 10 items of Self-Efficacy is 0.917, 13 items of Individual Learning in Teams is 0.926, 12 items of Team Commitment is 0.928 and 4 items of Team Performance is 0.815. The overall cronbach’s alpha value of 39 items is 0.942 which means that the scale use for this research is reliable.

To check whether data is normal or not, normality tests were run. These tests are performed through descriptive statistics tab in the tool bar. Results of the normality KS test are shown in table 3.

<table>
<thead>
<tr>
<th>Kolmogorov-Smirnov² Statistic</th>
<th>Df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.E</td>
<td>.180</td>
<td>.337</td>
</tr>
<tr>
<td>I.L.T</td>
<td>.125</td>
<td>.337</td>
</tr>
</tbody>
</table>
Above table shows that sig value of Self-Efficacy, Individual Learning in Teams, Team Commitment and Team Performance is .000 which shows that all four variables are not normally distributed. Now for the Self-Efficacy, Individual Learning in Teams, Team Commitment and Team Performance values of kurtosis and skewness is being checked in Table 4.

Table 4: Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.E</td>
<td>3.5772</td>
<td>90.09</td>
<td>-.860</td>
<td>.083</td>
</tr>
<tr>
<td>I.L.T</td>
<td>3.2356</td>
<td>81.89</td>
<td>-.437</td>
<td>-.608</td>
</tr>
<tr>
<td>T.C</td>
<td>3.9664</td>
<td>66.07</td>
<td>-.695</td>
<td>.472</td>
</tr>
<tr>
<td>T.P</td>
<td>3.7077</td>
<td>84.28</td>
<td>.918</td>
<td>3.48</td>
</tr>
</tbody>
</table>

Valid N (list wise)

Values of skewness and Kurtosis for Self-Efficacy, Individual Learning in Teams, Team Commitment and Team Performance are between -1 to +1 and -3 to +3 which shows that all four variables are normally distributed.

Correlation analysis identifies the strength of relationship between the variables. Value of correlation should lie between -1 to +1. Correlation between variables is shown in table 5.

Table 5: Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>S.E</th>
<th>I.L.T</th>
<th>T.C</th>
<th>T.P</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.E</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I.L.T</td>
<td>Pearson Correlation</td>
<td>.378*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>T.C</td>
<td>Pearson Correlation</td>
<td>.692**</td>
<td>.350**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>T.P</td>
<td>Pearson Correlation</td>
<td>.219**</td>
<td>.282**</td>
<td>.233**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

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

Correlation between Self-Efficacy and Individual Learning in Teams is 0.378. This value shows that there is positive but weak correlation between Self-Efficacy and Individual Learning in Teams. Correlation between Self-Efficacy and Team Commitment is 0.692. This value indicates that there is moderate positive correlation between them. Correlation between Self-Efficacy and Team Performance is 0.219 which mean that there is positive but weak correlation between them. Correlation between Individual Learning in Teams and Team Commitment is 0.350 which mean there is positive but weak correlation between them. Correlation between Individual Learning in Teams and Team Performance is 0.282. This value indicates toward weak positive correlation between them. Correlation between Team Commitment and Team Performance is 0.233 which indicate toward weak positive correlation between them.

Confirmatory Factory analysis (CFA) is used to check the validation of instrument and goodness fit of the model. Validity of the instrument is checked through Construct validity. Convergent validity, Discriminant validity and Nomological validity are main components of construct validity. Goodness fir indexes are used to check the goodness fit of the model. Convergent validity is measured through Factor loadings, Average Variance Extracted (AVE) and Construct Reliability.
Factor loading are examined to check convergent validity. All factor loading should be significant (p<0.05) and all loadings should be greater than 0.5. The standardize regression weights for S.E1, S.E2, S.E3, S.E4, S.E5, S.E6, S.E7, S.E8, S.E9 and S.E10 are .843, .902, .607, .820, .807, .618, .585, .576, .804 and .709 which are greater than 0.5 and shows that all items of Self-Efficacy should be included in final survey. Standardize regression weights for I.L.T1, I.L.T2, I.L.T3, I.L.T4, I.L.T5, I.L.T6, I.L.T7, I.L.T8, I.L.T9, I.L.T10, I.L.T11, I.L.T12 and I.L.T13 are .640, .987, .927, .619, .650, .638, .669, .610, .654, .897, .572, .545 and .613 which are greater than 0.5. Regression weights for T.C1, T.C2, T.C3, T.C4, T.C5, T.C6, T.C7, T.C8, T.C9, T.C10, T.C11 and T.C12 are .654, .681, .678, .662, .895, .743, .756, .649, .779, .756 and .770 which are also greater than 0.5. Regression weights for T.P1, T.P2, T.P3 and T.P4 are .607, .838, .866 and .602 which are greater than 0.5. Factor loadings of all items of Self-Efficacy, Individual Learning in Teams, Team commitment and Team Performance are greater than 0.5 and shows that all items should be included in the final survey.

Table 6: Average Variance Explained and Constructs Reliability

<table>
<thead>
<tr>
<th>Variables</th>
<th>AVE</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Efficacy</td>
<td>0.542</td>
<td>0.920</td>
</tr>
<tr>
<td>Individual Learning in Teams</td>
<td>0.500</td>
<td>0.926</td>
</tr>
<tr>
<td>Team Commitment</td>
<td>0.530</td>
<td>0.930</td>
</tr>
<tr>
<td>Team Performance</td>
<td>0.545</td>
<td>0.824</td>
</tr>
</tbody>
</table>

AVE for Self-Efficacy, Individual Learning in Teams, Team Commitment and Team performance are 0.542, 0.500, 0.530 and 0.545 which is greater than 0.5 indicate towards presence of convergent validity. After calculating AVE, Construct Reliability (CR) is being calculated. Values of CR for Self-Efficacy, Individual Learning, Team Commitment and Team Performance are 0.920, 0.926, 0.930 and 0.824 which is greater than 0.7 and indicates towards the presence of convergent validity in constructs.

Table 7: Inter-Construct Correlation and Square of Inter-Construct Correlation

<table>
<thead>
<tr>
<th>Variables</th>
<th>IC</th>
<th>SIC</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Efficacy - Team Commitment</td>
<td>0.723</td>
<td>0.522</td>
<td>0.542</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.530</td>
</tr>
<tr>
<td>Self-Efficacy - Individual Learning in Teams</td>
<td>0.361</td>
<td>0.130</td>
<td>0.542</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.500</td>
</tr>
<tr>
<td>Individual Learning in Team - Team Performance</td>
<td>0.281</td>
<td>0.078</td>
<td>0.500</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.545</td>
</tr>
<tr>
<td>Team Commitment – Team Performance</td>
<td>0.232</td>
<td>0.053</td>
<td>0.530</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.545</td>
</tr>
<tr>
<td>Self-Efficacy – Team Performance</td>
<td>0.226</td>
<td>0.051</td>
<td>0.542</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.530</td>
</tr>
<tr>
<td>Individual Learning in Teams – Team Commitment</td>
<td>0.336</td>
<td>0.112</td>
<td>0.500</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.530</td>
</tr>
</tbody>
</table>
Discriminant validity is used to check the degree to which one construct is different from the other. To check discriminant validity value of AVE is compared with square inter-construct correlation estimates (SIC). Value of AVE should be greater than SIC for the presence of discriminant validity. AVE of Self-Efficacy and Team Commitment is 0.542 and 0.530 which is greater than the SIC value of these variables which is 0.522 and shows that indicators have more in common with the construct they are associated with as compare to other constructs. AVE value of Self-Efficacy and Individual Learning in teams is 0.542 and 0.500 which is larger than the SIC value of these variables which is 0.130. AVE of Individual Learning in Teams and Team performance is 0.500 and 0.542 which is greater than SIC value of these variables which is 0.078 and indicates towards the presence of discriminant validity. AVE of Team Commitment and Team performance is 0.530 and 0.545 which is also greater than the SIC value of these variables which is 0.053. Next is Ave value of Self-Efficacy and Team performance which is 0.542 and 0.530 which is greater than SIC value of these variables which is 0.051 and indicates towards the discriminant validity between them. AVE value of Individual Learning in Teams and Team Commitment is 0.500 and 0.530 which is greater than the SIC value of these variables which is 0.112 and indicates that items have more in common with the construct they are associated with s compare to other constructs.

<table>
<thead>
<tr>
<th>Variables</th>
<th>IC</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Efficacy - Team Commitment</td>
<td>0.723</td>
<td>0.00</td>
</tr>
<tr>
<td>Self-Efficacy - Individual Learning in Teams</td>
<td>0.361</td>
<td>0.00</td>
</tr>
<tr>
<td>Individual Learning in Team - Team Performance</td>
<td>0.281</td>
<td>0.00</td>
</tr>
<tr>
<td>Team Commitment – Team Performance</td>
<td>0.232</td>
<td>0.00</td>
</tr>
<tr>
<td>Self-Efficacy – Team Performance</td>
<td>0.226</td>
<td>0.00</td>
</tr>
<tr>
<td>Individual Learning in Teams – Team Commitment</td>
<td>0.336</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Nomological Validity is check through the inter-construct correlation (IC). P values of inter-construct correlation should be significant for the presence of the Nomological validity. Above table shows that p value of all inter-construct correlations are significant and indicate towards the presence of nomological validity in the constructs.

<table>
<thead>
<tr>
<th>Variables</th>
<th>IC</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square/df</td>
<td>1.024</td>
<td></td>
</tr>
<tr>
<td>AGFI</td>
<td>.888</td>
<td></td>
</tr>
<tr>
<td>CFI</td>
<td>.998</td>
<td></td>
</tr>
<tr>
<td>DF</td>
<td>696</td>
<td></td>
</tr>
<tr>
<td>NFI</td>
<td>.915</td>
<td></td>
</tr>
<tr>
<td>RMSEA</td>
<td>.009</td>
<td></td>
</tr>
<tr>
<td>GFI</td>
<td>.900</td>
<td></td>
</tr>
<tr>
<td>TLI</td>
<td>.998</td>
<td></td>
</tr>
</tbody>
</table>

There are several goodness fit indexes which are used in order to check the goodness fit of the model. Value of relative chi-square (chi-square/df) is 1.024 which is within the criteria of model fit (1-3). Values of Goodness of Fit Index (GFI), Normed Fit Index (NFI), Tuckner-Lewis Index (TLI) and Comparative Fit Index (CFI) are 0.900, 0.915, 0.998 and 998 which are close to 0.90 and indicate towards the best fit of model. Value of Adjusted Goodness of Fit index is 0.888 which shows that model is reasonably accepted. Value of Root Mean Square Error of Approximation (RMSEA) is 0.009 which is less than 0.05 and indicates towards the best fit of model.

Regression analysis identifies the impact of independent variable on dependent variable or not. It is very important test because on the basis of this test it is identified that whether the hypothesis proposed are accepted or rejected. Andrew F. Hayes process has been used for regression analysis.
Table 10: Impact of S.E on T.C with mediating role of I.L.T

<table>
<thead>
<tr>
<th>Antecedent</th>
<th>M (I.L.T)</th>
<th>Y (T.C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>SE</td>
<td>p</td>
</tr>
<tr>
<td>X (S.E)</td>
<td>a1 0.3417</td>
<td>0.0457</td>
</tr>
<tr>
<td>M (I.L.T)</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Constant</td>
<td>iM1 2.0132</td>
<td>0.1687</td>
</tr>
</tbody>
</table>

R^2 = 0.1429
F(1,335) = 55.8733, p = .000

<table>
<thead>
<tr>
<th>Effect</th>
<th>SE (Boot)</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE: S.E-&gt;T.C</td>
<td>0.4758</td>
<td>0.0309</td>
<td>0.4151</td>
</tr>
<tr>
<td>S.E-&gt;I.L.T-&gt;T.C</td>
<td>0.0285</td>
<td>0.0146</td>
<td>0.0025</td>
</tr>
</tbody>
</table>

Table 10 shows the result of mediated regression. First the impact of Self-Efficacy is tested on Individual Learning in Teams. Regression coefficient of Self-Efficacy is significant at b=0.3417, p-value is less than 0.01. Overall model is also significant at F (1,335) = 55.87, p-value is less than 0.01 and this model explains 14% variation in Individual Learning in Teams. In the second step impact of Self-Efficacy and Individual Learning in Teams on Team Commitment is tested. Regression coefficient of both Self-Efficacy and Individual Learning in Teams are significant at b = 0.4758, p-value < 0.01 and b = 0.0835, p-value < 0.05. Overall model is also significant F (2,334) =158.90, p-value<0.01 and this model explain 48% variation of Team Commitment. Direct and indirect Effects Self-Efficacy on Team commitment is significant at 99% confidence interval with effect value of 0.4758 and 0.0285, with bootstrap value of 0.4151 and 0.5365, 0.0025 and 0.0590.

Table 11: Impact of S.E on T.P with mediating role of I.L.T

<table>
<thead>
<tr>
<th>Antecedent</th>
<th>M (I.L.T)</th>
<th>Y (T.P)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>SE</td>
<td>P</td>
</tr>
<tr>
<td>X (S.E)</td>
<td>a1 0.3417</td>
<td>0.0457</td>
</tr>
<tr>
<td>M (I.L.T)</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Constant</td>
<td>iM1 2.0132</td>
<td>0.1687</td>
</tr>
</tbody>
</table>

R^2 = 0.1429
F(1,335) = 55.8733, p = .000

<table>
<thead>
<tr>
<th>Effect</th>
<th>SE (Boot)</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE: S.E-&gt;T.P</td>
<td>0.1218</td>
<td>0.0523</td>
<td>0.0189</td>
</tr>
<tr>
<td>S.E-&gt;I.L.T-&gt;T.P</td>
<td>0.0818</td>
<td>0.0281</td>
<td>0.0348</td>
</tr>
</tbody>
</table>

Table 11 shows the result of mediated regression. First the impact of Self-Efficacy is tested on Individual Learning in Teams. Regression coefficient of Self-Efficacy is significant at b=0.3417, p-value is less than 0.01. Overall model is also significant at F (1,335) = 55.87, p-value is less than 0.01 and this model explains 14% variation in Individual Learning in Teams. In the second step impact of Self-Efficacy and Individual Learning in Teams on Team Performance is tested. Regression coefficient...
of both Self-Efficacy and Individual Learning in Teams are significant at $b = 0.1218$, $p$-value $< 0.05$ and $b = 0.2393$, $p$-value $< 0.01$. Overall model is also significant $F(2,334) = 17.3670$, $p$-value $< 0.01$ and this model explain 9 % variation of Team Commitment. Direct and indirect Effects Self-Efficacy on Team commitment is significant at 99% confidence interval with effect value of 0.1218 and 0.0818, with bootstrap value of 0.0189 and 0.2247, 0.00348 and 0.1456.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Self Efficacy has positive impact on Team Commitment</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2: Self efficacy has positive impact on Team Performance</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3: Self efficacy has positive impact on Individual learning in Team</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4: Individual Learning in Team has positive impact on Team Commitment</td>
<td>Accepted</td>
</tr>
<tr>
<td>H5: Individual Learning in Team has positive impact on Team Performance</td>
<td>Accepted</td>
</tr>
<tr>
<td>H6: Individual Learning in Team mediates the relationship between Self-Efficacy and Team Commitment</td>
<td>Accepted</td>
</tr>
<tr>
<td>H7: Individual Learning in Team mediates the relationship between Self Efficacy and Team Performance</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Above table summarizes hypotheses testing after statistical analysis. Results of statistical analysis show that all the direct hypotheses are accepted. Results of Indirect hypotheses show that Individual Learning mediates the relationship between Team commitment and Team Performance.

**Conclusion**

This study provides a positive support for the relationship between Self-Efficacy and Team Effectiveness as well as mediating effect of Individual Learning in Teams between their relationships. According to the Social Learning Theory and Self-Regulation Theory employees Self-Efficacy leads to high performance because individuals who have high confidence in their abilities tend to engage more learning activities to generate performance which ultimately result into high performance of their team. This study extends the Social Learning Theory because when individuals work in the forms of groups and teams they do not only use their skills and knowledge but also learn from others. According to the literature of organizational support by observing others individual feels more confident about their abilities and engage in learning activities. Results of this study shows that Self-Efficacy has positive impact on Team commitment and Team Performance that’s mean that individual who have high confidence in their selves are more committed towards their teams and contribute in overall Team Performance. Relationship between Individual Learning, Team Commitment and Team Performance were also found positive in this study. Individual who gets to learn more from their team members feel more committed towards that team and also works to increase the performance of that team? Studies have shown that teams in which knowledge is being shared widely among the members perform far better than the others. To check the mediation effect of Individual Learning in Teams between Self efficacy, Team Commitment and Team performance mediation analysis has been done. Mediation analysis has shown that Individual Learning in Teams partially mediate the relationship between the Self-Efficacy and Team Commitment and fully mediate the relationship between Self-Efficacy and Team Performance. So the overall results of this research provide empirical support to the Self-regulation and Social learning theories and suggest that Self-Efficacy is positively associated with Team effectiveness with mediating role Individual Learning in Teams.

**Managerial Implications**

Main concern of this study is to explore the role of Self-Efficacy and Individual Learning in Teams for the Team Effectiveness. This study has many managerial implications. First this study has implication for one of the most important function of human resource that is selection. As Self-Efficacy is related to Team Effectiveness, organizations may want to select those employees who have high Self-Efficacy and will also try to develop Self-Efficacy through training and development. This study supports the idea that employees who have high confidence in their abilities are more likely to involve in learning activities. This research may bring the attention of managers and policy makers towards the importance of teams and groups in working environment. Because increase in
practices like peer to peer and coaching are prove to be very effective way of increasing the learning process. According to the Social identity theory people form sense of attachment towards the team, groups or community from which they belong and that sense of attachment result in better performance.

Limitations and Future directions

This study has several limitations that may limit its generalizability. One limitation of this study is that this study has included only team level out comes while future research can be done on individual level outcomes like employee commitment and employee performance. Another limitation is that this study only include data from the employees who are currently working in any teams while future research can be done by taking data from both the employees and their supervisors about their individual and team out comes. Another limitation of this study is that this study is done only in big five Hotels of Rawalpindi and Islamabad because of time constraints while future researchers can also consider any other industry for this type of research. Data for this study is collected from only two cities Rawalpindi and Islamabad because of limited time and budget while future research can be done in any other cities of Pakistan for more extended view. This study has only included on mediating variable future research can also be done by including more mediating variables such as ethical leadership and organization culture.

Cross culture comparison was beyond the scope of this study, this study does not include any cultural aspect and values. As Pakistan is country with high uncertainty and people avoid taking risks that’s why relationship between Self-Efficacy and Individual Learning is high but this may not be the case with countries that have low uncertainty avoidance. Future researchers need to include the cultural difference, values and beliefs which can promote as well as create problem for Individual Learning and Self-efficacy. Future researchers should use longitudinal data or more measures for Individual Learning in Teams in order to cross check findings of this research.

References


EFFECTS OF CORPORATE GOVERNANCE AND CAPITAL STRUCTURE ON FIRMS’ PERFORMANCE: EVIDENCE FROM MAJOR SECTORS OF PAKISTAN

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ABSTRACT

This study aims to examine the effects of corporate governance and capital structure on firm’s performance. Panel pooled regression method were applied on annual data of two major sectors: automobile & fertilizers from 2006 to 2016. Findings show that board size have positive relationship & audit committee has negative relationship with profitability of automobile sector and vice versa for fertilizers sector. Capital structure is measured by current ratio, debt to equity, short term & long term debt whereas profitability is measured by ROA and ROE. Positive relation of current ratio and profitability of both sectors is observed and the negative relationship of debt to equity of both the sectors has been observed whereas short and long-term debt has no significant relationship in fertilizers sector. The results should be of great importance to investors, creditors, financial analysts and academicians especially after global financial crisis and collapses of giant organizations worldwide.

Keywords: Corporate Governance; Capital Structure; Performance; Pakistan Stock Exchange; Non-Financial Sector.

INTRODUCTION

Corporate governance and capital structure are considered important factors for increasing wealth of shareholders. Any firms’ sound corporate governance is an indication that investor will be able to get their capital back with an optimal level of return on their investment and a good capital structure is one that minimizes the risk and chances of bankruptcy. Goyal (2013) stated that main objective of management of firm is to maximize shareholders and owners wealth, whereas shareholder wealth is defined in terms of current price of outstanding ordinary shares and a firm can achieve this objective by balanced financial decision making with respect to optimal capital structure which would help to minimize the cost of capital. However, capital structure includes debt including preferred stock and equity collectively. Rahman & Sadat (2013) explained corporate governance as the relationship among many stakeholders (including internal and external stakeholders) and in context of business corporations internal stakeholders can be executives, other employees an board of directors whereas external stakeholders can be creditors, suppliers, customers, debt holder, trade creditors. Corporate governance helps to attract investments and improves firms’ financial health and corporate governance practices protect the investor and strengthen good capital markets.

Every company/firm is managed and controlled by specific rules, regulations, practices and procedures through which they assess the interest of firm’s stakeholders that system of directing and controlling is known as corporate governance. Stakeholders include shareholders, government, financiers, customers, suppliers, management etc. Many firms have implemented two-tier corporate system hierarchy in order to create a corporation in which interest of stockholders is involved. This two-tier corporate system hierarchy is also known as dual board system which consists of two boards, the management board and supervisory board and each of them individually has different roles. Board of governance/directors or supervisory board is the first board/tier which includes individuals elected by the shareholders and second tier/board includes management board/ upper management which include individuals selected and hired by the board of directors. Whereas capital structure is concerned, it’s all about how any firms manages and handles its growth and operations through different firm’s financial resources. The capital structure represents the number of funds invested in the business or we can say the capital owned and long/debt capital is part of the capital structure of any firm. Long terms loans, preferred stocks, common stocks or retain earnings are few types of financing involved in the capital structure. Rao, Al Yahyee & Syed (2007) elaborated that “capital structure consists of debt and equity used to finance the firm” and defined that “an optimal capital structure is usually defined as one that will minimize a firms cost of capital while maximizing
firm value”. Hence decision-related to the capital structure has a great impact on firms’ success and market value.

Modigliani & Miller (1958) argued that “capital structure theories operate under perfect market” and under assumptions of a perfect marker such as “homogenous expectations, investors, no taxes, no transaction cost and efficient market capital structure is irrelevant in determining firms value”. Therefore this theorem is best known for “theory of irrelevance”. A large number of studies in past have been done by different researchers to measure the financial performance of the firm, through identifying the effects of capital structure and corporate governance. Pathirawasam (2011) found that return on asset insignificantly correlates with ownership concentration. Additionally, return on equity and return on assets were considered as proxy for profitability and for capital structure debt to equity, long-term debt, short-term debt and size were adopted and found that total debt negatively affects firm return on assets and return on equity, whereas size in terms of sale have negative impact on return on equity only Tailab (2014). Another research conducted by Onaolapo & Kajola (2010) in the same area resulted that debt ratio has significant inverse relation with financial performance.

Corporate governance helps any organization to avoid massive losses, bankruptcy and helps to improve the accountability of a company. It is the way any corporation set policies and laws for its employees for every level of organization. In Pakistan SECP (Security Exchange Commission Pakistan) direct and control the corporate governance system of the stock listed companies. It is the responsibility of board of directors to ensure good and effective governance of firm and when it comes to the responsibility of shareholders they are responsible for appointing directors and auditors in order to ensure effective practice in this way they have the assurance that company is properly following appropriate corporate governance structure. The Board of directors is responsible to provide adequate leadership and supervision to ensure that set goals are achieved timely and properly whereas capital structures management concept is designed to achieve a guaranteed return on investment. One of the main decision made by financial analysts is about the capital structure which influences the market value of the share. Capital structure includes measures like leverage, debt to equity ratios, quick ratios and debt to assets ratio and the capital structure reflects the decision regarding selecting the combination of equity and debt rightly that will help the firm to remain competitive and maximize the profit.

Every organization have a certain set of rules, practices, code of conduct and when it comes to corporate governance there is a need of understanding ethical behaviour with respect to corporate governance and it requires two levels first one is corporate agency and the second one is social welfare. “Corporate agency is concepts which describe that managers, directors and employees of the organization should behave in their best possible interest of owner and shareholders.”

“Social welfare deal with the concept that companies dealing with their stakeholders should deal them fairly”. Stakeholder includes employees, communities, customers, shareholders and employees. Globally, in corporate governance, it is essential for the management that their ethics and accountability must reflect through their actions. Action speaks louder than words and the business itself cannot be ethical only the people who are working in it can show their ethics. It is really important to have designed capital structure system and business ethics in order to excel and earn a profit. It is the responsibility of the supervisory to ensure the ethics to supersede profitability. The simplest way is to manage thy business by protecting your workers and giving rights and freedom to work in their best interest and the management of any business should also compensate their workers/employees in one way or the other as the management deems fit. Moreover, it is in the hands of the managers/management to look after the accountability, financial activities and those they should exercise their ability in a way that shall not affect the shareholders, employees and the public at large. In other words, the management should operate in the ethical and virtuous way for the betterment of the business.

Capital structure and corporate governance play a vital role in financial decision making of any firm leading to firms’ performance and its value. Any firms’ sound corporate governance and capital structure system is an indication that investor will be able to get their capital back with an optimal level of return on their investment and that minimizes the risk and chances of bankruptcy. Therefore the aim of this research is to investigate the effect of corporate governance and capital
structure on firms' performance of two sectors listed in PSX index. Given below are the objectives of the study.

To identify the effects of corporate governance on the performance of firm among different sectors listed in PSX.

To identify the effects of capital structure on the performance of firm among different sectors listed in PSX.

To determine board size effects & audit committee on ROA and ROE.

To measure short-term debt & Long-term debt effect on ROA and ROE.

To examine the effect of liquidity on firms’ performance.

This study reflects effects any firm can have with respect to corporate governance and capital structure on overall performance among the major important sectors selected from PSX depending upon their economic growth rate. Numbers of sectors selected are two and these sectors have been selected with the help of latest statistics of the economic growth rate of FY2017. Through this research, firms will have a broader picture about how rules, practices, designed procedures and funds invested in any business that is corporate governance and capital structure affects financial performance and how a firm can mitigate the unfavourable risk that can lead to bankruptcy. This research has considered the firms of Pakistan only and results, findings, conclusions and recommendations are beneficial for the financial managers/higher management, shareholders, investors, customers, policy makers, security analyst, creditors enabling them to make decisions easily.

In the remaining parts of the paper, literature review, theoretical framework, methodology, results, findings and conclusion have been discussed. In the second section, review of previous studies, conceptual framework, corporate governance mechanism and capital structure mechanisms are summarized. Research methodology explaining the definition of key terms, research design, data collection, sampling techniques, research design, procedures, hypothesis and model specification have been discussed in the third section. The key findings, results, and analysis and conclusion have been discussed in section and five respectively.

LITERATURE REVIEW

This Section highlights a variety of research has already been done with the intent of highlighting the relationship of capital structure, corporate governance and firms' performance. Different authors have given different arguments and criticize to analyze and measure the financial performance of firms with the context of capital structure and corporate governance. Gleason et al (2000) in his study revealed that there is a significant and negative relationship between firm's capital structure and performance of the firm measured by ROA and Profit Margin of European countries. In contrast to this Hadlock & James (2002) in his study found that there is a positive relationship between firms' performance and capital structure they also noted that firm having a high level of profitability uses a higher level of debt.

Abor (2007) in his research found that board size has a negative relationship with leverage ratios. His research study was about examining the relationship between corporate governance and capital structure of small and medium enterprises (SME) of Ghanaian. He used multivariate regression analysis. Ebaid (2009) stated a weak relationship of the performance of firm with capital structure. This study was done on emerging market of Egypt, where the capital structure was measured in terms of short term, long-term and total debt to total assets and firm's performance by return on equity. He showed that capital structure related insignificantly with firm’s performance. However, he also found an insignificant relationship between capital structure and gross profit margin.

Firer el al (2008) suggested that “capital structure decision can have important implications for the value of the firms and its cost of capital”. Poor capital structure decisions can result in higher cost of capital resulting in lowering down the net present value of investment projects of the firm. Becker, Cronqvist & Fahlenbrach (2011) conducted a research on US public companies in order to analyze the impact of larger shareholders on profitability. The aim of their research was to estimate the effects of large shareholders on profitability using geographical instruments and came up with the conclusion that there is significant positive association between profitability and a large number of shareholders where they measured profitability by Return On Assets and also indicated that “large
number of shareholders skills and opinion play major function in influencing profitability of companies”.

Khan (2012) aimed to examine the relationship of capital structure decision with a performance from 36 engineering firms of Pakistani market listed on Karachi stock exchange for the period of 2003-2009. According to his research, negative and significant relationship was observed between financial leverage and firm performance where financial leverage as measured by short-term debt to total assets and total debt to total assets and firms performance measured by return on assets, gross profit margin.

Various studies have investigated the link between corporate governance and firms’ performance Yermack (1996); Claessens et al (2000); Klapper and love (2002); Gompers et al (2003), with mixed results. Cremers and Ferrell (2009) examined “the effects of corporate governance on the firm’s operational performance” and their study showed “negative association between corporate governance and firm performance”.

Dar, Naseem, Niazi & Rehman (2011) conducted a study in which the measures for corporate governance were board size, annual general meetings, audit committee and CEO status and measures for financial performance were profit margin and return on equity of two firms. Data collected were of companies coming under oil and gas sector listed on Karachi stock exchange from 2004 to 2010. The methodology used was panel data and for observing the impact of variables multiple regression models were used whereas ordinary least square was used for estimation purpose. The result showed that positive and significant correlation exists between board size along with annual general meeting and return on assets whereas CEO status & audit committee has an inverse correlation with CEO status. Suggestion drawn from this study was that board size must be limited along with a right combination of executives should be involved on board.

Moreover, Gill & Mathur (2011) analyzed the results stating that there is a positive effect of the dual role of CEO on the value of the firm and also discussed that potential growth, firms’ size, firms performance of company reflects positively on the value of Canadian manufacturing companies. The main purpose of their study was to identify “the impact of board size and CEO duality on the value of Canadian manufacturing firms”. They draw a sample size of ninety-one manufacturing firms listed on Toronto Stock Exchange of Canada for three years from 2008 to 2010 respectively. In order to analyze the results they used non-experimental and Correlation research methodology.

Modigliani & Miller (1950) Capital structure theory was given by these two professors in the 1950s developed irrelevance theory of capital structure and stated that whatever the capital structure a company uses for its operations it does not matter in a perfect market.

Furthermore, they explained that earning power and risk of its underlying assets helps to determine the market value of the firm. Ebaid (2009) researched on companies of Egypt (listed in Egyptian stock exchange) from the period of 1997 to 2005 with a aim of examining the relationship of capital structure and firms performance with the help of return on assets, return on equity and gross profit margin as a measure of performance and draw a conclusion that there is significant negative influence of total debt and short-term debt on financial performance (Return On Assets). He used the least square regression model in order to check the performance of firms. Moreover, he also found that long-term debt, short-term debt and total debt has no significant relation with gross profit margin and return on equity.

San and Heng (2011) conducted a research on the relationship between corporate performance and capital structure of Malaysian construction companies before and during crises. In this study, a forty-nine construction company from Malaysia were taken listed on the main board of Bursa Malaysia and data was collected from 2005 to 2008. Independent variable capital structure was measured in terms of Long-term debt to capital, debt to equity market value, long-term debt to common equity, debt to capital, debt to assets and dependent variable corporate performance by return on capital, return on equity, return on assets, earning per share, operating margin and net margin and to analyze the result regression model was employed. Pratheepkanth (2011) carried out a research to examine “the impact of capital structure on the financial performance of organizations of Sri Lanka who found a negative relationship between financial performance and capital structure.

Gill and Biger (2013) researched on “the impact of corporate governance and working capital management efficiency with the context of American manufacturing firms from 2009 to 2011.
Three-year data was collected from 180 companies. To analyze the data correlation and regression were used. To measure corporate governance that CEO tenure, audit committee and board size were considered and for working capital management cash conversion cycle, Account receivable, account payable, cash holding and cash conversion efficiency were considered, whereas results indicated that corporate governance plays important role in working capital management.

Butt & Hasan (2009) researched on the impact of ownership structure and corporate Governance on the capital structure of Pakistani listed Companies and their findings suggested that board size and managerial shareholding have significantly negative correlated with debt to equity ratio and variables of corporate governance and shareholding play important role in identifying the financial mix of the firm. Rehman & Sadat (2013) in their research identified a relatively positive relationship between corporate governance and performance. They measured corporate governance with three major variables i.e. Family-controlled firms, CEO duality and board size and firm performance was majored by return on equity, earning per share and return on assets. They selected cement sector as a sample for their study.

Moreover, Muhammad, Shah & Islam (2014) carried out the research on “impact of capital structure on firm performance from the perspective of Pakistan”. They selected companies from Karachi stock exchange from the period of 2009-2013 and came up with the results that capital structure has a negative relationship between capital structure and firms performance. They used person correlation and multiple regression analysis. Awan & Abbas (2016) concluded that “size and firms leverage has relatively lesser effect on major attributes of corporate Governance and explained that major characteristics of corporate governance are determined by firms’ profitability and its size” the objective of their study was to determine the effects of selected variables such as firm profitability, firm value, size and leverage on the performance of 69 non-financial sampling companies listed at Pakistan stock exchange.

Many of past researchers have been done on capital structure and firms performance and corporate governance and firms performance individually but few of the studies have been done on corporate Governance, capital structure and firms performance collectively. Moreover, in context of Pakistan up till now few types of research have been done on different sectors of Pakistan to best of our knowledge.

Many variables have been used in empirical literature in capital structure and corporate governance which will affect firms’ performance. Abor (2005 & 2007) and Ebaid (2009) used short-term debt, long-term debt and total debt as a measure of capital structure. However, for firm performance measures like gross margin, net profit margin, return on assets and return on equity has been used by many of the previous literature. Yasser, Entebang & Mansor (2011) used CEO Duality, Board structure, Audit committee and board size as a measure of corporate governance. Results of the study revealed the positive and significant relationship between Return on Equity and Board Size, the Weak significant relationship between CEO duality and Return on equity, significantly positive relationship between return on equity, board composition and audit committee and no significant relationship between CEO Duality and profit margin.

Below given table 1, 2 and 3 represent the summary of the variables (capital structure and corporate governance) and their observed relationship by different researchers.

<table>
<thead>
<tr>
<th>Table 1: Board size</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Author</strong></td>
</tr>
<tr>
<td>Brown &amp; Caylor (2004)</td>
</tr>
<tr>
<td>Yermack (1996)</td>
</tr>
<tr>
<td>Mishra et al (2001)</td>
</tr>
<tr>
<td>Habib. (2016)</td>
</tr>
</tbody>
</table>
Table 2: Audit Committee

<table>
<thead>
<tr>
<th>Authors</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Klein (2002)</td>
<td>Negative correlation between earning management and audit committee</td>
</tr>
<tr>
<td>independence.</td>
<td></td>
</tr>
<tr>
<td>Anderson et al. (2004)</td>
<td>Entirely independence audit committees have lower debt financing costs.</td>
</tr>
</tbody>
</table>

Table 3: Capital Structure

<table>
<thead>
<tr>
<th>Authors</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gill, Amarjit; Bigger, Nahum; Mathur, Neil, 2010</td>
<td>Short-term debt and long-term debt has a positive correlation with profitability.</td>
</tr>
<tr>
<td>Abor (2005)</td>
<td>The positive &amp; negative relationship between capital structure and firms performance</td>
</tr>
<tr>
<td>Tailab (2014)</td>
<td>Short-term debt has a significant &amp; direct effect on Return On Equity.</td>
</tr>
<tr>
<td></td>
<td>Long-term debt (in term of total assets) has insignificant either negative or positive relationship with profitability.</td>
</tr>
<tr>
<td></td>
<td>Positive Relationship Between Debt To Equity And Gross Profit Margin And Net Profit Margin.</td>
</tr>
<tr>
<td></td>
<td>Negative Relationship Between Debt To Equity And Return on Assets &amp; Return on Equity.</td>
</tr>
</tbody>
</table>

RESEARCH METHODS

The data collected for this research study was from Pakistan Stock Exchange and Thomson Reuter. This research is quantitative in nature and Panel least square method is adopted in order to study the behaviours of the firm and analyze the data. Panel data helps the researcher to make statistical inference with more accuracy and validity. The sample of companies consisted of two selected sectors have been taken and the data for this sample is of eleven years (from 2006 to 2016). As the research is quantitative its philosophy is quantitative and approach is deductive.

Firstly data was collected from Thomson Reuter of all Pakistan stock exchange listed companies after that company for two selected sector were selected in excel and data for measures of capital structure was compiled in excel sheet. Afterwards, corporate Governance measure’s data was extracted from annual reports of companies for each year. After data cleaning and sorting final companies selected under fertilizer's sector were 3 and automobile sector were 7. Automobiles and fertilizers sector are selected with the understanding that contribution of these sector has a great impact on the economy of Pakistan. Furthermore, data collected for this research study is of eleven years respectively from 2006 to 2016.

Variables

Independent Variables:
Corporation Governance is selected as independent Variable and evaluated by:
Board Size, and Audit committee.

Capital structure is another selected independent variable and is evaluated by:
Liquidity in terms of (current Ratio and Debt to equity), Short-term debt and long-term debt.

Dependent Variable:
Performance of firm is selected as dependent variables and is evaluated by:
Return on equity and return on assets.

Hypothesis
H1: Board size has an inverse relationship with firm performance.
H2: Liquidity has significant relation with firms’ performance
H3: Short-term debt & Long Term Debt effects significantly on firms’ performance.
H4: Audit committee have a positive relationship with the performance of the firm

**Model Specification**

Panel regression is used for checking the impact of independent variables on dependent with panel data. Below given are the model expressed in form of the equation for regression analysis.

\[
ROA_{it} = \beta_0 + \sum_{all} \beta_i X_{it} + \epsilon \quad (1)
\]

\[
ROE_{it} = \beta_0 + \sum_{all} \beta_i X_{it} + \epsilon \quad (2)
\]

Whereas ROA_{it}: performance of firm i at time t; i=1, 2 ....n firms, ROE_{it}: performance of firm i at time t; t=1, 2,..., 11 years and \(\epsilon\): The error term.

\[
ROA_{it} = \beta_0 + \beta_1(BS_{it}) + \beta_2(ADC_{it}) + \beta_3(STR\text{D}_{it}) + \beta_4(LTRD_{it}) + \beta_5(CR_{it}) + \beta_5(DE_{it}) \quad (3)
\]

\[
ROE_{it} = \beta_0 + \beta_1(BS_{it}) + \beta_2(ADC_{it}) + \beta_3(STR\text{D}_{it}) + \beta_4(LTRD_{it}) + \beta_5(CR_{it}) + \beta_5(DE_{it}) \quad (4)
\]

**RESULTS AND DISCUSSIONS**

In this chapter results and findings of selected sectors have been done, that is automobile and fertilizers sector. Fertilizers sectors have 33 number of observations and automobile sector have 77 number of observations. The result of this study includes descriptive statistics including mean and standard deviation and ordinary least square method have been applied in order to see the results.

In below-given table 1 descriptive statistics of variables of the study is given.

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADC</td>
<td>77</td>
<td>3.000000</td>
<td>7.000000</td>
<td>4.259740</td>
<td>0.894465</td>
</tr>
<tr>
<td>BS</td>
<td>77</td>
<td>7.000000</td>
<td>10.00000</td>
<td>8.311688</td>
<td>0.877493</td>
</tr>
<tr>
<td>LTRD</td>
<td>77</td>
<td>138327.0</td>
<td>29907385</td>
<td>4444746.</td>
<td>5274793.</td>
</tr>
<tr>
<td>ROA</td>
<td>77</td>
<td>-4.510000</td>
<td>34.88000</td>
<td>12.82234</td>
<td>7.550850</td>
</tr>
<tr>
<td>ROE</td>
<td>77</td>
<td>-19.70000</td>
<td>61.01000</td>
<td>22.6688</td>
<td>15.14253</td>
</tr>
<tr>
<td>STRD</td>
<td>77</td>
<td>165434.0</td>
<td>29907385</td>
<td>4628358.</td>
<td>5183215.</td>
</tr>
<tr>
<td>DE</td>
<td>77</td>
<td>0.094856</td>
<td>127.1700</td>
<td>16.59894</td>
<td>27.14416</td>
</tr>
<tr>
<td>CR</td>
<td>77</td>
<td>0.953075</td>
<td>10.54410</td>
<td>2.307897</td>
<td>1.550391</td>
</tr>
</tbody>
</table>

Note: SD: standard deviation N: number of observations (Automobile sector)

In descriptive statistics, results indicated mean value of 4.25 and 8.31 of the Audit committee and Board size that are measures of corporate governance. Long-term debt, Short-term debt, Debt to equity, Current Ratio were used as a measure for a capital structure with an average mean of 4444746. 4628358, 16.59894 and 2.307897 respectively. Return on assets and Return on equity were used as a measure of profitability. Return on assets reflected mean value of 12.82 and standard deviation of 7.550 having a minimum range of -4.510000 to a maximum range of 34.88000, whereas return on equity resulting mean value of 22.666 and standard deviation of 15.142.

**Table 5: Regression results between corporate governance, capital structure and profitability.**

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>SE</th>
<th>t-stat</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-8.418766</td>
<td>8.767957</td>
<td>-0.960174</td>
<td>0.3403</td>
</tr>
<tr>
<td>BS</td>
<td>2.564435</td>
<td>1.071392</td>
<td>2.393555</td>
<td>0.0194</td>
</tr>
<tr>
<td>ADC</td>
<td>-0.422860</td>
<td>1.233652</td>
<td>-0.342771</td>
<td>0.7328</td>
</tr>
</tbody>
</table>
Return on equity. The R square of this model showed 19 percent variation in the dependent variable which is significant. Moreover, Debt to equity and current ratio have positive significant results representing relation of board size with Return on equity that is an increase in board size will lead to increase in return on equity of the firm under this sector. Audit committee is another measure considered in this research for corporate governance, its value of 6.81. Moreover, Debt to equity’s and current ratio’s P value less than 0.05 which reveals that these two variables are also significant in this model. It is found that Short-term debt has a negative relationship with Return on assets as its coefficient reflected the negative value of -6.62 whereas Long-term debt has a positive relationship with Return on assets as its coefficient is representing the positive value of 6.81.5

Table 6 demonstrates the results of board size, audit committee, short-term debt, and long-term debt, debt to equity, current ratio and return on equity. The p-value of board size shows positively significant result representing p-value of 0.017 and positive coefficient value of 2.573, stating that there is a positive relationship of board size with Return on equity that is an increase in board size will lead to increase in return on equity of the firm under this sector. Audit committee ADC is another measure considered in this research for corporate governance, its p-value is relatively higher than 0.05 indicating no signs of the model. Short-term debt and Long-term debt P value shows model is significant. Moreover, Debt to equity and Current ratio also stated no significant relationship. The R square of this model showed 19 percent of the variation independent model Return on equity.

### Table 7: Descriptive statistics of the variable of the study

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTRD</td>
<td>33</td>
<td>-747139.0</td>
<td>30688478</td>
<td>8238536.</td>
<td>11343547</td>
</tr>
<tr>
<td>ADC</td>
<td>33</td>
<td>3.0000000</td>
<td>5.000000</td>
<td>3.969697</td>
<td>0.847233</td>
</tr>
<tr>
<td>BS</td>
<td>33</td>
<td>7.0000000</td>
<td>11.000000</td>
<td>8.575758</td>
<td>0.969223</td>
</tr>
</tbody>
</table>

Note. This table shows results of capital structure on firms’ performance using panel least square method.
18% of variation is caused by equity also showed an increase in independent variable will enhance profitability in terms of Return on assets and Return on equity measures of profitability showed the significance. The descriptive statistics results indicated mean value of 8.57 and 3.969 for Board size and Audit committee with a standard deviation of 0.96 and 0.84. Long-term debt, Short-term debt, Debt to equity, Current ratio measures of capital structure with an average mean of 8238536 10919700, 94.513 and 1.68 respectively. Return on asset and return on equity measures of profitability showed the average mean value of 13.53 and 21.86212 and standard deviation of 14.25 and 25.52.

TABLE 8: Regression results between corporate governance, capital structure and profitability

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>SE</th>
<th>t-stat</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>0.9451394</td>
<td>1.682083</td>
<td>1.004879</td>
<td></td>
</tr>
<tr>
<td>DE</td>
<td>0.000000</td>
<td>212.9000</td>
<td>94.51394</td>
<td>68.97770</td>
</tr>
<tr>
<td>ROA</td>
<td>-29.380000</td>
<td>47.810000</td>
<td>13.53939</td>
<td>14.25179</td>
</tr>
<tr>
<td>ROA</td>
<td>-55.400000</td>
<td>71.970000</td>
<td>21.86212</td>
<td>25.53302</td>
</tr>
<tr>
<td>ROA</td>
<td>273.464000</td>
<td>658.392700</td>
<td>10919700</td>
<td>174.19515</td>
</tr>
</tbody>
</table>

Note: SD: standard deviation N: number of observations (Fertilizer sector)
Above table represents descriptive statistics of fertilizers sectors of all variables of the study. The descriptive statistics results indicated mean value of 8.57 and 3.969 for Board size and Audit committee with a standard deviation of 0.96 and 0.84. Long-term debt, Short-term debt, Debt to equity, Current ratio measures of capital structure with an average mean of 8238536 10919700, 94.513 and 1.68 respectively. Return on asset and return on equity measures of profitability showed the average mean value of 13.53 and 21.86212 and standard deviation of 14.25 and 25.52.

TABLE 8: Regression results between corporate governance, capital structure and profitability

<table>
<thead>
<tr>
<th>DV ROA</th>
<th>B</th>
<th>SE</th>
<th>t-stat</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>0.8772062</td>
<td>1.051056</td>
<td>1.004879</td>
<td></td>
</tr>
<tr>
<td>DE</td>
<td>0.0000000</td>
<td>212.900000</td>
<td>94.51394</td>
<td>68.97770</td>
</tr>
<tr>
<td>ROA</td>
<td>-29.380000</td>
<td>47.810000</td>
<td>13.53939</td>
<td>14.25179</td>
</tr>
<tr>
<td>ROA</td>
<td>-55.400000</td>
<td>71.970000</td>
<td>21.86212</td>
<td>25.53302</td>
</tr>
<tr>
<td>ROA</td>
<td>273.464000</td>
<td>658.392700</td>
<td>10919700</td>
<td>174.19515</td>
</tr>
</tbody>
</table>

Note. This table shows results of panel least square method.

\[
ROA_{it} = 54.141 - 3.698(BS_{it}) - 0.974(ADC_{it}) + 3.77(STRD_{it}) - 2.95(LTRD_{it}) - 0.036(DE_{it}) + 0.252(CR_{it}) + e (7)
\]

\[
t = -1.145 \quad t = -0.248 \quad t = 0.213 \quad t = -0.828 \quad t = -0.682
\]

Table 8 includes the results of panel least square method under fertilizers sector. None of the variables under this sector has a p-value of less than 0.05 which means that none of the variables is significant. However, Board size and audit committee two measures for corporate governance showed the negative coefficient of -3.69 and -0.97, stating that there is a negative relationship between profitability in terms of Return on asset and Corporate Governance, which means that increase in independent variable will tend to decrease independent variable. The coefficient of debt to equity also showed a negative relationship with Return on assets reflecting the figure of -0.252. 18% of variation is caused independent variable by R square of the model.

TABLE 9: Regression results between corporate governance, capital structure and profitability

<table>
<thead>
<tr>
<th>DV ROE</th>
<th>B</th>
<th>SE</th>
<th>t-stat</th>
<th>Prob.</th>
</tr>
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<tbody>
<tr>
<td>ROE</td>
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<td>174.19515</td>
</tr>
</tbody>
</table>

Note. This table shows results of panel least square method.

\[
ROE_{it} = 91.1988 - 7.59(BS_{it}) + 0.67(ADC_{it}) + 1.71(STRD_{it}) - 5.79(LTRD_{it}) - 0.042(DE_{it}) + 0.023(CR_{it}) + e (8)
\]

\[
t = -7.59 \quad t = 0.671 \quad t = 0.530 \quad t = -0.888 \quad t = -0.435
\]
Table 9 demonstrates the results of board size, audit committee, short-term debt, and long-term debt, debt to equity, current ratio and return on equity. The p-value of board size shows that model is not significant representing p-value of 0.2090 and negative coefficient value of -7.59, stating that there is a negative relationship of board size with Return on equity that is an increase in board size may lead to decrease in return on equity of the firm under this sector. Audit committee is another measure consider in this research for corporate governance, its p-value is relatively higher than 0.05 indicating no signs of the model. Short-term debt has positive coefficient 1.7 which states the positive relationship between short-term debt and Return on equity of the firm and long-term debt resulted in negative coefficient stating negative relationship with return on equity. Whereas Current ratio showed the positive coefficient of 0.023 and Debt to equity showed the negative coefficient of -0.042, therefore, it can be said that positive relationship of current ratio and the negative relationship of debt to equity has been found. The R square of this model showed 15 percent of the variation independent model Return on equity. Further result and findings discussion is given below in the next chapter. Results and findings are further supported by other studies and then recommendation and future area for research are also given in the next section.

Board Size showed significant positive relation with Return on Assets and Return on Equity of automobile sector but insignificant and negative relation with Return on assets and Return on Equity of fertilizers sector and this result is inconsistency of the results of researches conducted by Eisenberg et al. (1998) & Mak and Yuanto (2002) who also revealed negative relationship of board size with profitability. Debt to equity was found as insignificant for both the sectors showing negative relationship with Return on assets of both the sectors which are supported by the results of study conducted by Muhammad H, et al., (2014) & Return on assets V, et al (2007) who stated negative association between profitability (Return on Assets & Return on Equity) and debt to equity but positive relation with Return on Equity of automobile sector was revealed. Moreover, audit committee also showed an insignificant negative relationship with Return on assets and Return on equity. Narwal & Jindal, (2015) also found that there is an inverse relationship between the audit committee and profitability. Audit committee showed a positive relation with Return on equity of fertilizer sector which is supported by the study done by Danoshana & Ravivathani (2013). Audit committee showed a positive relation with Return on equity of fertilizer sector which is supported by the study done by Danoshana & Ravivathani (2013). Abor (2005) defined both positive and negative relationship between capital structure measures and profitability.

CONCLUSION

This study is done to evaluate the relationship between profitability and corporate governance & capital structure, where a number of measures is taken into the context for each variable. The audit committee and board size are taken as a measure of corporate governance measures, short-term debt, long-term debt, current ratio and debt to equity are taken as a measure for capital structure and return on assets and return on equity as measures for profitability. The results of this study focus on two sectors of Pakistan including 110 numbers of observations. The results of this study investigated that Short Term Debt and Long-Term Debt has not a significant negative relationship with Return on Assets and Return on Equity of fertilizers sector but the significant positive relationship with Return on assets and Return on equity was found under automobile sector. Board Size showed a significant positive relation with Return on Assets and Return on Equity of automobile sector but the insignificant and negative relation with Return on assets and Return on Equity of fertilizers sector. Debt to equity was found as insignificant for both the sectors showing a negative relationship with Return on assets of both the sectors. Moreover, audit committee also showed an insignificant negative relationship with Return on assets and Return on equity. Audit committee showed a positive relation with Return on equity of fertilizer sector. The current ratio of both sectors showed a positive relation with profitability which explains that increase in the current ratio may lead to increase in profitability of the firm but other measures of capital structure mostly represented the negative relationship with positively.

Future research can be done by adding more variables of corporate governance or capital structure. Other countries data can be analyzed to check the impact of corporate governance and capital structure on firm’s performance. Comparison between Pakistan and other countries data can be done for identifying the impact of corporate governance, capital structure and firms performance.
This study covers various limitations such as due to limited time data of only a few variables collected. Moreover, only two sectors have been analyzed, adding more sectors data may impact the results and findings. The economic condition of the country may not be the same in future. This study will help the financial manager to set policies accordingly especially firms falling under selected sectors will be beneficial as compiled results will help them to see the overall performance of the sector. It can help the financial manager in decision making, which will lead to attract investors to invest in particular firm directly or indirectly. As the result of this study suggested that board size have statistical significant positive impact on performance of the firm under automobile sector and this is also supported by the past literature and audit company under the same sector reflected non-significant negative relationship between profitability and audit committee, these results can help any firms management to enhance the performance and investors could have better understanding of the impact of corporate governance and capital structure before making any decision. Since corporate governance helps to improve the culture and environment of any company its negligence can be risky and it cannot be over emphasized. Hence corporate governance and capital structure can tends to help company against mismanagement, corruption and bankruptcy and also can help to attract foreign as well as domestic investments.

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THE IMPACTS OF VARIOUS DETERMINANTS OF SERVICE QUALITY ON CUSTOMER REVISIT INTENTION. A STUDY OF TOURISM AND HOSPITALITY

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Abstract

Many businesses like restaurants failure just because they fail to satisfy their customer on repeated basis. The purpose of the study in hand has been to identify the most influencing factors in the restaurant business which may help in matching or exceeding the customer experience with respect to the customer perception. According to Jana & Chandra (2016), customer revisit intention has developed an imperative characteristic of the hotel industry. Dissimilar to other businesses, the hotel industry thrives owing to customers' retention. In the 1990s open restaurant kitchen scheme grow into prevalent in numerous hospitality set-ups. The study also looks forward to the relationship between customer perception and customer experience with food service and restaurant physical environment. The total number of respondent were 360 and adopted questionnaire was distributed using convenience sampling. The Cronbach’s Alpha score was .787 overall. Data was collected from local community and corporate sector members who usually go for high tea, lunch and dinner from six different locations on the G.T road/main highway including Attock, Fatehjang, Taxila, Wah, Noshehra and Peshawar. The impact was checked through regression analysis. A strong and Positive relation was seen between the service quality determinants and customer satisfaction.

Key Words: Service quality determinants, revisit intentions, Customer satisfaction

Background of the study:

Bhakar et al., (2013) examine that quality is a perceptual, conditional and somewhat subjective attributes. Kiong et al., (2013) determine the consumer preferences by choosing an international brand. Success and sustainability of any business in the market lies in the repetitive sale of the customer or simply business success lies in the customer loyalty. Many businesses like restaurants failure just because they fail to satisfy their customer on repeated basis. The purpose of the study in hand has been to identify the most influencing factors in the restaurant business which may help in matching or exceeding the customer experience with respect to the customer perception. Here the purpose is not only customer revisit intention but to make them delighted. Satisfied or delighted customers not only observe for revisit intention but also become a source for projecting the positive image of the restaurant among the potential customers through word of mouth.

This study focus on those factors which influence consumer to prefer fast food by using price (Gillani et al., 2013) and DINESERV (Markovic et al., 2010) as variables. There are two basics reasons behind customer dissatisfaction in the context of influencing factor. First the restaurant service providers fail to identify the most influencing factors in the achievement of customer revisit intention because of ineffective market research capability. Second, they don’t know about influencing factors or even they ignore customer capitalization because they didn’t focus on the consequences of customer dissatisfaction. Ahmad et al., (2013) examine in today’s era, life is become so busier that people have taken their food outside their home. Most of the restaurant failure blunders happen just because they fail to satisfy their customer in the service encounter, order taking, delay in services provision and physical appearance of infrastructure of the service providers.

Whenever customers visit the restaurant they have their perception regarding the restaurant created by any source, it may be through word of mouth but during the service encounter the influencing factors plays a dynamic role in developing the customer
experience. Prabhavati et al., (2014) and Alonso et al., (2013) examined that the service quality has affirmative impact on the customer perception. Here the customer perception transform into the reality. The concluding objective of this research study has been developed customer revisit intention model for restaurant business starting from the most influencing factors and ends to the restaurant growth and sustainability.

**Base Theory**

The utmost widespread characterization of gratification has been presented by Kotler and Keller who describe satisfaction by way of “person’s sensation of inclination or dissatisfaction which occasioned from associating a merchandise’s supposed enactment or consequence in contradiction of his/ her anticipations” (Kotler and Keller, 2006, p.144). According to Jana & Chandra (2016), customer revisit intention has developed an imperative characteristic of the hotel industry. Dissimilar to other businesses, the hotel industry thrives owing to customers’ retention. This is solitary via customer revisit intention that a hotel may hold its customers. Fundamentally, customers’ loyalty is reliant on the quality of the services that they acquire in a hotel. Furthermore, the hospitality industry has practised the appearance of numerous stakeholders who are eager to see all the requirements of their clientele. Consequently, if clientele are not pleased by the services they take in any hotel, they will gaze for superior services somewhere else (Jana & Chandra, 2016). Wu and Liang, (2009) examine that the service experience in the restaurant are consists of three main components; environment elements in which it includes the design of the restaurants, sitting arrangements, music and lighting. The inspiration behindhand why truthful customers are so precarious is on the surroundings that it outlays more than three times as ample to magnet in novel customers as to grip present ones. In accumulation, past clientele unambiguously influence others by heeding in on others' commentaries and proposals. In this situation, managers have to make it a fact to be on the path to achievement for keep on aware of outlines that their consumers take afterward. This may be achieved by building discrete help managing for travelling customers or building astonishing discounts for passionate repeat buyers (Porter, 1985).

**Knowledge Gap**

CHOW KENG YONG et al., (2013) suggested in future recommendations that “it is also suggested that all of the variables (if available) to be included in future research. Although this will take longer time but this allow future researcher to have a better understanding on the demand and requirement of today’s customers. Thus, the research will provide wider perspective and improve the scope of research in understanding customer revisit intention. Most influencing factors includes food hygienic quality, service quality, employee behaviour, secure and family environment, physical evidence, reasonable pricing, and the most significant is the open kitchen transparency. So, in current study, the researcher included open kitchen transparency in independent variables list.

Although food quality is the primary factor for customer revisit intention but in today’s competitive restaurant market we must kept the additional factors into the consideration for growth and sustainability. Employee behaviour has great importance in the service encounter. Customers intensely observe the serving staff behaviour of the restaurant. Restaurant even having good food quality but an inappropriate behaviour of the employees can change the perception of the customer and helps in building the negative image regarding the restaurant. Employee behaviour includes how well they greet the customer, their body language, gesture and gives respect to the customers. Families mostly prefer those restaurants having secure and family environment where they can freely enjoy their gathering and socialization. Physical evidence includes interior exterior designing, lighting, colouring, fragrance, furniture, table decoration, napkin and staff dressing. Affordable pricing can really help in achieving customer revisit intention. The concept of open kitchen transparency is overlooked by literature and little research has seen in this area. Today customers are more concern about the kitchen design, their
transparent operation, cleanness of the kitchen, staff appearance, and how food are being cooked while keeping in mind the hygienic factor. In our research study we have stretched more prominence to the open kitchen transparency in reducing perceived risk factor and changing the customer perception. Consistent customer revisit intention encourages the customer to revisit the particular restaurant and this leads to the customer loyalty. The outcome of this study has help restaurant service provider to sustain in the market and avoid the restaurant failure.

**Problem Statement**

“According to Shaharudin, Mansor, and Elias (2011), food quality is becoming a crucial factor that impacts on the consumer. In this research, focus will be based on attributes which are suggested in knowledge gap including open kitchen transparency. Nowadays, consumers are very conscious and aware to the food quality issues. Moreover, the issues of dangers that exist in food due to additives, improper food preparation and poor food choices arose recently. Many businesses starts but they fail to survive in a market because they fail to satisfy their customers on repeated basis especially in the case of restaurants. The researcher is interested to present a concise model for restaurant customer revisit intention which has help in avoiding restaurant failure”. According to Baraban and Durocher (2010), in the 1990s open restaurant kitchen scheme grow into prevalent in numerous hospitality set-ups. Media attention through articles offering restaurants that feature open kitchen design establishes that this notion endures to be far and wide used (Weisstuch, 2010). Apart from letting customers to monitor – that is, as much as customers may observe directly – hygienic / clean food treatment throughout their eating out practise, there are supplementary inspirations for selecting a restaurant where the chefs are in the forward-facing streak and may be seen in ‘full action’.

**Significance of study**

The purpose of this research study is to investigate the most influencing factors for the restaurant customer revisit intention. Looking forward the relationship between customer perception and customer experience with food service and restaurant physical environment. Many businesses like restaurants failure just because they fail to satisfy their customer on repeated basis. Using the speedy development of nutrition business at the present time, sellers are fronting dares that in learning the influences who could be delaying customer to revisit the eatery. Therefore, this is significant for restaurants to adoptive healthier indulgent and information upon features who really entice the re-visit objective of customers. Notwithstanding the supposed curiosity and inclination of open kitchen design amongst numerous folks conversed by the theoretical viewpoint regarding observations, whichever after operatives’ or else by customers’ standpoint upon exposed kitchenettes. Really, solitary freshly has small number of scholars inspected exposed kitchenette measurement on or after the openness productiveness outlook.

**Research Questions**

1. How influencing factors helps in achieving the restaurant customer revisit intention?
2. Does customer revisit intention leads to the customer loyalty?
3. How the restaurant failure can be minimized?

**Research Objectives**

1. To identify the most influencing factors for restaurant customers.
2. To check the factors which may lead to help in increasing the satisfaction of the customers.
3. To find the factors and techniques which are helpful to decrease the switching behaviour of existing customers.
4. To check the mechanisms, how restaurant failure can be avoided or minimized.
5. To suggest and develop a sustainable model for restaurant business.

**Literature Review**

**Food Hygiene**

Food hygiene is a significant component in the food restaurants nonetheless there is no agreement on the discrete characteristics that establish food quality. Ergin & Akbay, (2014) examine the factors influencing consumer preferences toward international and domestic fast food restaurant. Result showed that the gender has an impact on the frequency of fast food consumption and age has no significant impact. For that reason, entirely the food characteristics are endured collected in solitary one capricious that is food quality (Sulek & Hensley, 2004). Giritlioglu et al., (2014) measure the food and beverages service quality of Turkey hotels. The finding suggests that restaurants manager could understand how customer perceive their services and focus on these services may help hotel managers to increase the perceived service quality they offer to their guest.

Commencing the quality measurement stated, food quality may be well-defined in numerous descriptions as a consumer. Consequently, this is problematic in the process to come across the purchaser anticipation upon superiority meanwhile the indulgences or diverse or/and impulsive since dissimilar viewpoint (Shaharudin, et al., 2010). That are buttressed through Becker (2000), excellence is distinct by way of assorted connotation who is contingent explicitly towards individuals contextual which is consuming that stretch the excellence. Above and beyond this, “quality” are exact indistinct or amorphous once castoff through dissimilar individual or else by the similar individual nonetheless now diverse circumstances or situations. Consumer prefers fast food restaurants because of the service quality and also affordable price (Prabhavati et al., 2014). Alonso et al., (2013) examines those factors that drive the consumers towards the restaurants. The finding shows that the service quality is the major element that forces the consumer towards the restaurant.

**Food Freshness**

The notion of freshness is connected through the key constituent that is sensual possessions that comprising firm, crispy, brittle texture, suitable and cheerful color, nonappearance of pictorial flaws and nonexistence of off- or decayed flavors (Peneau, 2005). Belwal et al., (2014) examines the consumer preferences on the hypermarkets shopping. Results show that cleanliness, quality, efficiency of payment and parking facility are the major’s factors which prefer the consumers at hypermarkets. In stretch of food characteristic, freshness is the indispensable corporeal component that interrelated with the features such by means of palate, whiff and eyesight (Delwiche, 2004). Normally, freshness likewise denotes towards garden-fresh or/and corporeal condition foodstuff who give the impression towards associated and belongings by way of moistness, succulence, and smell (Peneau et al., 2006).

**Food Presentation**

Rendering to Namkung et al. (2007), foodstuff demonstrations are the feature who establishes foodstuff excellence or influences craving of consumer or the discernment of foodstuff excellence. Appearance is connected to what way that foodstuff is in actuality primed and offered to clienteles. This is portion of physical indication and by effectively bestowing a good-looking and fine ornamented foodstuff may inspire the consumer discernment of excellence (Shaharudin et al., 2011). They likewise revealed the food presentation in fact is around in what way the customer observed the worth of the merchandise tangibly or on the inside (constituents). Tangibly, the merchandise can be observed such as good quality if it is presented through good-looking wrapping or enlightening cataloguing regarding the merchandise. On the inside, food can be supplementary through quality if the constituents are in a comprehensive mixture of indispensable uncooked ingredients (Zampollo et al., 2011).
Service Quality

Several cafeteria operatives effort to preserve their endurance in modest atmosphere such as maintain consumers by go-getting to proposition a extraordinary feature of facility that is yonder the anticipation of the consumers (Dabholkar et al., 2000). This is imperious for the eatery operatives to compromise a sophisticated neck and neck of service quality to their client in directive for them to place themselves in the viable marketplace. Azim et al., (2014) study on those elements which impact the customer to the fast food restaurants in Pakistan. The result shows the positive impact of the variables on the customers’ selection of the fast food restaurants. The most influence factor among these is Physical environment and Food quality. Prabhavathi et al., (2014) examine the customer penchant and expenditure outline in Indian foodstuff business of male and female. The result indicates that all the factors are significant. This is for the reason that the restaurateur who make available pronounced amenity and worth to their consumers has a modest improvement on those operatives who ensure not (Stevens et al., 1995). Agreeing to Palmer (2001), package superiority is the significant foundation for the service establishments to achievement modest benefit on their competitors in amenity businesses. In current research, emphasis has be on the magnitudes of service dependability and receptiveness by way of what declared by Andaleeb et al. (2006) investigate that together of these magnitudes are extra appropriate in restaurant setting.

Service Reliability

Rendering to Ko (2008), service reliability is indirectly transported by the business to their clientele. This facility measurement is domineering for the reason that consumers are more enthusiastic to compact with the businesses that are competent to achieve the assured facility to them. Additionally, it is supplementary effective to bargain the undertook facility (consistency) to the consumers associate to transport the workforce information and civility (assertion) in food restaurants (Forjoe jnr, 2011). In addition, service reliability likewise shows an authoritative protagonist in Chinese eateries (Liu & Jang, 2009). In alternative research by Qin, Prybutok, & Zhao (2010), facility dependability is an imperative characteristic in the foodstuff business in China. Constructed on their research, service reliability is critical for the food restaurant to preserve trustworthy consumer association which is grave to commercial accomplishment. In totalling, rendering Qin & Prybutok (2009), nutrition business equisite to recompense consideration to the service quality particularly on the reliability magnitudes.

Employee Behaviour

Facility receptiveness apprehensions nearly managing with consumer’s entreaty and responding their enquiries and grievances punctually (Ko, 2008). In totaling, her research also quantified that for the business which is receptive, they has apprehension regarding the extent a business take to treaty with their consumers’ surveys and glitches. Awi et al., (2014) examines those factors which affect the consumers repurchase intention of Myanmar restaurant. Results indicate that all variables were statistically significant. If the restaurants want to increase the level of customers repurchase intension they should focus on these factors to develop the future benefits.

Scene of Security and Congenial family environment

Unquestionably, individuals at the present time are ingestion out supplementary every so often. Through years of feasting understanding, purchaser anticipation of quality points in the direction of eatery has departed up (Raajpoot, 2002). In totalling, additional study by Ryu et al. (2010) similarly demonstrations clientele are progressively place an exceptional on saving time by means of healthier intake atmosphere if paralleled to previous times. These features stimulate restaurateur to set exertion in enterprise and deliver a supplementary luxury atmosphere for clientele. Numerous researches designated that building the environment supplementary pleasant and advanced is indispensable for a business’ accomplishment (Reimer & Kuehn, 2005). Above and beyond, Kotler (1973) directed that environment of a eatery may be as copious significant as the foodstuff himself. Moreover, a research by Kokko (2005) proposes that environment in a
cafe is frequently supposed by clienteles by means of the solitary utmost optimistic characteristic of the formation, and even extra significant than food presented. This is for the reason that the neighbouring has produce an anticipation of feasting familiarity even beforehand the consumer is attended (Young, Clark, & McIntyre, 2007). This research supplementary specified that setting of a restaurant strengthens additional impalpable features such by means of food quality and facilities. Clienteles has “study the atmosphere” and selecting which cafeteria to ingest (Kwun & Oh, 2006).

Cleanliness

Cleanliness is a critical rudiments desirable to pay consideration in eatery business. Cafeteria sanitation has been supposed by means of a main feature when consumer appraises the quality of feasting part delivered (Barber & Scarcelli, 2009). Such as at currently modest marketplace, owners who overlook consumers’ view or do not come across consumers’ principles of excellence has consequence in absence of consumers sustenance (Steven et al., 1995). Accepting what consumers contemplate while they appraise a restaurant’s sanitation may progress supply quality calmer due to attain the valuable evidence from potential consumers (Seung, 2012). Therefore, answering to consumer predispositions is appreciated for sanitation development of a particular restaurant. Kroc and Anderson (1987) quantified that food restaurants should accentuate on hygiene encompassed general exterior of the restaurant, car parks portion, kitchen flooring, personnel’s costumes, as well as the toilets.

Ambient Scent

Ambient circumstances are immaterial contextual appearances that have involuntary influence on consumer sensitivities and comebacks to the atmosphere (Nguyen & Leblanc, 2002). These immaterial contextual appearances can comprise lighting, clatter, melody, aroma, airborne quality and temperature (Bitner, 1992). Whereas ambient features are not portion of the foremost facility in restaurant, their nonappearance may source apprehension or troublesomeness to consumers (Raajpoot, 2002). In one more research by Ariffin et al., (2011), it declared that enjoyable aroma in a cafeteria would effect in consumers taking decent understanding and favorable sensitivities in their cognizance. Ryu and Jang (2007) conclusions displays that environment such as scent and aroma had the utmost significant inspiration on consumers’ emotive reactions, which in seizure touch consumers partaking behavioral intents. Rendering to Han & Ryu (2009), attractive odor in a restaurant can effect in consumers partaking additional favorable discernments and assessing their understandings supplementary positive.

Open Kitchen transparency

Portion of the up-to-date openness literature proposes that the method numerous restaurant processes are planned may be serious for their long-standing endurance. With respect to eateries, for instance, Stipanuk (2006) denotes to the situation of one ‘residential Hyatt Regency ’ (p. 446) to exemplify the impending for accomplishment when thoughtful contemplation is specified to elementary scheme features. Hemalatha et al., (2014) examine the brand loyalty on toilet soap of buying behavior of female consumers. The result indicates that all the variables have a significant impact and brand loyalty has the most significant impact. Denoting to the Hyatt Regency’s situation, Stipanuk (2006) elucidates that ‘ this cafeteria is extremely prosperous in share for the reason that it compromises dissimilar dispositions for mealtime or ceremonial banquet, for personal collections or pair, and for casual mealtimes or unusual -instance banquets ’ (p. 447). Stipanuk’s (2006) barney also exemplifies the prominence of suppleness, incessant development, growth, modernization, in addition to consideration to element and to dissimilar customer sections. Even though there is slight qualm that restaurant scheme can be a vigorous constituent for friendliness / restaurant formations, other characteristics that symbolize customers ‘ apprehension with very rudimentary fundamentals are astonishingly frequently misplaced in restaurant surroundings. In this affection, researches examining features influencing restaurant select designate the
standing of hygiene during the course of the restaurant, counting in the kitchenette (Aksoydan, 2007).

Review of Relevant Theoretical Model

Revisit Intention

Behavioural intentions are considered to include revisit and word-of-mouth intentions (Jani and Han, 2011). Intention is independent conclusions about in what way somebody has perform in forthcoming time and it is frequently functions by way of dependent variable in numerous facility study and fulfilment mockups (Soderlund and Ohman, 2003). The research by Teng and Kuo (2011) distinct re-enter objective by means of re-purchase objective and performances that determine the readiness to applaud and broadcast optimistic statistics for a facility deliver. Soriano (2002) quantified that consumers have their individual motive whether to come back to some restaurant in the forthcoming time such by way of compression from lifespan or exertion, consumers are pursue for excellence, worth and required atmosphere that may retain them ease or momentary free from anxiety. Weiss (2003) supplementary quantified that consumer’s revisit intention is subjective by consumer with restaurant characteristic. Additionally, more or less repeaters’ purposes can be predisposed principally by public relations exertions to remember their optimistic commemoration and by circulated figures on novel fascinations (Um et al., 2006). The amount of preceding stopovers similarly has been considered by way of one of the significant features for revisit intention (Petrick et al., 2001).

Consumers that acknowledged an outstanding and unforgettable familiarity from the eatery has make a constructive interactive purpose such by means of commending the cafeteria to others, blowout optimistic word of mouth or converted a trustworthy consumer has ultimately prime to re-enter intent (Boulding et al., 1993). Furthermore, personnel bountiful consumer distinct consideration and deliberation has create consumers’ texture exclusive and consequently upsurge their interactive objective (Bitner, 1990). Furthermore, atmosphere and entertaining of a restaurant has provoke consumer emotional reaction and consequently stimulus revisit intention (Kim & Moon, 2009; Jang & Namkung, 2009). Food facility benefactors are stimulated to progress happenings which produce nearby guest host communications to upsurge consumer supplementary value, optimistic affective reaction, and principal to re-purchase objective (Hemmington, 2007). Consequently, consumer affecting reaction functions by way of an important mediator character by means of the advanced touching reactions of consumers supposed their feasting understanding, the sophisticated re-purchase objective they must produce (Pullman & Gross, 2004).

Conceptual Framework

Most Influencing Factors
- Food Hygiene
- Service quality
- Scene of security and congenial family environment
- Location Both physical and landscape
- Pricing/offers
- Open kitchen transparency

Customer revisit intention

Source: CHOW KENG YONG et al., (2013)

Food quality appeared to be the utmost significant forecaster of client fulfilment by associating to corporeal situation and facility excellence in hotels (Sulek et al., 2004). Conferring to Ha and Jang (2010), there has a positive association occurs amongst foodstuff excellence and customer gratification. This is reinforced by Bitner & Hubbert, 1994, an evaluation of the promotion writings says that client gratification and client
insights on foodstuff excellence are interrelated. Hence, foodstuff excellence is single of the significant central characteristics that stimulus hotel client gratification (Fornell et al., 1996). In reality, these have demonstrated that the foodstuff superiority has noteworthy association with foodstuff excellence and client gratification.

Service quality and customer revisit intention are imperative notions inside services marketing concept (Spreng & Mackoy, 1996). There are numerous researches showing that service quality is expressively backing to the customer revisit intention in hotel setting (Huam et al., 2011). Conferring to Ha et al. (2010), service quality was found to have noteworthy association with customer revisit intention. Their conclusion designates that the service quality delivered by workforce is vital and critical to the customer revisit intention in the hotels. Moreover, their research also quantified that clientele in Korean hotels are more mollified if the hotels are capable to deliver them with sophisticated service quality. Restaurant atmosphere may produce appearance and stimulus customer extent of satisfaction particularly in restaurant business (Ryu et al., 2007). Even though food and service quality are significant, attractive restaurant atmosphere will also conclude to a great notch of whole customer revisit intention in restaurant business (Ryu et al., 2010). Numerous empirical researches have revealed how atmosphere impact customer revisit intention and forecasts revisit conduct (Mattila et al., 2001). Furthermore, Brady and Cronin (2001) indicated that atmosphere may have a noteworthy influence on opinion of whole quality, which go to move customer revisit intention in the direction of a specific restaurant. One more study by Han et al. (2009) institute that atmosphere of a specific restaurant will impact customer revisit intention and devotion.

Customer revisit intention is the reason that can emphasise a purchaser’s verdict to revisit or not to revisit to a restaurant (Cronin et al., 1992). In the extremely competitive food business, satisfying consumer is the serious impartial of industry that to shape replication buying (Sulek et al., 2004). Satisfaction is an outstanding forecaster of replication purchase intent (Choi & Chu, 2011). In food industry, Han and Ryu (2007) revealed that enlightening customer revisit intention glassy is indispensable to upsurge revisit and commendation intents. A pleased client has greater likelihood to discard competitive deals and will return to the similar restaurant that offers them greater experience. Other researches also stated the sophisticated level of customer revisit intention, the superior the return intent rate (Kim et al., 2009).

Hypotheses

H1: Food hygienic quality is positively related to the customer revisit intention.
H2: Service quality is positively related to the customer revisit intention.
H3: Scene of security and congenial family environment is positively related to the customer revisit intention.
H4: Location both physical and landscape is positively related to the customer revisit intention.
H5: Pricing/offers is positively related to the customer revisit intention.
H6: Open kitchen transparency is positively related to the customer revisit intention

Research methodology

According to the Crotty (1998), research methodology is the “strategy, plan of action, process and design lying behind the choice and use of particular method and linking the choice and use of method to the desired outcome”.

A. Nature of the study

The current study is explanatory in nature; because it explains the casual relationship between the variables and according to Saunders (2009) the studies which explain the causal relationship between the variables are explanatory in nature and used the quantitative data to explain the relationship between the variables.
B. Research method

Present research has used the quantitative method, by way of rendering to the Aliaga and Gunderson (2000), that “quantitative research explaining the phenomena by collecting numerical data that are analyzed using mathematically based method”. As well as the according to Kaplan Duchon (1988), “quantitative approach seem useful when a theory is already established and also when individual relationships should be quantified and validated”.

C. Research approach

The current study has used the deductive approach who is likewise recognized by way of testing theory, in which upon the foundation of concept the hypothesis were established the aim for consuming that method is because it is extremely organized who permits the assortment of quantitative statistics and by using said method we may generalize the inference, such as the greatest method who explains the underlying connection amongst the variables (Suanders et al., 2009). As Robson (2002), highpoints the five phases of the deductive method, primary the investigator develops the hypothesis on the foundation of concept; furthermore cultivate working hypothesis, who indicates the association amongst the variables; thirdly assessment of the operational hypothesis; in fourth part checked the detailed consequence and in fifth stage clarify or adapt the theory conferring to the fallouts or conclusions.

D. Research strategy

The research strategy is “the general orientation to conduct the research” (Bryman, 2008). The approach used for current research is survey approach, the cause for consuming that approach is that it is frequently related to deductive method and frequently used in the commercial and administration investigation (Saunders et al., 2009), also is relaxed to manage and smaller costly than supplementary approach, furthermore it underwrits the better sureness in generalizability of outcomes (Lai, 1999). Additional advantage of the survey approach is that, its statistics may be together from the huge population inside the smaller epoch of time (Fricker & Schonlau, 2002).

E. Time horizon

The cross sectional study was steered, in which specific annotations were unruffled on single period, whereas in longitudinal studies observations are repetitive afterward some interval (Sekaran & Bougie, 2010; Zikmund et al., 2010). As equated to longitudinal studies the cross sectional studies are fewer costly, time saving and maximum habitually used the survey approach (Robson, 2002). As well as the cross sectional studies allows researcher to gather the data from the huge population, likewise valuable for hypothesis testing studies and which is not exaggerated by the deviations stirring over the time (Bailey, 1978), while longitudinal studies takes long time epoch.

F. Unit of analysis

Unit of analysis is the main entity, the unit of analysis for this study was individuals (customers) from whom data were collected (Bailey & Pearson, 1983), yet Yin (1994), recommended that the unit of analysis is “by reflecting the questions are defined or stated”, and in this research the study question makes the pure to indulgent the individual (customers).

Respondents

Respondents are Routine customers of six different cities on the G.T road/main highway including Attock, Wah, Taxila, Noshehra, Peshawar and Fatehjang, families who offer pay visit from the local communities and corporate sector who usually go for high tea, lunch and dinner.

Target Population and Sampling

Parahoo (1997) describes the population as “the number of units from which data can be collected”. Population size for the study is unknown as it includes Routine customers of six different cities on the G.T road/main highway including Attock, Wah, Taxila, Noshehra, Peshawar and Fatehjang, and families who offer pay visit from the local
communities and corporate sector who usually go for high tea, lunch and dinner. This is so vast area geographically and there is huge number of living people who travel often so Convenience sampling technique has been adopted to conduct our research study.

**Sampling Technique**

Used sampling technique was the Convenience sampling.

**Sample Size**

The total number of respondent were 360 and questionnaire was distributed among three segments i.e Routine customer, families who offer pay visit from the local communities and corporate sector who were usually go for high tea, lunch and dinner.

**Sampling Frame**

For the collection of data family restaurants have been selected from six different cities on the G.T road/main highway including Attock, Fatehjang, Taxila, Wah, Noshehra and Peshawar.

**Research Instruments**

The research instrument designated is self-administered questionnaires derived from previous researches (Chow Keng Yong et al., 2013). The foundation for study tool was then distributed to the respondents and items that were not proved or having cross loadings were erased. The items in each variable are derived from the previous study and modified according to present study. The response in the questionnaire was obtained on five points Likert scale from “strongly disagree to strongly agree”.

**Pilot Study**

Pilot study was carried out before complete data collection. This helped in checking the reliability of the study tools used. The Cronbach’s Alpha score was .787 overall. It also helped in highlighting problem/discrepancy in the questions which were rewarded for better understanding.

**Data Collection**

The data was collected through self-administered questionnaires from the routine customer, families who often pay visit from the local communities and corporate sector who's members usually go for high tea, lunch and dinner from six different locations on the G.T road/main highway including Attock, Fatehjang, Taxila, Wah, Noshehra and Peshawar. The questionnaires were dispersed among 360 respondents and data was collected. All the questionnaires were received back completely filled.

**Statistical Procedures**

Data collected was analysed using the PLS and SPSS software. The following analysis were done;

a) Conferring to Aaker, Kumar, and Day (2007), descriptive investigation is used to define and condense the vital features of data that gotten from respondents. Descriptive statistics i-e number, frequencies, percentages, cumulative percentages, ratio and proportion. Hierarchical regression was used for the testing the hypotheses.

b) Bivariate correlation analysis i-e relationship of variables and p-value.

c) Regression Analysis i-e T-Test, F-Test, R square and adjusted R square.

**Results and Discussions**

The internal reliability of the data was checked through the Cronbach’s alfa, the value of Cronbach’s alfa was 0.787. This value is within acceptable range.
Bivariate Correlation Analysis

Bivariate correlation tells us the relationship strength between two random variables. The negative value of correlation means the relationship between two variables is negative while the positive results means that the relationship is positive between the both variables. The minimum to maximum range of the correlation is (-1,+1). Sometime the value of the correlation is zero that’s stand for there is not any linear relationship between the both variables.

<table>
<thead>
<tr>
<th></th>
<th>Food Quality</th>
<th>Service Quality</th>
<th>Restaurant environment</th>
<th>Location</th>
<th>Pricing</th>
<th>Open kitchen</th>
<th>Customer revisit intention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Quality</td>
<td>1</td>
<td>0.342</td>
<td>0.23</td>
<td>0.79</td>
<td>0.83</td>
<td>0.559</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.03)</td>
<td>(0.012)</td>
<td>(0.034)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Quality</td>
<td>1</td>
<td>0.480</td>
<td>0.067</td>
<td>0.51</td>
<td>0.835</td>
<td>0.50</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.004)</td>
<td>(0.012)</td>
<td>(0.011)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restaurant</td>
<td>1</td>
<td>0.689</td>
<td>0.855</td>
<td>0.458</td>
<td>0.737</td>
<td></td>
<td></td>
</tr>
<tr>
<td>environment</td>
<td></td>
<td></td>
<td>(0.00)</td>
<td>(0.019)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td>1</td>
<td>0.623</td>
<td>0.33</td>
<td>0.66</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.028)</td>
<td>(0.010)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pricing</td>
<td>1</td>
<td>0.148</td>
<td>0.372</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.048)</td>
<td>(0.002)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open kitchen</td>
<td>1</td>
<td></td>
<td>0.30</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.009)</td>
<td>(0.006)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All the correlation results are significant except only one relationship i.e Location and Open kitchen transparency. This table indicate the relationship of independent variables. These variable are Food Hygienic Quality, Service Quality, Sense of security and congenial family Environment, Location, Pricing, Open Kitchen, Customer revisit intention. Relationship strength (r) with its significance value (P-value) is described in the analysis.

So when check the relationship between the variables (Food Hygienic Quality & Service Quality). Correlation value is 0.38 which means that there is positive weak relationship between these two variables and p-value of these variables (Food Hygienic Quality & Service Quality) is 0.002 which indicates the significance of the results. That proves H2 which is food hygienic quality is positively related to the customer revisit intention. Similarly the analysis indicate the correlated value of variables (Food Quality & Sense of security and congenial family Environment) is 0.342 which represent that there is a positive weak relationship occur between these two variables and when check the significance of the these variables table shows the p-value of these two variables is 0.03 which means these two variables (Food Quality & Sense of security and congenial family Environment) shows a significant results and there is a relationship present between these two variables (Food Hygienic Quality & Sense of security and congenial family Environment). So when check the relationship between the variables (Pricing & Open Kitchen) table shows their correlated value is 0.148 which mean there is positive weak relationship occur between these two variables and p-value of these variables (Pricing & Open Kitchen) is 0.048 which shows there is a relationship between variables(Pricing & Open kitchen) is significant. Analysis also shows the relationship Food Hygienic Quality and Location variables and their calculated correlation value is 0.23 which represent there is weak positive relationship occur between these two variables (Food Quality and Location) and table shows the P-value of these two variables is 0.04 which mean variable location has the significant effect on the variable Food Quality.

Similarly when check the relationship between two variables (Pricing & Food Quality) their results shows their correlation value is 0.79 which indicate there is a strong positive relationship occurs between these two variables and the p-value of these two variables is 0.00 which means there is a significant relationship occur between them. So when check the relationship between the variables (Food Hygienic Quality & Open
Kitchen) table shows their correlated value is 0.83 which mean there is positive strong relationship occur between these two variables and p-value of these variables (Food Quality & Open Kitchen) is 0.012 which shows there is a relationship between variables(Food quality & Service quality) is significant.

### Regression Analysis

**Model 1**

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R Square</td>
</tr>
<tr>
<td>1</td>
<td>.62</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), OpenKitchen, FoodQuality, ServiceQuality, Pricing, RestaurantEnvironment, Location

b. Dependent Variable: CustmorRevisitIntentions

<table>
<thead>
<tr>
<th>Model</th>
<th>standard Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>9.065</td>
<td>1.774</td>
<td>5.111</td>
</tr>
<tr>
<td>FoodQuality</td>
<td>0.56</td>
<td>.055</td>
<td>.661</td>
</tr>
<tr>
<td>ServiceQuality</td>
<td>0.50</td>
<td>.068</td>
<td>-1.734</td>
</tr>
<tr>
<td>RestaurantEnvironment</td>
<td>0.74</td>
<td>.070</td>
<td>.402</td>
</tr>
<tr>
<td>Location</td>
<td>.66</td>
<td>.055</td>
<td>2.091</td>
</tr>
<tr>
<td>Pricing</td>
<td>0.33</td>
<td>.068</td>
<td>-1.046</td>
</tr>
<tr>
<td>OpenKitchen</td>
<td>0.30</td>
<td>.070</td>
<td>2.898</td>
</tr>
</tbody>
</table>

Customer revisit intention = \( \beta_0 + \beta_1(\text{FoodQuality}) + \beta_2(\text{ServiceQuality}) + \beta_3(\text{RestaurantEnvironment}) \\
+ \beta_4(\text{Location}) + \beta_5(\text{Pricing}) + \beta_6(\text{OpenKitchen}) + \varepsilon \)

Customer revisit intention is positively related to the food quality at the rate of change 0.56, interpretable as the one scale increase in the food quality has make increase in the Customer revisit intention at the rate of 0.56 units. Similarly the Customer revisit intention is also related to the service quality at the rate of change 0.50, interpretable increase one scale in the service quality has make Customer revisit intention increase at the rate of 0.50.

Customer revisit intention is also related to another variable which is restaurant environment at the rate of change 0.74 interpret increase one scale in the restaurant environment Has make Customer revisit intention increase at the rate of 0.74. Interpretation also shows Customer revisit intention is also related to the location at the rate of change 0.66 which increase one scale in the location has make Customer revisit intention increase at the rate of 0.66. Customer revisit intention is also related to another variable which is pricing at the rate of change 0.33 Interpret increase one scale in the pricing Has make Customer revisit intention increase at the rate of 0.33. Customer revisit intention is also related to another variable which is open kitchen at the rate of change 0.30 Interpret increase one scale in the open kitchen Has make Customer revisit intention increase at the rate of 0.30. Here the constant value of this model is positive value and the p-Value of this model is 0.012 which model is significant all the variable have impact the dependent variable.

### Conclusion

Bivariate correlation analysis among all these variables is derived. The relationship strength between the variables was depicted. Food quality and the customer revisit intention out-did most strong positive correlation (0.952) with p-value (0.003<0.05) corroborating the significance of the results. Kitchen openness and the quality of food also
out-turned the strong positive correlation (0.83), with p-value (0.012<0.05) verifying the significance of the relationship. Service quality and the open kitchen also showed a strong relationship but the service quality and location showed weak correlation (0.067). The customer revisit intention delivered the strong positive correlation that is (0.920) with p-value (0.006<0.05). Maximum variables delivered strong positive correlations, that’s endorse the acceptance of the hypothesis that these variables positively effects to each other. In regression analysis regression line was examined. In the line the customer revisit intention was utilized as the dependent variable, where the food quality, service quality, pricing, location, open kitchen and the restaurant environment as independent variables. The model showed 71.20 % co-efficient of determination that showed the strength of the model, also indicating that factors are more relevant which effects the customer revisit intention. The model showed that all variables in this regression line are significantly related and effects the customer revisit intention. Overall results described that food quality, service quality, pricing, restaurant environment and the open kitchen transparency are strongly positively correlated to each other significantly matters in customer revisit intention. Restaurant management should take measure on the basis of these variables to enhance their quality and restaurant management for higher returns.

Managerial implications

As the study mainly focused the most Influencing Factors for the Restaurant Customer revisit intention, because the literature suggested that these factors are more impetuous as compared to older who had establish the loyalty of the customers. The study provided useful information to hotel businessmen about the influence of these factors and designing their strategies according to liking of customers. Hotel businessmen should differentiate their hotels through Food Hygiene, service quality, employee behavior, Scene of security and congenial family environment, Location Both physical and landscape, Pricing/offers and Open kitchen transparency in their business place that insists or encourage the customers to enter for meal as well as that leads the customers to encourage them to re-visit the Hotel and spend more time and resulting more profits. Hotel owners should also focus on the hotel environment that customers feel good as well as owners should provide the training to their staff, through that they will reduces the negative effect of gathering. Owners should also need to develop the promotions activities like; buy one meal get one meal free, gifts offer, and discount offers that might encourage the because there are most of customers are travellers and not routinely visitors and sale promotion offers have greater influence on their re-visit as they get most of the regular meal at discount or lower prices. Hotel owners should also develop the kitchen openness by designing the special architect scheme for customers; that promotes the idea of visibility of what they come to eat.

Limitation and Future recommendations

The current study was cross sectional in nature and quantitative in nature so therefore are room for using other technique to better predict the behaviour. The data were collected from six cities which can be further expanded to other cities to get wider results. As there are many other variables that may have impact on customer revisit intention and re-visit intention but only few were examined in current study, the future researcher may include the other variables like training of staff or satisfaction of staff or dressing of staff etc. to better understand that how and to what extent the customer revisit intention and re-visit intention actually occurs. The current study has been done without mediation variable so future study may explore different mediating variables as well as moderating variables i.e. situational or personal characteristics to analyse the better outcome for customer revisit intention. As data were collected from three segments so future researcher has a liberty to examine the different customers in different cultural context as well as may examine the customer revisit intention according to any different segment. As every individual is dissimilar from other so their satisfaction level is obviously different, so future research may be conducted on different age group
customers as youngsters having more wish to make fun and mature people or family men have different behaviour; so it might be useful to examine the age factor as the moderator between variables. Furthermore with the passage of time a lot of changes take place in taste inclination or service needs like there is a shifting trend towards the self-service so the future study may also investigate the customer revisit intention and re-visit intention in the context of self service and comparative study of open kitchen and closed kitchen with respect to customer revisit intention and revisit intention.

References


RELATIONSHIP BETWEEN CELEBRITY ENDORSEMENTS & CONSUMER PURCHASE INTENTION

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Abstract
For the 21st Century marketing managers the globalization has resulted in a fierce battle of the brands at the local and global levels. It has opened new brand investment avenues for the local and global brand advertising managers that are having both the promotional challenges and opportunities. The technological advancements and the rapidly growing mass media and communication systems are constantly providing the marketing managers with the massive opportunities to convey their voice to the targeted groups of customers in a most effective manner. The local and global businesses are rapidly expanding in Khyber Pakhtunkhwa especially in its provincial Capital Peshawar. Effective promotion of the brands is the utmost desire of every brand manager as it is the communicational aspect of marketing. For the same reasons the brand managers are always in search of devising the most effective advertising techniques through which they can easily and most effectively communicate with their target audiences. Celebrity endorsement technique is amongst one of them. The current study aims to explore the effectiveness of celebrity endorsement as an advertising technique and investigates its relationship with the purchase intention of the buyers. Celebrities are the personal and social favorites having deeper influences over the life styles and consumption patterns of the social members. The current study has been conducted to examine the relationship between the super star endorsements and the consumer purchase intention. The study has been conducted by taking 790 respondents from the urban and sub urban areas of Khyber Pakhtunkhwa province of Pakistan. The impacts of various determinants of celebrity endorsement models were checked through simple linear regression analysis with the consumer purchasing intention. As a result, positive relationship was found between the celebrity endorsements and the buying intention of the buyers. The study has described useful academic as well as managerial implications for both the local and global brand advertisers.

Key Words: Battle of the Brands, Celebrity Endorsements, and Consumer Purchase Intention.

Background of the Study: Celebrities are the individuals having a wide favorable social recognition and are well reputed amongst the social members (Erdogan, 1999). These personalities are famous amongst general public due to their personal achievements or accomplishments in the respective professions or fields. The role of celebrities being the brand endorsers is really impressive and remarkable in creating positive consumer purchase intention towards the advertised brand (Amit Kumar, 2010). Pakistani celebrities whether related to showbiz or to sports are also very important to be discussed over here. In the same regard we can take example of famous cricketer Shahid Khan Afridi, Wasim Akram, Actress and super model Mehwish Hayat, Shan, Ali Zafar, Fawad Khan and Mahira Khan etc. These famous personalities are effectively endorsing various leading global and local brands in Pakistan (Hassan et al., 2015). Celebrities are amongst the most loved personalities. The role of these local and global celebrities in impacting the consumer purchase and re-purchase intention is very remarkable in the overall promotional process (McCormick, 2016). Modern advertising function is to primarily inform customers about a particular brand. Secondly to persuade them psychologically so that they may start using it or they may keep using it. Third function of promotion is to give them regular advertising and brand promotional reminders on regular basis in order to strengthen the overall brand equity (McCormick, 2016). Through celebrity endorsements the brand managers are trying their level best to create and maintain strong brand personality in the minds and eyes of the target audiences (Kang & Choi, 2016). The promotional technique in which the brand advertisers promote brands through famous personalities refers to as celebrity endorsement (Bafna, Gandhi, & Jain, 2016, & Priyankara et al., 2017). The general psyche of marketers behind this phenomenon is that the promotional messages conveyed to the target audiences by these super stars not only provide higher level of brand recognition but it also strengthens the overall brand
celebrity endorsement provides solid base for brand consideration and perhaps creates more audience interest in the endorsed brands as compared to the promotional messages conveyed by non-superstars. Celebrities better shape the purchase intention of the buyers (Kumar, 2010).

**Problem Statement:** Presence of celebrities in advertising has remarkable impacts on consumers mind sets (Assael, 1984), (Kamins & Gupta, 1994), (Usman et. al, 2010), (Sertoglu et al., 2014) & (Priyankara et. al, 2017). Moreover on the other hand some previous studies have found the celebrity endorsement to be the least effective advertising technique in relation to the consumer purchase intention (Cooper, 1984), (Mehta, 1994), (Tom et al., 1992) & (Katyal, 2007) etc. The brief but comprehensive findings of these studies revealed that for effective advertising function the brand endorser necessarily doesn’t need to be a celebrity (Tripp et. al, 1994), & (Solomon, et al., 2002). After discovering both the brighter and the darker side of the celebrity endorsement the author intends to study the relationship between the celebrity endorsement and the consumer purchase intention. So, the problem statement specifically developed for this study states: to conduct an empirical investigation about the impact of celebrity endorsements and its relationship with consumer’s purchase intentions.

**Objectives of the study:**
1. To study and discover the perceptions of consumers about celebrity endorsements.
2. To study the important elements of celebrity endorsement which may additionally impact purchaser’s buying intention through superstar endorsements.
3. To explore the relationship between celebrity endorsement and consumer purchase intentions.

**Research Questions:**
In order to get better understanding of the research topic and to empirically investigate the problem statement the below mentioned questions have been developed:

- What are the consumer’s perceptions and understanding about the celebrity endorsements in comparison to non-celebrity endorsements?
- Are the determinants of celebrity endorsement affecting the customer purchase intentions to buy a product or hire a service if the brands are endorsed through celebrities?
- What are the influences of celebrities as brand endorsers on consumer buying intention?

**Scope of the Study:**
The current study keeps a scope that is confined to the consumer’s perceptions about celebrity endorsement in relation to their intent to purchase. These consumers are from Peshawar city, i.e. the provincial Capital of Khyber Pakhtunkhwa and its surrounding sub urban areas, i.e. Nowshehra, Mardan, Kohat, Abbott Abad and Dera Ismail Khan.

**Justification/Significance of the study:** The findings of the current study can be really helpful to various local and global brands currently operating in Peshawar. The study can also provide a meaningful base to the potentially interested entrepreneurs who want to launch their brands in the capital province or in its surrounding sub urban markets. Besides this, current study has proposed implications for academia and marketing practitioners as well.

**Literature Review**

**Celebrity Endorsement Models:**

**The Model of Product Celebrity Matchup:** A required level of alignment or perfect match between the endorsing celebrity and the endorsed brand is much required for bringing extra effectiveness in the advertising message (Cooper, 1984), (Sunder et al., 2014) & (Bafna et al., 2016). This required level of congruence between the celebrity and the endorsed brand results in better brand recall as well as creates a positive impact on the purchase intent of the customers (Kumar, 2010 & Bergkvist et al., 2015). Consequently, congruence between both the entities increase the celebrity and brand equity (Han & Yazdanifard, 2015).
believability in the mind of the customers as compared to the situation where the required level of congruence is missing between the super star and the recommended brand (Han et al., 2015).

**Meaning Transfer Model:** This model of celebrity endorsements has been presented by McCracken in 1989. According to him the endorsing source must possess some unique personal or professional features or meaning set that can help the brand advertisers to promote their brands through them in a most desirable manner (McCracken, 1989), (Erdogan, 1999), & (Priyankara et al., 2017). Different celebrities have different sets of unique meaning and features that can help the brand advertisers to associate and transfer the same to the endorsed brands and finally to the brand users. This can positively impact the consumer perceptions about the endorsed brand and the endorsing source. Therefore, it can also produce the most desirable impacts on the consumer purchase intention as well (McCracken, 1989, Erdogan, 1999, & Priyankara et al., 2017).

**Dependent Variable:**

**A. Consumer Purchase Intentions:** Consumer purchase intention refers to a cognitive procedure that a consumer has to pass through while purchasing a product or hiring a service for present or for a future time period (McGuire, 1985). Several factors are responsible behind the shaping and reshaping of consumer purchase intention. It primarily includes the social factors, the psychological factors as well as the situational factors.

**The Conceptual Framework:**

**Hypotheses:**

H1: Celebrity endorsement has a positive relationship with the consumer purchase intention.

H2a: The appropriate congruence between celebrity and the endorsed brand positively influences the consumer purchase intention.
H2b: Celebrities providing or transferring meaning to the brands positively influences the purchase intention of the customers

Research Methodology
Population of the study: Population taken by the author for this research contains consumers residing in the provincial capital of Khyber Pakhtunkhwa and its surrounding sub-urban areas including Mardan, Nowshera, Kohat, Abbott Abad, Dera Ismail Khan etc. The idea behind selecting the urban and surrounding sub-urban areas of the province was because of the comparatively higher literacy rate of its respondents as compared to the literacy rate of the rural consumers. The consumers living in these areas are also better exposed to various informational or advertising media like print and electronic media, so they have a greater knowledge about various celebrities and their respective areas of operations. Consumers living in these areas, in comparison to the rural consumers, have a better access and understanding of social media as well which is also becoming an important and emerging source of advertising these days. Amongst the selected members of population, the respondents were of 16 to 45 years of age.

Research Approach: This research study is based on a deductive approach. According to Lee and Lings, 2008 deductive approach enables the researcher to draw valid conclusions on the basis of statistical analysis. It also helps in enhancing the capacity of the researcher to generalize the facts and figures and to answer the research questions in a more unbiased manner.

Type and Nature of Research: In comparison to the qualitative type of research, the quantitative researches are better structured. Techniques used under this method are the surveys that can either be an online one or a paper survey. Longitudinal studies, online interviews, or face-to-face interviews techniques are also used under this type of research study (Wyse, 2011). In the light of the above mentioned arguments, the nature of the current study demands the author to adopt a quantitative type of research study.

Research Strategy: Survey technique has been used for this study. The questionnaire selected for this study has been designed by Amit Kumar, 2010. In order to further validate the same, the pilot testing was then performed for the current study. Results of the pilot test are given below:

<table>
<thead>
<tr>
<th>Variables</th>
<th>No of items</th>
<th>Cronbach’s alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Variable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Celebrity Endorsements</td>
<td>8</td>
<td>0.864</td>
</tr>
<tr>
<td>Determinants of Independent Variable</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product celebrity match up</td>
<td>3</td>
<td>0.732</td>
</tr>
<tr>
<td>Meaning Transfer</td>
<td>3</td>
<td>0.781</td>
</tr>
<tr>
<td>Dependent Variable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>3</td>
<td>0.801</td>
</tr>
</tbody>
</table>

Source: Current Study

Statistical Techniques Used for the Analysis of the Data: The author has used frequency descriptive analysis, Pearson Correlation Analysis, and Regression Analysis for the scientific analysis and meaningful interpretation of the data.

Results and Discussions
Correspondence Degree between the Selected Variables
### Table 1.2 The Correlational Matrix:

<table>
<thead>
<tr>
<th></th>
<th>PI</th>
<th>MU</th>
<th>MT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase intention</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product match up</td>
<td>.289**</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Meaning transfer</td>
<td>.234*</td>
<td>.389**</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Number of Respondents = 790
Note: PI denotes Purchase Intention
** denotes the correlation significance at 0.01 level (1 tailed)
* denotes that the correlation significance at 0.05 level (1 tailed).

The above mentioned table shows that all the determinants of celebrity endorsement models positively interact with the dependent variable i.e. the consumer purchasing intention. It therefore proves positive one tailed correspondence between the selected variables. The table indicates that some of the determinants have strong relationship with the purchase intention while some hold the moderately good relationship with the same. The rest have low but still positive relationship with the consumer purchase intention.

### Table 1.3 Descriptive Statistics of Various Attributes

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>St. deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase intention</td>
<td>2.1749</td>
<td>.98210</td>
<td>790</td>
</tr>
<tr>
<td>Product match up</td>
<td>2.1962</td>
<td>1.24254</td>
<td>790</td>
</tr>
<tr>
<td>Meaning transfer</td>
<td>2.4339</td>
<td>1.30422</td>
<td>790</td>
</tr>
</tbody>
</table>

Hypothesis Testing:

1. Relationship between Celebrity Endorsement and Consumer Purchase Intention:

H1: Celebrity endorsement has a positive relationship with the consumer’s purchase intention.

### Model Summary

<table>
<thead>
<tr>
<th></th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mode</td>
<td>R Square</td>
</tr>
<tr>
<td>1</td>
<td>.630*</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Celebrity Endorsement

### ANOVA

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>DF</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>213.804</td>
<td>1</td>
<td>213.804</td>
<td>517.323</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>325.672</td>
<td>788</td>
<td>.413</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>539.476</td>
<td>789</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Celebrity Endorsement
b. Dependent Variable: Consumer Purchase Intention
Results of regression analysis verify a positive relationship between the celebrity endorsement and consumer buying intention. It describes that there is a significant relationship between both the variables. Results show the value of (R = .396) and the adjusted R square = .396. It shows a variance of 39.6%

### Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(constant)</td>
<td>-0.023</td>
<td>0.088</td>
<td>-0.255</td>
<td>0.799</td>
</tr>
<tr>
<td>CE</td>
<td>1.078</td>
<td>-0.047</td>
<td>0.630</td>
<td>22.745</td>
</tr>
</tbody>
</table>

a. **Dependent Variable: Purchase Intention**

Regression model shows substantial strength with (F=517.32), β coefficient = 0.630) and a highly significant p value.

2. **The Relationship between Celebrity- Product Match up & Consumer Purchase Intention**

H2a: The appropriate congruence (match-up) between celebrity and the endorsed brand positively influences the consumer purchase intention.

### Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.457</td>
<td>.209</td>
<td>.208</td>
<td>.73598</td>
<td>.209</td>
<td>207.943</td>
<td>1</td>
<td>788</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Product Match Up.

### ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>112.637</td>
<td>1</td>
<td>112.637</td>
<td>207.943</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>426.839</td>
<td>788</td>
<td>.542</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>539.476</td>
<td>789</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Product match up
b. Dependent Variable: Purchase Intention

Derived value of (R = .457) with a high adjusted R square = .208). It also implies that 20.8% variation in consumer purchase intention is being influenced and explained by this determinant of celebrity endorsement. In net shell, the regression model shows substantial strength with the derived value of (F=207.94), and a highly significant p value.

### Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.274</td>
<td>.052</td>
<td>24.554</td>
<td>.000</td>
</tr>
<tr>
<td>Product Match Up</td>
<td>.356</td>
<td>.025</td>
<td>.457</td>
<td>14.420</td>
</tr>
</tbody>
</table>

a. **Dependent Variable: Purchase Intention**

On the basis of above mentioned results, we therefore accept H4

3. **The Relationship between Meaning Transfer & Consumer Purchase Intention**

H2b: Celebrities providing or transferring meaning to the brands positively influences the purchase intention of the customers
## Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.496\textsuperscript{a}</td>
<td>.246</td>
<td>.245</td>
<td>.71869</td>
<td>.246</td>
<td>256.444</td>
<td>1</td>
<td>788</td>
<td>.000</td>
</tr>
</tbody>
</table>

\textit{a. Predictors: (Constant), Meaning Transfer}

### ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>132.458</td>
<td>1</td>
<td>132.458</td>
<td>256.444</td>
<td>.000\textsuperscript{a}</td>
</tr>
<tr>
<td>Residual</td>
<td>407.018</td>
<td>788</td>
<td>.517</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>539.476</td>
<td>789</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\textit{a. Predictors: (Constant), Meaning Transfer}

### Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.201</td>
<td>.052</td>
</tr>
<tr>
<td>Meaning Transfer</td>
<td>.391</td>
<td>.024</td>
</tr>
</tbody>
</table>

\textit{Dependent Variable: Purchase Intention.}

## Discussion

The results of regression analysis reveal a positive relationship between the meaning transfer capabilities of celebrity endorser in relation to the consumer purchase intent. This fact is very much obvious from the derived values of ($R = .496$) as well as from the adjusted $R$ square = .245).

## Conclusion

The results extracted from the current study strongly accept the relationship between celebrity endorsement and consumer purchase intention. As celebrities have charismatic influences on the lifestyle and mindsets of the general public therefore, they can better help the brand...
advertisers to strengthen their brand recall as well as the overall brand equity (Amit Kumar, 2010), & (Munnukka et. al, 2016). Majority of the respondents were of a view that they do consider and appreciate the presence of celebrities in brand advertisements. They believe that they idealize these famous personalities from the various fields of interest. Therefore, it is concluded that the purchase intention of the buyers is remarkably influenced by their favorite super stars (McCormick, 2016). Respondents of the current study revealed that they are most commonly exposed to celebrity based commercials. They think that it’s one of the most influential marketing strategies to endorse brands through these famous figures. It also means that as compared to non-celebrity sources, the celebrity endorsement is more influential in order to create a positive impact on the overall consumer buying behavior (Priyankara et.al, 2017). These celebrities appear almost on every type of media, whether print, electronic or social media. Majority of the respondents believed that television is one of the most important sources of promoting brands. They also give weightage to the celebrity based advertisements on internet, newspaper and magazines. This somehow, also proves the overall development and significance of the mass media in our country in general, and in Khyber Pakhtunkhwa in specific. As the battle of brands is getting fierce both at the global and local levels, that’s why marketers are trying to endorse their brands through competent sources. That is why the celebrities are now most commonly endorsing the global and local brands on different media locally and globally as well (Mazlan et.al. 2016). The results of the current study reveal the same fact where majority of the respondents reported that film stars, drama actors and sporting figures have more appealing instinct than non-celebrity endorsers. As celebrities can better attract and retain the consumer attention towards the advertised brands and thus can positively impact their purchase intention (Roy et. al, 2015). Consequently, the current study validates the overall effectiveness of celebrities as brand endorsers in relation to the consumer purchase intention. It also states that brand advertisers should always be very careful while selecting an appropriate celebrity as their brand endorser. Moreover, this right choice of the celebrity endorsers can make the big difference both in the short and long run in creating positive impacts on consumer minds and life styles.

Limitations of the Study:
This study was conducted in Khyber Pakhtunkhwa province of Pakistan. Due to lack of financial, technical and human resources consumers from Its Capital City Peshawar and the surrounding sub urban areas were only contacted. Due to the same reason, the consumers from the rural areas of Khyber Pakhtunkhwa were not contacted. The respondents were between the ages Of 16 to 45. The senior citizens were also not contacted who might have a totally different set of perceptions regarding the celebrity endorsements in relation to their buying intentions.

Suggestions for the future researchers:
The future researchers can take comparatively bigger sample sizes in order to determine the impact of celebrity endorsement on the consumer buying behavior. This would enable them to make more authentic and empirical analysis of the subject matter under discussion. Future studies can also play their role in order to determine the impact of the celebrity endorsement on the buying behavior of the senior citizens. Future studies can also consider the rural buyers from the various parts of Khyber Pakhtunkhwa in specific and other rural parts of the country in general or as per their research objectives. Investigating the impact of the local and international celebrities on the consumer buying behavior can be a next suggestion for the future researchers. Last but not the least, future studies can also focus on investigating the impact of negative publicity about a celebrity on the consumer purchase intentions.

References:


Bergkvist, et al., (2015). A new model of how celebrity endorsements work: attitude toward the endorsement as a mediatior of celebrity source and endorsement effects. Page 171-184 | Received. 01 Sep 2013, Accepted 24 Feb 2015, Published online: 07 Apr 2015.


DO SOCIOTROPIC AND AUTONOMIC PERSONALITY TRAITS AFFECT ENTREPRENEURIAL INTENTIONS?

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ABSTRACT
The personality is a crucial factor in entrepreneurship. This study was conducted to determine the relationship between undergraduates' sociotropic-autonomous personality characteristics and entrepreneurial orientation. 380 vocational high school students from the Gaziosmanpasha University (GOU) participated in the study. The participants (221 women, 159 men) consisted of five different vocational high school students. The results of the research showed that entrepreneurial intentions was positively correlated with autonomic personality as well as sociotropic personality.

Key Words: Sociotropic Personality, Autonomic Personality, Entrepreneurship, Entrepreneurial Intention

INTRODUCTION
Entrepreneurship has been particularly emphasized over the last 20 years and is becoming an important force in the development of the country's economy and in ensuring social well-being. The widespread and effective activation of entrepreneurship will enable the discovery and development of entrepreneurial spirit and the people who have potential to entrepreneurship. Entrepreneurship activities are now supported throughout the world and are included in the future career goals of university students. The characteristics of the younger generations also support their entrepreneurial intentions. Individuals with high entrepreneurial intentions can plan to build their own businesses by evaluating personality traits (internal potentials, strengths and weaknesses).

A lot of research has been done in recent years about personality traits that people with entrepreneurship and entrepreneurial intentions should have. In the mentioned researches, it was observed that the interest on entrepreneurial types as well as potential entrepreneurs is increasing. However, it can be seen that there is not enough studies in the literature to examine the relation between entrepreneurial intention and sociotropic and autonomic personality. For this purpose, this study was conducted on university students who are thought to have a high entrepreneurial potential. The relationship between entrepreneurial intentions of vocational schools of a university and the personalities of these students are revealed.

THEORETICAL FRAMEWORK
1. Sociotropic and Autonomic Personality
Personality is a whole consisting of innated genetic features and the social impacts from the environment (Can et al., 2015: 71). In other words, personality, is physiological, mental and spiritual features including, intelligence, ethics, cultural level, interests, attitudes, clothing and physical appearance, speech style, communication skills, habits and other interactions with individuals that distinguish one person from the other (Eren, 2015: 83). From the past to the present, various classifications were made to explain the personality and examined it with different dimensions. One of these is the sociotropic and autonomic personality that Beck examined in two dimensions in 1983 (Bozoglan, 2013: 201; Ugurlu and Pako, 2016: 123).

According to Beck (1983), those who have a sociotropic personality attempt to have positive interaction with others and maintain social communication. That is, life satisfaction of these people is excessively dependent upon interpersonal relationships. Sociotropic people are those who are affected by others, who want to be accepted and wants to be approved by others, needs the support, closeness, guidance and help of others (Kolts et al., 2004: 54; Otacigil, 2008: 37; Didisjen et al., 2015: 15). On the contrary, autonomic people are those who can think and decide freely, take action, attach importance to success and independence. They do not want to be controlled by
others. They are self-focused individuals who prefer to be less sincere and loving. An autonomic person keeps his distance from others, avoids loosing and seeks for more personal control on surrounding environment and people (Karimi and Besharat, 2010: 856; Kaya et al., 2006: 1). People with this feature like to be able to direct their own activities and to achieve the things that are important to them and provide satisfaction (Özdemir, 2015: 119).

In fact, because people are social being, it is stated that it is difficult to distinguish the sociotropic and autonomic features from each other. Because, autonomic needs, such as achieving the specified goals and being successful, are in fact a means of meeting sociotropic needs. For example, while thoughts like 'I'm not as long as I fail', ' others see me worthless unless I'm perfect', emphasize autonomic features, actually being loved and valued by others is the tool to meet the sociotropic features. In this case, it is increasingly difficult to distinguish sociotropic / autonomic features from each other (Kabakçı, 2001: 282).

2. Entrepreneurial Intentions

During the last twenty years, entrepreneurship has become a very active field of research in various disciplines of social sciences and has become an important issue for economic policy. It is believed that the establishment of an independent private sector enterprise and the skills and efforts of the founders are extremely important. Because it is important for economic structures to adapt to changing conditions, for innovation in products and services, for job creation and for economic growth. (Brandstätter 2011: 222) . It would be useful to first define entrepreneurship and then explain its significance in more detail.

Entrepreneurship is a process of wealth creation. More clearly entrepreneurship is the process of doing something new and something different for the purpose of creating wealth for the individual and adding value to society (Kao, 1993: 69-70). Bruce Bachenheimer, at the Entrepreneurship Lab at Pace University, says “Entrepreneurship is much broader than the creation of a new business venture. At its core, it is a mindset – a way of thinking and acting. It is about imagining new ways to solve problems and provide benefits that create value.” (http://www.pace.edu/faculty/bruce-bachenheimer-mba). Hence it is possible to agree with Timmons (1989, 1) that "Entrepreneurship is the ability to create and build something from practically nothing. It is initiating, doing, achieving, and building an enterprise or organisation, rather than just watching, analysing or describing one. It is a mastery of sensing an opportunity where others see chaos, contradiction and confusion.” (Kirby, 2005: 175).

Many studies in the entrepreneurial literature are nourished by the idea that entrepreneurship has a significant economic value, for example in terms of productivity and growth, employment creation or innovation (Van Praag and Versloot, 2007b: 65). For instance Böheim et al. (2009: 19), has reached the following end up in their research. According to their results, governments should support new companies rather than old companies. The data showed that new companies create jobs that last on average almost 50% longer than those created in already existing companies. In a similar way, Van Praag and Versloot (2007a: 351), based on 57 recent studies of high quality that contain 87 relevant separate analyses, they conclude that entrepreneurs have a very important—but particular—function in the economy. They are more successful in creating employment, boosting productivity and producing and commercializing high quality innovations.

There are many studies presenting output similar to these results. Entrepreneurship is considered as a subject worth investigating because of this precaution and its consequences. In this context, it will be useful to briefly mention the issues that the entrepreneur, the main actor of the business, should pay attention to.

Jennifer Post (2017) mentions in his article that important points for entrepreneurs are as follows:
- Learn from others’ failures,
- Make sure that what you want,
- Solve problems,
- Be passionate,
- Get advice from those who have done it.

It can be considered that the above listed items refer to features that must be found in the entrepreneur in a certain way. In addition, each item can be regarded as a sign of the relationship
between personality and entrepreneurship. The theoretical literature on entrepreneurship emphasizes the importance of personality characteristics such as risk tolerance, innovativeness, entrepreneurial ability, and preferences for autonomy, in the judgement between self-employment and wage/salary work (Fairlie and Holleran, 2012:9).

There are many studies showing the relationship between entrepreneurship and personality. A majority of these seem to focus on the big five personality and autonomy (Davidsson, 2013; Fairlie and Holleran, 2012: 10; Obschonka et al., 2012a; Obschonka et al., 2012b; Zhang et al., 2009; Rauch and Frese, 2007: 353; Zhao and Seibert, 2006).

Based on the results seen from the above studies and the literature, the following hypotheses were developed to be analyzed in our study:

H1: The autonomic personality trait affects the entrepreneurial intentions.
H2: The sociotropic personality trait affects the entrepreneurial intentions.

METHOD

1. Sample and Procedure

Three hundred eighty vocational high school students from the Gaziosamanpaşa University (GOU) participated in the study. The participants (221 women, 159 men) came from five different vocational high school in GOU. Among the participants, there were 214 freshmen and 166 sophomores. The participants were 18 to 31 years old (M= 20.4, SD = 1.8). The schools represented were the social (n= 299), sciences (n= 81) and daytime education (n= 348), secondary education (n= 32). These representations are the result of the current student numbers of schools. The participants were informed about the purpose of the study and participation was done on a voluntary basis.

2. Measures

Participants were asked to complete the questionnaires on sociotropic and autonomic personality traits, and entrepreneurial intentions. Original measures translated from English to Turkish. All the questionnaire items were on a 5-point Likert scale ranging, 1 (strongly disagree) to 5 (strongly agree).

We used The Sociotropy–Autonomy Scale developed by Bieling and his colleagues (2000). This scale measures sociotropic personality by 26 items and autonomic personality by 29 items. Entrepreneurial intentions were assessed with 9 item scale developed by Liñán and Chen (2009). The coefficient alpha reliabilities for scales are 0.88, 0.84 and 0.86 respectively. As a result, all measures displayed good reliabilities.

3. Results

Descriptive statistics for the variables, and correlations among the variables are presented in Table 1. The autonomic personality trait, sociotropic personality trait and entrepreneurial intentions averages’ of participants were found 3.67 (sd= 0.54), 3.31 (sd= 0.55) and 3.65 (sd= 0.89), respectively. The results indicates that majority of participant had the tendency to autonomic personality, and entrepreneurial more than sociotropic personality.

According to the results generated from Table 1, entrepreneurial intentions was positively and significantly correlated with autonomic personality (r= .472**) as well as sociotropic personality (r= .310**). Besides, autonomic personality was positively and significantly correlated with sociotropic personality (r= .381**).

Table 1: Descriptive Statistics and Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Autonomic Personality</td>
<td>3.67</td>
<td>.54</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Sociotropic personality</td>
<td>3.31</td>
<td>.55</td>
<td>.381**</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Entrepreneurial Intentions</td>
<td>3.65</td>
<td>.89</td>
<td>.472**</td>
<td>.310**</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**p<0.01, n=380.

The results of the variance analysis reveal a difference according to gender in the autonomic personality. As results seen in Table 2, female students are more likely to autonomic personality than male students.
Table 2: T-Test Results of Participants Autonomic Personality

<table>
<thead>
<tr>
<th>Gender</th>
<th>Mean</th>
<th>SD</th>
<th>df</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>3.7391</td>
<td>0.43463</td>
<td>255,741</td>
<td>2.779</td>
<td>0.006</td>
</tr>
<tr>
<td>Male</td>
<td>3.5736</td>
<td>0.65426</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Whether or not there is a difference according to the age of the students in the research is examined. One way ANOVA was performed for this purpose. The results are presented in Table 3. According to the results, it can be said that the students in the higher age group (22 and upper ages) have lower autonomic personality level than the other groups.

Table 3: ANOVA Results of Participants Autonomic Personality

<table>
<thead>
<tr>
<th>Age</th>
<th>Mean Difference</th>
<th>Std. Error</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>22+ Age</td>
<td>-0.25983</td>
<td>0.08253</td>
<td>0.008</td>
</tr>
<tr>
<td>18-19 Age</td>
<td>-0.21338</td>
<td>0.07620</td>
<td>0.021</td>
</tr>
</tbody>
</table>

By the regression analysis it was examined the effects of role Autonomic Personality (F= 108.362, p<0.01) and Sociotropic personality (F= 40.119, p<0.01) on Entrepreneurial Intentions. The results of the analysis were significant. Autonomic Personality accounted for approximately 22% of the total variance of Entrepreneurial Intentions, and Autonomic Personality effects the Entrepreneurial Intentions positively (β= 0.472**, p<0.01). Likewise, sociotropic personality accounted for approximately 9% of the total variance of entrepreneurial intentions, and sociotropic effects the entrepreneurial intentions positively (β= 0.310**, p<0.01). According to the results obtained, H1 and H2 hypotheses were accepted.

Table 4: Regression Analysis Results

<table>
<thead>
<tr>
<th></th>
<th>R²</th>
<th>F</th>
<th>t</th>
<th>β</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomic Personality</td>
<td>0.221</td>
<td>108.361</td>
<td>10.410</td>
<td>0.472**</td>
<td>0.001</td>
</tr>
<tr>
<td>Sociotropic personality</td>
<td>0.094</td>
<td>40.119</td>
<td>6.334</td>
<td>0.310**</td>
<td>0.001</td>
</tr>
</tbody>
</table>

**p<0.01; n=380.

CONCLUSION

Especially in the last 20 years, the changes in economy, technology and social environment have increased the importance of entrepreneurship. The increase and expansion of the number of entrepreneurs realize national production, revive the market, offer employment opportunities and have lots of share in the development of the country. In this regard, Because the interest in entrepreneurship becomes increasingly important, it would be beneficial for individuals to know the innate and later acquired personality traits to understand whether or not they have effects on entrepreneurial characteristics. Thus, they will be able to understand their potentials more easily and to manage themselves. In this direction, this study aimed to determine the sociotropic and autonomic personalities of students in universities that are thought to have more entrepreneurial potential.

As a result of the first main hypothesis test; there is a positive and significant relationship between autonomic personality trait and entrepreneurial intention and H1 hypothesis was supported. In this respect, those with autonomic characteristics; is people who are happy to reach their goals, to be free and independent, to be in control of the environment and happy to reach its goals. They want to give direction to their own activities. In this sense, the autonomic personality traits of entrepreneurs can be expected to be superior (Özdemir, 2015: 134, Serinkan and Barutçu, 2006: 321). The results of the analyses are parallel with the literature. The autonomic personality is explaining 22% of the variance of entrepreneurial intention and autonomic personality effects entrepreneurial intentions positively. H1 was supported.

As a result of the second hypothesis test; it has been found that there is a positive and significant relationship between sociotropic personality traits and entrepreneurial intentions. Thus, the H2 hypothesis was supported. It states that people with sociotropic characteristics are in need of
others' support, closeness, guidance and help, giving importance to its relations with others and are influenced by others. At first, this personality seems like not suitable for entrepreneurship, and we thought that the person who is a sociotropic, will not do entrepreneurial activities. But the results showed that, they have entrepreneurial intentions, too. The sociotropic personality is explaining 9% of the variance of entrepreneurial intention and that effects entrepreneurial intentions positively. This situation can be explained as follows; young and sociotropic students can be influenced by the entrepreneurship lessons they have taken and the direction and influence of their teachers, the support of the government to entrepreneurs, and the difficulties of job opportunities in the public sector. H2 was supported

Another result of our research, the variance analysis revealed a difference according to gender in the autonomic personality. Female students are more likely to autonomic personality than male students. In this context, these conclusions can be considered as the reason why women workers recently, with the support of the state, set up their own businesses, put up their skills and want to stand on their own feet. According to the results variance analysis about age, it can be said that the students in the higher age group (22 and upper ages) have lower autonomic personality level than the other groups. It can be explained as getting older, people can be more dependent on others.

In the literature review, it is very rare to find a study examining the relationship between sociotropy-autonomy personality and entrepreneurial intentions. Therefore, the researcher who wishes to study the subject in this context can elaborate on the subject to see which of the entrepreneurial types tend to be autonomic personality, which is tend to sociotropic personality. Moreover, it is suggested that the researchers can develop the research by working with different occupational groups or in different sectors.

REFERENCES


Karimi, M., & Besharat, M. A. (2010). Comparison of hardiness, sociotropy and autonomy in team and individual sports and investigating the impact of these personality characteristics on sport achievement. Procedia-Social and Behavioral Sciences, 5, 855-858.


http://www.pace.edu/faculty/bruce-bachenheimer-mba
IMPACT OF PROSOCIAL MOTIVES ON BEHAVIOR OF EMPLOYEE; MODERATED BY HELPING INSTRUMENTALITIES

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Abstract
The purpose of this research study is to provide the clear direction to the employees and elaborate the importance of prosocial value motives with their behavior in their workplace. The Prosocial Behavior is a voluntary behaviors which helps others without taking any benefit from that individual, group or from the organization. It can enhance employee inner satisfaction and intrinsic value. Whereas Helping Behavior is a type of behavior in which it help the person to perform in the organization in a better way and enhance their creativity and productivity for the betterment of the organization. Helping Behavior is an instrument which helps other person to enhance their behavior in a positive way. Helping Instrumentalities are supporting variables which give strength to these variables so it can make strong connections between them. In this research study researcher are trying to find out the relationship between prosocial value motives and helping behavior with the moderating role of helping instrumentalities in telecom sector of Islamabad and Rawalpindi. There are 333 questionnaire which was floated among the employees of telecom sector in order to find out the require result which benefits the telecom sector and increase their performance level of employees because employees are the important assets of any organization because they guide their peers, coworkers and employees so they should have some these type of prosocial value motives skills so then they benefits their employees to improve organization positioning in the modern era. According to analysis researcher come to conclude that all hypotheses are accepted that there is a significant impact of prosocial value motives on helping behavior of and employee, and also both helping instrumentalities strengthen the relationship between these variables.

Keywords: Prosocial Value Motives, Helping Behavior, Helping Instrumentalities, Tangible Rewards and Intangible Rewards.

Introduction
Employees are the most valuable assets of the organization. They always support their organizations in tough time. Organizations also believed that their employees are the most essential part for them because employees are the only one who stands by with organization whenever they need. In every organization behavior play a very vital role whether it is a private or public because the behavior of employees show the overall culture and structure of the organization. Employee Behavior plays an important role in any organization and it is a crucial problem for the organization no matter whether the organization is government or non-government. Due to the development in the technology and changes in the market trends, and due to the globalization this make difficult for the organizations to retain and sustain their employees for a long period of time. Almost every worker in the developed countries uses information systems for daily work. It is very important for every organization to establish their position in the market but now due to the above mention difficulties they unable to sustain their employees so in order to resolve these issues some human resource approaches are used for improvement.

This study is conducted in the area of HRM (Human Resource Management) in telecom sector of Islamabad and Rawalpindi. Due to the constant growth and global pressure the Telecom sector is becoming more competitive as compare to any other sector. Khan et al. (2011) reported that due to privatization Telecom sector has facing difficulties in retaining personnel. So this study will be used as a solution to Telecom sector in order to change the Behavior of employee in a positive manner and it also change the perception of an employee towards their coworkers or towards their organization. This research project helps the Telecom sector that it provides guidance to the employees and also motivates them to help others because when you help others without any benefit it will provide you inner satisfaction.

A prosocial value motive has been defined in a number of ways. Macaulay and Berkowitz (1970) define as altruism or a behavior which is carried out to give benefits to other person without expectation of any rewards from external sources. The broader description of altruism is that any
behavior which benefits other in need. Two authors Wilson (1976) and Ward and Wilson (1980) strengthened the idea of the Prosocial personality with findings that esteem oriented characters were relatively consistent in Prosocial Behavior across social circumstances. He further states that more satisfied display more of the prosocial and citizenship behavior.

Behavior means the way you act in a certain situation, whereas helping behavior talk about voluntary actions that is planned to help others who are in need. It is a type of prosocial behavior that is intended to help or benefits other individual or a group of individual such as sharing, helping and comforting.

Haworth and Levy (2001) utilized the term instrumentality convictions to portray the apparent connection amongst OCB and esteemed results. They contended that on the grounds that OCBs are by and large more volitional than assignment practices, they change as a component of the worker's psychological evaluation of expenses and advantages. In this research study researcher discuss different types of helping instrumentalities which will give strength to employee so they enhance and change their behavior in a positive means. 300 respondents will be used in this research study including managers of telecom sector of Rawalpindi and Islamabad to check the overall result of the study.

The gap was identified from the research gap and limitation from the previous study. Previous research doesn't make it clear that how helping instrumentalities with the moderating effect work in other context. And the previous study of this research work with the sample of South Korean employees so, they cannot indiscriminate the findings to their employees in different philosophies and cultures. In precise, the perception of employees are rewards are very important in helping behavior but it may vary according to the culture (Lam et al., 1999).

Grant and Gino (2010) give the future direction that it is essential to scrutinize what other kinds of Helping Instrumentalities exist and how they deal with moderating effects in association between the variables. He further recommend to use tangible and intangible rewards as a Helping Instrumentalities to examine the relationship between Prosocial Motives and Helping Behavior. Hofstede (2001) indicate that Helping Behavior is different in both individual cultures and collectivistic cultures thus, the Helping Instrumentality need to be investigated as a moderator between Prosocial Motives and Helping Behavior with some other cultural principles.

Problem statement

Despite the importance of Employee Behavior in the organization. Scholars have yet to include some features of Helping Instrumentalities that effects the Behavior of employee to improve the workplace of the organization. The study identified Helping Instrumentalities as a potential antecedent to the Prosocial Value Motives as a context of Helping Behavior of employees. This study identify Helping Instrumentalities as a moderator to analyze the relationship between Prosocial Value Motives and Helping Behavior in order to increase the positive Behavior in the organization in the telecom sector of Islamabad and Rawalpindi

- What is the impact of prosocial motives on helping behavior?
- How helping instrumentalities influence on helping behavior?
- How tangible rewards as a helping instrumentalities moderate the relationship between prosocial value motives and helping behavior?
- What is the impact of intangible rewards as helping instrumentalities relate the relationship between prosocial value motives and helping behavior?

Objective of the study

- To examine the impact of prosocial motives on helping behavior.
- To explore the impact of helping instrumentalities on helping behavior.
- To find out the impact of prosocial motives on helping behavior with moderating role of tangible rewards as helping instrumentalities.
- To examine the impact of prosocial motives on helping behavior with moderating role of intangible rewards as helping instrumentalities.

This study will be helpful to enhance the behavior of an employee in the organization. Helping is vital not only for the effective working of organizations but also for supporting a society because when people voluntarily participating in this activity it also enhances the performance of the employee in the organization and also benefits society as a whole. (Lavelle, 2010). This research
study also validates that individuals who are dealing with Prosocial Motive are more likely to engage in other helping activities because they considered themselves a successful person when they will be rewarded in their organization.

Organization can use the result of the current study and identify the gap between the actual and desired after that organization modifies their current strategies to enhance the perception of employee and provide him a positive technique so behave positively in the organization. This study will help to improve the productivity of organization. This study will beneficiary for the society in academia, policy makers and practitioners. In academia student get knowledge that how they have to change the perception of employee and also enhance the Prosocial Values.

In order to endure and prosper in the complexity and vitality of today's business environment, organizations increasingly rely on employees, so the behavior of an employee play a very integral role in the organization. Helping Behavior help the employees to learn and apply their knowledge to ever-changing situations. When employees voluntarily engaging in this kind of Helping Behavior in the organization it facilitates organizational effectiveness. (Organ, 1988 and Podsakoff et al., 2000). Scholar also suggested that OCB has numerous dimension (Podsakoff et al., 2000). One most frequently scrutinized dimension is that of Helping Behavior, which occurs when employees voluntarily try to help others who are in need, execute their tasks efficiently or solve their problems. (Podsakoff et al., 1977).

**Literature review**

In a workplace organizational citizenship behavior play an important role and it is a unique feature in individual’s activities yet these activities are not mandatory in the job. The behavior is influenced by two variables known as situational and dispositional factors. Many researcher Penner, Midili and Kegelmeyer (1997) recommended that proactive behavior is also the part of OCB so it engage in OCB because these type of behaviors meet certain needs and or satisfy one or more motives that help the managers working in the organization. There are two types of motives for helping, one is concern for coworkers that is prosocial value motives and other is organizational concern motives (Finkelstein, 2006). These value motives of OCB are the altruistic motives. Volunteerism is one form of public contribution which includes long-term, planned, and nonobligatory Prosocial activities that benefit another person, cause or a group (Penner, 2004).

Helping Behavior is define as a deliberate behavior in which people decide whether to help other person voluntarily. (Becton et al., 2008 and Grant and Berg, 2011). Altruism has been defined a number of ways. Macaulay and Berkowitz (1970) define altruism as "is a kind of behavior people carried out to benefit other without taking any rewards from anyone". According to Macaulay and Berkowitz, this definition is preferable to broader definitions of altruism is a kind of behavior which benefits others who are in need.

Haworth and Levy (2001) defined the term Instrumentality as the perception of a connection between Helping Behavior and rewards like performance appraisal. Academic scholar found that helping others will give you inner satisfaction and sometime organizations give rewards such as faster promotion. (Hui et al., 2000). This is because organizations commonly use whether an employee engages in helping as an alternative criterion (Allen and Rush, 1998).

Helping Instrumentalities incorporates two speculations which relates with the helping conduct of a worker first is motivational hypothesis and second is anticipation hypothesis. In motivational hypothesis we have subjective assessment hypothesis. As per intellectual assessment hypothesis (CET), there are two motivational subsystems: an extraneous subsystem and a natural subsystem (Deci, 1971). A focal principle of functionalist hypothesis is that individuals can play out similar activities with an end goal to satisfy distinctive mental capacities. In such manner, a key relational word of a functionalist examination of volunteerism is that "demonstrations of volunteerism that seem, by all accounts, to be very comparable at first glance may reflect especially extraordinary hidden motivational procedures" (Clary et al., 1998).and locus of causality."

The motivational system inside which the decision to perform conduct can be obviously deciphered in (Vroom's, 1964) hope hypothesis. The surviving examination of conduct additionally bolster that these practices will probably change as an element of the intellectual evaluation of expenses and advantages. ). In this manner, when representatives expect that their inventiveness will be perceived through different immaterial prizes, they will display a positive conduct of a worker.
in the work put. A few reviews propose that it is just when representatives trust that their administrators will decently reward such practices that they will sanction and manage conduct in the association (Allen and Rush, 1998; Borman, White and Dosrey, 1995; Folger, 1993 and Werner, 1994).

Prosocial means volunteering behavior that help individual or group member for their benefit. Helping Behavior is driven by altruistic and other-oriented motive to benefit other people or organizations and sometime it also benefits the society (Bolino et al., 2004; Grant, 2009 and Meglino and Korsgaard, 2004). However, although Prosocial Motive has been assumed to exert a positive influence on Helping Behavior, (Grant and Mayer, 2009 and Meglino and Korsgaard, 2004). Indeed, Grant and Mayer (2009) it showed that Behavior of an employee was positively related to Prosocial Motive.

Carver (2001) stated that there are two kinds of tangible rewards which enhancing the behavior of an employee in their workplace, those are informative functions and appreciative function that make contribution so, the performance of employee in their organization increases so overall organizations positioning also increased.Intangible rewards for helping behavior indicate that employees are being recognized and appreciated for their creative efforts (Peterson and Luthans, 2006). Indeed while a number of authors (Jones and Pittman, 1982).

**Methodology**

This methodology section are used to find out the result of this particular study. Quantitative approach is used to find out the desire result. The section covers the method and procedures that are used in this research study. The section includes Research proposal, method, population, sample size, data investigation system.

**Population and sample**

This research is about the impact of Prosocial Motives and Helping Behavior with moderating role of Helping Instrumentalities in telecom sector of Islamabad and Rawalpindi. So therefore the population of this study is the employees of the telecom sector of Rawalpindi and Islamabad.

Researcher take the sample of 333 questionnaires. 333 questionnaires will be distributed among the managers of telecom sector in Islamabad and Rawalpindi. The sample size determined from the table of (Krejcie and Morgan, 1970).

Structured Questionaries’ will be used for the research purpose. Structures Questionaries’ are the main instrument for data collection. Close ended questionnaire will be used to check the reliability of the data. The measuring scale of the variables are discussing below.

**Research Instruments**

The survey questionnaire of helping instrumentalities for this study was adopted from the research study of (Allen and Kilmann, 2001) but was modified to some extent, with reference to the Pakistan and items related to employee helping behavior. There were 4 questions of intrinsic rewards and 6 questions of extrinsic rewards which will be measured. The replies ranged from 1-5. 1 is for strongly disagree, 2 for disagree, 3 for neutral, 4 for agree and 5 is for strongly agree.
Results and Discussion

This part of the study includes the detailed examination of the data. The survey was conducted for the purpose of data collection. Researcher find out the result of data through SPSS and AMOS software. The information was entered into the SPSS data sheet and then various test were run in order to check out the results.

The first test for this research study are demographic analysis which shows the characteristics of the respondents. It includes the frequency test which defines the ample in tenure of demographics. This analysis contains mean, frequency, percentage and standard deviation of the respondent. Table 1 shows the responses of the respondent.

Table 1: Descriptive Measurement

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>217</td>
<td>65.2</td>
<td>1.34</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>116</td>
<td>34.8</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>20-30</td>
<td>20</td>
<td>24.9</td>
<td>2.0240</td>
</tr>
<tr>
<td></td>
<td>30-40</td>
<td>24</td>
<td>47.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>40-50</td>
<td>6</td>
<td>27.7</td>
<td></td>
</tr>
<tr>
<td>Qualification</td>
<td>Bachelor degree</td>
<td>114</td>
<td>34.2</td>
<td>2.8679</td>
</tr>
<tr>
<td></td>
<td>Master degree</td>
<td>149</td>
<td>44.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>M.Phil/MS</td>
<td>70</td>
<td>21.0</td>
<td></td>
</tr>
<tr>
<td>Experience</td>
<td>1-5</td>
<td>216</td>
<td>64.9</td>
<td>1.3514</td>
</tr>
<tr>
<td></td>
<td>6-10</td>
<td>117</td>
<td>35.1</td>
<td></td>
</tr>
<tr>
<td>Department</td>
<td>Accounting/finance</td>
<td>95</td>
<td>28.5</td>
<td>2.5826</td>
</tr>
<tr>
<td></td>
<td>IT/Software developing</td>
<td>62</td>
<td>18.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sales and marketing/call centre</td>
<td>86</td>
<td>25.8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Human Resource</td>
<td>67</td>
<td>20.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management</td>
<td>23</td>
<td>6.9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Technical Engineering</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N=333

The demographic variables are age, gender, education, team and experience of the respondent. The result shows that there were 217 males and 116 females in respondent and majority of them were lying in age group of 30-40. Out of 333 there were 149 employees who have done Master Degree so majority of the employees were educated up to Master level. Respondents of this study were from all departments in telecom sectors of twin cities.

The reliability analysis are used to find out that scale is consistently measuring the variables. In SPSS software Cronbach alpha technique is used to figure out the internal consistency of the items that how closely they are related as a group. Alpha value must be lie between 0-1. Table 2 shows the value of Cronbach alpha of the study variables.

Table 2: Reliability Statistic

<table>
<thead>
<tr>
<th>Variables</th>
<th>No of items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prosocial Value Motives</td>
<td>12</td>
<td>.918</td>
</tr>
<tr>
<td>Helping Behavior</td>
<td>15</td>
<td>.935</td>
</tr>
<tr>
<td>Intangible Rewards</td>
<td>4</td>
<td>.759</td>
</tr>
<tr>
<td>Tangible Rewards</td>
<td>6</td>
<td>.846</td>
</tr>
<tr>
<td>Cumulative value</td>
<td>37</td>
<td>.933</td>
</tr>
</tbody>
</table>

Source: Developed by Researcher (2017)

Higher alpha value shows that items are measuring the construct. Alpha coefficient of 12 items of Prosocial value motives is 0.918, 15 items of Helping behaviour of an employee is 0.935, 4 items of Intangible rewards is 0.756 and 6 items of Tangible rewards is 0.846. The overall cronbach’s alpha value of 37 items is 0.933 which means that the scale use for this research is reliable.
Normality test are used to figure out that whether the data is normally distributed or not normally distributed. Normality test were run through descriptive statistics tab. Table 3 shows the value of skewness and kurtosis, the value of skewness lies between +2 to -2 and the value of kurtosis lies between +3 to -3.

<table>
<thead>
<tr>
<th>Tests of Normality</th>
<th>Kolmogorov-Smirnov</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statistic</td>
<td>df</td>
</tr>
<tr>
<td>PVM</td>
<td>.190</td>
</tr>
<tr>
<td>HB</td>
<td>.126</td>
</tr>
<tr>
<td>INTR</td>
<td>.175</td>
</tr>
<tr>
<td>TR</td>
<td>.167</td>
</tr>
</tbody>
</table>

a. Lilliefors Significance Correction

Above table shows that sig value of prosocial value motives is 0.000 which means that Prosocial is not normally distributed. Sig value of Helping Behavior of an employee is 0.000 which means that helping behavior of an employee is also not normally distributed. Sig value of Intangible rewards is 0.000 which shows that an Intangible reward is not normally distributed. In the last there is sig value of Tangible rewards 0.000 which shows that Tangible rewards is also not normally distributed. So the result shows that all variables are not normally distributed. Now for the Prosocial value motives, helping behavior of an employee, intangible rewards and tangible rewards values of kurtosis and skewness is being checked.

Table 4: Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>PVM</td>
<td>3.6246</td>
<td>.88963</td>
<td>-.858</td>
<td>-.265</td>
</tr>
<tr>
<td>HB</td>
<td>3.4881</td>
<td>.89540</td>
<td>-.418</td>
<td>-.660</td>
</tr>
<tr>
<td>INTR</td>
<td>3.6667</td>
<td>.83391</td>
<td>-.886</td>
<td>.330</td>
</tr>
<tr>
<td>TR</td>
<td>3.9525</td>
<td>.68706</td>
<td>-.861</td>
<td>.386</td>
</tr>
</tbody>
</table>

Valid N (list wise)

Values of skewness and Kurtosis for Prosocial value motives, helping behaviour, intangible rewards and tangible rewards are between -1 to +1 and -3 to +3 which shows that all four variables are normally distributed. So, its state that data is reliable.

Correlation analysis is one of the most important tests in the research that it tells the strength of relationship between different variables. The value of correlation must be lie within +1 to -1. The signs indicate the positive or negative relationship between variables. If the value lies 0 to 0.4 which means there is a weak relationship. If the value lies within 0.4 to 0.6 then there is a moderate relationship between the variable and if the value of correlation exist 0.6 to 0.9 than there is a strong correlation exist between the variable, and if the value of correlation is higher than 0.8 than there is an issue of multicollinearity.

Table 5: Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>PVM</th>
<th>HB</th>
<th>INTR</th>
<th>TR</th>
</tr>
</thead>
<tbody>
<tr>
<td>PVM</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.344**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>HB</td>
<td>Pearson Correlation</td>
<td>.187**</td>
<td>.124**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.0023</td>
<td>.001</td>
</tr>
<tr>
<td>INTR</td>
<td>Pearson Correlation</td>
<td>.732**</td>
<td>.307**</td>
<td>.177**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.001</td>
</tr>
</tbody>
</table>
The relationship between independent variable (Prosocial value motives) and dependent variable (helping behavior) is 0.344. This means that there is weak correlation between these two variables. The relationship between helping behavior and tangible rewards is 0.307 which means that the correlation exist between these variable is weak but positive. The relationship between prosocial value motives and tangible rewards is 0.732. This means that there is strong correlation between these variables. The relationship between prosocial value motives and helping behavior is 0.187 so there is a moderate positive correlation. The relationship between helping behavior and intangible rewards is 0.124. This means that there is a strong correlation between these two variables. The relationship between Intangible rewards and Tangible rewards is 0.177. This means that there is a strong correlation between these two variables.

In confirmatory factor analysis researcher check convergent validity, discriminant validity and Nomological validity in order to check the validity of an instrument and model fit. Factor loading, Average variance explained and construct reliabilities has been checked in convergent validity.

The p value of all items should be less than 0.05 and the factor loading of all items should be above 0.40. The standardized regression weights of first variable (Prosocial value motives) PVM1, PVM2, PVM3, PVM4, PVM5, PVM6, PVM7, PVM8, PVM9, PVM10, PVM11, PVM12 are 0.608, 0.902, 0.634, 0.830, 0.805, 0.621, 0.583, 0.528, 0.829, 0.723, 0.602 and 0.726 which shows that all items are above 0.4 so they should be included. The standardized regression weights of (Helping behavior) HB1, HB3, HB4, HB5, HB6, HB7, HB8, HB9, HB10, HB11, HB12, HB13, HB14, HB15 are 0.987, 0.927, 0.619, 0.620, 0.591, 0.689, 0.623, 0.666, 0.925, 0.671, 0.637, 0.683, 0.539 and 0.663. The standardized regression weights of (Intangible rewards) INTR1, INTR2, INTR3, INTR4 are 0.502, 0.880, 0.883 and 0.443. The standardized regression weights of (Tangible rewards) TR1, TR2, TR3, TR4, TR5, TR6 are 0.640, 0.711, 0.675, 0.636, 0.836 and 0.730. The regression weights of all items are above 0.40 that means all items should be included in the model.

<table>
<thead>
<tr>
<th>Variables</th>
<th>AVE</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prosocial Value Motives</td>
<td>0.5019</td>
<td>.921</td>
</tr>
<tr>
<td>Helping Behavior</td>
<td>0.5048</td>
<td>.936</td>
</tr>
<tr>
<td>Intangible Rewards</td>
<td>0.5008</td>
<td>.785</td>
</tr>
<tr>
<td>Tangible Rewards</td>
<td>0.5011</td>
<td>.856</td>
</tr>
</tbody>
</table>

Source: Developed by Researcher (2017)

After finding the factor loading in acceptable range for convergent validity the next step is to calculate the average variance extracted. AVE is calculated by the sum of all accepted factor loading in order to find the check the model fitness. The acceptable value of AVE is 0.50 or greater.
Above table show the values of AVE. The AVE value of prosocial value motives is 0.5019, value of helping behavior is 0.504, AVE value of Intangible reward is 0.500 and the value of Tangible reward is 0.5011. All value of AVE is above 0.50 which shows the adequate convergent validity.

After calculating the AVE the next step is to calculate the CR construct reliabilities. It is another method to measure the construct validity. The rule of thumb for a construct reliability estimate is that 0.70 or higher. The value nearest to 1 show good reliability and the value lies between 0.6 and 0.7 is acceptable.

The CR value of Prosocial value motives organizational culture is 0.921, value of helping behavior is 0.936, value of Intangible reward is 0.785, and the value of tangible rewards is 0.856. All values are greater than the benchmark which shows good reliability of model.

Discriminant validity is used to check the degree to which one construct is different from others. In order to check out the discriminant validity the value of AVE (Average Variance Extracted) is compared with respective squared inter-construct correlation estimates (SIC). If the value of AVE exceeds, this shows discriminant validity is there.

### Table 7: Discriminant Validity

<table>
<thead>
<tr>
<th></th>
<th>IC</th>
<th>SIC</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>PVM-HB</td>
<td>0.348</td>
<td>0.1211</td>
<td>0.501</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.504</td>
</tr>
<tr>
<td>HB-TR</td>
<td>0.331</td>
<td>0.1095</td>
<td>0.504</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.501</td>
</tr>
<tr>
<td>INTR-TR</td>
<td>0.178</td>
<td>0.0316</td>
<td>0.500</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.501</td>
</tr>
<tr>
<td>HB-INTR</td>
<td>0.116</td>
<td>0.0134</td>
<td>0.504</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.500</td>
</tr>
<tr>
<td>PVM-INTR</td>
<td>0.186</td>
<td>0.0345</td>
<td>0.501</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.500</td>
</tr>
<tr>
<td>PVM-TR</td>
<td>0.256</td>
<td>0.065</td>
<td>0.501</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.501</td>
</tr>
</tbody>
</table>

The above table shows that the AVE value of prosocial value motives 0.501 and helping behavior 0.504 are greater than SIC of 0.121. The AVE value of helping behavior 0.504 and tangible rewards 0.501 are greater than SIC of 0.109. The AVE value of intangible rewards 0.500 and tangible rewards 0.501 are greater than SIC of 0.031. The AVE value of helping behavior 0.504 and intangible rewards 0.500 are greater than SIC of 0.013. The AVE value of Prosocial value motives 0.501 and intangible rewards 0.500 are greater than 0.034. The AVE value of Prosocial value motives 0.501 and tangible rewards 0.501 are greater than 0.065. All value of AVE is greater than 0.50 and also greater than the values of SIC that means there is discriminant validity in the model.

### Table 8: Nomological Validity

<table>
<thead>
<tr>
<th></th>
<th>ESTIMATES</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>PVM-HB</td>
<td>0.348</td>
<td>0.000</td>
</tr>
<tr>
<td>HB-TR</td>
<td>0.331</td>
<td>0.000</td>
</tr>
<tr>
<td>INTR-TR</td>
<td>0.178</td>
<td>0.008</td>
</tr>
<tr>
<td>HB-INTR</td>
<td>0.116</td>
<td>0.045</td>
</tr>
<tr>
<td>PVM-INTR</td>
<td>0.186</td>
<td>0.004</td>
</tr>
<tr>
<td>PVM-TR</td>
<td>0.256</td>
<td>0.000</td>
</tr>
</tbody>
</table>

In order to assess the Nomological validity the inter-construct correlations (IC) in the measurement models are taken into consideration. Inter-construct correlations (IC) in the measurement models should be positive and significant (<0.05) thus, indicating Nomological validity. The above table shows that p values of all the variables are significant so there is an existence of Nomological validity in the model.
Table 9: Goodness Fit Index

<table>
<thead>
<tr>
<th>Factors</th>
<th>Value</th>
<th>Factors</th>
<th>Value</th>
<th>Factors</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square/df</td>
<td>1.080</td>
<td>AGFI</td>
<td>.887</td>
<td>CFI</td>
<td>.993</td>
</tr>
<tr>
<td>Df</td>
<td>623</td>
<td>NFI</td>
<td>.911</td>
<td>RMSEA</td>
<td>.015</td>
</tr>
<tr>
<td>GFI</td>
<td>.900</td>
<td>TLI</td>
<td>.992</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Confirmatory factor analysis is used for the model fit criteria. As per the CFA the value of Chi-square CMIN/df value is 1.080 that satisfies the obligation for model fit criteria. The values of Normed Fit Index, Adjusted Goodness of Fit Index, Goodness of Fit Index, Comparative Fit Index and Tuckcker- Lewis Index are 0.911, 0.887, 0.900, 0.993 and 0.992 respectively which should be close to 0.9. The value of Root Mean Square Error of Approximation is 0.015.

Regression analysis is used to find out that whether independent variable has the effect on the dependent variables or not. This test is very important that according to their result researcher decide that whether the hypothesis is accepted or rejected. For this research study Andrew F. Hayes process was used in order to generalize the results. There are on dependent variable (Helping Behavior) and one independent variable (Prosocial Value Motives) and two moderators (Intangible Rewards and Tangible Rewards) as a Helping Instrumentalities.

Table 10: Impact of PVM on HB with moderating role of INTR

<table>
<thead>
<tr>
<th>Antecedent</th>
<th>Consequent Y (GPI)</th>
<th>B</th>
<th>SE</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>X (PVM)</td>
<td></td>
<td>b1</td>
<td>0.6044</td>
<td>0.1953</td>
</tr>
<tr>
<td>M (INTR)</td>
<td></td>
<td>b2</td>
<td>0.5170</td>
<td>0.1892</td>
</tr>
<tr>
<td>MxX (PVMxINTR)</td>
<td></td>
<td>b3</td>
<td>0.117</td>
<td>0.525</td>
</tr>
<tr>
<td>Constant</td>
<td></td>
<td>i2</td>
<td>1.1214</td>
<td>0.7010</td>
</tr>
</tbody>
</table>

\[ R^2 = 0.7138 \]
\[ F(3,329) = 273.4719, p = .0000 \]

Table 10 shows the results of moderated regression. The impact of prosocial value motives on helping behavior was test tested with the moderating role of intangible rewards as a helping instrumentalities. Regression coefficient of PVM and HB is significant at b = 0.6044, p-value > 0.0000 and b = 0.5170, p-value > 0.0066 respectively. However, coefficient of interaction term is statistically significant at b = 0.117, p-value < 0.0256. Overall model is also significant at F (3,329) = 273.4719, p-value < 0.000 and this model explains 71.38% variation in helping behavior.

According to the criteria for acceptance of hypothesis the t-value should be greater than ±1.92. The t-value of PVM is 2.7322, and the value of INTR is 7.7024, both values are beyond the limit so therefore hypotheses H1 and H3 are accepted.

Table 10: Impact of PVM on HB with moderating role of TR

<table>
<thead>
<tr>
<th>Antecedent</th>
<th>Consequent Y (GPI)</th>
<th>B</th>
<th>SE</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>X (PVM)</td>
<td></td>
<td>b1</td>
<td>0.701</td>
<td>0.2411</td>
</tr>
<tr>
<td>M (TR)</td>
<td></td>
<td>b2</td>
<td>0.5842</td>
<td>0.2026</td>
</tr>
<tr>
<td>MxX (PVMxTR)</td>
<td></td>
<td>b3</td>
<td>0.1328</td>
<td>0.0595</td>
</tr>
<tr>
<td>Constant</td>
<td></td>
<td>i2</td>
<td>1.2852</td>
<td>0.8087</td>
</tr>
</tbody>
</table>

\[ R^2 = 0.7175 \]
\[ F(3,329) = 278.4811, p = .0000 \]

Table 11 shows the results of moderated regression. The impact of prosocial value motives on helping behavior was test tested with the moderating role of tangible rewards as a helping instrumentalities. Regression coefficient of PVM and HB is significant at b = 0.701, p-value > 0.0000 and b = 0.5842, p-value > 0.0042 respectively. However, coefficient of interaction term is statistically
significant at $b = 0.1328$, p-value $< 0.0263$. Overall model is also significant at $F (3,329) = 278.4811$, p-value $< 0.000$ and this model explains 70.75% variation in helping behavior.

According to the criteria for acceptance of hypothesis the t-value should be greater than ±1.92. The t-value of PVM is 6.5412, and the value of TR is 2.8841, both values are beyond the limit so therefore hypotheses H2 and H4 are accepted.

### Table 12

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Accepted</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: There is a significant impact of prosocial motives on Helping Behavior.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2: There is a significant impact of helping instrumentalities on helping behavior.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3: There is a positive impact of prosocial motives on helping behavior with moderating role of tangible rewards as helping instrumentalities.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4: There is a significant impact of prosocial motives on helping behavior with moderating role of intangible rewards as helping instrumentalities.</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

The above table shows the t-value of all hypothesis. According to the criteria if t-value of a hypothesis beyond ±1.92 than hypothesis is accepted. T-value of all hypothesis are beyond the limit so all hypotheses are accepted.

This study addresses the role of prosocial value motives and helping behavior of an employee which plays an vital part in the life of employees in the presence of tangible and intangible rewards as a helping instrumentalities so it helps the employee to know that where they stand and what are their goals and objectives for the betterment of their company in telecom sector of Islamabad and Rawalpindi. This study shows the impact of prosocial value motives in the life’s of employees working in the Telecom sector of Islamabad and Rawalpindi.

Prosocial value motives take as independent variable where as helping behavior is dependent variable and tangible and intangible rewards are moderators. As it is discussed earlier that Prosocial Motive has been assumed to exert a positive influence on Helping Behavior of an employee, (Grant and Mayer, 2009 and Meglino and Korsgaard, 2004). Indeed, the researcher Grant and Mayer (2009) showed that helping Behavior was positively related to Prosocial Motive.

**Conclusion**

The result of data examination show that prosocial value motives have primarily impact on helping behavior of an employee, and there is a positive impact between these variables. So, If the Telecom companies use these relationship it improves the overall behavior of the employee in the company and enhances the culture and structure of the organization and also the overall positioning of the telecom sector of twin cities.

The research has generally assumed that prosocially motivated employees naturally engage in helping behavior towards others (Grant, 2009, Kamdar et al., 2006). Previous researcher examine the association among prosocial motives and helping behavior with self-efficacy and helping instrumentalities but now in this research researcher evaluates the relationship with tangible and intangible rewards taken as helping instrumentalities to determine that what impact it gives to dependent and independent variables.

This study should be considered with the limitations. One limitation this study faced was use of purposive sampling. Purposive sampling is just like the convenience sampling method, its representation towards population is questionable and hence it cannot be generalized as the date was collected from only few organizations. Another limitation was the small sample size and to get the responses from the designed sample; there was a difficulty to get the questionnaire back from the respondents. Another limitation is that this study is limited to only Islamabad and Rawalpindi, twin cities of Pakistan.
Managerial implications

This study will also helpful for the managerial purposes. This study helps the employees of the telecom sector to enhance their way of thinking and increase their motivation towards their work. Motives and rewards have a strong connection between them that they are the essential for both employees and managers so they know if they perform this activity than they will be rewarded by some motives that will enhance their self-esteem and decrease employee retention from the company.

For future researchers are recommended to carry out the research in other sector to explore that in which area this research fits better and also to get the broader picture of the result. In this research data was collected from only Islamabad and Rawalpindi due to time limit and budget constraint so, scholars recommended to collect data from all over from Pakistan for better and generalized result. The result are different in others services such as hotel industry and banking sector. Future research may be conducted in the banking sector because the employee working in banking sector also face difficulties same like the telecom sector employees because of their duties and responsibilities. However for future scholars further recommended to study this research in other cities of Pakistan in order to get the generalized result.

The research explored the impact of prosocial value motives and helping behavior of an employee with moderating role of helping instrumentalities. In this researcher takes tangible and intangible rewards as a helping instrumentalities in order to see that at what level these moderator strengthen or weaken the relationship of both independent and dependent variable. There is appositive impact of prosocial value motives and helping behavior. And according to my analysis researcher come to conclude that all hypotheses are accepted. First, as our findings showed that through prosocial motives employee gets inner satisfaction. Eisenberger and Cameron (1996) maintained that tangible rewards for helping may increase the inner satisfaction and motivation of an employee and such motivation enhances their performance in the organization. Moreover, this research study also give some practical implications for those organizations who needs cooperation between their employees. Contrary the current findings of the research study exhibit that giving rewards to the person in return for helping behavior are very important for even prosocially motivated employee.

References


OCCUPATIONAL STRESS, SOMATIZATION AND PROJECT TEAM’S PERFORMANCE

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Abstract
The study attempts to examine in depth how occupational stress stimulates somatization and how somatization is allied with performance of teams within projects. Somatoform or Somatization is an increasing problem at work place. Many researchers have worked on the topic taking the perspective of organizations. The study aims projects and uses qualitative technique considering the interpretivist paradigm and adopts multiple case study methodology. Data was analyzed using Sterling’s qualitative framework. Absenteeism, work overload, decline in morale and other factors were found to be the effects of somatization on performance of project teams.

Key Words: Occupational stress, Somatization, Project Team’s Performance

Introduction
Adam Smith categorized humans as source of capital back in 1776. In 1960, the term Human Capital was invented by economist Theodore Schultz. Later studies expounded that people working in businesses and organizations are actually an important asset for the firm because they contribute to growth and development in exactly the same manner as physical assets (for example money, machines etc.) do. They contribute in the productivity and performance of the organization through their collective abilities, skills and attitudes. Hence if the organization incurs any expenditure on its employees, it is clearly an investment not an expense. This has been explained by human capital theory (Reider & Becker, 1967). Taking this theoretical lens further, like other investments, an investment in health is also a key factor for firm’s productivity. Human resources can enhance the competitive advantage for firms. Humans are the non-substitutable resources for an organization along with being the source of competitive advantage so their health is a primary thing to consider (Schuler & MacMillan, 1984). Authors argue that investments are often termed as consumption by the firm. Direct investment on health and education etc. can impressively improve the productivity of the organization (Schultz, 1961). Health is a severe issue for the working class nowadays. Somatoform symptoms are the third most common conditions found at work place after mood and schizophrenic disorders (Shima & Satoh, 2006).

Somatoform or Somatization is an uprising chaos at work place. Many researchers have worked on the topic taking the perspective of organizations. Studies show that the cost of such symptoms is very high for the organizations. Unfortunately negligible work could be identified on the linkage of somatization symptoms with performance in projects so this study intends to dissect this topic in detail in regard to projects. This topic needs to be analyzed because humans are the non-substitutable resources for an organization along with being the source of competitive advantage so their health is a primary thing to consider (Schuler & MacMillan, 1984). For projects too, humans are a non-substitutable resource therefore it is important to study somatization in detail with regard to project team members. Also projects are time and resource bounded so if such issues exist for the project team then they can influence the productivity of the projects.

This research has imperative value for both researchers and practitioners as it has answered the research questions derived from the literature. The understanding of occupational stress, somatization symptoms and team performance has been found useful with regard to projects. Maximum information is available for organizations so this study is an addition to the literature that is beneficial to the researchers and for practitioners this is helpful because projects are temporary endeavors and have shorter span so their success depends mainly on team performance. In such scenario, having knowledge of these concepts can prove advantageous for the project managers to efficiently deal with the team.

Literature Review

Occupational Stress and Somatization symptoms

According to a study (Shima & Satoh, 2006), somatoform symptoms are the third most common complaints found at work place after mood and schizophrenic disorders and therefore it is
necessary to study these sicknesses at workplace. Grant et al. (2003) accentuated that maximum consideration should be given to somatoform symptoms at workplace. Due to the fact that somatoform is a relatively a recent concept in the field of psychiatry, Very limited literature about the somatoform symptoms at workplace has been found in the literature. Along with this there is also less research on the relationship between workplace and mental issues because the research has a lot of obstacles as the employees tend to keep their privacy and the employers do not wish to disclose the information regarding mental health of the employees. Therefore the literature provides less research on the topic (Shima & Satoh, 2006).

Somatization symptom is a prototype of somatoform symptoms. Despite of the limited data available, undifferentiated somatoform symptoms has an occurrence rate 20 percent among the population. Literature tells that among the patients of behavioral illness, Somatization syndrome is found in large quantity and for this reason the cost caused by the health care is massive (Rief, Martin, Klaiberg & Brähler, 2005).

Somatization sickness is considered among the most ancient medical and psychiatric sicknesses that the mankind is aware of. It was recognized as a condition of hysteria by ancient Egypt, classical Greek and Roman cultures while Hysteria is the Latin root for uterus. It was thought that the uterus wanders throughout the body and aggravates a collection of physical symptoms in the area where it comes to rest. Literature tells that many of the Freud’s patients suffered from hysteria. These patients, during therapy, explained widespread histories of sexual abuse and child trauma. Initially Freud developed the opinion that these traumas cause hysteria but later with a change of heart he realized that these stories were fabricated. He did this by revising his theories reflecting reinterpretation of the allegations by the patients. In 1980, the condition was renamed as Somatization symptom and this showed a revised explanation on the basis of its features and multiple medically undefined symptoms (North, 2002).

Literature shows that over the last decade there have been tremendous changes in the working environment. Employees seem to be more stressed because of more work pressure and a smaller amount support from the employers or colleagues. A study in Japan tells that the number of employees with mental illnesses, containing somatoform symptoms has significantly mounted along with the sick leaves taken by employees. Contrary to the study by Lenze and colleagues (1999), this study suggested that such employees exhibit more physical symptoms than those who do not have the prevalence of the issue (North, 2002). Young male and female employees report various somatic symptoms such as general malaise, diarrhea, vomiting, constipation, stiff shoulder, headache and dizziness. So according to many authors it is important to consider a new rational approach to deal with the increasing issue (Shima & Satoh, 2006). As mentioned earlier, Friemel, Bernert, Angermeyer & König (2004) provided an estimate that every year 1.6 billion Euros are spent on the treatment of various depressive complaints including somatization in Germany. Beside this there is an annual loss of 1.3 billion euro because of the decline in the productivity (Friemel, Bernert, Angermeyer & König, 2004). This indicates that the performance of organizations is being influenced. However negligible work could be found about somatization and performance with regard to projects.

**Somatization symptoms and Project Team’s Performance**

Recent researches inform that too much pressure on an employee may have implications on the individual such as employee mental estrangement and influence on individual performance (Mahiri & Orwa, 2016). Organizations expect too much out of limited resources so the pressure falls on the employees. In order to find out the major factors that lead to better performance, more and more researches are needed. In the past few years many researches have been carried out in the field and they expound that to achieve better performance, an understanding of the factors that influence performance is required. Many studies have given their results in the context and have provided us with those factors. These factors comprise of job satisfaction and job stress, job stress then includes somatization. Somatization can be defined as the presence of at least four basic somatic symptoms that are medically unexplained. It has two components; one is the absence of core pathology for which a specified treatment can be managed or directed; and the second is the belief of the person suffering from the issue that there must be an exact action that should be and can be taken. In most of the cases it is seen that there are these typical underlying feelings of depression, anxiety and other similar feelings which are not acknowledged or recognized by the
individual him/her self but the person is only aware of the physical implications of the underlying difficulties. Depression and anxiety play the vital role in somatization and these somatization symptoms influence the performance of a person (Benedict, Gayatridevi, & Velayudhan, 2009)

**Key Issues in Literature**

From the above literature, the issues identified include that literature mentions that workload like commitment, absenteeism and mental distress are hovering and most importantly employee performance is lowering at workplace with regard to organizations (Armstrong, 2003; Kristensen, Borritz, Villadsen, & Christensen, 2005); while negligible work has been contributed from project perspective. Considering organizations, researchers claim that employees seem to be more stressed because of more work pressure and a smaller amount support from the employers or colleagues (North, 2002); while the sources that act as stressors for projects are not evidently available in the literature. Literature also tells that there is an excessive increase in the mental health issues of employees, specifically somatoform or somatization symptoms, due to which the cost of health is massive (Rief et al., 2005). Some authors are of the opinion that stress is not very harmful (Antoniou & Ntalla, 2013); while others like Choi, Park, Yoo & Kim (2013) agree and believe that a certain amount of stress is beneficial for performance. But it has also been mentioned in the literature that stress may have harmful effect on the psychological health of the person which includes somatization symptoms. Due to very less data on projects, it is unclear if the same situation persists in projects too or if stress has somehow different influence on project team members. Literature unfolds that somatization symptoms are a mental problem and mental health issues decreases performance (Olusegun, Oluwasayo, & Olawoyim, 2014). This has been proved by various studies conducted in organizations (Mahiri & Orwa, 2016). While rare studies on the projects could be found on the condition. In such scenario it is essential to examine in depth stress, somatization symptoms and project performance among the project team members as somatization might have an effect on the performance of the project team too.

**Theoretical Framework**

It is true that with the growing globalization, stress is increasing with the passage of time at a very high speed and more consideration should be given to it (Abbe, Harvey & Ikuma, 2011). One of the issues that can appear because of too much stress is somatization symptoms. These are some medically unexplained symptoms which can occur in any person. They can be headaches, backaches, diarrhea, and vomiting etc. somatization is the third most prevalent issue in organizations (Shima & Satoh, 2006). Occupational stress can either be an input to the work environment or can be the output of excessive work burden. Some authors think that stress can improve the performance of employees while others believe it is extremely harmful for body and mind and even influences the performance of employees. Performance is essential for every project for the achievement of success and also to survive and sustain in the market. Human capital theory focuses too much on human resources as they cannot be replaced. Therefore it becomes essential to study the health of the working staff. In many countries it is seen that occupational stress leads to a havoc in organizations but the very opposite has also been witnessed like an enhancement in the performance. The trend of projects is increasing day by day with the increasing globalization, human resources have become crucial for projects because the projects and headed and run by project team. So it is vital to identify occupational stress, somatization issues and project team’s performance. Previous literature has explained concepts like depression and anxiety in relation with work stress and also with performance so the novelty of this study is the mental health issues like somatization issues which seem to be enhancing with the passage of time according to researchers. Out of work stress, somatization symptoms can be easily expected as an output because acute work stress also ends up into different somatic symptoms like headaches, palpitation, gastrointestinal issues, and joint and musculoskeletal pain. Studies have shown that there is an increased level of somatic and somatization symptoms like cardiovascular, neck aches, back aches, and gastrointestinal issues which lead to burn out among employees. Work stress induces an increment in somatization symptoms. But there is some difference between the reactions of males and females employees. Women complain more about somatization symptoms as compared to men. There is abundance of
depression and anxiety among women along with somatization symptoms of musculoskeletal pain (Glise, Ahlborg, & Jonsdottir, 2014).

The conceptual framework has been derived from the literature considering all this knowledge and is trying to scrutinize Occupational Stress, Somatization and Project Team’s Performance. As stated earlier projects have not been studied in this regard so this study aims to examine the concepts in the context of projects to answer the knowledge gaps identified.

The theoretical framework tends to explain the perception of occupational stress, somatization and project team’s performance from the viewpoint of project team. Opinions of researchers like Choi et al. (2013) and Shima & Satoh (2006) have been taken into account while formulating the framework.

**Methodology and Methods**

The study undertaken is purely qualitative relying on in depth interviews. Multiple case study approach has been utilized with interpretivist paradigm. The aim of this study is to provide the interpretations of the project team members over the concepts identified in the knowledge gaps from the literature. According to many authors including Crotty (1998) when the reality needs to be interpreted then the most suitable paradigm is Interpretivist Paradigm. Therefore the interpretivist paradigm has been adopted. Considering Crotty (1998) and other authors (see for example Yin, 2003) case study methodology is preferred for this study. After selection of projects which fell on the criteria of the case study methodology, the data was collected from the project team members of both projects.

<table>
<thead>
<tr>
<th>Paradigm</th>
<th>Ontology</th>
<th>Epistemology</th>
<th>Theoretical Perspective</th>
<th>Methodology</th>
<th>Method</th>
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</table>
| Constructivist | There is no single reality or truth. Reality is created by individuals in groups (less realist). | Therefore, reality needs to be interpreted. It is used to discover the underlying meaning of events and activities. | Interpretivism (reality needs to be interpreted):  
- Phenomenology  
- Symbolic interactionism  
- Hermeneutics  
- Critical Theory  
- Feminism | Ethnography  
- Grounded Theory  
- Phenomenological research  
- Heuristic inquiry  
- Action research  
- Resource Analysis  
- Feminist Standpoint research etc | Usually qualitative, could include:  
- Qualitative interview  
- Observation  
- Participant  
- Non participant  
- Case study  
- Life history  
- Narrative  
- Theme identification etc |

This table has been adapted from various sources, including Crotty (1998). Crotty left ontology out of his framework, and also didn’t include Pragmatism and Critical. But the assumptions underlying every piece of research are both ontological and epistemological. The table explains the
alignment of paradigm with the most suitable ontology, epistemology, theoretical lens, methodology and method for it.

Interpretivist paradigm is described with social order and subjectivity, and has all features of ideographic methodologies namely voluntarism anti-positivist epistemology, and nominalism. Interpretivist researchers understand the world from the jurisdiction of careful individuals while followers of functionalist paradigm believe in objectivity and social regulations. Therefore this study is based on the position of interpretivist paradigm.

Authors, including Yin (2003), believe that to achieve holistic and meaningful features of real life events, case study methodology proves to be helpful to researchers. The real life events may include managerial and organizational processes, individual life cycles etc. other than this case study strategy has been used in numerous other branches of life like psychology, economics, politics, business and so on. One of the other reasons for adopting interpretive qualitative multiple case study is the theoretical framework of the study that encourages research questions and aids in empirical data. In accordance with Yin (2009), the development of theoretical or conceptual framework differentiates Case study from other methodologies like ethnography and grounded study.

To make the research systematic, Purposive sampling- homogenous was done as the research aimed to do in depth study (Patton, 2002). Also Homogenous purposive sampling method focuses on selecting cases from one particular subgroup in which all the members are similar and only project team was considered for the interviews therefore it was found appropriate. The questionnaire was semi structured in nature and it was adopted from different papers from the literature including Williams (2016), Mumford et al. (1991) and Benedict et al., (2009).

Semi structured interviews were conducted for this research which were in depth in nature. The interview agenda confined questions and topics, inclusive of experiences of stress at work place, reactions to stressors, somatization experiences and influence on performance of project team. This schedule was amended several times, following pilot interviews. Descriptive questions were asked in the semi structured interviews. The interviews were conducted in 2 stages. The initial interviews took place with 14 respondents. They were transcribed by the researcher and the results generated were confirmed with 5 respondents later.

To analyze the data, thematic network analysis strategy has been viewed as fitting which has been provided by Stirling (2003). Stirling (2003) nominated this technique from heaps of qualitative styles (see Miles and Huberman, 1994).

### ANALYSIS STAGE A: REDUCTION OR BREAKDOWN OF TEXT

**Step 1. Code Material**

(a) Devise a coding framework  
(b) Dissect text into text segments using the coding framework

**Step 2. Identify Themes**

(a) Abstract themes from coded text segments  
(b) Refine themes

**Step 3. Construct Thematic Networks**

(a) Arrange themes  
(b) Select Basic Themes  
(c) Rearrange into Organizing Themes  
(d) Deduce Global Theme(s)  
(e) Illustrate as thematic network(s)  
(f) Verify and refine the network(s)

### ANALYSIS STAGE B: EXPLORATION OF TEXT

**Step 4. Describe and Explore Thematic Networks**

(a) Describe the network  
(b) Explore the network

**Step 5. Summarize Thematic Networks**

**ANALYSIS STAGE C: INTEGRATION OF EXPLORATION**

**Step 6. Interpret Patterns**
Thematic network analysis intends to investigate the comprehension of an issue or the connotation of a thought, as opposed to accommodate clashing meanings of an issue. It is basically a method for arranging a topical investigation of subjective information. The technique tries to uncover the subjects striking in content at various levels, and encourages the organizing and delineation of the themes. Thematic network analysis offers web-like system as a sorting out rule and a representational means, and expresses the strategies that might be utilized in going from content to elucidation. Other approaches like grounded theory have been discarded for the study because grounded theory has been conventionally associated with objectivist approach.

**Contextual Background**

Case A is a project being sponsored by FATA Secretariat through Federal Government. And the execution is the responsibility of FATA Secretariat. The Project’s role is to coordinate and help Directorate of Projects, FATA Secretariat to design US Aid funded initiatives and act as a conduit for funding in FATA. PMU DOP can also help in the foreign funding other than USAID when given responsibility. Other important objectives include

- Achieve a synergistically coordinated implementation of development initiatives for sustainable development of FATA.
- Attain informed planning and optimal development management.
- Gain higher value from implementation of development initiatives.
- To help in the improvement of infrastructure, water and power facilities in FATA through USAID foreign funded projects like the undergoing FATA Infrastructure Projects.

Case B completely focuses on governance. FATA has witnessed years of regional instability. Poor governance unraveled crisis in the north western border areas of Pakistan. Marginalization and inequity were sustained and the militants exploited the situation resultant of decades of feeble control, corruption and extensive socio-economic insufficiencies. Under such conditions there was a great need of not just a simple development strategy but a peace building one. A peace strategy is the one which aims to make development plans for the certain area with the main purpose of ensuring and sustaining peace in the area. It is the actually a mean to achieve the end objective of peace. After assessing this Government of Pakistan requested FATA Secretariat to conduct a study in the area in order to formulate a peace strategy. FATA Secretariat conducted this study with the aid of ADB (Asian Development Bank), EU (European Union), UNDP (United Nations Development Programme) and WB (World Bank). A variety of stakeholders were involved in the study like bureaucrats, civilians, politicians, students, etc. Various sectors were analyzed in the study like infrastructure, natural resource management, health, and education, rule of law, governance, communication, and non-farm economic development. Analyses of all the sectors were accompanied with some cross cutting issues which were kept carefully under consideration. These included peace building and crisis sensitivity, gender, and capacity development.

The lack of trust between the citizens and the Government was the essential objective in retaining peace as well as the main hurdle for the project; therefore it needed to be addressed foremost. Other objectives included

- Bringing governance improvements under the Government support program and deepen institutional reforms and achieve target specific outcomes
- Citizen engagement mechanisms
- Improved client satisfaction with the judgments of FATA tribunal
- Accelerated grievance redress through anti-corruption hotline and governor’s inspection team
- Performance monitoring in selected public services

**Analysis and Discussions**

Human resources can enhance the competitive advantage for firms. Humans are the non-substitutable resources for an organization along with being the source of competitive advantage so their health is a primary thing to consider. Reactions to that stress may differ from person to person; stress often has adverse and disturbing effects on physical and mental health of a person. Employees seem to be more stressed because of more work pressure and a smaller amount support from the
employers or colleagues. Stress induces many mental health issues among employees too. Somatization issue is also pooled with mental health issues. It has been observed that at a physiological level, the symptoms include experience of increased heartbeat, headaches, tension or knotting feelings or tightness in the stomach (Johansson, Cavalini, & Pettersson, 1996). Young male and female employees also reported various somatic symptoms such as general malaise, diarrhea, vomiting, constipation, stiff shoulder, headache and dizziness. Globalization is increasing at a very high pace and in turn the concerns related to workload like commitment, absenteeism and mental distress are rising and most importantly employee performance is lowering at workplace (Armstrong, 2003; Kristensen et al., 2005). Work stress in a proper amount seems to enhance job motivation and yield. While on the other hand, too much work stress is harmful and can lead to reduction in productivity and yearning at workplace, along with an increase in accidents and can play the role of a major factor in the causation of different health issues, which also count in cardiovascular, mental and musculoskeletal diseases.

The literature has mentioned many sources for stress for organizational employees while negligible information is present regarding project stressors. Results of the study indicate various sources of stress; some of which are similar to the organizational stressors while some of them are different and add to the literature. These stressors include conflicting goals, effort reward imbalance, job security, field security, poor planning, limited resources, work load, power issues for Case 1 and unclear objectives, poor planning, uniform policies, region’s culture, gender issues, stakeholder’s demands, job security, limited resources, and lack of experience for Case 2.

Upon conducting the interviews of the team members of the two relevant projects, it was found that there exist various stressors in project environment like poor planning, Work Pressure, Security issues, Effort Reward imbalance, Stakeholders demands, and Gender issues etc. which burden the project staff with stress. Stress affects the project staff differently. There are team members who are experienced and tend to deal with work stress quiet easily. They are not much bothered by work stress. Then there is another group of inexperienced team members who have not worked in any project; such team members take too much stress which influences their mental and physical health. Though these members were not aware of somatization phenomenon but they had experienced the symptoms and they feel that it has an impact on their performance. Among these two projects, one more group of team members is also present; who think stress is an opportunity for them. It enhances their analytical skills and improves performance. The last group comprises of members who claim that stress has hazardous effect on the brain and health. The team members were well aware of stress and indicated the somatization symptoms experienced. This group believes that somatization leads to decline in performance.

The figures have been adopted from the conceptually ordered displays by Miles and Huberman (1994). Figure 1 represents project ‘A’ and Figure 2 represents project ‘B’.
Conclusions and Recommendations

Conclusions
As mentioned in the literature the presence of Somatization symptom is 10% among the overall psychiatric, hospitalized medical and surgical patients (North, 2002). The issue is that in both situations of practice and research, establishment of diagnosis of sickness is not an easy job because the syndrome is not available in a clear cut style. Therefore Somatization symptom is often ignored in both practice and research (Tomasson K, Kent D, Coryell W., 1991; Fink P, Ewald H, Jensen J, Serensen L, Engberg M, Holm M, Mink-Jorgensen P., 1999). This might be partially because of the fact that most of the times it is not even considered and also due to the reason that even when it is under thought, data is not sufficient to establish the diagnosis as it is only gathered from mere interview of the patient (North, 2002). This happens because the patients do not accept the symptoms in daily routine, even those symptoms are denied that are termed chief complaints in the documents of medical records of their previous visits to health care specialists. Also patients provide unauthentic explanations for those symptoms to the specialists (Murphy, 1982). Hence the identification of such illnesses necessitates the ability to deny the medically based definitions of the symptoms. The symptoms can only be considered somatoform when the medical explanations are ruled out (North, 2002).

Results of the study highlight that human resources can enhance the competitive advantage for firms. Humans are the non-substitutable resources for an organization along with being the source of competitive advantage so their health is a primary thing to consider. Reactions to that stress may differ from person to person; stress often has adverse and disturbing effects on physical and mental health of a person. Employees seem to be more stressed because of more work pressure and a smaller amount support from the employers or colleagues Stress induces many mental health issues among employees too. Somatization issue is also pooled with mental health issues. It has been observed that at a physiological level, the symptoms include experience of increased heartbeat, headaches, tension or knotting feelings or tightness in the stomach (Johansson et al., 1996). Young male and female employees also reported various somatic symptoms such as general malaise, diarrhea, vomiting, constipation, stiff shoulder, headache and dizziness. Globalization is increasing at a very high pace and in turn the concerns related to workload like commitment, absenteeism and mental distress are rising and most importantly employee performance is lowering at workplace (Armstrong, 2003; Kristensen et al., 2005). Work stress in a proper amount seems to enhance job motivation and yield. While on the other hand, too much work stress is harmful and can lead to reduction in productivity and yearning at work place, along with an increase in accidents and can play the role of a major factor in the causation of different health issues, which also count in cardiovascular, mental and musculoskeletal diseases.

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This research has imperative value for both researchers and practitioners as it has answered the research questions derived from the literature. The conceptualization of occupational stress, somatization symptoms and team performance has not been done previously with regard to projects. Rather maximum information is available for organizations so this is an addition to the literature that is beneficial to the researchers and for practitioners this is helpful because projects are temporary endeavors and have shorter span so their success depends mainly on team performance. In such scenario, having knowledge of these concepts can prove advantageous for the project managers to efficiently deal with the team.

The study has also provided with various stressors for project team. These include poor planning, conflicting goals, effort reward imbalance, job security, field security, limited resources, work load, power issues, unclear objectives, uniform policies, region’s culture, gender issues, stakeholder’s demands, and lack of experience. Some of these are similar to the organizational stressors while some of them are different and make additions to the literature. The researchers can further investigate the topic in detail and study other projects to improve findings and the practitioners can get fruitful results by taking care of these stressors.

Somatization symptoms for the project team members have been identified for the project team members. A few members believe that these symptoms are because of age or other medical conditions they are facing while some respondents believe that occupational stress has some relation with such symptoms. The researchers have an opportunity to address the conflicting views by conducting further researches on the area. Project managers can consider this research to communicate with their team members and take decisions keeping in mind the health of team members as project team members are the most important resource for any project and their performance leads to success of project.

According to this study, project team members that suffer from somatization symptoms are found to have the opinion that such symptoms have adversely affected their performance. Not just in the short term rather in the longer period somatization symptoms influence a person’s health harmfully. Health has been directly linked with many authors in the literature. This study also adds to that literature and this can be further tested by researchers following different approaches. The project managers can improve the performance of their team by talking to the team and observing the health of the team members.

It can be concluded from the literature and analysis of the data collected, that the results add to the literature at many places while few new things were also found. The data indicated that the nature of the projects is different from that of organizations so though there are a few similarities but there exist differences too. Stressors vary for projects and organizations. As an example the issues faced by employees of organizations, according the literature, include work overload and non-cooperative colleagues. While the project team has to experience stressors like security issues which includes job security and the security situation in the region where the project is taking place along with work overload and difficult colleagues. Then another issue is that of limited time and resources. Project team members also face poor planning and conflicting stakeholders’ demands. The literature further stated that people react to occupational stress in varying ways. But it does cause many psychological issues among working people and among these psychological issues one is somatization symptoms. This issue is highly prevalent among the European organizations’ staff and is costing them a lot while after the interviews of project team; it was found that these symptoms are to some extent prevalent in projects too. Though all the symptoms were not experience by the project team but a few were experienced. The literature has been clear that with the presence of somatization symptoms, it is difficult for the staff to perform well and same was pointed out by the project team members that they experience such symptoms and due to this the performance gets compromised. Researchers also communicated that it is not necessary that stress leads to obstructive results and always leads to somatization. The stress can enhance motivation and productivity too but the literature did not explain if it can enhance psychological health. Comparing this with the project team members, one group of the team feels that work stress enhances the analytical skills and hence performance. This is a new finding of this study.
Recommendations

This study considered qualitative approach for the research; other investigators are encouraged to replicate the study using quantitative approach. Natures of projects vary so soft projects can be considered for future work. Methodology can also be improved.

Stress is not accounted for in the region due to cultural norms so it is recommended to the practitioners to first of all consider stress as a serious matter and take steps to deal with it as somatization is a harmful phenomenon for the team’s health and performance. Recreational trips can be arranged for the project staff. The team can be comforted by providing them conveniences other than remunerations like convince facility especially for the female staff. Other than this equal treatment and acknowledgement of work can motivate team members and enhance productivity. Incentives for the family can also lower stress and somatization symptoms. Trainings can be provided to the staff about dealing with stressful situations. Along with this the project managers should figure out the potential of each team member and build team capacity to enhance efficiency. Trouble making team members should be eliminated. Other than this Human Resource Management officials are recommended to allow some level of stress which is constructive in nature to enhance productivity while control obstructive stress after recognizing the potential of each team member. HR planners can make amendments at policy level for the convenience of project team members.

References


Ancedents and Consequences of Shopping Experience in Traditional Market

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Abstract
Purpose – The objective of this study is to explore antecedents and consequences of shopping experience in Indonesia traditional market.
Methodology – A survey toward 105 shoppers of revitalized traditional market in Jakarta was conducted.
Findings – Research found that retail atmospheric, social environment and relational benefit influenced shopping experience and behavioral intention.
Practical implications – This study will provide information on factors that influence positive shopping experience in revitalized traditional market.
Research limitations – The study population is limited to shoppers in a revitalized traditional market in Jakarta. It was not represent the whole population of traditional market customers in Indonesia.
Originality/value – Little research has been done on understanding factors that influence positive shopping experience in traditional markets in the era of modern retailing.

Keywords – Traditional market, shopping experience, behavioral intentions, relational benefit, retail atmospheric, social environment.

Introduction
Traditional markets remain the most prevalent food outlet in Indonesia. Basically they provide fresh vegetables, fruit, livestock products, sea or river products (such as live fish and shrimp), poultry products, and staple foods such as rice.

In 2015, under a market revitalization program, the Indonesian government through the Trade Ministry allocated a fund of 997 billion IDR to revitalize 1,002 traditional markets; the plan aims to revitalize 5,000 traditional markets until 2019. The budget allocated for each market is varied between 2 billion to 20 billion IDR (Indonesia’s Economy, Economic Outlook 2016, GBG, n.d.).

As the Experience Economy reveals (Pine and Gilmore, 1998, 1999; Schmitt, 1999), customer experience has an increasingly important role in determining the company survival. Many researchers found that survival in today’s competitive retail environment requires more than just low prices and innovative products; to compete effectively, retailers must focus on the customer experience (Grewal et al., 2009; Verhoef et al., 2009).

Therefore in order to have a competitive advantage, traditional markets should differentiate themselves by creating a favorable shopping experience.

The objective of this study is to investigate antecedents and consequences of shopping experience in traditional market.

Theoretical framework
Retail atmospheric, social environment and relational benefits predicted could influence customer experience and consequently will influence behavioral intentions as depicted in Figure 1.
Figure 1: Conceptual framework

Customer experience

Pine and Gilmore (1998 and 1999) are among the first writers who mentioned the notion of the customer experience (see also Carbone and Haackel 1994 and Johnston 1999).

However various terminology related to experience reveal in the marketing literature such as customer experience (Lemon and Verhoef, 2016; Yang and He, 2011), consumer experience (Tsai 2005), service experience (Hui and Bateson 1991), consumption experience (Holbrook and Hirschman 1982), shopping experience (Kerin, Jain, and Howard 1992), and brand experience (Brakus et al. 2009). These terms are frequently used interchangeably, and few provide a thorough discussion of their conceptual differences.

Verhoef et al. (2009), defined that customer experience construct is holistic in nature and involves the customer's cognitive, affective, emotional, social and physical responses to the retailer. Furthermore Schmitt (1999) proposes five experiences: sense, feel, think, act, and relate.

Referring to the definition given by Verhoef et al. (2009) and the five experience proposed by Schmitt (1999), Yang and He (2011) proposed that customer experience include three dimensions: Sensory Experience, Emotional Experience, and Social Experience. Sensory Experience is related to the aesthetics and sensory perceptions about the shopping environment, atmosphere, products and service. On the other hand Emotional Experience is related to mood and emotion. Social experience emphasizes on the relationship with others.

Retail atmospherics, Social Environment and Customer Shopping Experience

Verhoef et al. (2007) suggest assortment, price and promotions, social environment, atmosphere, and service interface as determinants of customer experience in a retail environment. Diller et.al (2008) proposed a more comprehensive conceptualization.

Their work suggested the following items: accomplishment, beauty, creation, community, duty, enlightenment, freedom, harmony, justice, oneness, redemption, security, truth, validation, and wonder that could create positive customer experiences.

Walls et al. (2011) suggest that experiential marketing is the process of creating experiences for customers through physical environment and social interactions.

De Farias et.al (2014) stated that atmospherics, or the retail store environment, tangible and intangible aspects of a retail store design and can influence the customer experience.
Environmental stimuli such as store lighting can influence consumer’s emotional state e.g. pleasure, and arousal, consequently, it influences the consumer’s approach or avoidance behavior (Puccinelli et al., 2009).

The following hypotheses were proposed:

H1: Retail atmospherics will have an influence on retail experience.
H2: Social environment will have an influence on retail experience.

Relational Benefits, Shopping Experience, and Behavioral Intentions

Relational benefits include confidence benefits, social benefits, and special treatment benefits (Gwinner et al., 1998). Confidence benefits, are related to perceptions of reduced anxiety and comfort in knowing what to expect in the service encounter; social benefits, related to the emotional part of the relationship and are characterized by personal recognition of customers by employees, the customer’s own familiarity with employees, and the creation of friendships between customers and employees, and special treatment.

Benefits, which take the form of relational consumers receiving, such as price breaks, faster service, or individualized additional services (Hennig-Thurau et al., 2002). Outcome benefits are related with shopping experience, e.g. convenience, price comparison, saving time, enjoyment, and increased relationship between customer and retailer (Chen and Chang 2003; Ha 2004). The following hypothesis was proposed:

H3: Relational Benefits will influence shopping experience.

Customer Experience and Behavioral Intentions

Several studies have found a positive relationship between consumer satisfaction and consumer repatronage behavior in retail contexts (Carpenter, 2008; Grace and O’Cass, 2005). Thus, it is important to understand consumers’ intentions to return to the stores they visited. Several researchers (e.g. Pine and Gilmore 1998 and 1999, Voss 2003, Prahalad and Ramaswamy 2004, Meyer and Schwager 2007), suggested that the customer experience may provide a new means of competition.

Providing a good experience is also important because it influence customer satisfaction (Liljander and Strandvik 1997), delivers customer loyalty (Yu and Dean 2001, Pullman and Gross 2004).

Kim and Choi (2013) found that customer experience influenced behavioral intentions. Customer experience involves the customer’s cognitive, affective, emotional, social and physical responses to the retailer; it is related to all aspects of the emotional and subjective side of customer behavior, the whole experience coming from the interactions between a company and its customer (Gentile et al., 2007). Creating a memorable shopping experience results in positive consequences: repurchase intention and word of mouth recommendations.

Yang and He (2011) concluded that a more favorable shopping experience will influence purchase intention. Related to dimensions of customer experience, in their study, it was found that higher sensory experience influenced higher emotional experience and higher social experience; On the other hand, the Emotional experience and social experience have a positive effect on purchase intentions. The following hypothesis is proposed:

H4: Customer experience will have an influence on behavioral intentions.

Method

Sample and data Collection

Consumers of a revitalized traditional market in Jakarta participated in this study. A purposive sample was used in term of regular shopping in the market. 105 valid responses were used for further analysis.

Sample characteristics

The respondents for this study were 155 a revitalized traditional market shopper in Jakarta. Of the total, 50 responses were incomplete, resulting in 105 usable responses and obtaining a response rate of 67.74 percent. All customers were female. Ages ranged from 18 to 70 years old.

Measures

Retail Atmospherics
Eight items were adapted from Huang et al, 2011): 
1. The market has good atmosphere 
2. The market’s ambience is what I am looking for 
3. The market understands that atmosphere is important 
4. The market is a pleasant place to shop 
5. The market offers an attractive shopping experience 
6. The market has good image 
7. Easy parking 
8. Convenient location 

Social Environment 
Eight items were adapted from Chang et.al. (2014). 
1. The sellers are friendly 
2. The sellers are willing to help 
3. The sellers show me that they understand my needs. 
4. The sellers respond quickly to my needs 
5. The sellers understand my needs 
6. The sellers are knowledgeable 
7. The sellers are able to answer questions quickly 
8. The sellers understand that I rely on their knowledge to meet my needs 

Relational Benefits 
It was measured using 6 items adapted from Hennig-Thurau (2002), Gwinner et.al, 1998). 
1. I get better prices than other shoppers 
2. I get discounts or special deals that most shoppers don’t get 
3. I get faster services than most customers 
4. I am recognized by the seller 
5. The seller know my name 
6. I have developed a friendship with the seller 

Customer shopping experience (Sensory, social and Emotional experience) 
It was measured using instrument adapted from Yang and He (2011): 
Sensory experience 
1. The shopping process would arouse my strong sensations. 
2. The shopping trip would bring me great interest. 
3. The shopping trip is very attractive. 
4. The shopping trip is quite worthwhile. 
Social experience 
1. The shopping trip can promote my relationships with others, my feelings, and friendship. 
2. By shopping in this market, I can get recognition. 
3. By shopping in this market, I can find a sense of belonging. 
4. By shopping in this market, I can position my social status. 
Emotional experience 
1. Depressed—Contented 
2. Unhappy—happy 
3. Unsatisfied—satisfied 
4. Annoyed—pleased 
5. Bored—relaxed 
6. Despairing—hopeful 

Behavioral Intention 
Three items were adapted from yang and He (2011). 
1. I will often shop in this market in the future. 
2. I will shop for my family and friends in this market 
3. I will recommend other to shop in this market
Results and Discussion

Following the two-step approach, a measurement model was first estimated using a confirmatory factor analysis (CFA). Each measurement item was loaded on its prior construct. The instrument reliability was assessed using Cronbach’s alpha. The alpha values range from 0.78-0.88.

Convergent validity meets the requirements in this study all the items had relatively high factor loadings on the underlying construct, the values range from 0.80 to 0.89. Overall model fit for CFA was assessed using the Chi-square test and goodness of-fit-indices. Others indices of fit were assessed i.e. Comparative Fit Index (CFI), the Normed Fit Index (NFI), Root Mean Square Error (RMSEA) indicated the measurement model fit the data well (CFI=0.950), NFI=0.901, RMSEA=0.05).

As the second step, the proposed structural model was assessed, on the basis of CFI=0.96, NFI=0.91, RMSEA=0.03) indicated that the model fit was acceptable. Results of estimated structural coefficients were presented in Table1

**Table 1. Structural model results**

<table>
<thead>
<tr>
<th>Hypothesized relationship</th>
<th>Standardized coefficient</th>
<th>t-value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Retail atmospherics → Customer shopping experience</td>
<td>0.78</td>
<td>6.88*</td>
<td>Supported</td>
</tr>
<tr>
<td>H2 Social Environment → Customer shopping experience</td>
<td>0.88</td>
<td>5.80**</td>
<td>Supported</td>
</tr>
<tr>
<td>H3 Relational benefits → Customer shopping experience</td>
<td>0.82</td>
<td>5.75**</td>
<td>Supported</td>
</tr>
<tr>
<td>H4 Customer shopping experience → Behavioral intentions</td>
<td>0.87</td>
<td>5.78**</td>
<td>Supported</td>
</tr>
</tbody>
</table>

*p<.05   **p<.01

Retail atmospherics and social environment were found to be significantly and positively influenced customer shopping experience. Therefore H1 and H2 were supported (β=0.78, t value=6.88).

Relational benefits was also influenced customer shopping experience (β= 0.82, t value=5.75), thereby confirming H3.

Customer shopping experience which consist of sensory, social and emotional experience was positively related to behavioral intentions (β=0.87, t value=5.78), therefore supporting H4.

Conclusions and Implications

The present study validated a model that predicts the antecedents and consequents of customer shopping experience in traditional market.

Research found that retail atmospherics as well as social environment are deemed very important for customers who shop at the revitalized traditional market. This finding supports Verhoef et al. (2007) who suggest that assortment, price and promotions, social environment, atmosphere, and service interface as determinants of customer experience in a retail environment. Also the finding support Walls et al. (2011) and De Farias et al (2014) who suggest that experiential marketing is the process of creating experiences for customers through physical environment and social interactions.

Regarding the influence of relational benefits toward customer experience, the study finding supports Rose et.al (2012) that outcome benefits are related with shopping experience and increased relationship between customer and retailer. Finally, regarding the influence of customer shopping experience towards behavioral intentions, the study findings support Liljander and Strandvik, 2007; Yu and Dean, 2001; Kim and Choi, 2013; Gentile et al, 2007). 2007). It is believed that creating a memorable shopping experience results in positive behavioral intentions.

Managerial Implications

This research provides insights for traditional markets managers as well as food retailers and government policy. Our results suggest that creating a memorable shopping experience through retail atmospherics, social environment and relational benefits is deemed very important to gain positive behavioral intention as a source of competitive advantage.

The local government should facilitate to revitalize the traditional markets in order to compete with modern retailers.

Limitations and future research
There are several limitations of this study. First, the respondents in this study were only from a revitalized traditional market in Jakarta. Since the consumers are fragmented into several segments, future research is recommended to consider demographics aspect of respondents.

References


PROJECT MANAGEMENT SKILLS INTEGRATION IN CRAFTSMEN SUPERVISORS TRAINING IN NIGERIA

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ABSTRACT

Despite the growing concern for construction professionals to adopt project management approach (PMA) for successful delivery of construction projects, there is no emphasis on its adoption for the training of craftsmen supervisors. Monuments dating 5000 years ago show evidence of PMA in the competence of craftsmen supervisors in managing works. Nonetheless, in Nigeria there is shortage of competent craftsmen due to progressive decline in their training. Thus contributing to dismal performance of the Nigerian construction industry (NCI). This study investigated project management skills (PMS) integration in craftsmen supervisors training in Nigeria, with a view to improving on their productivity. Questionnaires were administered to project managers using stratified random sampling technique. Data obtained were analysed using descriptive and inferential statistics. Result shows that craftsmen supervisors’ PMS requirements are relevant and beneficial. ANOVA shows that there are no statistically significant difference in the respondents mean ranking on PMS requirement for craftsmen supervisors training, as well as their benefits to project execution. However there is a statistical significant difference in 1 but 10 benefits of craftsmen supervisors PMS. Spearman’s rank order correlation coefficient revealed that craftsmen supervisors PMS is positively related to construction project success. This implied that craftsmen supervisors PMS could bridge the gap between project management approach and construction operations execution. The skills will as well enhanced construction supervision and operations productivity to attain project success. Hence the study recommends PMS to be integrated in craftsmen supervisors training in Nigeria.

Keywords: craftsmen supervisors, project management, project management theory, PMS, training.

INTRODUCTION

Despite the growing concern for construction professionals to adopt PMA for the successful delivery of construction projects (Wang & Gibson, 2008; Ekundayo et al., 2013; Inuwa & Kunya, 2015), there is virtually no emphasis on its adoption for construction craftsmen supervisors’ training. Monuments dating about 5000 years ago such as Angkor temples of Cambodia, the giant course way Ireland, the Great Wall of China, and the pyramids of Giza show results of PMA in the technical competence of craftsmen supervisors in managing the construction operations (Smith 2002; Ireland 2006; Chitkara 2012; Awe et al. 2013). The construction industry is a labour driven and a craftsmen-intensive-enterprise (Awe et al. 2013; John et al. 2016). Craftsmen are contractors operatives who contribute skilfully with their hands in the practical realization of a construction project, while craftsmen supervisors are experienced construction craftsmen that have been upgraded to line managers and authorized to directly manage other craftsmen operations while reporting to a higher ranking manager on the activities on construction site (Kerzner, 2000; Usman et al., 2012). Ness (2009) draws the attention of the construction industry on neglect of the huge reservoir of practical, experiential and tacit knowledge for the advancement of its craftsmen to managerial position. Chindo (2011) observed that the absence of a framework for skills training in construction is one of the major challenges in the training of craftsmen in the NCI. According to Usman, et al. (2012), periodic training of construction craftsmen is a pre-requisite to improving on their productivity.

However, in Nigeria, craftsmen training has been inadequate and declined to 42% (Africa Economic Brief-AEB, 2015). Moreover, the few craftsmen trained lacked quality craftsmanship that
will match the demand of the construction industry (John, et al., 2016). This trend resulted in the inability of the craftsmen to keep abreast with the technological development in the NCI (Onuka & Ajayi, 2012; Adewale, et al., 2014). A review of studies conducted on craftsmen training in the NCI fall short of focusing on how PMS can be integrated in the training of craftsmen (see: Dantong, 2007; Aniekwu & Ozochi, 2010; Chindo, 2011; Fagbenle 2012; Onuka & Ajayi, 2012; Usman et al., 2012; Adewale, et al., 2014; Okuntade, 2014; Chindo et al., 2015; John, et al., 2016). Likewise, a review of the curricula used by craftsmen training institutions in Nigeria is deficient of PMS integration in their training modules (Universal Basic Education Board-UBE, 2008; Federal Ministry of Labour-FML, 2006; National Board for Technical Education-NBTE, 2001). Hence this study investigated PMS integration in the training of craftsmen supervisors in Abuja, Nigeria, with a view to improving on their productivity. The study outlined the following objectives: to assess PMS requirements for construction craftsmen supervisors training, to evaluate the benefits of construction craftsmen supervisors PMS on project execution, and determine the relationship between PMS requirements in the training of craftsmen supervisors and construction project success

LITERATURE REVIEW

Theoretical construct
This study is modelled on project management theory (PMT) propounded by Koskela and Howell (2002a). Project management is defined as the art of directing and coordinating human and material resources through the life of a project by using modern management techniques to achieve pre-determined goals of scope, cost, time, quality and participant satisfaction (PMI cited in Smith 2002:3). According to Koskela and Howell (2002a), PMT is sub divided into two: theory of project and theory of management (see Table 1).

<table>
<thead>
<tr>
<th>Subject of Theory</th>
<th>Relevant Theory</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project</td>
<td>Transformation</td>
</tr>
<tr>
<td></td>
<td>Flow</td>
</tr>
<tr>
<td></td>
<td>Value generation</td>
</tr>
<tr>
<td>2. Management</td>
<td>Management-as-planning</td>
</tr>
<tr>
<td></td>
<td>Management-as-organizing</td>
</tr>
<tr>
<td></td>
<td>Classical communication theory</td>
</tr>
<tr>
<td></td>
<td>Execution</td>
</tr>
<tr>
<td></td>
<td>Language/action perspective</td>
</tr>
<tr>
<td></td>
<td>Thermostat model</td>
</tr>
<tr>
<td></td>
<td>Control</td>
</tr>
<tr>
<td></td>
<td>Scientific experimentation model</td>
</tr>
</tbody>
</table>

Source: Koskela and Howell (2002b)

The theory of project conceptualized project realization process into three: transformation, flow, and value (TFV). While the theory of management comprised of three models: planning, execution and control (Koskela & Howell, 2002b).

Theory of Project

Transformation

Transformation is concern with how inputs are converted into output (Inuwa, 2014). This enables a project to be realize in an optimal manner and tasks executed in an optimal sequence through identification of the various tasks involve and their sequential relationship, curtailing uncertainty on requirements and tasks, and efficient project resource scheduling (Koskela & Howell, 2002b). Transformation process portrays an overview of the operational structure of the project, thus provides management with the technical basis for answers to economic, time-scheduling, quality, quantity and organization questions (Knoepfel, 1992).

Flow

The flow concept is about eliminating non-value adding activities and integrating value adding activities throughout transformation process (Kraemer et al., 2014). Flow is achieved through the improvement of project lead time, variability reduction, flexibility, and transparency (Koskela cited in Kraemer, et al., 2014). Thus the flow concept in construction is contextualized into: Adding and non-value adding activities, even flow, variability, and preconditions to work tasks in construction (Kraemer, et al., 2014).
iii. **Value**

The value concept is concerned with how to integrate customer/end user requirements in the design and construction process of a construction project (Kraemer, *et al.*, 2014). Thus, the concept of value in project management requires a manager to integrate customer/end-user optimum requirements in their construction design and execution; taking into cognizance the project inputs, tasks, and sequence of operations throughout the transformation path (Inuwa 2014).

**Theory of Management**

i. **Theory of planning**

The theory of planning is subdivided into: management-as-planning and management-as-organizing. Management-as-planning theorized that planning a project has a managerial part and an effector part (Koskela & Howell, 2002a); managerial part focused on creation and revision of plan (planning), while the effector part is the implementation of the resultant plan. Management-as-organizing optimally aimed at assembling necessary resources into a cohesive structure in accordance with the project plan requirements (Weiss & Wysocki, 1992).

**Theory of execution**

The theory of execution is modelled into: dispatching model and the language/action perspective model. The dispatching model conceptualized that, managerially, execution is about assigning (dispatching) tasks to work stations and, this is regarded as the classical communication theory (Koskela & Howell, 2002b). Classical communication model focuses on passing instructions to operatives without considering their effective understanding of the instructions passed. The shortcomings of the classical communication theory is complemented with the language/action perspective model, which emphasize a two-way communication and commitment, instead of the mere one-way communication (Winograd & Flores, 1986 in Koskela & Howell, 2002b). Thus, communication of tasks dispatched to work stations must be comprehensive to the operatives; they should be feedback mechanisms that will convey the operatives understanding of the instruction passed.

**Theory of control**

The theory of control consist of: thermostat model and the scientific experimental model (Koskela & Howell 2002a). Thermostat model conceptualized that in the project production process, there is a process to control, a unit for performance measurement, a standard of performance, and a controlling unit (Koskela & Howell 2002b). The model enables a production process to be monitored and controlled (Inuwa 2014). While the scientific experimental model focus on studying the causes of deviation in project production performance in order to proffer solution (Koskela & Howell 2002b).

**PMS Requirements for Craftsmen Supervisors Training**

A skill is the ability to do something well; expertise (Oxford Dictionary of English, 2010). PMS for craftsmen supervisors are skills that give craftsmen supervisors the optimal ability to carry out their supervisory task in line with construction project management processes (John *et al.*, 2016). PMS requirements for craftsmen supervisors can be acquired through the application of project management’s knowledge, skills, and techniques (Project Management Body of Knowledge—PMBOK, 2004). Training craftsmen supervisors on the application of project management entails giving them teaching and practices on the application of project management in order to bring them to the desired standard of behaviour, efficiency or physical condition for optimal realization of their supervisory role in the execution of construction project (Obiegbu, 2003). This study explore PMT to identify PMS requirements for training construction craftsmen supervisors. The transformation process informs project manager of the overview of the operational structure of the project, thus provides management with the technical basis for answers to economic, time-scheduling, quality, quantity and organization questions. These subsequently guide the acquisition of skills on: design comprehension, resource scheduling, time scheduling, tasks execution effectiveness, and tasks execution effectiveness enhancing (Knoepfel 1992; Koskela & Howell 2002b). The flow concept is achieved through the display of skills that enables adequate resource organization, timely project completion, and adequate pre-activity identification. Thus informs the development of construction craftsmen supervisors’ skills on: optimal workmanship attainment, task execution effectiveness, and task preconditions identification (Kraemer *et al.* 2014). The value concept entails managers to optimize workmanship that ensures meeting the value requirement of the project stakeholders.
(Smith, 2002), hence craftsmen supervisors need skill on optimal workmanship attainment. Understanding the concept of planning in the theory of management enables craftsmen supervisors acquire skills on: task execution planning, task execution implementation, and task execution management (Weiss & Wysocki 1992; Koskela & Howell 2002a; Koskela & Howell 2002b; Kraemer et al., 2014). The theory of execution enhances the craftsmen supervisors’ communication skill in dispatching tasks to work stations (Inuwa 2014). The theory of control enhances craftsmen supervisors’ skill on how to monitor and control the performance of operatives in the construction project production process (Inuwa, 2014).

**Benefits of Craftsmen Supervisors PMS to Project Execution**

Training of an organization’s workforce result in the enhancement of performance (Iro et al., 2013; Femi, 2014; John et al., 2016). According to Smith (2002), PMS gives an organization a competitive edge over its rival resulting in higher levels of quality works that ensures customer value attainment (Kerzner 2000). The theory of project (TFV), have concepts that are very relevant for enhancing craftsmen supervisors’ skills that contributes to achieving project management success. Though these skills are not expressly stated but can be inferred. For instance the concept of transformation can guide craftsmen supervisors to attain skills that enables a project task to be executed in an optimal sequence through identification of the various tasks involve and their sequential relationship, curtailing uncertainty on requirements, tasks, and efficient project resource scheduling (Inuwa 2014; Koskela & Howell 2002b). The benefits of craftsmen supervisors PMS to projects execution therefore manifest as the attainment of construction process effectiveness and construction performance enhancement. While the benefits inferred from the flow concept are curbing construction site accidents, project rework reduction/elimination, and project waste reduction/elimination (Kraemer, et al., 2014). Benefits of PMS to project execution as inferred from the value concept is project quality enhancement. Benefits that derived from the management theory of project (planning, execution and control) (Koskela & Howell 2002a), stem from its relevance in ensuring project planning effectiveness, project planning implementation effectiveness, project resource organization efficiency, project monitoring effectiveness, and project activities execution effectiveness (Koskela & Howell, 2002b; Inuwa, 2014).

**Relationship of PMS and Project Success**

According to Kerzner (2000), project management approach allows the arrangement of work flow and project coordination horizontally and vertically, thus resulting in extensive planning and coordination. Moreover the PMA, enables work to be organized across the various functional groups that work with each other. This to Kerzner, results in improved coordination and communication among employees and managers, as well as in project success through high level productivity, efficiency, and effectiveness. Though several studies have given different approach to what constitute success of a project (Kerzner, 2000; Khosravi & Afshari, 2011). Kerzner (2000) reported that the success of a project entails meeting budget, timeliness, ensuring quality performance, and meeting customers’ satisfaction. Besides (Kerzner, 2000), other factors that constitute project success are environmental and safety regulations, and delivering the productivity for the manufacturing operations. Khosravi and Afshari (2011), identified the following as project success criteria: time performance, cost performance, quality performance, health, safety and environment of the project, and client satisfaction. Thus, this study adopted the project success criteria reported by Kerzner (2000), and Khosravi and Afshari (2011) to determine the effects of craftsmen supervisors PMS on construction project success. The success criteria are: project cost effectiveness, attainment of project timeliness, attainment of quality workmanship, achieving customers/end users requirements, adherence to project specifications, curtailing construction materials waste, curtailing construction site accidents, ensuring environmental friendliness, project quality attainment, less/absence of construction project rework, and smooth construction activities execution and integration.

**METHODOLOGY**

This study used the three higher levels of cognitive domain of Bloom’s revised taxonomy of educational objectives (analysing, evaluating & creating) (see Guthrie, 2010) to review PMT propounded by Koskela and Howell (2002a) in identifying PMS requirements and its benefits to project execution. Other literature were reviewed to identify project success in relation to craftsmen...
supervisors PMS. Afterward, a four sections questionnaire was designed to collect data on: respondents’ demographic profile, PMS requirements, benefits of craftsmen supervisors PMS to project execution, and project success in relation to craftsmen supervisors PMS. PM and seasoned academicians in construction project management were used to test the comprehensibility and error free quality of the questionnaire. Internal consistency of the questionnaire using Cronbach alpha was used to test the reliability of the questionnaire, and it record values of 0.84, 0.83, 0.83, and 0.83 for respondents’ profiles, relevance of PMS, benefits of PMS, and project success respectively. This indicated that the questionnaire is reliable and error free (Pallant, 2011). Expert were used to validate the questionnaire. Likert scales of 1-5 were used to assess the three study construct on: PMS requirements, benefits of craftsmen supervisors PMS, and project success. The scale interpretation are: 1-not relevant/beneficial/ineffective, 2-least relevance/beneficial/effective, 3-moderately relevant/beneficial/effective, relevant/beneficial/effective, and very relevant/highly beneficial/highly effective. The study population is heterogeneous comprising of 200 accessible construction professionals that are statutorily certified by the Nigerian government to practice project management: architects, builders, engineers, and quantity surveyors (Ekundayo et al., 2013). A sample size of 132 project managers (PM) was established using Krejcie and Morgan (1970) table. Hence 132 questionnaires were administered to respondents using stratified random sampling technique. The survey was conducted in Abuja the administrative capital of Nigeria because it has the highest concentration of experience PM (Ameh & Odusami 2010; Oladapo 2006). Data obtained were analysed using statistical package for social sciences (SPSS). Percentages and frequencies were used to analyse respondents’ profile, while mean scores were used to rank PMS requirements and benefits of PMS identified. ANOVA with post hoc and Spearman’s rank order correlation coefficient were used to test hypotheses mirroring the study objectives and determine the relationship of craftsmen supervisors PMS requirement and project success respectively.

RESULTS AND DISCUSSIONS

Responses and Respondents Demographic Profiles
Fifty eight valid questionnaires representing 44% response rate were returned from architects (arc) (14), builders (bldr) (9), engineers (engr) (25), and quantity surveyors (qs) (10). The respondents were drawn from the public (83.8%) and private (16.2%) sector of the Nigerian economy respectively. This shows that the respondents are a true representation of the Nigerian economy which is a mix economy (Inuwa, 2014). Their educational qualifications are distributed as follows: certificate (1.7%), HND (15.5%), PGD (19%), BSc/B.Tech (25.9%), MSc (36.2%), and PhD (1.7%). Despite being certified as PM, their core construction disciplines are rooted either from architecture (24.1%), building (15%), engineering (43.1%), or quantity surveying (17.2%). Little above 98% of the respondents hold managerial positions in their respective organisations: top management (47%), middle management (28%), lower management (22.4%), and supervisory staff (line managers) (2%). Respondents have an average of 15 years’ experience in the construction industry. These results revealed that the respondents’ are core construction PM that are qualified and experience to respond to an enquiry of this nature and as such, assists the study in ensuring that all the variables that may have an influence on the correctness of the data have been analysed. By implication, this ensures that the respondents used for the study are appropriate sample (Pallant, 2011).

PMS Requirements for Craftsmen Supervisors Training
Table 2 depicts responses on PMS requirements for craftsmen supervisors training and their level of significance using ANOVA with post hoc at 95% confidence level. Design comprehension skill (DCS) was ranked very relevant (4.33-4.50) by all the respondents. DCS $\bar{T}X$ of all the respondents ranked it relevant (4.47). Optimal workmanship attaining skill (OWAS) was ranked by all respondents but ‘qs’ as relevant (4.21-4.40). Quantity surveyors ranked OWAS as very relevant (4.80). However OWAS was averaged by all the respondents as relevant (4.36). Task dispatching communication skill (TDCS) was ranked by all the respondents as a relevant (4.20-4.40), with the respondents $\bar{T}X$ of 4.22 ranking it also as relevant. Task execution effectiveness enhancing skill (TEEES) ranked relevant (3.89-4.40) by all the respondent which also corresponds with their $\bar{T}X$ (4.26) as relevant. Task execution implementation skill (TEIS) ranked relevant (3.92-4.07) by all respondents, as well as their total mean ($\bar{T}X$=3.98). The individual groups ranking on task execution monitoring skill, task
Execution planning skill, task precondition identification skill, task resource organizing skill and task resource scheduling skills were relevant PMS requirement for craftsmen supervisors training respectively (see table 1).

The ANOVA in table 2 shows that there is no statistical significant difference in the mean ranking of respondents on the PMS requirement. Their p value exceed 0.05 (p˃0.05), thus the null hypothesis that there is no statistically significant difference in the respondents mean ranking on PMS requirements for craftsmen supervisors training was accepted. The PMS identified assists craftsmen supervisors in the planning, organising, monitoring and controlling of all aspects of their supervisory role in a construction project as well as, sharpened their motivational skills on their subjects to improve productivity that results in achieving construction project success. These skills are in conformity with the factors identified by Alinaitwe et al. (2007) and John et al. (2016) as necessary for enhancing construction craftsmen productivity. However their study was not focussed on identifying PMS requirements for craftsmen supervisors training.

### Table 2: Responses on PMS requirements for craftsmen supervisors training

<table>
<thead>
<tr>
<th>S/N</th>
<th>PMS</th>
<th>Respondents mean scores</th>
<th>SD</th>
<th>F</th>
<th>Sig.</th>
<th>LS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Design comprehension skill</td>
<td>4.50 4.33 4.48 4.50 4.47</td>
<td>0.60</td>
<td>0.17</td>
<td>0.92</td>
<td>NS</td>
</tr>
<tr>
<td>2</td>
<td>Optimal workmanship attaining skill</td>
<td>4.21 4.00 4.40 4.80 4.36</td>
<td>0.72</td>
<td>0.39</td>
<td>0.08</td>
<td>NS</td>
</tr>
<tr>
<td>3</td>
<td>Task dispatching communication skill</td>
<td>4.29 4.00 4.20 4.40 4.22</td>
<td>0.84</td>
<td>0.38</td>
<td>0.77</td>
<td>NS</td>
</tr>
<tr>
<td>4</td>
<td>Task execution effectiveness enhancing skill</td>
<td>4.21 3.89 4.36 4.40 4.26</td>
<td>0.81</td>
<td>0.87</td>
<td>0.46</td>
<td>NS</td>
</tr>
<tr>
<td>5</td>
<td>Task execution implementation skill</td>
<td>4.07 4.00 3.92 4.00 3.98</td>
<td>0.93</td>
<td>0.08</td>
<td>0.97</td>
<td>NS</td>
</tr>
<tr>
<td>6</td>
<td>Task execution monitoring skill</td>
<td>4.29 3.89 3.72 4.50 4.02</td>
<td>0.96</td>
<td>2.17</td>
<td>0.10</td>
<td>NS</td>
</tr>
<tr>
<td>7</td>
<td>Task execution management skill</td>
<td>4.00 3.89 4.00 4.40 4.05</td>
<td>0.91</td>
<td>0.62</td>
<td>0.61</td>
<td>NS</td>
</tr>
<tr>
<td>8</td>
<td>Task execution planning skill</td>
<td>3.86 3.67 3.84 4.00 3.84</td>
<td>0.91</td>
<td>0.20</td>
<td>0.89</td>
<td>NS</td>
</tr>
<tr>
<td>9</td>
<td>Task precondition identification skill</td>
<td>3.79 3.56 4.08 4.10 3.93</td>
<td>0.92</td>
<td>0.96</td>
<td>0.42</td>
<td>NS</td>
</tr>
<tr>
<td>10</td>
<td>Task resource organizing skill</td>
<td>3.79 4.00 3.88 4.50 3.98</td>
<td>1.02</td>
<td>1.13</td>
<td>0.35</td>
<td>NS</td>
</tr>
<tr>
<td>11</td>
<td>Task resource scheduling skill</td>
<td>4.21 4.20 3.88 4.50 4.07</td>
<td>0.88</td>
<td>1.48</td>
<td>0.23</td>
<td>NS</td>
</tr>
</tbody>
</table>

**Note:** T̅X total mean, SD- standard deviation, F-F ratio, LS-Level of significance, NS-Not significant, S-significant

**Benefits of Craftsmen Supervisors PMS to Project Execution**

Table 3 portray responses on the benefits of craftsmen supervisors PMS to project execution and their level of significance at 95% level of confidence using ANOVA with post hoc. Attainment of construction process effectiveness (ACPE) was ranked highly beneficial to project execution (4.64, 4.56, & 4.60) by arc, engr, and qs. While bldr (3.78) ranked it as beneficial. Their total mean ranked it as beneficial (4.47). All the respondents ranked curbing construction site accidents (CCSA) to be beneficial to project execution; their total mean ranked CCSA as beneficial. Project activities execution effectiveness was also ranked by all the respondents as beneficial (4.20-4.43); their total mean scored (4.28) it beneficial. Quantity surveyors ranked project monitoring effectiveness as highly beneficial while the remaining respondents ranked (3.89-4.14) it as beneficial; their total mean shows that it is beneficial. Architects, bldr, and engr, ranked project planning effectiveness to be beneficial to project execution, while qs ranked it as highly beneficial (4.50); they averaged (4.16) PPE to be beneficial to project execution. All (4.08-4.33) but arc ranked project planning enhancement a beneficial; to arc it is highly beneficial (4.64), however their averaged (4.29) shows that it is beneficial. Project planning implementation effectiveness was ranked by all respondents (3.89-4.36) except qs as beneficial, while qs ranked (4.60) it as highly beneficial. With the exception of qs project quality enhancement, project resource organizing efficiency, project rework reduction/elimination, and project waste reduction/elimination were all ranked by the remaining respondents as craftsmen PMS requirements that are beneficial to project execution respectively; to the qs, they are all highly beneficial to project execution (see table 3). The SD of the respondents’ mean scores is less than 1; this revealed that there is agreement in the respondents’ opinions. The ANOVA of all the factors except attainment of construction process effectiveness have a p value of 0.03, this revealed that there is a statistical significant difference (p<0.05) in the respondents mean ranking on ACPE, though it ranked beneficial by the respondents’. In order to
pinpoint where the difference in the mean ranking comes from, a multiple comparison table extract (see table 4) was consulted in accordance with Pallant (2011) recommendation. The table shows that the difference in the mean scores is between the builders and other respondents’ i.e. arc, engr, and qs. However, all the remaining 10 factors identified as benefits of craftsmen supervisors PMS to project execution record p values greater than 0.05. This shows that there is no statistical significant difference in the respondent mean rankings; thus the null hypothesis that there is no statistical significant difference in the respondents mean ranking was accepted. Moreover, the SD in all the mean scores are less than 1, depicting agreement in the respondents’ opinions. These benefits of craftsmen supervisors PMS to project execution are in conformity with what will drive a construction operations execution and supervision to be adequately planned, organized, tracked, and controlled to attain success as implied by Chitkara (2012) and Smith (2002). Though this findings contrast with Chitkara (2012) and Smith (2002) implied assertion because it was viewed from the craftsman supervisors PMS bridging the gap between project management at the line managers level (supervisor) and the construction operations.

Table 3: Responses on the benefits of craftsmen supervisors PMS to project execution

<table>
<thead>
<tr>
<th>S/N</th>
<th>Benefits of PMS</th>
<th>Respondents mean scores</th>
<th>SD</th>
<th>F</th>
<th>Sig.</th>
<th>LS</th>
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</thead>
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<td></td>
<td></td>
<td>arc</td>
<td>bidr</td>
<td>engr</td>
<td>qs</td>
<td>T X</td>
</tr>
<tr>
<td>1</td>
<td>Attainment of construction process</td>
<td>4.64</td>
<td>3.78</td>
<td>4.56</td>
<td>4.60</td>
<td>4.47</td>
</tr>
<tr>
<td></td>
<td>effectiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Curbing construction site accidents</td>
<td>4.14</td>
<td>4.33</td>
<td>4.32</td>
<td>4.40</td>
<td>4.29</td>
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<tr>
<td>3</td>
<td>Project activities execution effectiveness</td>
<td>4.43</td>
<td>4.22</td>
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<td>4.28</td>
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<tr>
<td>4</td>
<td>Project monitoring effectiveness</td>
<td>4.14</td>
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<td>5</td>
<td>Project planning effectiveness</td>
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<td>Project planning enhancement</td>
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<td>Project planning implementation</td>
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<td>9</td>
<td>Project resource organizing efficiency</td>
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</tr>
<tr>
<td>10</td>
<td>Project rework reduction/elimination</td>
<td>4.07</td>
<td>4.44</td>
<td>3.76</td>
<td>4.60</td>
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<tr>
<td>11</td>
<td>Project waste reduction/elimination</td>
<td>3.86</td>
<td>3.78</td>
<td>4.08</td>
<td>4.50</td>
<td>4.05</td>
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</table>

*Note: T X total mean, SD- standard deviation, F-ratio, LS-Level of significant, NS-Not significant, S-significant

Table 4: Multiple comparisons table on benefit of craftsmen supervisors PMS

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>(I) EduSpec</th>
<th>(J) EduSpec</th>
<th>Mean Difference (I-J)</th>
<th>Std. Error</th>
<th>Sig.</th>
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<td>engineers</td>
<td>0.08286</td>
<td>0.24601</td>
<td>0.987</td>
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<td></td>
<td>architects</td>
<td>0.04286</td>
<td>0.30514</td>
<td>0.999</td>
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<td></td>
<td></td>
<td>quantity surveyors</td>
<td>-0.86508</td>
<td>0.31487</td>
<td>0.039</td>
</tr>
<tr>
<td></td>
<td></td>
<td>engineers</td>
<td>-0.78222</td>
<td>0.28649</td>
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<td>-0.82222</td>
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<td></td>
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<td>quantity surveyors</td>
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<tr>
<td></td>
<td></td>
<td>engineers</td>
<td>-0.04286</td>
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<td>engineers</td>
<td>0.82222</td>
<td>0.27575</td>
<td>0.999</td>
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</tbody>
</table>

Relationship of Craftsmen Supervisors PMS and Project Success

Table 5 shows the result of Spearman’s rank order correlation coefficient to determine whether there is a relationship between craftsmen supervisors PMS requirement and construction project success. The result shows the Spearman’s rank order coefficient to be 0.731 (r = 0.731); thus indicating that there is a positive relationship between PMS and construction project success. When the coefficient was squared and multiplied by 100 (r² = 0.731² x 100), the product is 53.44%; this figure is termed the coefficient of determination (Pallant, 2011). The coefficient of determination is a
statistic that measure how much an independent variable explains the variance in the dependent variable (Pallant, 2011). In light of the above, it could be inferred that craftsmen supervisors PMS explained 53.44% variances that determine construction project success. Moreover the null hypothesis tested at 99% confidence level stating that there is no positive relationship between craftsmen supervisors PMS requirement and construction project success was rejected, because the computed $p$ value is less than 1 ($p < 0.01$) (Pallant, 2011). Thus craftsmen supervisors PMS is shown to have a positive influence on construction project success. This study determine the effects of craftsmen supervisors PMS on construction project success. The construction project success criteria used was adopted from Kerzner (2000), and Khosravi and Afshari (2011), however this finding contrast with their study by relating project success criteria with craftsmen supervisors training. Moreover it implies that craftsmen supervisors that can apply PMS in their supervisory role can contribute to project success.

| Table 5: Result of Spearman’s rank correlation coefficient between PMSRF and PSF |
|---------------------------------|-----|-----|
| PMSRF Correlation Coefficient   | 1.000 | .731** |
| Sig. (1-tailed)                  | .000 | .000 |
| N                               | 58  | 58  |
| PSF Correlation Coefficient      | .731** | 1.000 |
| Sig. (1-tailed)                  | .000 | .000 |
| N                               | 58  | 58  |

** Correlation is significant at the 0.01 level (1-tailed).

CONCLUSIONS AND RECOMMENDATIONS

Construction monuments dating 5000 years ago show results of PMA in the technical competence of craftsmen supervisors in managing the works. However, studies have shown that the quantity of craftsmen training in Nigeria has declined and their quality is poor compare to other developing and developed countries. This has resulted in the NCI performance to be dismal due to poor productivity. Literature reviewed shows that PMT is an area that needs to be explored to bridge the gap between craftsmen supervisors (line managers) and the operatives executing construction operations on sites to attain construction project success. Thus this study used the three higher levels of Bloom’s cognitive educational objective to explore PMT propounded by Koskela and Howell (2002a) in identifying PMS requirements for craftsmen supervisors training, and the benefits of the skills to project execution. Subsequently, structured questionnaires was designed and administered to certify PM in Abuja using stratified random sampling technique. Data obtained were analysed using descriptive and inferential statistics. Eleven PMS requirements for craftsmen supervisors’ training were identified and ranked relevant. In addition, the skills were inferred to contribute eleven benefits to project execution. ANOVA shows that there is no statistical significant difference in the respondents mean ranking on PMS requirement for craftsmen supervisors training, as well as their benefits to project execution. However there is a statistical significant difference in 1 but 10 benefits of craftsmen supervisors PMS. Spearman’s rank order correlation coefficient revealed that craftsmen supervisors PMS is positively related to construction project success. This implied that craftsmen supervisors PMS could bridge the gap between project management approach and construction operations execution. Moreover benefit of craftsmen supervisors PMS can enhance construction supervision and operations productivity to attain construction project success. Hence the study recommends PMS to be integrated in craftsmen supervisors training in Nigeria.

REFERENCES


HEALTH AND SAFETY AWARENESS ON CONSTRUCTION SITES IN YOLA METROPOLIS OF NIGERIA

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ABSTRACT

Semiotics, which is concerned with how signs and symbols are used to convey information is a field that is yet to be properly explored to curtail accidents on construction sites. In Nigeria the fatalities recorded on construction sites are worse than what exist in other countries. Nonetheless, little attention has been paid at understanding signs effectiveness in enhancing health and safety (H&S) signs awareness on construction sites. Hence, this study explore semiotics to assess contractors’ level of compliance with H&S signs requirements, and to investigate construction operatives’ level of comprehending H&S signs on construction sites in Yola metropolis of Nigeria. Literature review, personal observation, and questionnaire survey were employed for data collation. Descriptive and inferential statistics analysis conducted on data obtained revealed that contractors’ compliance with H&S signs, and their operatives’ comprehension of H&S signs are low when benchmarked against the International Standard Organization (ISO) 3864 and American National Standard Institute (ANSI) requirements respectively. This implied a decline in operatives’ productivity, and increases contractors’ expenses for the treatment of accident victims, and compensations for injuries in Nigeria. Hence the study recommends: contractors comply with all H&S signs requirement in accordance with ISO and ANSI benchmarks, project consultants and professional statutory organization should enforce H&S signs compliance on construction sites, and contractors should periodically train and retrain their operatives’ on H&S signs comprehension.

Keywords: Semiotics, Signs, Compliance, Comprehension, Health and safety, Awareness

INTRODUCTION

The construction industry is adjudged as one of the areas of employment where hazardous conditions are part of the everyday working environment (Becca, Keller, Amit, Hughes, & Ferrett, 2015; Bomel, 2001; Hoonakker et al., 2005). The industry is said to be riskier than other industries, consequently people continue to be injured on construction sites (Aniekwu & Ozochi, 2010; Greuter et al., 2012). Thus health and safety (H&S) signs are used to create awareness on construction sites for the purpose of averting accidents and other construction mishaps (Health & Safety Executive- HSE, 2015). H&S signs are display in a workplace to inform and alert workers of the possible safety hazards and risks which they may be exposed to in their workplace (HSE, 2015; Talab, Meshkani, Mofidi, & Mollakazemiha, 2013). Thus the correct comprehension of these signs and symbols is very important for doing the necessary feedback in the specific situation which are described (Zamanian, Afshin, Davoudiantalab, & Hashemi, 2014). The concept of understanding how signs and symbols are used to convey information is termed semiotics (Huhtamo, 2003; Ogunmola, 2013). Semiotics is the science of the understanding of signs and symbols, and its interpretation; it guides one on how meaning can be created from a sign, as well as ensures how communication can be effective using signs and symbols (Lukianova & Fell, 2015; Phare, Gu, Williams, & Laughland, 2013). Hare, Cameron, Real, and Maloney (2012), reported that warning signs and symbol have been used extensively on construction sites, however little attention has been paid at understanding their effectiveness in enhancing H&S awareness. The National Safety Council (NSC) (2008) reported that misperception of H&S signs has resulted to lot of accidents on construction sites in developed and developing countries (BLS, 2016; General Organisation for Social Insurance (GOSI), 2015; Greuter et al., 2012; International Labour Organisation-ILO, 2017; Kukoyi & Smallwood, 2017).

In Nigeria, the fatalities recorded on construction sites are worse than what exists in developed countries due to lack of: concern, precise records, inadequate planning, H&S regulation enforcement, and H&S awareness among operatives (Idoro, 2008; Kukoyi & Smallwood, 2017; Windapo & Jegede, 2013). The Nigerian construction industry losses 5 – 7% of her workforce
annually to construction accidents (Olatunji, Aje, & Odugboye, 2007). According to Abdullahi, Anum, Adole, and Williams (2015), 76.40% of craftsmen in Nigeria had one form of accidents or the other on construction sites. However, most of the studies on H&S signs usability and comprehension (Chan & Chan, 2011; Chan, Han, Ng, & Park, 2009b; Talab et al., 2013; Zamanian et al., 2014; Zhang & Chan, 2013) were not conducted in Nigeria; studies conducted in Nigeria focused on signs and symbols as a communication strategy through a semiotic study of highway codes in Nigeria, and building construction workers’ health and safety knowledge and compliance on site in eastern Nigeria (Ogunmola, 2013; Okoye, Ezeokonkwo, & Ezeokoli, 2016). In spite of the significant findings from the aforementioned studies, this study did not find any research centered on exploring how semiotics can be applied to enhance H&S signs awareness on construction sites. Hence, this study investigated how semiotics can be applied to enhance operatives H&S awareness on construction sites in Yola metropolis of Nigeria, with a view to improving on H&S management that will curtail the occurrence of accidents on construction sites. Hence this study explore semiotics to assess contractors’ level of compliance with H&S signs requirements, and to investigate construction operatives’ level of comprehending H&S signs on construction sites in Yola metropolis of Nigeria.

LITERATURE REVIEW

Theoretical construct

This study is model on the theory of semiotics as advocated by Charles Sanders Peirce (1839-1914). According to Huhtamo (2003), semiotic is a field of research that studies signs as an essential part of cultural life and communication; semioticians affirm that, we can only know culture (and reality) by means of signs, through the processes of signification. Signs include words, gestures, images, sounds, and objects (Henley, Keddy, Kinsman, Muggridge, & Shields, 2015). In semiotics, the word sign has special meaning; for instance, flowers are a sign of affection, or symptom is a sign of illness in a sick person. Hence sign is something which stands for something (Crow, 2017). Peirce theory of semiotics conceptualized that a sign can only effectively communicate a message if the target audience for which the message is directed at understands the interrelationship between representamen (signifier), interpretant (signified), and the object within the context of a sign (Berger, 2004; Crow, 2017). Representamen, also referred to as the signifier, is the physical form a sign takes; it refers to what we see, touch and smell in the objective and shared reality. The representamen has been characterized as a concrete object, an abstract entity, or both (Pelc, 1981 in Noth, 1990). It is a particular physical event or object; it is a psychological imprint (Noth, 1990). According to Pierce, the representamen trigger’s in the observer’s mind another kind of mental sign of comprehending the intended message. This act is thus referred to as the interpretant (comprehension) (Huhtamo, 2003). The interpretant (signified), is the sense made of the sign; what we experience, think and feel about the form which a sign takes. While the object is the idea that the sign stands for. The sign stands for the referent in some respect, which is called ground (this somehow corresponds with ‘code’) (Crow, 2017; Huhtamo, 2003; Ogunmola, 2013). Thus for a sign to be effective in communicating a message to a person (subject) within the context of construction industry culture, the person must: recognize the form the sign takes (signifier; representamen), understands (interpretant) the message the signer is conveying (signified; comprehension), and acknowledge the idea in which the sign stands for; the purpose of the sign (Object).

Peirce’s classic semiotic model of representamen, interpretant, and object can be applied in the area of construction industry safety management culture to create H&S awareness, as a theoretical foundation for understanding how the triad of representamen (features of sign/compliance), interpretant (comprehension) and object (conceptual sense/meaning) works in conveying H&S signs messages. The frequency of adhering to safety signs on construction sites allow the mental images of the signs to be imprinted in construction operatives mind; thus serve as a medium of learning in understanding the physical nature of safety signs within the cultural setting of the construction industry (Ogunmola, 2013). Understanding how construction operatives react to safety signs will convey the message on how they comprehend safety sign (Huhtamo, 2003). Moreover, for the signer and the signified concept to be understood by the operative, the built environment must establish H&S culture using the three lower levels of the cognitive domain of Bloom’s Revised Taxonomy of Educational Objectives: remembering, understanding, and applying (Guthrie, 2010). Thus, there should be a mechanism that will influence operatives to remember the
physical nature of a safety sign (representamen) and to understand how to react to a safety sign. This will eventually enables an operative to apply the information from remembering and understanding to comprehends the sign (interpretant), consequently attains the purpose of the sign (object) (Guthrie, 2010; Lukianova & Fell, 2015). The two most accepted semiotic theories are from Ferdinand de Saussaure and Charles Sanders Pierce (Noth, 1990). However, this study adopted Pierce semiotic theory because it is an elaboration of the Saussure’s semiotic theory, and is more basic and essential than Saussure’s semiotic theory (Leeds-Hurwitz, 1993).

Conceptual Framework

This study adapts the revised concept of Bloom’s Taxonomy of Education by Lorin Anderson and David Krathwohl (Churches, 2009). The Taxonomy identify and examines stages at the cognitive domain from a lower order thing skills (LOTS) to higher order thinking skills (HOTS). These two levels are categorized in ascending order as:

**Lower Order Thinking Skills (LOTS)**
- Remembering
- Understanding
- Applying
- Analyzing
- Evaluating
- Creating

**Higher Order Thinking Skills (HOTS)**

Bloom’s Taxonomy depicts the process of learning. This concept is used in relation to creating H&S signs awareness among operatives on construction sites. The consistent compliance by construction contractors with the display of H&S signs on construction sites, will enhanced operatives remembering of H&S signs through recognition and identification.

![Figure 1: Creating H&S Awareness on Construction Sites (Adapted from Churches, 2009)](image)

And for the operatives to understand what this H&S signs stand for they must first of all remember. Thus this will enhance H&S signs comprehension among operatives. The operatives applying what he has recognize and identify as the various H&S signs will guide the operatives in acting safely on site. Hence, enabling the operatives to achieve the objectives of the signs; avoiding and curtailing construction sites accidents (Churches, 2009; Guthrie, 2010). This concept is shown in figure 1.

**Contractors Compliance with H&S Signs Requirements on Construction Sites in Nigeria**

Prior to the enactment of the Nigerian occupational health and safety (OHS) bill of 2012, the hazardous nature of construction sites in Nigeria was acknowledged to be worse than what is experienced in developed countries. This was attributed to lack of: concern, accurate records, and regulations on H&S (Idoro, 2008). The enactments of OSH bill (2012) heightened the hope of curtailing the hazardous nature of the Nigeria construction sites. However, the impact of the bill is yet to be felt due to inefficiency of the enforcement authority; thus key stakeholders pay less attention to OSH regulations (Umeokafor, Umeadi, & Jones, 2014). This implied that the poor enforcement of OSH bill encourage contractors to pay less attention to commit resources to
maintaining a healthy and safe construction work environment (Idoro, 2008). Compliance with H&S regulations will significantly reduce accidents as such many developed countries have legislation in place to ensure compliance (BRADY, 2017). Nigeria as a member country of ISO are required to comply with HSE regulations. The Nigerian occupational health and safety (OHS) bill of 2012 require contractors to ensure operatives are aware and understand risks and how they should be dealt with. It is clear that contractors have a responsibility to post safety signs in work areas where potential hazards exist and that all safety signs have to conform to the safety signs requirements; this requirements are meant to ease the comprehension of H&S signs in order to curtail the occurrence of accidents on construction sites (see Industrial Accident Prevention Association-IAPA, 2007; HSE, 2015).

**Construction Operatives Comprehension of H&S Signs on Construction Sites in Nigeria**

Safety signs in the workplace are effective in controlling workplace hazards. Correct interpretation of signs is vital, preventing injury and saving lives. Signs and symbols are widely used for transferring meaning in various scenarios (Talab et al., 2013). Furthermore, safety signs can be beneficial if they are diverse and attractive.

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<th>Authors</th>
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<td>42.70</td>
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</tbody>
</table>

Hence people should be able to understand these signs because in cases they do not understand the messages, they will not be able to recognize the dangers and take the necessary precautions (NSC, 2008). Zamanian et al. (2014), revealed that it is possible that signs may convey a different or inverse meaning. This is why signs are comprehended differently in various countries and regions (Piamonte, 2000; Shinar, Dewar, Summala, & Zakowska, 2003), and this could result in injury or loss of life (Lesch, 2003). According to the NSC, misperception is the third cause of accidents in the workplace, it is seen that in some cases attention is not paid and perception is presumed to be adequate (Lesch, 2008). It must be determined whether the signs have been comprehended correctly in different cultures (Piamonte, Abeysekera, & Ohlsson, 2001). Signs are considered acceptable when a level of at least 67% accuracy is obtained in a comprehension test (ISO 9186-1, 2014). The American National Standard Institute (ANSI) is stricter with a criterion of 85% accuracy (ANSI, 2011). Based on these criteria, studies have shown that lack of safety sign comprehension is a serious problem in many countries. Studies had shown differences in the rate of correct comprehension of different safety signs in different countries (see Table 1). The studies by Chan and Chan (2011) shows that safety signs have to be evaluated regarding their correct comprehension by people before use. The fact that safety signs used in Nigeria are adopted from other countries, where there are considerable differences in socio-economic, and educational conditions, necessitates an investigation into the level of construction operatives comprehension of H&S signs on construction sites in Nigeria.

**METHODOLOGY**

This study was conducted in Yola metropolis of Nigeria; the administrative capital of Adamawa State. The State is located in the north east of Nigeria. Literature were explored to understand what constitute compliance with H&S signs requirements and operatives comprehension of H&S signs on construction sites. Afterwards personal observation check list and questionnaire were designed to elicit data from respondents on contractors’ level of compliance with H&S signs requirements and construction operatives’ level of comprehending H&S signs on construction sites respectively. The
respondents comprised of construction professionals and construction operatives drawn from contracting and consulting firms which are involved in the management of 5 ongoing government building projects in Yola metropolis. The study adopted ISO (-9186-1) (2014) questionnaire for testing H&S signs comprehension. The questionnaire sought information on respondents’ profiles and comprehension of 15 selected safety signs: mandatory, prohibition, & warning signs respectively. The signs were placed on 8x8 colored, back labeled signs, glued on 15 A4 papers. Fifty two questionnaires from a sample frame of 60 were administered to construction operatives and construction professionals through stratified random sampling technique. The number of questionnaire distributed is in accordance with ISO (9186-1) (2014) requirement that a minimum of 50 questionnaires are to be used for H&S signs comprehension test. Data collected were analyzed using SPSS to conduct descriptive and inferential statistics. The level of contractors’ compliance with H&S signs requirements and construction operatives’ level of comprehending H&S signs were benchmarked on the acceptable ranges of ISO 3864 standard and ANSI Z535.3. Chi-square goodness-of-fit test were used to test 2 hypotheses that: there is low level of contractors’ compliance with H&S signs requirements, and construction operatives do not have adequate level of comprehending H&S signs on construction sites in Yola metropolis of Nigeria respectively.

RESULTS AND DISCUSSIONS

Responses and Respondents Demographic Profiles

Over 98% of the respondents are of the age of 31 years and above 50 years. This shows that most of the respondents are matured enough to be safety conscious. Ninety-five percent of the respondents are male while the remaining are female. This depicts the nature of the construction industry as a male dominated industry. Fifty percent of the respondents have a degree or higher degrees, while craftsmen who constitutes 50% of the respondents have their educational qualification distributed in the following order: no education (28.3%), primary education (3.3%), junior high school (5%), while those with secondary school education and diploma have 1.7% respectively. None of the respondents has any form of disability. Above 8% of the respondents are site managers, 33.3% are out-source consultant, while 8.3% are in-house consultant. This result revealed that these category of respondents are the one’s mostly affected by H&S on construction sites. About 87% of the respondents have over 10 years’ experience in the construction industry. The respondents have an average of above 12 years working experience in the industry. This shows that the respondents are experience in the industry to respond to the study of this nature.

Contractors Compliance with H&S Signs Requirements on Construction Sites

Table 1 depict the levels of contractors’ compliance with H&S signs requirements in 5 on going building project sites. Mandatory intrinsic features, and mandatory white pictogram record absolute compliance level with a mean scores 100% each, while appropriate colours, number and positioning of signs, use of portable warning, and permanently marked record scores of 80%, 80%, 60%, & 60% compliance level respectively. These results indicated a fair compliance level. However the table shows that the compliance with intrinsic qualities (40%), provision of signs (40%), appropriate signs (40%), prohibitory intrinsic features (40%), and prohibitory black pictogram (40%) record scores that depict least compliance level. More worrisome is the discovery of 0% compliance level of important H&S signs requirements such as training of employees, risk assessment, warning intrinsic features, and warning black pictogram respectively. The overall compliance level of the 5 sites observed was 45%; revealing a low level of compliance on the 5 sites. This result depicts that none of the sites observed meet the ISO 3864 and ANSI requirements level of 100% compliance. Moreover basic sign requirements such as “training of employees to be aware and understand the meaning of safety signs and signals either seen or heard during their work” were not strictly adhered to on construction sites and contractors don’t regard the risk assessment and safety statement when determining whether to provide a sign. Zamanian et al. (2014) opined that lack of the operatives training regarding the meaning of this sign could hamper operatives understanding. Thus revealing contracting firms laxity towards the use and training of operatives on safety signs on construction sites. The Chi-square goodness-of-fit test used to test the hypothesis that there is low level of contractors’ compliance with H&S signs requirements on construction sites in Yola metropolis at 95% confidence level records a p value of 0.419. This value is greater than 0.05, hence the null hypothesis was accepted in accordance with Pallant (2011) decision rule for hypothesis testing. This result
revealed that there is low level of contractors' compliance with H&S signs requirements on construction sites in Yola metropolis. This concurs with Umeokafor et al. (2014) study on compliance with occupational H&S regulations in Nigeria.

Table 1: Level of contractors compliance with H&S signs

<table>
<thead>
<tr>
<th>Sites</th>
<th>T</th>
<th>AC</th>
<th>Up</th>
<th>I</th>
<th>N</th>
<th>Pr</th>
<th>AS</th>
<th>R</th>
<th>Prm</th>
<th>PI</th>
<th>PBP</th>
<th>WIF</th>
<th>WBP</th>
<th>MIF</th>
<th>MWP</th>
<th>% LC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>x</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>v</td>
<td>v</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>v</td>
<td>v</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>x</td>
<td>v</td>
<td>v</td>
<td>x</td>
<td>v</td>
<td>v</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>v</td>
<td>v</td>
<td>46.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>x</td>
<td>v</td>
<td>x</td>
<td>v</td>
<td>v</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>v</td>
<td>x</td>
<td>x</td>
<td>v</td>
<td>v</td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>x</td>
<td>x</td>
<td>v</td>
<td>x</td>
<td>v</td>
<td>v</td>
<td>x</td>
<td>x</td>
<td>v</td>
<td>v</td>
<td>x</td>
<td>v</td>
<td>v</td>
<td>46.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>x</td>
<td>v</td>
<td>x</td>
<td>x</td>
<td>v</td>
<td>x</td>
<td>x</td>
<td>v</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>v</td>
<td>v</td>
<td>33.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% LC</td>
<td>0</td>
<td>80</td>
<td>60</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>60</td>
<td>40</td>
<td>40</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>100</td>
<td>45</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key: T-training of employees, AC-appropriate colours, Up-use of portable warning, I-intrinsic qualities, N-number and positioning of signs, Pr-provision of signs, AS-appropriate signs, R-risk assessment, Prm-permanently marked, P- prohibitory intrinsic features, PBP-prohibitory black pictogram, WIF-warning intrinsic features, WBP-warning black pictogram, MIF-mandatory intrinsic features, MWP-mandatory white pictogram, x-No, v-Yes

Construction Operatives Comprehension of H&S Signs on Construction Sites

Table 2 depict the responses of construction operatives’ level of comprehending H&S signs. It revealed that safety helmet must be worn, safety boot must be worn, wear reflective jacket, toxic materials, hand entanglement, no fighting, bad ladder, & bad scaffold recorded correct responses above 85%, thus meeting the benchmark of the ANSI (2011), and exceeding the ISO 3864 (2014) benchmark for H&S signs comprehension. However respiratory protection must be worn got a correct response rate of 75% which is below the ANSI benchmark but above the ISO 3864 benchmark. While response rates on the following signs: wear face mask (25%), no smoking (58.33%), electric shock (0%), biological hazard (0%), head obstacle (16.67%), and high speed (18.33%) were far below the ISO 3864 and ANSI benchmarks respectively. Thirty two percent of the responses on signs comprehension were incorrect, a negligible (0.4%) mean of the respondents confessed to not knowing the meaning of one sign or the other, while an average of about 2% of the respondents did not respond to the test. The study records 63.2% overall mean correct responses on comprehension of H&S signs. This result is far below the ISO 3864 and ANSI benchmark of 67% and 85% minimum level of H&S signs comprehension respectively. Scores for actions to be taken to meet H&S signs objective for wear helmet (100%), wear boot (100%), wear jacket (100%), no fighting (90%), bad scaffold (85%), bad ladder (88.33%), and hand entangle (91.67) attained the ISO 3864 and ASNI comprehensions benchmarks requirements. Though wear respiratory guard (75%) met ISO 3864 comprehension requirement but fall short of meeting ASNI requirements. Other responses to attain the objective of H&S signs were short of meeting ISO and ASNI comprehension requirements. Averages, responses on meeting the H&S signs objective is 63.2%, with a SD of 39.49%; thus indicating a very poor level of attaining the objective of H&S signs comprehension. Moreover the χ² goodness-of-ﬁt test to test the hypothesis that construction operatives do not have adequate level of comprehending H&S signs on construction sites in Yola metropolis record a ρ value of 0.056, hence the hypothesis was accepted, since the ρ value computed is greater than 0.05 at 95% confidence level. The level of safety signs comprehension in this study is higher than what was recorded in the studies conducted by Ward, Wogalter, & Mercer, (2004), Annie et al. (2011), Zamanian et al. (2010), and Annie et al. (2011), while it is lower than the comprehension level recorded by Manop (2001), and Liu and Hoelscher (2006). Though most of these studies were conducted outside the construction industry, this in contrast with this study that was conducted in the construction industry.
Table 2: Construction operatives level of comprehending H&S signs

<table>
<thead>
<tr>
<th>SN</th>
<th>SIGNS</th>
<th>Meaning</th>
<th>N</th>
<th>%</th>
<th>N</th>
<th>%</th>
<th>N</th>
<th>%</th>
<th>N</th>
<th>%</th>
<th>N</th>
<th>%</th>
<th>Action</th>
<th>IDK-i don’t know, NR-no response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wear helmet</td>
<td></td>
<td>60</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>60</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>Wear Respiration</td>
<td></td>
<td>45</td>
<td>75</td>
<td>15</td>
<td>25</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>45</td>
<td>75</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>3</td>
<td>Wear boot</td>
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<td>60</td>
<td>100</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>60</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>Wear facemask</td>
<td></td>
<td>15</td>
<td>25</td>
<td>30</td>
<td>50</td>
<td>15</td>
<td>25</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>25</td>
<td>30</td>
<td>50</td>
</tr>
<tr>
<td>5</td>
<td>Wear jacket</td>
<td></td>
<td>60</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>60</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>No smoking</td>
<td></td>
<td>35</td>
<td>58.33</td>
<td>20</td>
<td>33.33</td>
<td>1</td>
<td>1.67</td>
<td>4</td>
<td>6.66</td>
<td>35</td>
<td>58.33</td>
<td>20</td>
<td>33.33</td>
</tr>
<tr>
<td>7</td>
<td>No fighting</td>
<td></td>
<td>54</td>
<td>90</td>
<td>4</td>
<td>6.66</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>3.33</td>
<td>54</td>
<td>90</td>
<td>4</td>
<td>2.33</td>
</tr>
<tr>
<td>8</td>
<td>Electrical shock</td>
<td></td>
<td>0</td>
<td>0</td>
<td>45</td>
<td>75</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>25</td>
<td>0</td>
<td>0</td>
<td>45</td>
<td>75</td>
</tr>
<tr>
<td>9</td>
<td>Bad scaffold</td>
<td></td>
<td>51</td>
<td>85.00</td>
<td>8</td>
<td>13.33</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1.67</td>
<td>51</td>
<td>85.00</td>
<td>8</td>
<td>1.67</td>
</tr>
<tr>
<td>10</td>
<td>Bad ladder</td>
<td></td>
<td>53</td>
<td>88.33</td>
<td>5</td>
<td>8.33</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>3.33</td>
<td>53</td>
<td>88.33</td>
<td>5</td>
<td>2.33</td>
</tr>
<tr>
<td>11</td>
<td>Hand entangle</td>
<td></td>
<td>55</td>
<td>91.67</td>
<td>4</td>
<td>6.66</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1.67</td>
<td>55</td>
<td>91.67</td>
<td>4</td>
<td>1.67</td>
</tr>
<tr>
<td>12</td>
<td>Biological hazard</td>
<td></td>
<td>0</td>
<td>0</td>
<td>60</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>60</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>13</td>
<td>Toxic material</td>
<td></td>
<td>60</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>60</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>14</td>
<td>Head obstacle</td>
<td></td>
<td>10</td>
<td>16.67</td>
<td>50</td>
<td>83.33</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>10</td>
<td>16.67</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td>15</td>
<td>High speed</td>
<td></td>
<td>11</td>
<td>18.33</td>
<td>49</td>
<td>81.67</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>11</td>
<td>18.33</td>
<td>49</td>
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</tr>
<tr>
<td>Tot</td>
<td>Mean</td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Tot Mean</td>
<td></td>
<td>37.9</td>
<td>63.2</td>
<td>19.3</td>
<td>32.2</td>
<td>0</td>
<td>0</td>
<td>2.5</td>
<td>4.1</td>
<td>0.3</td>
<td>0.4</td>
<td>37.9</td>
<td>63.2</td>
</tr>
<tr>
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<td>Tot SD</td>
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<td>23.7</td>
<td>39.5</td>
<td>21.7</td>
<td>36.1</td>
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<td>0</td>
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<td>8.6</td>
<td>1.0</td>
<td>1.72</td>
<td>23.69</td>
<td>39.49</td>
</tr>
</tbody>
</table>

Key: C-correct, IC-incorrect, R-reverse, IDK-i don’t know, NR-no response
CONCLUSIONS AND RECOMMENDATIONS

Studies have shown that Nigeria construction industry record high incidence of accidents on construction sites. This is attributed to poor compliance with H&S signs and construction operatives’ poor comprehension of H&S signs on construction sites. Semiotics, which is concern with the study of how signs and symbols are used to convey information is not adequately explored. Hence, this study explore semiotics to assess contractors’ level of compliance with H&S signs requirements, and to investigate construction operatives’ level of comprehending H&S signs on construction sites in Yola metropolis of Nigeria. Literature review, personal observation, and questionnaire survey were employed for data collation. The study was descriptive and exploratory. Data were analyzed using descriptive and inferential statistics. Findings revealed that contractors’ compliance with H&S signs and their operatives’ comprehension of H&S signs are low when benchmarked against the ISO 3864 and ANSI H&S signs requirements respectively. This implied a decline in operatives’ productivity, increases expenses for the treatment of accident victims, and payment of more compensations for injuries suffered at construction sites in Nigeria. Hence the study recommends: contractors comply with H&S signs requirement in accordance with ISO and ANSI benchmarks, project consultants and professional statutory organization should enforce H&S signs compliance on construction sites, and contractors should periodically train and retrain their operatives’ on H&S signs comprehension.

REFERENCES


THE EFFECT OF LOCUS OF CONTROL ON POSITIVE PSYCHOLOGICAL CAPITAL

Hüseyin YILMAZ
İsmail ALİCİ
Osman YALıp

ABSTRACT
This study aimed to detect the effects of employees' perceived locus of control on their positive psychological capital. Data were collected from 167 store employees in retailing sector. According to result of the research, it was determined that there is a positive and significant relationship between employees' external locus of control and psychological capital. On the other hand, we found no significant relationship between internal locus of control and psychological capital. Results of regression analyses, it was found that external locus of control affects positive psychological capital positively.

Key Words: Locus of control, Positive Psychological Capital, Retailing Sector

INTRODUCTION
In this study, we examined the positive aspects of individuals and studied the psychological capital that focuses on their further development and progress, together with the locus of control, which means the source of behaviors exhibited by employees and how these behaviors affect them.

The importance of positive organizational behavior concepts for organizations is increasing day by day and many studies are examining them. It is necessary for managers to pay attention to the obvious aspects of employees' development while at the same time paying attention to the sources of their behavior. In examining the positive behaviors of employees, psychological capital is important both individually and organizationally. Besides, the source of the behaviors exhibited by the worker must be learned by the employers. Behaviors exhibited in the business environment can be a source of both success and failure. The values to which success or failure behavior is attributed can vary from person to person. Some people believe that they can control such behaviors and events, while others believe that they are unsuccessful (by linking the event to chance, destiny and et al.).

In many studies, it was seen that as the psychological capital of the employees increases, it is seen that they are happier and restful at the work place, and their contributions to performance and productivity increase (Avolio and Luthans, 2006; Akcay, 2011: 78-79; Çetin and Basım, 2012: 126). For this reason, in this study, the perception of locus of control, which is assumed to affect the psychological capital of the employees, was discussed.

THEORETICAL FRAMEWORK

A. Locus of Control
Rotter (1966) conceptualized the control focus as perceiving the relationship between individual behaviors and the consequences of these behaviors (Tosun et al., 2016: 84). According to this, the locus of control is defined as the tendency of an individual to tie events affecting him/her as good or bad to variables such as their own abilities, their fate, or other people they believe to be stronger than them (Rotter, 1966: 2). The concept of locus of control described in Social Learning Theory, and it can be measured and evaluated as a dimension of personality as a result of many researches, and as a result of these studies, control focus has become one of the fundamental variables of personality researches (Yalçın et al., 2010: 20).

The concept of locus of control focuses on the two dimensions of internal and external control, according to the meanings they place on the successes or failures of individuals (Kizanlıkli and Konaklioglu, 2016:175). In general, it can be said that individuals with internal locus of control are individuals who believe that they can organize the events around and that the change responds positively. For this reason, it was expected that individuals with an internal control focus may be individuals who have a high tendency to tolerance of uncertainty, and individuals with an external locus of control may avoid ambiguity (Tabak et al., 2010: 161). Consequently, individuals with an internal locus of control have believed that they have a say in their lives and believe that what they achieve in life is driven not by external factors but by their own decisions (De Vries and Balazs, 1999: 664-665). Individuals with a low internal locus of control are said to have the capacity, attributes,
and beliefs as much as they are capable of directing their behavior and expecting to obtain results (Rotter, 1966: 1; Rotter; 1990: 489; Chen and Silverthone, 2008: 573).

According to Rotter (1954), individuals with an external locus of control have thought that reinforcements are in control of fate, luck, or some forces outside themselves (Sahin et al., 2009: 155). As a more general definition, the focus of external control is defined as the belief that the events and consequences of the individual are shaped not by their own behavior, but by the forces external to them (fate, luck, authority, etc.) (Rotter, 1966: Rotter, et al., 1972: 261). Individuals with external locus of control have more passive attitudes towards their problems and do not make much effort to ensure that there are no interpersonal relationships (Morry, 2003: 495). Individuals with an external locus of control often regard change as a threat. Because they believe that the forces that affect their lives are not under their control, they are taking steps to change and prefer to be passive (De Vries and Balazs, 1999: 664-665).

B. Positive Psychological Capital

Theoretical basis of the psychological capital is based on positive psychology and positive organizational behavior. Positive psychological capacities satisfy the criteria for performance, while positive organizational behaviors are expected to have a significant influence on job outcomes (Luthans et al., 2007). There are many studies about the effect of the concept of "psychological capital" which is defined as the applications of human resource potential and psychological capacity that can be measured, improved and effectively guided for performance improvement in today's workplaces to the attitudes and behaviors of employees (Keles, 2011: 343).

Primarily, while human and social capital are now thoroughly noticed and well-studied, psychological capital overlaps human and social capital. The psychological capital can be used to obtain a competitive advantage through investment/development of "who you are" and "what you can become in terms of positive development" (Avolio and Luthans, 2006). Moreover, studies in the field of positive psychology in the last years of the 20th century have directed Fred Luthans to take into account how this positive point of view can be adapted to organizational behavior. Luthans pointed out that a positive approach at a micro level can enhance the strengths and psychological capacities of organizations in order to improve their performances (Akcay, 2011: 78-79). Moreover, psychological capital ensures some utilities on individual and organizational politics. Psychological capital is a psychological resource that may encourage growth and performance at the individual level. At the organizational level, alike to human and social capital, psychological capital may meet leverage, return on investment, and competitive advantage through improved performance (Luthans et al., 2005).

Psychological elements to be measured, developed and governed within the context of positive organizational behavior have been instrumental in the introduction of the concept of "psychological capital" in addition to traditional forms of capital (Akcay, 2012: 125). In this context, psychological capital can be seen as a central structure in which organizations can develop their business power and invest in order to increase their performances and gain competitive advantage by putting a new point of view on organization management (Çetin and Basım, 2012: 126). The positive psychological capital that goes beyond human and social capital can be better recognized and used to come from the power of the great competition that the human factor will be faced with now and in the future by organizations (Luthans, et al., 2004: 49).

Luthans (2007) emphasized that psychological capital is consisted of four sub-dimensions. These sub-dimensions are hope, self-efficacy, optimism and psychological endurance, respectively (Luthans, et al., 2007: 10). According to Luthans and colleagues (2010), the four sub-dimensions of psychological capital can be summarized as follows (Erdem et al., 2015: 41-42):

- **Hope:** Going forward with determination to achieve the goal, looking for alternative ways.
- **Self-efficacy:** The belief in his/her self-abilities in order to accomplish difficult tasks, and his/her efforts in this direction.
- **Optimism:** To have a positive perspective to be successful now and in the future.
- **Psychological Resilience:** Even if surrounded by negativities, the individual will continue to recover for success.

The important two variables of this study, locus of control and positive psychological capital, has been studied together by the restricted number of researches in the literature. Although the
locus of control and positive psychological capital are theoretically considered as variables that increase the organizational and individual performance (Luthans et al., 2007), it has seen that there are very few empirical studies in which these two concepts are evaluated together. Erdem and colleagues (2015) was deduced that internal locus of control has positively affected psychological capital. On the other hand, according to Cetin and colleagues (2013), it was concluded that internal locus of control has an effect on positive psychological capital and there are the mediator effects of the locus of control influencing the relations between supportive organizational culture and psychological capital.

Based on the results seen from the above studies and the literature, the following hypotheses were developed in our study:

**H1:** The internal locus of control affects the psychological capital.

**H2:** The external locus of control affects the psychological capital.

**METHOD**

**A. Sample and Procedures**

The study sample consisted of store employees in retailing sector in an urban area in Turkey. A questionnaire including the scales was formed to collect data from a sample of 175 store employees in retailing sector. In terms of data losses and extreme data 8 of the questionnaires were excluded from the analysis. Thus, the study sample consisted of 167 employees. Participants’ age was in the range from 18 to 57 years with an average of 28 years. 102 of them (61%) were male, and 86 of them (52%) were single. 85 of them (51%) worked less than one year in their workplace.

**B. Measures**

Original measures translated from English to Turkish. All the questionnaire items were on a 5-point Likert scale ranging 1 (strongly disagree) to 5 (strongly agree). We used psychological capital scale developed by Luthans et al. (2007) and validated to Turkish by Cetin and Basım (2013). While original psychological capital scale is consisting of 24 items, Cetin and Basım (2013) validated the scale to Turkish with 21 items. This scale measures hope by 6 items and self-efficacy by 6 items, optimism by 4 items and psychological resilience by 5 items. Locus of control was assessed with 13 items scale developed by Bilgin and İftar (1998). This scale measures internal locus of control by 8 items and external locus of control by 5 items. While the coefficient alpha reliability was founded 0.91 for psychological capital scale, this value was calculated for internal locus of control as 0.88 and for external locus of control as 0.70. So, all measures displayed good reliabilities.

**C. Results**

Descriptive statistics for the variables and intercorrelations among the variables are presented in Table 1. The internal locus of control, external locus of control and psychological capital averages’ of participants were found 2.81 (sd=1.04); 3.60 (sd=0.79) and 3.77 (sd=0.69) respectively. The results indicate that majority of participant had the tendency to perceive psychological capital more than locus of control.

According to the results generated from Table 1, external locus of control was positively and significantly correlated with psychological capital (r= .588*). On the other hand, there is not a significant correlation between internal locus of control and psychological capital.

| Table 1 Descriptive Statistics and Inter-Correlation Matrix |
|----------------|-----|-----|-----|-----|-----|
|                | Mean | SD  | 1   | 2   | 3   |
| 1 Internal Locus of Control | 2.81 | 1.04 | -   | -   | -   |
| 2 External Locus of Control  | 3.60 | .79  | .062| -   | -   |
| 3 Psychological Capital      | 3.77 | .69  | -.075| .588**| -   |

*p<0.05, **p<0.01, n=167.
In variance analyses, there is a difference determined between employees’ genders and their psychological capital perceptions. The results of t test were shown in Table 2. According to the independent sample t test results, it was obvious that female employees’ psychological capital levels are higher than male employees. (t= -3.400; p<0.01).

<table>
<thead>
<tr>
<th>Gender</th>
<th>Mean</th>
<th>SD</th>
<th>df</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>3.6329</td>
<td>.74611</td>
<td>163.242</td>
<td>-3.400</td>
<td>0.001</td>
</tr>
<tr>
<td>Female</td>
<td>3.9941</td>
<td>.52629</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To test hypotheses of the study, regression analysis was conducted. By the regression analysis it was examined the effects of internal and external locus of control on psychological capital perceptions. The internal locus of control wasn’t included in regression analysis because it wasn’t significantly a correlation between it and psychological capital. Therefore, it was analyzed that external locus of control accounted for approximately 34% of the total variance of psychological capital, and it effects the psychological capital positively (β= 0.647**, p<0.01). According to the Tolerance and VIF values there is no multi-collinearity problem.

According to the results obtained, H1 was rejected, while H2 hypothesis was supported. Results of the regression analysis were showed in Table 4.

<table>
<thead>
<tr>
<th>External Locus of Control</th>
<th>R²</th>
<th>F</th>
<th>t</th>
<th>β</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.34</td>
<td>87.333</td>
<td>9.345</td>
<td>0.647**</td>
<td>0.000</td>
</tr>
</tbody>
</table>

*p<0,05, **p<0,01; n=167.

CONCLUSION

In this study, it was researched whether there is an effect of locus of control on psychological capital of the employees in the retail sector and the levels of psychological capital and locus of control.

When this study findings are examined, it has seen that the majority of market employees have an external locus of control. There is a statistically significant and positive relationship between the external locus of control and psychological capital levels of the market employees. On the other hand, there was no significant relationship between internal locus of control and psychological capital. For this reason, only the second hypothesis was supported.

Accordingly, the level of psychological capital of external locus of control individuals was found to be higher. This result, which is obtained from the research, is in parallel with the opinion expressed by Van Der Zee (1997) that individuals who have an external locus of control will feel better psychologically.

There is a general lack of research in the retail sector and this lack is one of the limitation of our study. Research findings include employees of markets operating in the Tokat province. Therefore, it was considered that more healthy results will be achieved by carrying out in a larger sample group.

REFERENCES


ROLE OF INTERATIONAL QUALITY IN BUILDING EMPLOYEE CUSTOMER REALTIONSHIP: AN EMPIRICAL EVIDENCE FROM INSURANCE SECTOR

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Abstract
This study seeks to model and empirically investigate the key cognitive variables (role overload, adaptive selling behavior) on outcome variables (interactional quality, customer satisfaction, service performance). Seeing that the said aim, current theoretical model is rooted on the reflections of cognitive energetically theory, cognitive emotional theory and emotion action theory is developed. A survey questionnaire on the bases of well-established measurements from the previous research studies is adopted. Subject of the study is insurance sector. Data is collected with the help of random sampling. Using structural equation modeling model, a total of 317 survey responses from insurance sector were used to empirically test the measurements and propositions. The findings are in support of a significant model and proposed relational paths. In general results revealed that role overload and adaptive selling behavior lead towards customer satisfaction, service performance through interactional quality. This research offers a number of academic and practical implications. The main implication of this research is the extension in conceptual research of marketing literature by providing empirical evidence regarding employee-customer relationship. Managers should recognize that frontline employees, whether they simply interact or actually render the service are the central actor in delivering better quality services that resulted in customer satisfaction. A number of academic as well as managerial implications are proposed and discussed.

Key words: Interactional quality, adaptive selling behavior and Service performance

Introduction
Interaction quality is vital and fundamental component in marketing. Many previous researches on interaction quality have been conducted. For instance, from defining and measuring outcomes of interaction quality and examining relationship among interaction quality and other constructs in the insurance sector. However, not many studies have been conducted to identify the relationships of interaction quality, adaptive selling behavior, role overload, customer satisfaction.

The cognitive energetically theory (Robert & Hockey, 1997) proposes that role overload has an impact on employees discipline and on employee harmony at workplace. It also not only reduce their obligation and apprehensions towards their organization. Moreover it also direct towards poor quality of service delivery and then customer disappointment and eventually poor financial performance (Chi and Gursoy, 2009; Jones et al., 2007; Cobanoglu, 2017).

Extending the prior studies, this study develops a framework and empirically test hypotheses. In additional investigates the associations between roleoverload, adaptive selling behavior, customer satisfaction, and service performance and mediating role of interactional quality. Our study contributes in the marketing literature for better understanding. First, it addresses the employee issues for successful services by developing a nested frame work (Kim, 2017; Ostrom et al., 2015). Data collected from three sources: employees, customers and corporate records. This study also expand previous study by investigating the mediating impact of interaction quality (Agnihotri et al., 2017; Ranawera &Menon, 2018).

Employee actions leave impact on the customer during service delivery. Moreover customer satisfaction depends on the employee customer interaction. So, researcher investigates the impact of role overload on interaction quality in a service sector.

In additional many previous studies investigate numeral linkages in the service profit chain but several studies do not observe the results of self-efficacy as a moderating variable. Fourth, our study examines the self-efficacy in the relationship between adaptive selling behavior, role overload and service interaction quality.
In the second section researcher explain incorporated model and related literature that leads towards our detailed research hypothesis. Moreover, discussed the method and also discussed results of the empirical study we accomplish in Gujarat. At the end we conclude the paper with the implications. In additional also discussed results of the study and describe suggestions for further research.

This research aimed to interaction quality achieved by the organization and what factor involved in making interaction quality because it leads towards the customer satisfaction and service performance. This research identifies the adaptive selling behavior, role overload and self-efficacy major content for interaction quality.

Most of that research has been undertaken within banking sectors or hotels. Since antecedents and outcomes of interaction quality: moderating role of self-efficacy there is a need to address this gap and to develop greater understanding of issues relating to interaction quality (Agnihotri et al., 2017, Jung et al., 2017).

This study seeks to present an incorporated model that clarifies the relationships between adaptive selling behaviors, role overload, service interaction quality, customer satisfaction, and services performance.

**Literature Review**

**Role Overload**

Inspired and contented forefront staff are mandatory to assist customers well, form a strong relationship with them and achieve competitive advantage over others in a service industry (Auh et al., 2017). The demand accompanying with their works can may causes a feeling of pressure that can unpleasantly disturb the frontline staff from the execution of expected roles.

Alongside the role battle and role vagueness and role excess (Van Sell et al., 1981) described is one of the three varieties of job pressure in structural situations (Singh, 1998; Chiu et al., 2015). Abstractly diverse since the additional role pressure, role overload includes circumstances where staffs observe themselves under time burden due to the amount of guarantees and accountabilities they contain in their subsists (Lin & Ling, 2017; Brown et al., 2005).

Being an interference stressor, role overload obstructs employees' individual expansion as well as their aptitude to execute successfully (Matthews et al., 2014). This averts them as of pleasingly accomplishment there in role everyday jobs directing to deprived interaction quality. Numerous investigators have described that role overload is the influential aspect in the worker's job stress, exhaustion, and weariness (Gurbuz et al., 2013; Mulki et al., 2008).

**Interaction Quality**

Dearth of literature explains customer perceived service quality recommend two schools of thoughts. One of the major thought is North American. North American school of reflection pedestal on Dagger et al. (2007). Modern studies proposes that the supposed worth of characteristic interactions regulates how glowing services is distributed (Leisen Pollack, 2008; Brady & Cronin, 2001) and the general consumer estimation of the services (Auh, 2005).

Furthermore, while interaction quality is determined by employee’s assertiveness, conducts, capability, corporeal surroundings quality and ending quality are featured to service scape, tangibles and social factor (Brady & Cronin, 2001).

According to the Ekinci and Dawes, (2009) thus, communication quality signifies the instants of fact in employee and customer boundary. Previous studies too struggles that forefront workers' attitude, services, and performance established in the form of body signs, position, grins, body, facial expression, way of communication and physical appearance stimulus customers valuation of service quality. Lin & Lin (2011). Staff facing the role overload may exhibit undesirable approaches and sentiments that can be experimental and assessed by clients in a service exchange.

**Adaptive Selling Behavior**

Adaptive selling denotes to the modification of vending behaviors to fit customers’ needs and expectations (Weitz, Sujan, & Sujan1986). At most basic level, adapting to the sales condition contains the ordering of one goal over another – be it satisfying distressed customer, varying
emphasis to change a sale, etc. When salespeople acclimate their strategy, they change their interior goal ladder (Park & Holloway 2003) to make one goal more noticeable than another.

Support by recent studies the optimistic consequences that adaptive selling can have on diverse amount of customer satisfaction Román & Martin (2014). In additional satisfaction with the service/product and satisfaction with suppliers (Román & Iacobucci 2010)

\[ H_1: \text{Adaptive selling behavior will have positive effect on interaction quality.} \]

\[ H_2: \text{Role overload will have positive effect on interaction quality.} \]

**Interaction quality and customer Satisfaction**

Existing literature classifies two key kinds of customer satisfaction. One is transaction specific and overall satisfaction (Dufour, 2017 & Jones & Suh, 2000). Transaction specific satisfaction is the situational buying assessment of a distinct practice by the service supplier. Gelbrich & Roschk, 2011 describe it includes quantifying the consumers satisfaction directly following all service happenstance. Overall satisfaction is approvable notes to the customers assessment of all happenstances and practices with the supplier. We interpret in this study that customer satisfaction as the proceeding come across to the service provider. Earlier studies demonstrate that customer satisfaction has an influence on monetary outcome for instance stock performance, sales enactment customer share, and firm effectiveness (Keininghamet al., 2005; Eisingerichet al., 2014).

Hill and Alexander, (2000) customer satisfaction decreases the costs related with future dealings as fulfilled clients are probably loyal and lesser are defenseless and move toward by participants. Moreover, the customer’s who are satisfied; revisit to the association that pleased them and this reappearance actions boost their rank of procurements.

\[ H_3: \text{Interaction quality will have positive effect on customer satisfaction.} \]

**Interaction quality and service performance.**

Solomon (2009) interaction quality is one of the things that consumers look for in an offer. when services happen to be one. Quality may also be described as the entirety of traits. Moreover quality is the characteristics of a service and products that stand on its aptitude to satisfy indirect needs and demands (Kotler et al., 2002). It is obvious that quality is also connected to the value of an offer, which could remind dissatisfaction and satisfaction on the part of the customers or user.

An assessment of how well a service employee delivers in-role service performance to customers (Menguc et al., 2016).

\[ H_4: \text{Interaction quality will have positive effect on service performance} \]

**Customer satisfaction and Service performance**

Customers satisfaction arises when perceived performance of services or product meet customers past expectations” (Oliver, 2010). Those who purchase goods or services provided by corporation are customers. Personnel feeling of pleasure or displeasure which resulted from evaluate a products perceived performance against his/her expectations (Kotler & Keller, 2006).

If customers agree that they are satisfied. Moreover also give the reasons for satisfaction as service performance. Then service performance has positive relationship with customer satisfaction, then a end result could be drawn that service performance has a significant relationship with customer satisfaction and with service performance dimensions.

\[ H_5: \text{Customer satisfaction will have positive effect on service performance} \]

**Conceptual Frame work**
Methodology

A quantitative research method was designed to empirically examine the theoretical model and to examine the relational paths. Survey questionnaire was employed to collect data from the sample, questionnaire was developed by adapting scale from the existing literature. A total 317 responses were collected from insurance sector. Demographics show the characteristic of the respondents and structural equation modelling was implemented to check the reliability and validity of the scale, as well as examining the hypothesized relationship between variables.

Data collection and sample

Data were collected from three sources. Three sources namely as branch employees, branch customers and corporate record. All the participating branches employees of the insurance company who directly dealt with customer complaints were requested to complete the survey. In additional 317 questionnaires were distributed among customers employees.

Measures

The measure for adaptive selling behavior was adapted from Spiro and Weitz (1990). Role overload was measures via a 3-item scale adapted from Beehr et al. (1976). Researcher use 5-pointLikert scale. Work related efficiency was measures using 3-item scales adopted from Spreitzer (1995). Interaction quality was measures via a 5-items scale adapted from Cronin et al. (2000). Customer satisfaction was measures via 3-items scale adopted from Brady and Cronin Jr. (2001). Finally, service performance of each branch was measures via a 5-item scale adopted from (Liao & Chuang, 2004).

Data analysis

Descriptive statistics

Descriptive statsitstics and correlation coefficients were estimated for the overview and relationship of study variables respectively. The results shown in Table1 illustrate that correlation exist between variables. Results revealed that mean for all study variable ranged between 3.24 to 3.36 with standard deviation ranging between .75 to .98. Furthermore, for skewness and kurtosis values ranged between .263 to -.53 and .168 to -.03 respectively fall with the criteria of normality of the data that is ±3.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. Dev</th>
<th>SKE</th>
<th>KURT</th>
<th>RO</th>
<th>ASB</th>
<th>TQ</th>
<th>SAT</th>
<th>SPEF</th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td>3.24</td>
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<td>263</td>
<td>168</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASB</td>
<td>3.23</td>
<td>0.98</td>
<td>-0.53</td>
<td>-0.41</td>
<td>.580**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TQ</td>
<td>2.98</td>
<td>0.51</td>
<td>-0.27</td>
<td>0.34</td>
<td>.337**</td>
<td>.624**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAT</td>
<td>2.50</td>
<td>0.62</td>
<td>-0.16</td>
<td>-0.419**</td>
<td>.288**</td>
<td>.449**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SPEF</td>
<td>3.36</td>
<td>0.54</td>
<td>-0.12</td>
<td>0.03</td>
<td>.623**</td>
<td>.404**</td>
<td>.679**</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Note: ** Correlation is significant at the 0.01 level (2-tailed); *. Correlation is significant at the 0.05 level (2-tailed).

Common method Variance

Results of common variance bias are shown in Table 2. Results show that the percentage of variance explained by first factor is accounted for 27% which is less than 50% suggested by Podsakoff, MacKenzie, Lee and Podsakoff, (2003). Thus results were in favor of data which is free from common method biases.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Initial Eigen values</th>
<th>Extraction Loadings</th>
<th>Rotation Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative %</td>
</tr>
</tbody>
</table>

Note: Extraction Method: Maximum Likelihood.

Test for Multi-Collinearity
Table 3: VIF for latent and observable variables

<table>
<thead>
<tr>
<th></th>
<th>RO</th>
<th>ASB</th>
<th>ITQ</th>
<th>SAT</th>
<th>SPERF</th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td></td>
<td></td>
<td>2.851</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASB</td>
<td></td>
<td></td>
<td>1.571</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITQ</td>
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<td></td>
<td></td>
<td>1.403</td>
<td>1.970</td>
</tr>
<tr>
<td>SAT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

Measurement model

Measurement model was estimated to test the validity of model measurers. AMOS and SPSS 20 used to conduct the analysis. Before estimating structural model measurement model was estimated and re-specified it for model fit threshold (Anderson & Gerbing, 1988; Sethi & King, 1994). Measurement model was estimated on the bases of Goodness of model fit (χ2/df, GFI, AGFI, NFI, CFI, RMSEA), average variance extracted greater than 0.5 or .4, composite reliability greater than 0.7 and Cronbach’s alpha greater than 0.7 (Chung et al., 2017). Result of model fitness, reliability and validity of the scale illustrated in table 4. According to the model fitness indices (CMIN = 412.850, CMIN/df = 1.613, p ≤ 0.00; df = 256, GFI = .909, AGFI = .885, NFI = .915, CFI = .965, RMSEA = 0.044, RMR = .025) measurement model emerged statistically fit.

Results were in support of convergent validity, discriminant validity, internal consistency reliability and consistent with the prescribed criteria of Fornell and Larcker, 1981. Alpha values, AVE and CR were exceed the cutoff point of .70, .50 and .70 respectively (Hair, Black, Babin, Anderson and Tatham, 2013).

Table 4 Results for the reflective measures composite reliability (CR), average variance explained (AVE) and Cronbach’s alpha,

<table>
<thead>
<tr>
<th>Factor</th>
<th>Estimate (Reflective measure)</th>
<th>No of Items</th>
<th>CR</th>
<th>AVE</th>
<th>Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td>(.64 - .73)</td>
<td>3</td>
<td>.71</td>
<td>.46</td>
<td>.698</td>
</tr>
<tr>
<td>ASB</td>
<td>(.68 - .76)</td>
<td>3</td>
<td>.79</td>
<td>.56</td>
<td>.784</td>
</tr>
<tr>
<td>ITQ</td>
<td>(.60 - .75)</td>
<td>5</td>
<td>.83</td>
<td>.50</td>
<td>.823</td>
</tr>
<tr>
<td>SAT</td>
<td>(.73 - .76)</td>
<td>3</td>
<td>.79</td>
<td>.56</td>
<td>.780</td>
</tr>
<tr>
<td>SPEF</td>
<td>(.67 - .78)</td>
<td>6</td>
<td>.85</td>
<td>.50</td>
<td>.846</td>
</tr>
</tbody>
</table>

CMIN = 412.850, CMIN/df = 1.613, p ≤ 0.00; df = 256, GFI = .909, AGFI = .885, NFI = .915, CFI = .965, RMSEA = 0.044, RMR = .025

Figure 1. Measurement Mode
The discriminant validity is asserted with the help of the Fornell–Larcker criteria. Discriminant validity is the measure to estimate the difference between latent variables and ensure that each variable explain represented different phenomenon in theoretical model. The Fornell–Larcker establishes discriminant validity by comparing square root of AVE for each latent variable and correlation among latent variables. All results in favor of discriminant validity.

Table 5: Results of the Fornell–Larcker validation

<table>
<thead>
<tr>
<th>Variables</th>
<th>AVE</th>
<th>SQRT (AVE)</th>
<th>RO</th>
<th>ABS</th>
<th>WRSE</th>
<th>ITQ</th>
<th>SAT</th>
<th>SPEF</th>
</tr>
</thead>
<tbody>
<tr>
<td>RO</td>
<td>.46</td>
<td>.68</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASB</td>
<td>.56</td>
<td>.75</td>
<td>-.580**</td>
<td>.75</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WRSE</td>
<td>.72</td>
<td>.85</td>
<td>-.557**</td>
<td>.04</td>
<td>.04</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITQ</td>
<td>.50</td>
<td>.71</td>
<td>-.337**</td>
<td>.624**</td>
<td>447**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAT</td>
<td>.56</td>
<td>.75</td>
<td>-.419**</td>
<td>.288**</td>
<td>250**</td>
<td>.449**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SPEF</td>
<td>.50</td>
<td>.71</td>
<td>-.623**</td>
<td>.404**</td>
<td>580**</td>
<td>.679**</td>
<td>.549**</td>
<td>.71</td>
</tr>
</tbody>
</table>

Note 1: Values in parentheses “( )” are the square root value of AVE of given variables.
Note 2: ** p < 0.05

STRUCTURAL MODEL
For hypotheses testing structural model was estimated the specification of the model is illustrated in Figure 2. In structural model role overload, adaptive selling behavior, interactional quality, satisfaction and service performance were specified as exogenous variable.

Table 6 Statistical analysis of path coefficients

| ITQ ← RO   | -.15  | -5.46  | ***   |
| ITQ ← ASB  | .61   | 10.61  | ***   |
| SAT ← ITQ  | .49   | 5.89   | ***   |
| SPEF ← ITQ | .69   | 7.87   | ***   |
| SPEF ← SAT | .29   | 4.31   | ***   |

Note: CMIN = 275.865; CMIN /df = 1.67, p ≤ 0.00; df = 165, GFI = .93, AGFI = .90, NFI = .90, CFI = .96, RMSEA = 0.046, RMR = .079
This study probe into the relationship between role overload, adaptive selling behavior, interaction quality, customer satisfaction, service performance by developing a theoretical model and empirically tests it. This study theoretically probes and empirically investigates. A role overload and service that presents a role overload manipulates service performance. Moreover integrates and unites employees’ role overload and adaptive selling behavior to service interaction quality, also recognize customer’s perception of interaction quality as central mediators of service performance. The model is empirically tested for insurance sector. The estimated results ensure the validity of measure and are in line with the past studies. All six hypotheses were supported by the data.

Limitations and Future Recommendations

Certain issues may delimit generalizations of our study regardless of contributions. First, this study was carrying out in insurance sector. Thus, replications are required in other industries like banks and restaurants industries for definite generalizations. The design of our study was the cross-sectional. However, role overload and its effect on interaction quality may not emerge directly. Thus, to get more insight regarding role overload and interactional quality a longitudinal study may be helpful. Moreover, Further research may investigate other latent factor, emotion regulation and service climate, for better understanding (Wang 2009; Karatepe &Aga, 2016).

Conclusion

The findings suggest that interaction quality is essentially the result of role overload and adaptive selling behavior. As concluded from the different paths in model interaction quality have greater positive effect on the role overload than adaptive selling ,customer satisfaction and service performance and is consistent to previous researches (jauhari 2017).From the results it is predicted that customers expect quick responses to their complaints. If company facilitates contact with
customers who have a complaint and treat them well with extra care it results in customer satisfaction. Another finding is more positive effect of interaction quality value on the role overload. This result might be trait of the further industries such as banks. In banks people want more pleasure and enjoyable experience. Moreover, this is new example to researchers of how considerate the effect of interactional quality on role overload, adaptive selling behavior and then effect of interactional quality on CS and service performance. The findings provide numerous managerial implications. It helps mangers to recognize how the key outcomes of interactional quality are shaped, and then potentially how to get better accomplish those. The mangers should focus on role overload and adaptive selling behavior to give customers satisfaction and service performance. To avoid the service failures and improve recovery processes the employees address complaints in an effective way. It can positively influence the perception of interactional quality.

In order to increase the perception of fairness, more focus on role overload to the employee is suggested.

References


ABSTRACT

e-Government is often hailed by both scholars and practitioners as a tool for reforming the service delivery system in the public sector. Governments around the world aimed to modernize and reform their public sector with the use of Information and Communications Technologies (ICTs) to attain greater efficiency in public sector. The benefits of e-Government are numerous and yet is faced with implementation challenges and barriers especially in developing countries. For developing countries especially those in Africa, it is important to know their e-Readiness and draw lessons from the success and failure of the various e-Government projects in both developed and developing countries. Current knowledge in e-Government is mainly based on research done in developed countries. Although this might have been a great learning process for developing nations but often cultural, institutional, ICT infrastructural and economic factors are neglected and as a result lead to many e-Government projects being failed. Using exploratory method, data has been collected for this study from secondary sources.


INTRODUCTION

Electronic government (shortly e-Gov) has been one of the buzzword of recent times. In fact, e-Gov is the innovation of the 21st century. This is because many governments around the globe are reforming their service delivery system via the use of Information and Communications Technologies (ICTs) to attain greater efficiency in public sector. While e-Gov aimed at modernizing and reforming public administration (for example, see, Azab et al., 2009; Becker et al., 2004; Al-Khoury, 2011), the promises would be of great benefit to world governments. To some scholars, the benefits of technological innovations allow overcoming the inefficiency, to achieve optimal governance results, providing new opportunities for Non-Governmental Organization (NGOs), businesses and public institutions interaction, governance transparency, clearer decision-making (Saparniene, 2013).

However, it appears that developing nations continue to struggle with ICT revolution while developed economics have already started bearing fruit of e-Gov (Verma, 2005). For developing countries especially those in Africa, it is important to know their e-Readiness and draw lessons from the success and failure of the various e-Gov projects in both developed and developing countries.

The objective of this study is to evaluate the main drivers and challenges of e-Gov development in developing countries. The current status and future direction of e-Gov shall also be explore. Developing countries especially those in Africa are facing serious limitation with regards to e-Gov development while developed countries reap the potential benefits of e-Gov. To this end, this paper seeks to answer two main questions: what are the prospects and constraints of e-Gov development in developing countries? What does the future hold for e-Gov development in developing nations?

Digital government enhances democracy but (in a democratic societies) when a government becomes irrelevant, it loses its effectiveness to govern. This technological revolution is no longer an option but a necessity for world governments aiming for better governance and economic development. Big governments are characterized with wastefulness, ineffectiveness, coupled with bureaucrat’s unwillingness to open and give information (Stahl, 2005). However, e-Gov aimed at reforming the traditional way of doing things in public sector, to enhance better service delivery and promote efficiency.

A reminder that this study is divided into two main parts. The first part deals with barriers and drivers of e-Gov development in developing world. Here factors that spur the development of e-Gov and those that hinder will be explored. The second part shall focus on e-Gov current status and future direction in developing nations. The paper is concluded with some policy recommendations and future research areas.
DRIVERS AND BARRIERS OF E-GOVERNMENT IN DEVELOPING WORLD

Much has been said and written about e-Gov in transforming relations among government institutions, businesses and citizens through the use of ICT. Many are limited in scope and are not comprehensive, while others face the issue of finance. Although the benefits of e-Gov are overwhelming but much of these goals were far reach for many developing countries especially those in Africa. e-Gov development in developing countries is affected by a number of factors. Among the factors include e-Readiness, digital gap, political and bureaucratic support, trust and reliability of data, etc.

One of the fundamental drivers of e-Gov is political and bureaucratic support without which e-Gov policies is likely to failed. Much of the literature see IT as an instrument of administrative reform and that IT has the potential for dramatically changing organizations (see, Torres et al., 2005). For example, Singapore though limited in natural resources but exploit the potentials of ICTs in transforming her economy and hence national development (Chua, 2012). Electronic government and e-governance has become an integral part of public administration reforms around the world and for this to be realized, political will is of essence—because it affects adoption and enforcement rates of e-Gov projects. For example, Heeks and Santos (2009) argued that poor adoption rates could be blamed for some e-Gov project failures. e-Gov systems therefore face enforcement challenge. They explained further by arguing that e-Gov adoption involves two groups of actors with potentially differing interests—that is, innovation designers and bureaucrats. Literature on e-Gov adoption in developing countries in general and specifically in African and Arab countries cite frustrating stories of systems failure. (Al Athmay et al., 2013:89).

Another driver of e-Gov is e-Readiness of developing countries. Basic technological infrastructure will enhance the growth of e-Services in developing countries. Good internet connection, coordination among government departments, good information systems coupled with data security and privacy laws will not only stimulate growth of e-Gov but also enhance citizens trust. Azab et al. (2009) in their article on assessing e-Gov readiness in Egypt, recommend that in order to reach success in applying e-Gov, public agencies should realize the importance of the integration and transformation between all e-Gov building blocks: IT strategy, processes, technology, and people.

Further, not only reducing the current digital gap between developed and developing countries, but also among developing nations themselves, between rural and urban communities could be a potential driver of e-Gov. Evans and Yen (2006), opined that Africa has what it takes to develop e-Gov but at the present is greatly affected by digital divide. There is a huge disparity between rural communities and urban centers in terms of having access to internet and other ICTs (Evans and Yen, 2006: 225). According to Heeks many of the e-Gov failures in developing countries could be due wide disparity of digital gap that existed. Only if this digital gap can be minimized, e-Gov will develop. The shifting from e-Gov to mobile government (m-Gov) could help fill this void due to high mobile penetration in developing world including Africa.

Citizens trust on e-Services is another driver of e-Gov. In fact, successful e-Gov project should be citizen-centric without which is bound to failure. In their study on e-Gov utilization services, Carter and Bélanger’s (2005) findings indicate that “perceived ease of use of e-Services, compatibility and trustworthiness in the systems are significant predictors of citizens intention to use an e-Gov service”. Similarly, Meftah et al. (2015) contend that there is strong evidence of a significant relationship between culture, awareness, trust and adoption of e-Gov.

Awareness and e-Participation are another potent driver of e-Gov development in developing world. Ojo (2014) also did an extensive research on e-Governance grass root development in Nigeria, and concludes that, e-Governance allows effective participation of the local people. Al Athmay et al. (2013) also asserted that the success of e-Gov from Gulf nations is due to infrastructure, education, citizen-friendly portals and online applications coupled with government commitment (Al Athmay et al., 2013:84). There is need to set out a robust plan and strategy and learn from success stories. These will be of great essence for the adoption of e-Gov in developing countries.

However, despite the above-mentioned drivers of e-Gov, there are barriers of e-Gov development in developing nations. Heeks (2002) opines that the high rate of e-Gov initiative failures could be due to poor information system (IS) in developing countries. There is a high rate of
IS failures in developing countries and we should seek answers to understand ‘why’. These project failures are an issue due to opportunity cost which are often high in developing world (Heeks, 2002:103). Similarly, Dada (2006) argues that it is not just e-Gov application but IS in general that failed in developing countries. Many of the failures of e-Gov could be blamed to model borrowing of information system from the developed nations to developing countries without considering impeding factors such as economic, cultural, infrastructural, political and social.

Another barrier is corruption. Corruption is among the serious contextual constraints that face e-Gov success in both developed and developing nations. Although corruption exists in all countries but its intensity differs from country to country. Regrettably, it is most common in third world nations. Similarly, Andersen and Rand (2006) argued that ICT could be effective in the fight against corruption.

Ran Kim (2012) reported that setting up the right institutions presents a major challenge for many countries, including countries already experiencing some success in e-Gov. Most are still seeking the appropriate institutional solution. Institutional arrangements profoundly influence technology and its application in governments.

Heeks (2001) contends that countries faced a number of challenges. First, the strategic challenge of ICT infrastructure: the pre-conditions for e-Governance and secondly, the tactical challenge of closing design—reality gaps: adopting best practice in e-Governance projects in order to avoid failure and to achieve success. Heeks (2001) further documented that surveys of e-Governance initiatives in developing countries are incredibly rare and it needs to be addressed coupled with sustainability failure—an initiative that succeeds initially but then fails after a year or so.

Most of the scholarly research conducted on e-Gov failures concludes that one of the major reason why most e-Gov project failed in developing countries is because of the wide gap between the ICT design and the reality of the system. There are managerial deficiency and poor structures, staffing, and less-serious gaps around some of the e-Gov system components (see, Lessa et. al 2012; Heeks 2002; Dada 2006).

The United Nations report quotes Garner Research statistics that indicate e-Gov projects fail at the rate of 60%. Evans and Yen (2006) asserted that there are specific reasons that the failure rate for projects may be high in government applications, such as governments do not have the ability to adapt as public organizations do, the political environments shift rapidly and can be difficult for government program to have a completely transparent structure.

**CURRENT STATUS AND FUTURE EXPECTATION OF E-GOVERNMENT**

In contemporary world, you are either in e-Gov or out of government. Electronic government is a global phenomenon that has increasingly attract the attention of governments and policy makers amongst others (Azab et al. 2009). e-Gov is a necessity for world governments that are soliciting for better governance and economic development.

The present reality of slow diffusion of e-Gov within Africa coupled with inadequate e-Readiness (Heeks, 2002) and diverse social and cultural barriers are to be blamed for the high rate of e-Gov project failures. Heeks (2002) argues that e-Gov projects failed in Africa because of huge digital divide among communities and to address these tactical challenges, stakeholders must sensitize the public, he noted. Digital divide and poor state of e-Readiness in developing countries is still a major hinderance of e-Gov projects.

Further, many developing countries are characterized with high illiteracy on e-Services, complex e-Services and the issue of trust. These are strategically important for the success of e-Gov in developing countries. I have long argued that citizen trust depends on privacy laws, data security, data quality and good and timely service provision. Ease to use the system are positive means to gain public trust and high adoption rate. Regrettably, many e-Gov projects failed in developing countries especially in Africa due to the lack of trust between the stakeholders and citizens. Due to bad governance and massive corruption, many African have little or no faith in their government. Electronic government success depends on citizens. The people are the most important asset in any e-Gov project and must therefore be given priority. Scholars have recognized the problem of low-level of citizens’ participation and adoption toward e-Gov. Therefore, developing countries and other stakeholders must embark on various e-Gov initiatives and should view digital government as not only a necessity but also a precondition for socio-economic development and better governance.
Awareness of e-Gov is about knowledge and recognition human has over e-Gov services. Awareness is very important in the success of e-Gov development. Behavioral change from the citizens and public servants starts with enlightenment about e-Gov systems, and its potential benefits. Although e-Gov has reached Africa and other developing countries, but it is disheartened to know that many Africans are still not aware of its presence let alone its potential benefits. Similarly, Sæbø (2012) argued that a major challenge is the lack of awareness of the opportunities and potential impact of introducing e-Gov systems in the public sector. Without an awareness of potential benefits, the resistance to change remains strong. In fact, this is the current situation in many developing nations.

Current knowledge in e-Gov is mainly based on research done in developed countries. Although this might have been a great learning process for developing nations but often cultural, institutional, ICT infrastructural and economic factors are neglected and as a result lead to many e-Gov project being failed. Again, research focusing on e-Gov in developing countries is still dominated by case studies and conceptual pieces of work. Thus, more empirical-oriented work is needed to expand our knowledge on current status, challenges and future plans (Sæbø, 2012). Current research on e-Gov development is not well documented and lacks theoretical underpinning. Many research are based on theory building or theory testing.

However, developing countries has all it takes to developed e-Gov in the future despite their current challenges. One of such way is via m-Gov due high rate of mobile penetration in many third world nations. Further, the desire for better opportunities and good governance will assert pressure on governments to go digital or out of government. Citizen should be view as customers and the government and various stakeholders must readily provide internet connection at a cheaper rate in order to promote e-Lifestyle in developing countries. Unless internet is cheap and affordable, the gap of digital divide will be worsened in societies. The adoption and acceptance of a new way of doing things—an e-Lifestyle, e-Learning, e-Entertainment, e-Communications and e-Transactions are compelling reasons why people must be connected (Mahizhnan and Andiappan, 2002).

**CONCLUSION**

Electronic government is a global phenomenon that has increasingly attract the attention of governments and policy makers amongst others (Azab et al. 2009). e-Gov is a necessity for world governments that are soliciting for better governance and economic development. Although e-Gov systems are many, but not all are created equal. Many are limited in terms of comprehensive approaches for a successful e-Gov program. In some, the problem of good internet facility, low ICT literacy, inadequate political will, and digital divide are all constraints that affects the development of e-Gov.

e-Gov is a tool to improve the performance of public sector by enhancing accountability, transparency, effective and efficient services delivery to the public. The potential benefits are huge for socio-economic development of developing countries. However, much of its benefits are far-fetched. Lack of political will, inadequate bureaucratic support, poor e-Readiness, lack or poor data quality and websites that are rarely updated could be blamed for massive e-Gov project failures. These and many others are huge barriers to e-Gov development in developing nations especially those in Africa.

Developing nations have the potential to developed their e-Gov services and they just need to learned from the experiences of developed countries and from their own failures. I have long argued that failure is not that bad but failing to learning from it is bad. It is important to note that model borrowing from developed countries to developing nations is good only if it factor or consider social, economic, cultural and institutional settings of developing countries.

We might have recommended for a holistic and integrated policy approach. e-Gov policies must be based on citizen-centric approach and these policies must be guided with comprehensive masterplan guide. Regular and periodic evaluation of e-Gov projects is a necessary condition for success. Developing nations needs to improved their websites, regulate and update it frequently, data quality, coupled with system quality are all necessary factors recommended.

The paper also recommends for greater political and bureaucratic support for the development of e-Gov project in developing countries. This will not only boost citizens trust but also
for transparency and accountability of the government. As we have seen in Singapore, political support spurred the growth of its e-Gov projects and e-Services.

The development of e-Gov is related to several issues and we therefore recommend for future research on sustainability of e-Gov project and the impact factor level in developing countries.

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THE EFFECT OF PERCEIVED ORGANIZATIONAL JUSTICE ON CYBERLOAFING BEHAVIOR

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ABSTRACT

The concept of justice is one of the most important issues in people's social life and work environment. Employees must have a high perception of justice in order for businesses to achieve their goals in less time and with less cost. It is possible to assume that the individuals who work in institutions where justice is dominant are happier and therefore more productive. If employees feel that they are not treated fairly, they can see establishing justice on their own as a way of solution. Cyberloafing is one of the "justice establishing" activities used by the employees who think that there is no justice in the workplace. There are many different ways of cyberloafing. The development of communication technologies has led to the diversification and access to the products and services offered in this context; with the help of smartphones, computers, tablets, etc., it is very easy to show cyberloafing behavior by using internet services for non-business purposes. This study aims to reveal the effect of teachers' perceptions of justice on cyberloafing behavior.

Keywords: Organizational Justice, Cyberloafing, Teacher

INTRODUCTION

The social order created throughout the history of mankind necessitates to comply with established rules inspired by various sources and to be treated fairly with the application of rules. From the core family to the state, individuals belong to many different structures and interact with each other. In this social order, where resources are scarce but human needs are endless, the equal share of people from sources, that is, the sharing of justice has always been a big problem for mankind. It is a very important issue because of the many different behaviors that individuals perceive in their working lives. (Yürür, 2008: 296).

It is quite difficult for organizations to establish a justice among the employees in absolute terms. Even if justice has been achieved in absolute terms, the "perception of employees" in this regard is evolving in the negative direction, and employees can try to maintain justice in the workplace on their own. Cyberloafing as one of the ways of avoiding work result from employees thinking to maintain justice on their own or for no reason. In organizations, the widespread use of technology, especially computers, has led to increased access to internet services and even to organizations becoming dependent on computers and internets. What's more, turning mobile phones into smartphones, enabling online access to internet services that have a lot of options and online communication anytime and anywhere, has created an unavoidable "virtual dependency". Employees are able to voluntarily rescue themselves by using possibilities they have or by the organization, which is seen by many researchers as a negative behavior in terms of organization.

In this study, the perceptions of organizational justice of the primary, middle and high school teachers including kindergarten working in a district (N = 136) and the cyberloafing behavior of this perception were examined.

THE PERCEPTION OF ORGANIZATIONAL JUSTICE

There are two main areas in the modern era where man's sense of justice and awareness is the highest. The first one is the "workplace" (İyigün, 2012: 50) and the second is the "public domain" (State-individual relationship). In this study only "perception of justice in working life" will be examined. When employees perceive an injustice in their organization, they can experience negative emotions and may exhibit some negative behaviors depending on these emotions. Many behaviors that are conceptualized in the literature of organizational behavior are affected positively or negatively by the justice perceptions of the employees about their organizations (Polatçı and
Employee perceptions of organizational injustice can be caused by the organization itself, by organizational managers, and by other employees. In fact, according to Rupp and Spencer (2006), you can even be a source of unfairness for people working in the service field.

As a subjective concept, the sense of organizational justice is shaped as a result of employees' judgments compared to their past work, as well as the output they obtain from their contributions to the organization, compared with other people such as friends and colleagues (Robbins and Judge, 2012: 223-224).

Although different subdivisions of the concept of organizational justice have been made, in general, organizational justice is analyzed with three sub-dimensions consisting of "distributive, operational and interactive justice" (Niehoff and Moorman, 1993). Greenberg examined interactive justice that he considered as the "social determinants of organizational justice" in 4 dimensions which are "interpersonal justice" and "informed justice" in addition to distributive and procedural justice (Greenberg, 1993; cited from: Yürür et al., 2011: 3827).

**Distributive justice:** The distributive justice expressed in terms of the benefits that employees receive in return for their contributions to the organization (İyigün 2012: 58) can be expressed as "roughly equal repayment of the employee's efforts". The awards (or punishments) must be equal if the efforts made by the employees are equal for the enterprise (ÖzafşarlıoğluSakallı,, 2015: 31)

**Procedural Justice:** Employees get some benefits from their organization in return for their contribution. These gains are a number of tangible and abstract benefits resulting from the monitoring, recording and evaluation of employees' activities. The procedural justice is defined by the judgments whether the procedure of monitoring, recording and evaluating employee activities is fair.

**Interactional Justice:** Interactional justice focuses on human relationships, unlike procedural and distributive justice (Özyer and Azizoğlu, 2014: 98). While implementing organizational procedures, employees expect to be contacted and informed within the framework of respect and sincerity. Whether the attitudes and behaviors faced by employees are fair or not is called the interactional justice by Bies and Moag (1986) (cited from: İyigün, 2012: 59).

**CYBERLOAFING**

Cyberslacking, conceptualized by Lim (2002) as a "anti-production aberrant behavior" (Gunay, 2017:257) on the grounds that it causes a waste of resources based on Robinson and Bennett’s (1995: 565) typology of aberrant organizational behaviors, is defined as the use of digital equipment and on-line connection facilities that have been allocated for work purposes by employees for their own personal consumption rather than performing the organization's work.

Cyberloaﬁng behavior, which was included in the literature with the mere definition of personal e-mail activities and surfing on websites by Lim (2002: 677), is now defined as a much wider array of activities due to the development of technology and the diversification of the services offered via internet.

Many people use smartphones and tablets in the aftermath of the development of communication tools as well as communication technologies, and employees can show cyberloaﬁng behaviors by using these tools that belong to themselves (Arslan and Demir, 2016: 1626).

Although cyberloaﬁng behaviors are often perceived as negative (negative cyberloaﬁng), it is also possible that cyberloaﬁng behaviors which are in favour of organizational benefits (positive cyberloaﬁng) can also occur. These behaviors, which are intended to obtain information about the work of employees, increase productivity while the use of negative cyberloaﬁng will lead to a disadvantageous situation for the organization resulting from the abuse of resources (Aydemir et al., 2016: 43). Decisive factors in approaching cyberloaﬁng behaviors positively or negatively will be "working sector", "job definition" and "internet usage time".

Despite the fact that the concept of cyberloaﬁng has just entered the working life in the early 21st century, it is possible to face controversy in almost every aspect of business life, as the services offered through the internet are very diverse. The largest classification in this regard was made by Anandarajan et al. Cyberloaﬁng behaviors are examined in four different dimensions under the heading of "Personal Web Usage" Hedonic, Work/Life, Citizenship, and Self Development (Anandarajan et al.,2011: 580). Another classification was made by Blanchard and Henle (2008);
which are trivial and serious cyberloafing. Trivial cyberloafing includes short-term behaviors that do not affect the workflow and can be tolerated, while serious cyberloafing refers to behaviors that can put the employees themselves, manager and business in a legally or ethically difficult situation (Günay, 2017: 263). Playing illegal gambling online, entering adult sites, hacking, etc. activities can be given as examples of serious cyberloafing behaviors.

THE PERCEPTION OF ORGANIZATIONAL JUSTICE AND CYBERLOAFING RELATIONSHIP

Many writers have noted that cyberloafing has both positive and negative sides as a result of studies about cyberloafing behaviors at work. Although this situation expressed as "the two sides of the medallion" (Orucu and Yildiz, 2014: 101) state that we need to look at cyberloafing behaviors in a wider perspective, it is possible to say that most academic studies emphasize the negative aspect of the cyberloafing.

It is possible to talk about the inverse relationship between the perceptions of organizational justice and cyberloafing behaviors, which are the result of the mutual interaction of the employees and their organizations. This implies that "as employees perceptions of organizational justice decrease, cyberloafing behaviors will increase".

According to Lim (2002), technological developments have changed the format and understanding of the enterprises and became an indispensable tool for increasing the efficiency and productivity of the employees. However, these technological changes can be abused by employees.

In the study carried out by Blau et al. (2006) with the data obtained from 267 medical technology specialists registered and recently graduated from the American Society for Clinical Pathology, it is reported that experts demonstrated cyberloafing behaviors in the case of perceiving organizational injustice.

De Lara (2007) finds that work anomia has a mediating effect between two variables in the study analyzing the role of work anomia between organizational justice perceptions and cyberloafing behaviors.

Zoghbi (2009) found a negative relationship between procedural justice as a sub-dimension of organizational justice and cyberloafing in a study performed with data obtained from non-academic (not participating in teaching activities) personnel of a public university in Spain struggling with improper use of internet services. Again, in this study it was determined that the normative conflict had an intermediary effect between organizational justice and cyberloafing behaviors.

Restubog et al. (2011) examined the role of self-control in the relationship of organizational justice perception and cyberloafing behavior. According to the findings obtained, the perception of organizational justice affected the cyberloafing; and it is stated that employees who have high self-control perform less cyberloafing than those who have low self-control.

In the study conducted by Kaplan and Öğüt (2012) collected from 198 university students in two university hospitals in Konya, it was determined that there is a significant and negative relationship between all sub-dimensions of organizational justice perception and insignificant cyberloafing behavior. Important cyberloafing behaviors are only negatively related to distributive justice.

In the study conducted by Yildiz et al. (2015) with 151 academic and administrative personnel, no significant relationship was found between employees' perceptions of organizational justice and cyberloafing.

In light of these studies the following hypotheses will be tested;

H1: Interactional justice has an effect on cyberloafing.
H2: Distributive justice has an effect on cyberloafing.
H3: Procedural Justice has an effect on cyberloafing.
H4: Total perception of organizational justice affects cyberloafing.
RESEARCH METHOD

Sample

The sample of the research consists of kindergarten, elementary school, secondary school and high school teachers and school administrators operating in Zara District of Sivas province. The survey method was used to collect data. For this purpose, questionnaire forms were delivered to 274 teachers and 155 (56.7%) forms were received back. Inappropriate 16 forms were not included in the analysis. The demographic characteristics of respondents who responded to the questionnaire were summarized in the table below.

Table 1: Demographic Information of Participants

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<td></td>
<td></td>
<td></td>
<td>21+</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1.1. Data Collection Tools

Niehoff and Moorman’s (1991) scale was used as the organizational justice perception scale. The scale consists of three sub-dimensions and a total of 20 statements. It included 5 distributive justice, 6 procedural justice, 9 interactional justice statements and 5-point Likert scale is used. As the Cyberloafing Scale, 4 dimensional and total 30 item measures called “Person Web Usage Scale” were used by Anandarajan at al (2011). It included 7 hedonic internet usage, 10 work/life related, 6 activities suitable for organizational citizenship behavior, and 7 activities for self-development statements. This scale, used by Anandarajan and colleagues as 7-point Likert, was used as a 7-point Likert with the assumption that it would be more appropriate in this study.

1.2. Validity and Reliability of Research Scales

The validity and reliability of the scale of organizational justice perception used in the research is a measure that has been tested many times. The cyberloafing scale has been translated into Turkish by the authors and no other work has been done with this scale in the national literature. Data were analyzed using SPSS (18) and AMOS programs. The results of the analysis were preserved in terms of distributive justice, which is the subcomponents of organizational justice. In the case of procedural justice, three statements were excluded. In the case of cyberloafing scale, it is seen that one-dimensional structure will be more suitable instead of 4-dimensional scale as a result of factor analysis. The compliance values and the Cronbach Alpha internal consistency coefficients for confirmatory factor analysis are given in Table 2 and Table 3, respectively.

Table: 2 Confirmatory Factor Analysis Results

<table>
<thead>
<tr>
<th>Scale</th>
<th>x²</th>
<th>df</th>
<th>x²/df</th>
<th>RMSEA</th>
<th>CFI</th>
<th>NFI</th>
<th>GFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>POJ</td>
<td>169.82</td>
<td>97</td>
<td>1.75</td>
<td>0.075</td>
<td>0.908</td>
<td>0.958</td>
<td>0.909</td>
</tr>
<tr>
<td>CS</td>
<td>1560.81</td>
<td>367</td>
<td>4.25</td>
<td>0.071</td>
<td>0.940</td>
<td>0.921</td>
<td>0.905</td>
</tr>
</tbody>
</table>

POJ: Perception of Organizational Justice Scale CS: Cyberloafing Scale

Table: 3 Reliability Analysis of Organizational Justice Perception Scale and Cyberloafing Scale

<table>
<thead>
<tr>
<th>Scales</th>
<th>Item</th>
<th>Cronbach Alfa Value</th>
</tr>
</thead>
</table>

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Since the internal consistency coefficients of the scales are in the range of 0.80 -0.97, it is seen that the scales are very reliable.

**Findings**

In this study, Pearson Correlation analysis was performed to reveal the existence of the relationship between the concepts as cyberloafing as a dependent variable, total organizational justice perception as an independent variable and sub-dimensions, and the results in Table 4 were reached.

Table 4: Correlation Table

<table>
<thead>
<tr>
<th>Pearson Correlation</th>
<th>Interaction Justice</th>
<th>Procedural Justice</th>
<th>Distributive Justice</th>
<th>Organizational Justice</th>
<th>Cyberloafing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interaction Justice</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procedural Justice</td>
<td>0.581**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributive Justice</td>
<td>0.457**</td>
<td>0.473**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Justice</td>
<td>0.901**</td>
<td>0.770**</td>
<td>0.749**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Cyberloafing</td>
<td>-0.279**</td>
<td>-0.047</td>
<td>-0.082</td>
<td>-0.199**</td>
<td>1</td>
</tr>
</tbody>
</table>

*.* Correlation is significant at the 0.05 level (2-tailed).

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

According to the results of this analysis, there is no statistically significant relationship between procedural justice, distributive justice and cyberloafing. However, the correlation coefficient between interaction justice and cyberloafing is $r = -0.279$ and it is found to be significant at (p<0.01) level. Again, the correlation coefficient between total organizational justice perception and cyberloafing behavior $r = -0.199$ and it is found to be meaningful at (p<0.01) level. When we look at these two values, it is possible to say that there is a negative relation between the interaction justice and the total organizational justice perception and the cyberloafing behavior, and the interaction justice and total justice perception reduce the cyberloafing behavior to a lesser extent. When the results of the regression analysis together with the correlation table are examined, it is seen that the regression coefficient between the interaction justice and the cyberloafing is 0.078 and it is found to be meaningful at (p<0.01) level. In other words, interaction justice explains 7.8% of cyberloafing behavior. Similarly, it was found that the regression coefficient between total organizational justice perception and cyberloafing is 0.040 and that this coefficient (p <0,05) is statistically meaningful significant. In other words, total organizational justice perception explains only 4 % of cyberloafing behaviors.

Table: 5 Regression Analysis Results

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>$R^2$</th>
<th>F</th>
<th>p</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interaction Justice</td>
<td></td>
<td>0.078</td>
<td>11,300</td>
<td>0.001*</td>
<td>9.591</td>
</tr>
<tr>
<td>Procedural Justice</td>
<td></td>
<td>0.002</td>
<td>0.298</td>
<td>0.586</td>
<td>7.616</td>
</tr>
<tr>
<td>Distributive Justice</td>
<td></td>
<td>0.007</td>
<td>0.901</td>
<td>0.344</td>
<td>8.161</td>
</tr>
<tr>
<td>Organizational Justice</td>
<td></td>
<td>0.040</td>
<td>5.544</td>
<td>0.020**</td>
<td>7.891</td>
</tr>
</tbody>
</table>

*p<0.01, **p<0.05

According to the results of this study, hypotheses H1 and H4 were accepted, and H2 and H3 hypotheses were rejected.

**Conclusion**

According to the findings obtained from the research results, it is possible to say that the perception of interactional justice and total organizational justice affect the cyberloafing behavior and that as the justice perception of employees increases, the cyberloafing behavior decreases. The perception of interactional justice has a clear structure for subjective evaluation and momentary response because employees focus on individual relationships. It will be much easier and quicker to
reflect on the behaviors of employees who feel injustice, especially when they have a vertical hierarchical relationship between organizational managers and employees.

The fact that the research was done only with teachers working in one of the districts is the most important factor limiting this research. The results of the research are partially similar to the results of the studies conducted by Kaplan and Öğüt (2012) and Yıldız et al. (2015).

References


MINIMIZING MEAN COMPLETION TIME FOR A TWO-MACHINE NO-WAIT FLOWSHOP SCHEDULING PROBLEM

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Abstract
Minimizing mean completion time has been one of the objectives to achieve in the scheduling literature. This is because minimizing mean completion time helps reduce holding cost as reducing holding cost is the main concern in many manufacturing environments. Furthermore, some manufacturing environments has the no-wait constraint where the environments require consecutive operations of a job to be processed without any interruption. The main reason for the occurrence of no-wait constraint is the technology requirement in some manufacturing environments. We address the two-machine no-wait scheduling problem to minimize mean completion time. Setup times are treated as uncertain variables within lower and upper bounds. For uncertain setup times, there may not exist a specific schedule that remains optimal for all realizations of setup times within the bounds. Hence, the objective is to reduce the size of set of dominating schedules. We establish a theorem (providing a dominance relation) which helps in reducing the size of dominating set.

Keywords: Scheduling, holding cost, uncertain setup times, mean completion time

Introduction

The no-wait in process exists in some manufacturing environments where an operation must immediately follow a previous operation because of the temperature or some other characteristics of the material. For such manufacturing environments, some resources need to be reset before it begins a new task. The time it takes to prepare a resource to perform a new task is called setup time. Scheduling involving setup times plays a significant role in today's modern manufacturing for the delivery of reliable products on time, Allahverdi (2015).

Gonzalez-Neira et al. (2017) and Wang and Choi (2012) pointed out that real life manufacturing environments are subject to a wide range of uncertainties. Kim and Bobrowski (1997) stated that in many real-life manufacturing environments, setup times change randomly as a result of some factors. Moreover, Aydilek et al. (2013) pointed out that the uncertain variations in setup times is an important and practical problem for some manufacturing environments. Furthermore, Aydilek et al. (2015) stated that schedulers in manufacturing environments are faced with significant uncertainty in setup times. Hence, they recommended to model setup times as uncertain variables which take real values between some lower and upper bounds.

Allahverdi et al. (2003) provided dominance relations for the problem of two-machine flowshop with both makespan and total completion time performance measures. On the other hand, Allahverdi (2005) for the problems of two-machine flowshop with makespan criterion. Moreover, several heuristics were presented in Aydilek et al. (2013) for the problem of the two-machine flowshop with makespan criterion while some heuristics were provided by Aydilek et al. (2015) for the same problem but where processing times were also modelled as uncertain variables within certain intervals. For uncertain environments, researchers addressed different scheduling problems by using the same approach, e.g., Lai et al. (1997), Matsveichuk et al. (2009, 2011), Sotskov and Lai (2012).

Even though the two-machine flowshop with uncertain setup times has been addressed in the literature, to the best of our knowledge, the two-machine no-wait flowshop problem has not been addressed. We address the two-machine no-wait flowshop scheduling problem with uncertain setup times to minimize total completion time.
Results

A dominance relation is obtained for the two-machine no-wait flowshop in this section. Let $s_{i,k}$ and $t_{i,k}$ represent setup time and processing time of job $i$ on machine $k$ ($k=1, 2$), respectively. Let also $s_{i,k}$ and $t_{i,k}$ be setup time and processing time of the job in position $i$ on machine $k$, respectively. Likewise, let $d$ and $d_{ij}$ represent due date of job $i$ and due date of the job in position $i$, respectively. Furthermore, let $C_{ij}$ and $L_{ij}$ symbolize the completion time and lateness of the job in position $i$ on the second machine.

For the two-machine no-wait flowshop, the completion time of the job in position $j$ is known to be

$$C_{ij} = \sum_{i=1}^{j} \max \{s_{[i,2]}, s_{[i,1]} + t_{[i,2]} - t_{[i,1]}\} + \sum_{i=1}^{j} t_{[i,2]}$$

(1)

It can easily be shown that Equation (1) is equivalent to

$$C_{ij} = \sum_{i=1}^{j} \max \{s_{[i,2]}, s_{[i,1]} + t_{[i,2]}\} + t_{[i,2]}$$

(2)

The objective is to minimize

$$TCT = \sum_{i=1}^{n} C_{ij}$$

Consider two job sequences $\sigma_1$ and $\sigma_2$ where the sequence $\sigma_1$ has job $g$ in an arbitrary position $\beta$ and job $h$ in position $\beta+1$. The sequence $\sigma_2$ is derived from the sequence $\sigma_1$ by interchanging the jobs in positions $\beta$ and $\beta+1$, i.e., job $h$ is in position $\beta$ and job $g$ in position $\beta+1$. If $\sigma_2$ denote a subsequence containing the jobs in positions 1, ..., $\beta$, and $\sigma_2$ denote a subsequence containing jobs in positions $\beta+2$, ..., $n$, then, the sequences $\sigma_1$ and $\sigma_2$ can be written as $\sigma_1 = (\sigma_2, g, h, \bar{\sigma}_1)$ and $\sigma_2 = (\bar{\sigma}_2, h, g, \bar{\sigma}_1)$.

Lemma 1: $C_{ij}(\sigma_1) = C_{ij}(\sigma_2)$ for $r=1\leftrightarrow2\leftrightarrow3\leftrightarrow4\leftrightarrow5\leftrightarrow6$.

Proof of Lemma 1: The proof follows from Equation (2) and the fact that both sequences $\sigma_1$ and $\sigma_2$ have the same jobs in positions $1\leftrightarrow2\leftrightarrow3\leftrightarrow4\leftrightarrow5\leftrightarrow6$.

Theorem 1: If the following four conditions hold

e) $t_{g,2} \leq t_{g,2}$

f) $US_{h,1} + t_{h,2} \leq LS_{g,1} + t_{g,1} - US_{g,2}$

g) $US_{h,2} + t_{g,2} + \max\{US_{g,2} + t_{g,2}, US_{h,1} + t_{h,1}\} \leq LS_{g,1} + t_{g,1} + \max\{LS_{g,2} + t_{g,2}, LS_{h,1} + t_{h,1}\}$

h) $US_{h,2} + t_{g,2} + 2 \max\{US_{g,2} + t_{g,2}, US_{h,1} + t_{h,1}\} \leq LS_{g,1} + t_{g,1} + 2 \max\{LS_{g,2} + t_{g,2}, LS_{h,1} + t_{h,1}\}$

Then, $TCT(\sigma_1) \leq TCT(\sigma_2)$. In other words, in a sequence when jobs $g$ and $h$ are adjacent, then in order to minimize total completion time, job $h$ should be processed before job $g$ if the given four conditions are satisfied.

Proof of Theorem 1: The lateness for jobs in positions $\bar{\sigma}$ and $\bar{\sigma}+1$, and $\bar{\sigma}+2$ for the two sequences $\sigma_1$ and $\sigma_2$ are computed as:

$$C_{\bar{\sigma}}(\sigma_1) = \sum_{i=4}^{\beta-1} \max \{s_{[i,2]}, s_{[i,1]} + t_{[i,1]}\}$$

$$+ \max\{s_{[g,2]} + t_{[g,2]}, s_{[h,1]} + t_{[h,1]}\} + t_{g,2}$$

(4)

$$C_{\bar{\sigma}}(\sigma_2) = \sum_{i=4}^{\beta-1} \max \{s_{[i,2]}, s_{[i,1]} + t_{[i,1]}\}$$

$$+ \max\{s_{[h,2]} + t_{[h,2]}, s_{[h,1]} + t_{[h,1]}\} + t_{h,2}$$

(5)

$$C_{\bar{\sigma}+2}(\sigma_1) = \sum_{i=1}^{\beta-1} \max \{s_{[i,2]}, s_{[i,1]} + t_{[i,1]}\}$$

$$+ \max\{s_{[g,2]} + t_{[g,2]}, s_{[g,1]} + t_{[g,1]}\}$$

$$+ \max\{s_{[h,2]} + t_{[h,2]}, s_{[h,1]} + t_{[h,1]}\} + t_{g,2}$$

(6)
\[ C_{\text{posi}}(\sigma_1) = \sum_{i=1}^{\beta-1} \left( \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} + \max \{ s_{i,2} + t_{i,1}, s_{i,1} + t_{i,1} \} \right) \]

\[ + \sum_{i=\beta+3}^{\beta+\delta} \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} \]

\[ (7) \]

\[ C_{\text{posi}}(\sigma_2) = \sum_{i=1}^{\beta-1} \left( \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} \right) \]

\[ + \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} + \max \{ s_{i,2} + t_{i,1}, s_{i,1} + t_{i,1} \} \]

\[ + \max \{ s_{i,2} + t_{i,1}, s_{i,1} + t_{i,1} \} + \max \{ s_{i,2} + t_{i,1}, s_{i,1} + t_{i,1} \} \]

\[ (8) \]

\[ C_{\text{posi}}(\sigma_2) = \sum_{i=1}^{\beta-1} \left( \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} \right) \]

\[ + \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} + \max \{ s_{i,2} + t_{i,1}, s_{i,1} + t_{i,1} \} \]

\[ + \max \{ s_{i,2} + t_{i,1}, s_{i,1} + t_{i,1} \} + \max \{ s_{i,2} + t_{i,1}, s_{i,1} + t_{i,1} \} \]

\[ (9) \]

We need to show

\[ C_{\text{posi}}(\sigma_1) + C_{\text{posi}}(\sigma_2) + C_{\text{posi}}(\sigma_3) \leq C_{\text{posi}}(\sigma_1) + C_{\text{posi}}(\sigma_2) + C_{\text{posi}}(\sigma_3) \]

Note that

\[ [C_{\text{posi}}(\sigma_1) + C_{\text{posi}}(\sigma_2) + C_{\text{posi}}(\sigma_3)] - [C_{\text{posi}}(\sigma_1) + C_{\text{posi}}(\sigma_2) + C_{\text{posi}}(\sigma_3)] = \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} \]

\[ + 2 \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} \]

\[ + 3 \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} \]

\[ (10) \]

For jobs in position \( r = \beta + 3, \ldots, n \)

\[ C_{\text{posi}}(\sigma_1) = \sum_{i=1}^{\beta-1} \left( \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} \right) \]

\[ + \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} \]

\[ + \sum_{i=\beta+3}^{\beta+\delta} \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} + t_{i,2} \]

\[ (11) \]

\[ C_{\text{posi}}(\sigma_2) = \sum_{i=1}^{\beta-1} \left( \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} \right) \]

\[ + \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} \]

\[ + \sum_{i=\beta+3}^{\beta+\delta} \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} + t_{i,2} \]

\[ (12) \]

It follows from equation (11) and (12) that

\[ C_{\text{posi}}(\sigma_2) - C_{\text{posi}}(\sigma_1) = \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} + \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} \]

\[ + \sum_{i=\beta+3}^{\beta+\delta} \max \{ s_{i,2} + t_{i,2}, s_{i,1} + t_{i,1} \} \]

\[ (13) \]

It can be shown that for jobs in position \( r = \beta + 3, \ldots, n \) (Equations 11 and 12)

\[ C_{\text{posi}}(\sigma_2) \leq C_{\text{posi}}(\sigma_1) \]

Then, it follows from Lemma 1 and Inequalities (10) and (13) that

\[ TCT(\sigma_2) \leq TCT(\sigma_1) \]
Consider two job sequences $\sigma_3$ and $\sigma_4$ where the sequence $\sigma_3$ has job $g$ in an arbitrary position $\beta$ and job $h$ in an arbitrary position $\beta'$ where $\beta < \beta'$. The sequence $\sigma_4$ is derived from the sequence $\sigma_3$ by interchanging the jobs in positions $\beta$ and $\beta'$, i.e., job $h$ is in position $\beta$ and job $g$ in position $\beta'$. If $\sigma_1$ denote a subsequence containing the jobs in positions $1, \ldots, \beta-1, \beta_1$ denote a subsequence containing jobs in positions $\beta+1, \ldots, \beta', \beta_2$ denote a subsequence containing jobs in positions $\beta+1, \ldots, n$, then, the sequences $\sigma_3$ and $\sigma_4$ can be written as $\sigma_3=\{\sigma_1, g, \sigma_1, h, \sigma_2\}$ and $\sigma_4=\{\sigma_1, h, \sigma_1, g, \sigma_2\}$.

**Lemma 2:** $C_{\beta r}(\sigma_3) = C_{\beta r}(\sigma_4)$ for $r=1,2,\ldots,2n-1$.

**Proof of Lemma 2:** The proof follows from the fact that both sequences $\sigma_3$ and $\sigma_4$ have the same jobs in positions $\beta+1, \ldots, \beta'$-1 and from Equation (2).  

**Theorem 2:** If the following three conditions hold  

(i) $t_{g,2} = t_{g,2}$  
(ii) $U_{s_{g,2}} \leq L_{s_{g,2}}$  
(iii) $s_{g,1} + t_{g,1} - s_{g,2} = s_{h,1} + t_{h,1} - s_{h,2}$

Then, $TCT(\sigma_3) \leq TCT(\sigma_4)$. In other words, then in order to minimize total completion time, job $h$ should be processed before job $g$ if the given conditions are satisfied.

**Proof 2:** The proof is similar to that of Theorem 1.

**Conclusion**

We addressed the two-machine no-wait flowshop scheduling problem to minimize mean completion time where the setup times are modelled as uncertain variables within lower and upper bounds. For such scheduling problems, there may not exist a single schedule that remains optimal for all possible realizations of setup times within the lower and upper bounds. Therefore, for such problems the objective is to reduce the size of dominating schedules. A local dominance relation was developed which help reduce the size of dominating schedules.

**References**


DETERMINANTS OF ONLINE CONSUMERS’ COMPULSIVE BUYING BEHAVIOR: AN S-O-R APPROACH IN SNS CONTEXT

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ABSTRACT

Purpose - We draw on social capital theory to examine the unanswered questions: (1) the extent to which social factors (i.e. social capital and peer communication) influence psychological factors (i.e. perceived enjoyment and urge to buy); (2) to what extent psychological factors predict consumer’s response (i.e. urge to buy and compulsive buying behavior).

Design/methodology/approach - A self-administered online questionnaires through purposive sampling were collected from universities’ students. An empirical research has been conducted on famous online shopping stores (e.g. daraz.pk, yayvo etc.) and social networking services (i.e. facebook.com, WhatsApp, Instagram and linkedin). Data were collected to empirically test the measurement and structural model using Smart PLS modeling approach. The study sample included experienced online shoppers who performed shopping via internet medium/mobile devices.

Finding - Analyses of cross-sectional data (n = 456) find that social factors significantly contributes in psychological factors. Similarly, perceived enjoyment has significant impact on the development of consumer’s urge to buy as well as compulsive buying behavior.

Originality/value - Online compulsive buying through internet/mobile is not intensely studied in current available literature, despite of its significant usages for customers, managers, academicians and marketers,. Moreover, this research contributes towards the field of online commerce, marketing, retailing and mobile learning research. The current study also opens new doors of inquiry especially in the context of collectivist societies.

Keywords – Social-capital, peer-communication, perceived-enjoyment, urge-to-buy, compulsive buying behavior

INTRODUCTION

The link of social networking sites and online shopping start a different form of communities, i.e. Social commerce sites (Olbrich & Holsing, 2011, Hajli, 2015). Social commerce websites are developing at immense rates and it is explained as “a subset of e-commerce that involves using social media to assist in e-commerce transactions and activities” (Liang & Turban, 2011; p. 6). Social commerce sites (SCSs) become famous online places in which consumers share their information of products/services as well as their opinion in term of rate product (Pagani & Mirabello, 2011, Hajli, 2015; Olbrich & Holsing, 2011; Shaw. et al 2013). According to its core functionalities, social commerce contains several social elements that create difference regarding traditional e-commerce. Social commerce sites incorporate social functionalities (e.g. social shopping tools) that develop trusted environment within acquaintances, family and friends etc. through positive, negative feedback.

The emergence of social commerce as an essential tool for business captures the intentions of academicians and practitioners. First, the global sales of social commerce were forecasted to reached at more than 5-8 billion dollars in 2017 (Anderson, Sims, Price & Brusa, 2011; Zhang et al., 2017) with a steep trend in next years. Additionally, it can enhanced satisfaction level of today’s consumers by offering a variety of products with wide reach, low cost, , with compressed time and distance (Chung et al., 2017; Richard & Chebat, 2016). The advancement in information technology and rapid growth in social commerce arose the worth of buying behaviors specifically in online context (Lin & Lo, 2016). The social commerce provides a unique space with unlimited opportunities where buyers can shop from any time and location (Huang & Chen, 2017). The provision of convenient space with wide range of product assortment, user-friendly web site
interface and price comparison by social commerce increased the likelihood of online purchases (Chiang & Dholakia, 2003). Facts revealed that the prevalence of compulsive buying was 6.9% in Germany and 5.8% in US (Kukar-Kinney, M 2016). Some other scholar like Zhang (2017) found that 6.0% female and 5.5% male in US fall under the criteria of compulsive disorder. However these statistics are considered as too conservative as they have shown increased tendency of compulsive disorder in developed countries like US (Ridgway & Monroe, 2011).

The increase in social commerce sales has positive as well as negative outcomes. For instance, some of the researchers found a significant association between e-commerce, impulsive and compulsive buying (Bighiu, Manolica & Roman, 2015). Both compulsive and impulsive buying behaviors are considered as non-standard / irrational buying behaviors (Darrat, Darrat & Amyx, 2016). The choice of compulsive buying is often derived from sense of belonging and affection (O’Guinn and Faber, 1989). In marketing literature, the dark side of consumer behavior get the intention of research scholars as extant of literature can be found on the determinants and outcomes of compulsive buying. Studies also advocates that compulsiveness is established in in-store and hyperactive online purchasing (Chang et al., 2011; Johnson & Attemann, 2009) and unrestrained media usage (Yang, 2006). Literature submits that compulsive buyers have more online shopping tendencies and hold more knowledge of store prices than non-compulsive buyers (Kukar-Kinney et al., 2012).

Literature also found that consumer impulses drive compulsiveness (Ozer and Gultekin, 2015). Impulsive and compulsive buying can be differentiated based on the ‘urge to buy continuum’ conceptualization (d’Astous, 1990). The view point claimed that consumer are placed along a spectrum of ‘urgency to buy’ and the consumer on the upper extreme end are representing the characteristics of compulsive buyers (D’Astous, 1990). Thus, bot non rational behaviors either impulsive or compulsive are positioned at the different ends of spectrum, where extreme ure to buy are representing compulsive buyers. This theorizing also support the fact that repeat impulse buying as a trigger or early sign of compulsive buying behavior

Compulsive buyers have relatively lower level of self-control as compare to impulsive buying (Hoch & Loewenstein, 1991). In simple words, compulsive buying is recognized as uncontrollable and addictive behavior (Müller, Mitchell & de Zwaan, 2015) while impulsive buying is unreflective spontaneous purchase (Chan, Cheung, & Lee, 2017). Since, uncontrolled buying as such impulsive and compulsive buying behavior recognized as spontaneous, compelling and unintended urge for immediate possession (Wells, Parboteeah & Valacich, 2011). The existing research established that individuals with higher score on impulsivity have increased level of compulsive behavior (Achtziger et al., 2015).

Compulsive buying having the important implication on individual personality as well as on society is one of the important area of study (Sharma, Sivakumaran, & Marshall, 2010). Meanwhile, individuals have more tendencies to reduce stress and life pressure through performing seemingly normal behavior of buying items. That is why; the online setting is emerged as the largest stimulator of compulsive buying behavior (Vicdan & Sun, 2008; Bighiu, 2015).

**Significance of the study**

In comprehensive manner, compulsive buying found worldwide (Horváth et al., 2013) is described as repetitive, excessive and chronic behavior that may result in uncontrolled urges and negative feelings. Compulsive buying with the same features as addiction and gambling disorder is considered as a behavioral addiction (Grant et al., 2010; Lawrence et al., 2014). A number of researches attempt to explore the concept of compulsive buying behavior in online context. In a recent review of literature Horvath & Adiguzel, (2015) highlighted few major streams of research regarding compulsive buying behavior. First with the focus on online compulsive buying e.g. web site cues (Weinstineinet al., 2015). Second main stream is with the focal point of the contribution of offline compulsive-buying factors (e.g. role of social and hedonic consumption needs) in driving online compulsive buying (Japutra, Ekinci & Simkin, 2017). A wide range of theoretical perspectives are employed to comprehend compulsive buying behavior like Stimulus-Organism-Response framework (Tahir, 2017). S-O-R is widely used framework in compulsive buying behavior context (Attiq & Azam, 2014, 2015; Islam et al., 2018).

Compulsive buying behavior is widely researched concept under the domain of marketing psychology (Chan, Zhang, & Wang, 2006; Islam et al., 2018; Inglehart & Baker, 2000). The
compulsive buying phenomenon get the intention of researchers as it is accounted for serious psychological consequences and make influence on a significant proportion of US citizens, around fifty million citizens (Dittmar & Drury, 2000). The emergence of social commerce raises the importance of compulsive buying behavior in social networking site (SNS) as equally important as conventional setting. However, extant of literature is available regarding compulsive buying in online setting; some recent research e.g. Lee, Park and Bryan Lee (2016) claimed that a very little research is available on the determinants of compulsive buying in online environment. More specifically, Sharif and Khanekhabab (2017) highlighted the need for further research for compulsive buying in SNS context by elaborating the dearth of knowledge about the relationship between compulsive buying and internet usage.

Social Capital Theory (SCT) is used to describe individual’s social behaviors mutually in the offline and the online settings (Zhao et al., 2012; Hsiao & Chiou, 2012; Wagner et al., 2014). Social capital has noteworthy influence on various concepts in many context such as confidence with services of IT (Sun et al., 2012), knowledge sharing (Chow & Chan, 2008) and buyer performance improvements (Lawson et al. (2008). Lately, Li and Wang (2014) used theory of social capital into the social networking sites framework and established that factors of social capital are important and noteworthy pointers of consumer’s advertisement sharing among social networking site context. However, social capital is considered as a prominent aspect that forecasts and predicts outcomes of consumer’s social behavior.

As compare to the constructive consequences of social capital, consumer’s social connections may also effect in a possible unwanted and negative consequences. It is extensively presumed that social media based online communication will alter e-commerce markets (Alt & Klein, 2011). Earlier research also stated that social networking sites has addiction quality in it; i.e. extensive users usually have a tempting and intense compulsion to check the status of online friends frequently (Stieger et al., 2013).

Pakistan as context of research for compulsive buying behavior offers a suitable environment in many aspects. Some recent studies e.g. Horvath (2018) call for research on compulsive buying as in emerging markets the compulsive buying may be derived from some other mechanisms than those in developed economies. Furthermore, facts revealed that half of the population of Pakistan is under the age of 30 and an increase has been observed in middle-class group (Islam et al., 2018). Additionally, the likelihood of unique consumption and psychological disorders is higher in young age group (Wang, Liu, Jiang, & Song, 2017). Seeing the young age groups as the largest segment of Pakistan as well as SNS users with higher tendencies of compulsive buying (Dittmar, 2005). Importance of social factors and its impact on individual’s emotional and cognitive aspects cannot ignore. Recently, it is also found in developing country context (Pakistan) that social factors (such as social influence, social values, social comparison orientation and peer influences) have significant and positive impact on the development of compulsive buying behavior (Attiq & Azam, 2012, 2014, 2015; Moon, et al., 2015; Islam et al., 2017, 2018). Literature indicates that “Social problems are dysfunctions of society” (Drucker, 2008. 216).

The focus of this research to develop model and empirically test social and psychological aspects with compulsive buying behavior in SNS setting. This research study contributes in consumer buying behavior literature specifically decision support literature by providing an empirical model based on S-O-R model in social capital context. The S-O-R model is with the view point that stimulus can evoke stir up behaviors (actions) and organism are the precursors of the internal processes that contributes in making a final reaction. The intervening processes are composition of thinking, feeling, physiological and perceptual activities (Fang, 2012). The purpose of this paper is threefold: (1) to empirically test S-O-R Framework in the formation of consumer’s compulsive buying behaviour, (2) to integrate and examine two core perspectives such as social and psychological influences in formation of compulsive buying behavior towards online SNSs setting (3) to analyze major antecedents of compulsive buying based on social capital theory. Research on dark side of consumer behavior may provide the bases to for potential solution along with social awareness. Furthermore, negative side of consumer behavior that is compulsive buying may offers new avenues for research and alternative viewpoints to have more clear insight about psychological and social determinants of consumer behavior.
LITERATURE REVIEW

Socialization is a process in which consumer learn knowledge, consumption related skills, new information, purchase attitudes and behaviors from their peer groups (Wang et al., 2012). The current study discusses social capital and peer communication (as social factors), perceived enjoyment and urge to buy (as psychological factors) in the formation of online consumer’s compulsive buying behavior.

Social Factors

a. Social capital

Social capital the combination of all potential and actual resources embedded in and/or derived from the social networks hold by a social unit and individual (Nahapiet & Ghoshal, 1998). Existing literature theorized social capital as a set of social resources embedded in relationships (Chiu et al. 2006). Putnam (2000) categorized social capital as bonding and bridging which is widely used as compare to other dimensions of social capital (Nahapiet & Ghoshal, 1998) particularly in consumer behavior context. Bridging social capital also known as weak tie; representing the stage in which individuals acquire new information and perspective from week connections with no or little emotional support. Contrary to this bonding social also regarded as strong tie in which individuals develop emotionally strong relationships (Putnam, 2000); that gives emotional sustenance through continual reciprocity (Williams, 2006). Subsequently, bonding and bridging social capital are affective determinants and relations through SNS enable peer communication that is a significant means of individual’s socialization (Zhang & Daugherty, 2009). Individual’s captures fresh information and resources (Putnam, 2000) and therefore, consumers with bridging social capital might have a larger set of opportunities because they interact and communicate with members of varied backgrounds very frequently.

According to social capital perspective, online social identification, online social interaction ties and online social support have significant positive effect on social networking sites addiction (Japatra, Ekinci & Simkin, 2017). Very few research studies have examined the social gain associated in using social network sites can drive to negative concerns, like technology or social media addiction. Certainly, by giving users a chance to shape social relationships with other online group members; social network sites are intrinsic to an extremely addictive application (Stieger et al., 2013; Wang & Wang, 2013).

There is undergoing change in cultural in Pakistan. Increase in the middle class group, media enhancement and technology advancement are few features which are responsible for this change in culture. As a result, few changes can be observed i.e. general consumption habits of the individuals. As, young adults are anxious about possessions of things and gaining expensive belongings as they appear to be an important feature of modern lifestyle. Pakistan is a developing country; facing through social and cultural changes; the increased use of social media is one the reason behind these changes. In Pakistan, youngsters use media for numerous purposes that includes information collection about brands and products, in addition today youngsters have better media experience and exposure (i.e., LinkedIn, Twitter and Facebook) as compare to the youth of the past (Lee, Jolles, & Krabbendam, 2016). This contributes in developing materialistic values that ultimate leads towards compulsive buying. Islam et al. (2018) found that TV advertisement, media celebrities and peer group are fundamental reasons behind compulsive buying among young adults of Pakistan.

Bessant et al., (2003) postulated that social capital may enhance the “appropriate practices” between community and customers. Moreover, individual’s particularly young adults, are using different social networks over their smartphone devices (Cho, 2015; Salehan & Negahban, 2013) and connecting into numerous social resources at any point in time. In addition, two trends of social network sites have been recognized; firstly, the majority of the people use two or more services concurrently since each has its exclusive features (Brandtzæg, 2012) and secondly, individuals embrace social networks as means for communication, information and enjoyment, which benefit them to achieve social, emotional and informational desires (Quan-Haase & Young, 2010). On the bases of literature cited above it can be postulated:
Hypothesis 1: Social capital has a significant and positive impact on peer communication
Hypothesis 2: Social capital has a significant and positive impact on perceived enjoyment

b. Peer communication
Social interaction like peer communication is acknowledged as a strong predictor of purchase behaviors specifically in online shopping context (Lueg & Finney, 2007). With the increased intensity of peer communication the deliberation of the stimuli has been magnified in front of customer for example new products, shared experiences, store information and product/service information. The increased exposure of stimuli increased the likelihood to engage in impulse buying (Huang, 2013). Furthermore, peer communication also shaped out the positive perceptions regarding enjoyment and usefulness of products. Research regarding consumer behavior found that these social interactions also known as peer communication are preferred by individuals to get more enjoyment than solo experiences. Additionally, such social interaction (i.e. shared experience) through peer communication develop the sense of social bonding and resulted in increased enjoyment (Kovacheva and Lamberton, 2018). On the other hand, some researchers like Achenreiner and John (2003) Benmoal-Bouzaglo and Moschis (2010) established that regular correspondence with peer increase the likelihood of materialism. This stage of materialism is considered as mandatory for enjoyment in life (Belk, 1984) and leads towards compulsive buying (Islam et al., 2018).

Studies are of the view point that youth that connect frequently with the peers may be persuaded to surrender to pressure of peers and those have high materialistic tendencies as compare to individuals who do not possess strong peer relationship (Achenreiner, 1997; Achenreiner & John, 2003). Youth acquire information regarding values, culture, and their expected behavior in specific circumstances in different ways. In youngsters, studies also found significant association between peer connection and the feeling to peer pressure (Chan & Prendergast, 2007; Benmoal- Bouzaglo & Moschis, 2010). On the bases of literature cited above it can be postulated:

Hypothesis 3: Peer communication has a significant and positive impact on perceived enjoyment

Psychological Factors

a. Perceived Enjoyment
Social networks provide entertainment use; it also inspires the users and delivers users with break hectic life (van der Heijden, 2004). A more thorough study of the hedonic usage is still needed to be attained enjoyment is less studies in research (Davis et al., 1992). Difference among hedonic and utilitarian products has vigorous insinuations for customers (Hirschman & Holbrook, 1982). Though utilitarian things are typically related with tangible and functional features while hedonic things are connected to the senses plus they are being related with enjoyment and self-fulfillment. The utilitarian usage of internet has been comparatively well studied. Like literature establish perceived usefulness as precursor of adoption and usage of technology (Davis, 1989).

Enjoyment concept is also explained with respect to the specific usage of technology specifically social sites assumed to be pleasurable in its own right, irrespective of performance concerns (Venkatesh, 2000). Perceived enjoyment has significant positive impact on behaviour intention and technology usage (Davis et al., 1992; Teo et al., 1999; Venkatesh, 2000) and has great inferences as well. Li (2011) concluded that enjoyment influence the urge of social network usage, perceived enjoyment might be a pertinent measurement to comprehend group belonging and identification. Literature also established that the number of peers in a particular social network has a positive influence on perceived enjoyment (Lin & Lu, 2011). Enjoyment is used to assess customers’ hedonic involvements and experiences. Though, the exact meaning of enjoyment has not been defined yet.

Enjoyment as a uni-dimensional construct is considered as the beliefs of enthusiasm or fun originated form an activity (Wu et al., 2010). Enjoyment is extensively researches context specifically in task focused and hedonic values setting. Furthermore there is a view point that enjoyment is multifaceted and complex construct encompassing several factors rather than a monolithic procedure (Vorderer et al., 2004). Some researchers proposed that enjoyment is attributable with promising views derived from cognitive media appraisals also unplanned and timeless behavior induced by the media (Mekler et al., 2014). Recognizing these differences, Nabi
and Krcmar (2004) support that enjoyment is an attitude which comprises of three dimensions, i.e. behavioral, cognitive and affective enjoyment.

Additionally, previous research proposes that perceived enjoyment can arouse one’s behavior meanings from their wish to get involved in motivating tasks for the purpose of fun (Wu & Liu, 2007). Online gaming is also one of the antecedents of perceived enjoyment in online context (Choi & Kim, 2004). Few other studies in online commerce have identified the effect of perceived enjoyment on shopping online (e.g. Hwang & Kim, 2007; Wakefield et al., 2011) and enhanced customer satisfaction (Khalifa & Liu, 2007; Vallerand, 2000) as well. Moreover, scholars like Van der Heijden (2004) found that enjoyment are decisive factors for the intention of website use. On the bases of literature cited above it can be postulated:

Hypothesis 4: Perceived enjoyment has a significant and positive impact on urge to buy

b. Urge to Buy

The urge to buy refers to the feeling evoked to experience an object while observing an environment (Beatty & Ferrell, 1998). As the feeling of urge to buy get stronger the likelihood to purchase will increased (Bellini, Cardinali & Grandi, 2017). Existing literature examine the urge to buy as precursor of buying behavior as urge to buy develop certain behaviors like unreflective and instant purchase without delay. For instance Adelaar et al. (2003) postulated that consumer urge to buy cause irrational behaviors, assenting to which Valacich, and Wells (2009) narrated that irrational behaviors is the outcome of customer urge to buy.

The phrase “urge to buy continuum” by D’Astous (1990) placed impulsive buyers at one end of spectrum and compulsive purchases on other upper extreme end of spectrum. The core of compulsive buying is derived from the urge to buy which is recognized as a sense of loss of self-control, irresistible and buying irrespective of monetary limits and adverse consequences (Moulding et al., 2017). Urge to buy may get effect from a number of external and psychological factors like emotional affect (Bellini, Cardinali & Grandi, 2017), product related factors (Vonkeman, Verhagen, & van Dolen, 2017), psychological factors (Parboteeeah et al., 2009) and environmental factors (Liu et al., 2013). Some of the researchers use compulsive buying and impulsive buying as synonyms as an individual may experience a number of uncontrollable urges and impulses that may compels to buy for temporary pleasure. Existing literature extensively examine urge to buy in non-rational behaviors and found as a significant predictors of buying behaviors (Adelaar et al., 2003; Liu et al., 2013; Vonkeman, Verhagen, & van Dolen, 2017). The literature cited above revealed that urge to buy being a core of compulsive buying and significant predictor of non-rational behaviors contributes in compulsive buying behaviors. On the bases of literature cited above it can be postulated:

Hypothesis 5: Urge to buy has a significant and positive impact on compulsive buying behavior

THEORETICAL FRAMEWORK

Based on social capital theory, social interactions and communication are considered as core stimuli on social network services. Finally, on the grounds of S-O-R model this study focuses on stimulus as social factors (social capital and peer communication) that affects the formation of organisms as psychological factors (perceived enjoyment and urge to buy) that untimely leads towards response behavior (compulsive buying behavior).
METHODOLOGY

A deductive approach with quantitative research method is used to test the S-O-R model in social capital perspective. The population of this study is young internet users from different universities of twin cities (Rawalpindi and Islamabad) who use internet. Unit of analysis of this study is young consumers (i.e. internet users). The purposive sampling is used to collect the data from respondents. For the purpose of data collection, questionnaire was floated on online social network sites i.e. Facebook and Linked In, through emails and as well as personally visited the universities. About 600 questionnaires were floated online and personally, out of which 517 usable responses were received. Out of 517, only 456 respondents have bought form online shopping stores (e.g. daraz.pk, yayvo.com, shophive.com, cheezmall.com, homeshopping.pk, symbios.pk and other). Respondents were also asked about their communication on social network services (such as facebook.com, WhatsApp, Instagram and linkedin) regarding shopping/buying. Therefore, finally 456 complete questionnaires were included in the study. Few questions were asked based on the frequency of online shopping based on different product categories i.e. appearance related products, mobile accessories, IT products, fashion and gift items. Data is analyzed through SPSS & PLS-SEM for both descriptive and inferential analyses.

Measures

The first study variable is social capital. It comprises two dimensions i.e. bridging social capital and bonding social capital. Social bonding was measured through 3 items taken from McNeely and Falci (2004). Social bridging was measured through 5 items taken from McNeely and Falci (2004). The second study variable is peer communication which is measured through 4 items taken from Lueg and Finney (2007). The third study variable is perceived enjoyment with 4 items taken from Teo and Noyes (2011) and forth variable is ‘urge to buy’ with 3 items taken from Parboteeah et al. (2009). The fifth study variable is compulsive buying behavior. It was measured through 7 items taken from Faber and O’Guinn (1992).

DATA ANALYSIS

Sample Description

Total 571 participants took part in this study. Out of these 571 participants, 240 were males and remaining 216 were females. Most of the participants (i.e. 127 participants) were from the age group between 18 to 23 years. Most of the participants have graduate degree i.e. 233 participants. 101 participants replied that they were buying online occasionally whereas 355 respondents have frequently use internet for online buying from online stores. Respondents communicate with their peers/reference groups and share/receive information from different social network services (face book is mostly used by users regarding purchasing online). Total strength those who buy online either occasionally or frequently, therefore the current study
further considered 456 respondents for analysis. Descriptive analysis of demographic variables is also performed such as Mean, S.D, Skewness and kurtosis (see table 2).

Table 2: Demographic Variables Profile

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Category</th>
<th>Frequency</th>
<th>Mean (S.D)</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>240</td>
<td>1 mode (0.50)</td>
<td>0.49</td>
<td>-1.99</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>216</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>456</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age (in years)</td>
<td>Less than 18</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>18-23</td>
<td>127</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age (in years)</td>
<td>24-29</td>
<td>171</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age (in years)</td>
<td>30-35</td>
<td>103</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Age (in years)</td>
<td>Above 36</td>
<td>22</td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td></td>
<td>456</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>12-14 years</td>
<td>49</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>14-16</td>
<td>233</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>16-18</td>
<td>108</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>Above 18</td>
<td>66</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>456</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Online Buying</td>
<td>Never buy</td>
<td>115</td>
<td>1.78 (0.42)</td>
<td>-1.35</td>
<td>-0.20</td>
</tr>
<tr>
<td>Online Buying</td>
<td>Occasionally</td>
<td>101</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Online Buying</td>
<td>Frequently</td>
<td>355</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>571</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Partial Least Squares Structural Equation Modelling (PLS-SEM)

The model and propositions were empirically tested by using Partial Least Squares Structural Equation Modelling (PLS-SEM). PLS-SEM is consider as more flexible approach to relate theory and data, namely, specification of relationship among variables, modeling unobservable latent variables and test propositions against empirical data. For these reasons PLS-SEM is widely used in organizational, management and marketing research (Ballestar, Grau-Carles, & Sainz, 2016; Hair, Sarstedt, Ringle, & Mena, 2012). Measurement and structural models are the basics components of SEM as well as PLS-SEM path model. The PLS-SEM algorithm provides the maximized percentage of explained variance, proportion of explained variance and path coefficients. Furthermore, data is collected through purposive sampling (non-random sampling) which may cause normality issues in data. Researchers also suggest PLS-SEM path model to overcome normality issues. For these reasons, this study assessed measurement model (reflective measurement model) and structural model as suggested by Hair et al., (2012).

Analysis of Measurement Model

For analysis of measurement model, confirmatory factor analysis was performed. Construct reliability was assessed by Cronbach alpha and it is ranged from 0.77 to 0.88 that is acceptable (Hair, 2010). For validation of measurement model, convergent and discriminant validities are also assessed through composite reliability (CR) and average variance extracted (AVE). The CR and AVE values range from 0.85-0.91 and 0.55-0.69 are within acceptable criteria (Bagozzi & Yi, 1988; Fornell & Larcker, 1981). Thus, results demonstrated good convergent validity See Table3.
The discriminant validity was checked by testing whether square root of AVE for each measure was greater than the correlations values involving the variable. All correlation values were satisfactory with square root of the AVE for each measure being greater than inter-construct correlation values, as shown on the diagonal in Table 4. This demonstrated good discriminant validity (Chin, 1998). Results of CFA represent that all variables are reliable and acceptable. Correlations are also presented in following Table 4 which demonstrated that all study variables have strong positive correlation with each other.

### Table 3: Confirmatory Factor Analysis

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Code</th>
<th>Loadings</th>
<th>AVE</th>
<th>Composite Reliability (CR)</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Bridging/Social Bonding</td>
<td>SB06</td>
<td>0.74</td>
<td></td>
<td>0.55</td>
<td>0.88</td>
</tr>
<tr>
<td></td>
<td>SB07</td>
<td>0.70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SB08</td>
<td>0.70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SBR1</td>
<td>0.74</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>SBR2</td>
<td>0.78</td>
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<tr>
<td></td>
<td>SBR3</td>
<td>0.76</td>
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<tr>
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<td>SBR4</td>
<td>0.74</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>SBR5</td>
<td>0.74</td>
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</tr>
<tr>
<td></td>
<td>PC1</td>
<td>0.64</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PC2</td>
<td>0.79</td>
<td></td>
<td>0.59</td>
<td>0.77</td>
</tr>
<tr>
<td></td>
<td>PC3</td>
<td>0.83</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PC4</td>
<td>0.80</td>
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<tr>
<td></td>
<td>PEJ1</td>
<td>0.76</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>PEJ2</td>
<td>0.83</td>
<td></td>
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<tr>
<td></td>
<td>PEJ3</td>
<td>0.87</td>
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<td></td>
<td>PEJ4</td>
<td>0.86</td>
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<td></td>
<td>UTB1</td>
<td>0.82</td>
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<tr>
<td>Perceived Enjoyment</td>
<td>PEJ5</td>
<td>0.83</td>
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<td>0.69</td>
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<tr>
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<td></td>
<td>UTB4</td>
<td>0.84</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>UTB5</td>
<td>0.85</td>
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<tr>
<td></td>
<td>CBB1</td>
<td>0.78</td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>CBB2</td>
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<td></td>
<td>0.63</td>
<td>0.89</td>
</tr>
<tr>
<td></td>
<td>CBB3</td>
<td>0.77</td>
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<td></td>
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</tbody>
</table>

### Table 4: Discriminant Validity Fornell-Larcker Criteria

<table>
<thead>
<tr>
<th>Constructs</th>
<th>SBR/SBO</th>
<th>PCM</th>
<th>PEJ</th>
<th>UTB</th>
<th>CBB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Bonding/Social Bonding</td>
<td>0.74</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer Communication</td>
<td>0.51</td>
<td>0.77</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Enjoyment</td>
<td>0.47</td>
<td>0.57</td>
<td>0.83</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urge to Buy</td>
<td>0.49</td>
<td>0.63</td>
<td>0.52</td>
<td>0.83</td>
<td></td>
</tr>
<tr>
<td>Compulsive Buying Behavior</td>
<td>0.57</td>
<td>0.70</td>
<td>0.62</td>
<td>0.68</td>
<td>0.79</td>
</tr>
</tbody>
</table>

**Analysis of Structural Model**

The PLS analysis was performed to test the structural model. Results of path analysis are presented in Table 6 and Figure 2. As shown in Figure 2, Social bonding/Social bridging have significant positive impact on peer communication i.e. β= 0.62, p<0.00 which validating the H1. Social bonding/Social bridging has significant positive effect on perceived enjoyment i.e. β= 0.18, p<0.02, this showed that H2 is accepted. In H3, peer communication is a significant determinant of perceived enjoyment i.e. β= 0.59, p<0.00. Furthermore perceived enjoyment is also found as positively and significantly related to urge to buy i.e. β= 0.64, p<0.00, in favor of H4. Urge to buy have significant impact on compulsive buying behavior i.e. β= 0.84; p<0.00 that support H5.
This current study aimed to model and empirically examines social and psychological and behavioral aspects in social commerce context. Data from the online shoppers of e-shopping websites was in support of a significant model and proposed relational paths. In general social and psychological aspects are contributing factors in developing response behavior. The findings of the study are in line with the previous literature for instance S-O-R (Huang, 2016; Verhagen & van Dolen, 2011; Valacich, and Wells (2009) and social capital theory perspective (Lueg & Finney, 2007; Song, Chung & Koo, 2015). The findings revealed that social capital with wide set of opportunities and plenty of information is acted as a stimulus that drives impulsive buying. Furthermore, in line with S-O-R the increased intensity of peer communication act as a stimuli and evoke customers’ psychological aspects (perceived enjoyment) that ultimately generate urge to buy and compulsive actions. From the results it can be elaborated that customer beliefs to acquire new information (bridging social) and development of emotional relationship (bonding social) are the contributing factors in developing favorable perceptions about the enjoyment of the web site layout (Tsai & Pai, 2013). Furthermore, relationships on social networking websites facilitate peer communication, which is an important agent of consumer socialization which also enhance the perceptions about the enjoyment of buyers in online shopping environment. The more enjoyable web store attract shoppers to spend more time on shopping websites and probe into the items they have interested. Thus, perceived enjoyment grant them a sense of confidence and shoppers get emotionally attached toward the shopping website. Consequently, online shoppers with high sore on perceived enjoyment are more inclined towards compulsive buying (Koufaris, 2002; Wakefield et al., 2011)). The findings of the study offer significant implications for academicians and practitioners in context of online impulsive buying. Based in the current model marketer who targeted online buyers should consider that social bonding and peer communication as a stimulus develop perception about the
usefulness and enjoyment of shopping website that ultimate drives impulsive actions. Managers should consider the website characteristics and develop a website that contains exciting, imaginative, entertain aspects with rich amount of information to convert the web browsing into actual online purchasing.

LIMITATIONS AND FUTURE RECOMMENDATIONS

Despite, this research offers a valuable contributions, some notable limitations should be consider before generalizing the findings. First data is collected from three shopping websites only that may be arguable to represent the realistic and accurate picture of online shoppers in Pakistani context. Future research should consider more online shopping for more generalize results. Second, this study is conducted in non-contrived setting and cross sectional in nature. Experimental context (e.g. use of e-coupons; Lin & Lo, 2016) and longitudinal data provide more fruitful results in this context. Third, future studies may also consider social like Facebook instead of shopping websites as consumers spend a significant amount of time on social websites. Finally, future research can also consider some other variables like pre-shopping tendencies, emotional aspects (e.g. trait affect) and situation variables (money and time) to get more insight of the phenomenon.

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AN OVERVIEW OF SCHOLARS’ EPISTEMOLOGICAL FRAMEWORK TO IMPROVE METHODOLOGY FOR ISLAMIC ECONOMICS THEORETICAL DEVELOPMENT

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Abstract
Many current research in methodology—as the main part of epistemological aspect for a discipline—of Islamic economics has resulted in different, various, findings which leads to stagnation and confusion. At most, the ongoing theoretical development in Islamic economics often get trapped with conventional paradigm. Islamic economics at present state still has many problems, in which one of the most discussed is its inability to provide an accurate solution for economic problems faced by the society. It is becoming essential to apply a clear and suitable epistemology that has Islamic value or characteristics that distinguish itself from western epistemology to strengthen Islamic economics as part of social science. For the sake of the characteristics, the paper first will present definition and the importance of the epistemology in the process of building a discipline. Second, the paper will review the epistemology built by western scholar (Max weber and Karl Popper), early Islamic scholars (Ibn khaldun and Ibn rusyd), and contemporary Islamic scholars (M. Umer chapra and M.A. Choudhury). The purpose of this paper is to give review upon the epistemology models from western scholar, early Islamic scholars and contemporary Islamic scholars. The findings of this paper is an overview upon scholars thought in epistemology that can be used as reference for those who want to dig deeper on the fields of Islamic epistemology on social science and suggestion to build a more suitable framework for Islamic epistemology.

Keywords: Methodology, Epistemology, Scholars, Islamic economics

Introduction
Many scholars have attempted to build the methodology for the development of Islamic economics. However, that challenging task is yet to be resolved until now. Several reasons are to be noted. Muslim economists have been using method and focal point that is essentially keynesian and neo-classical economics and merely substituted neo classical terms with Islamic ones, also keeping latter’s assumptions, procedures and model of analysis (Alatas, 1995). Moreover, most Muslim economists have accepted too many of the ideas of Western economists uncritically. The methodological framework together with the underlying assumptions that are used are false and create dispute with islamic views (Zaman, 2011). One of the main reason behind such beliefs is because islamic economics is yet to have distinctive mature concepts, principles, and tools as what a social science discourse needs.

Consequently, many more are getting into the beliefs that Islamic economics is not a discipline of economics and cannot be. In fact, until today, a common view or a clear understanding among the Muslim scholars is hardly exists as to whether Islamic economics is a really independent subject out of mainstream economics (Addas, 2008). It is yet to completely distinguish itself from the other ideology of economics such as Liberalism and Socialism. Whether Islamic economics has been moving hesitatingly and unsteadily because of its adoption to mainstream economic methodology is one of the central points argued (Mahomedy, 2016). Thus, it is also a fact that Islamic economics still lacks in the epistemological aspect, one out of three stages in building a discourse together with ontology and axiology. At most, the ongoing theoretical development in Islamic economics often get trapped with conventional paradigm, and this may actually contribute to the ‘Westernization of Islam’ instead of the ‘Islamization of Western Knowledge’. In its current form, Islamic economics appeared to be similar with mainstream economics and has been recognized to have an identity crisis by its proponents (Mahomedy, 2013).

It is true that Islamic economics has not reached its maturity so one should not excessively expect that its definition, scope, methods, theoretical constructions, and findings to be prescribed at this stage of development (Mariyani-squire, 2013). However, why is it still here? As if it’s moving so slow and lacking direction? The answer might lies around whether Islamic economics has fulfilled
three stages of science completely. Most important for its development now, is the aspect of epistemology that includes methodology.

An overview to epistemology

Epistemology is one of the branches of philosophical knowledge. It is a study of knowledge: its nature, its requirements, and its limitation. The epistemology discuss about the way we gain knowledge, the sources of knowledge, criteria that must be satisfied for a claimed knowledge, and etc. (Bonjour, 2010). Epistemology is the way for us to know the truth about knowledge. Knowledge can be claimed as scientific after it goes through the process of epistemology and later, can be used generally. Epistemology aims are to clarify what made up the conception of knowledge, how the knowledge is applied, and why the knowledge contains the properties it does (Rescher, 2003). Epistemology uses the scientific method or methodology to gain truth. If epistemology is a broad discussion about the source of knowledge and their justification, methodology specifically discusses about the guidelines and criteria on how to appraise and justify theories from those sources of knowledge. Methodology reflects epistemology. The way we conceive our source of knowledge reflects the means (tools) developed to obtain knowledge (theories) from those sources (Furqani, 2015).

Unfortunately, according to M.A. Choudhury—one of the well known contemporary Islamic scholars—the current development in Islamic economics still lacks epistemological foundation and compulsory data. Thus, the available literature on Islamic economics has been entrapped in the neoclassical framework that grounded on secular western epistemology (Ismail, 2016). This resulted in the condition of current epistemology of Islamic economics that doesn’t have a clear and different stance from the mainstream ones yet. Imitation and adoption to neo-liberal capitalist doctrinaire have been the central reason behind the suffering of Islamic economics. As the consequence of not having fundamental epistemological references, an authentic building of Islamic paradigm of socio-scientific worldview cannot be created. With the absence of realizing and actualizing original epistemological foundation, Islamic economics will be continued regarded as a branch of mainstream economics that is covered by the axiom of economic rationality and its decadent perspective on reasoning (Choudhury & Rahim, 2016).

Seeing the current condition, an overview to the scholars views on epistemology can be a solution to improve the epistemological foundation in Islamic economics. The literature on epistemology can be found from western scholars, early Islamic scholars, and contemporary Islamic scholars. Their views on the criteria of a scientific knowledge can be used as references in building Islamic economic theories

Scholars Views on Epistemology

Max Weber’s Epistemology

Max weber is a scientist from Germany. He has interests in religion although he is not a believer. Weber has concern in many scope of studies such as history, sociology, and economics. He made some essays regarding the methodological for social-science, such as science on vocation, “objectivity” in Social Science and Social Policy, and many others. Weber’s epistemology is not structured in only one work but can be implied from some of his essays. Weber’s epistemology framework is based on the Western Epistemological Paradigm, a paradigm rooted from Aristotelian empirical philosophy. This epistemology was also developed within Europe environment that was reshaped by the Renaissance and the enlightenment, which neglect revelation sources and change it with reason (or mind) (Ardiç, 2008).

Weber divided theories of social science into two perspectives: the explanatory and the interpretive. Explanatory model is identifying cause of events, process, and outcomes, often with the help of law, whereas interpretative model is an interpretation of human meanings (in the relation to the agent’s motive). He links this two perspectives with two formulations, the first is singular causal analysis, where events are examined causally and analyzed based on probabilistic and counterfactual reasoning—not deducted from general law. Second, the interpretation is based on the hypothetical attribution of rationality and thus, redefining interpretation as a form of singular causal analysis. He also distinguishes nomological science from the science of reality. In weber’s thought, “objectively” in social science is feasible only in the form of some aspect within cultural reality, not in value consideration (Ringer, 2004).
According to him, the prerequisites of science are explained in terms of causality and all meaningful human activities can be causally explained. There are three objectives for social science to be a science of reality: first, it must understand the uniqueness of social present condition; second, it provides an interpretation of the relationship between component element and significant culture; and lastly, it understand the causal interpretation (Salomon, 1934).

Max weber’s epistemology may not differ much from other western philosophers because of the western paradigm he uses as the primary base. His methodology is based on sociological analysis on both subjective meanings and causal explanation. This method could provide a good analysis on human behaviors because it gives interpretation for motives that shape the behaviors.

**Karl Popper’s Epistemology**

Karl Raimond Popper is one of the most influenced philosopher in the last century. Popper’s works has a big effect on the field of epistemology, philosophy, science, and education. Some of his works are *The Logic of Scientific Discovery* (1959); *Conjectures and Refutations* (1963); *The Philosophy of Karl Popper* (1974), and etc. Karl Popper has different views on the acquirement of the truth of knowledge compared to other philosophers (Komaruddin, 2012). Karl Popper’s epistemology on scientific inquiry is commonly called as falsification. Falsification is a test to selected theory(ies) with various systematic method to deny its truth. Karl Popper stresses that, even though scientific theories cannot be verified by evidence, they can be falsified. In his point of view, the falsification can resulted in a solid theory than before because if it is able to stand still from various rejections, then in Popper word, it becomes corroborative (Komaruddin, 2012).

Falsification has overcome two fundamental problems faced by the nature of scientific inquiry, the first is the problem of induction: how the scientific theories be verified by evidence; and the second is the problem of demarcation: how science can differ from non-science. Karl Popper argues that science does not need to be verified by evidence to achieve the truth; it only needs to be falsified (Maxwell, 2017). Furthermore, Karl Popper sees that every scientific theory is always hypothetical, that it is only temporary guess, and never stand as the final truth. A theory can always be replaced by the new one that is more predictive and accurate. In his view, scientific knowledge or a theory should be falsifiable, refutable, and testable (Komaruddin, 2012).

The framework of the epistemology that Karl Popper recommended is suitable to develop a theory in science. This framework can also be used to develop Islamic Economics theories because there are many theories that need to be falsified and if the theory pass the test, it will be more corroborative than before and becomes more accurate.

**Ibn Rushd’s epistemology**

The next scholar is Ibn Rushd or Averroes—the common name known by the western. One important reason for why we need to examine his epistemology is because Ibn Rushd was a figure with major influence on the development of philosophy and thought in Islam and the West (Soleh, 2012). He contributed significantly in the field of knowledge. Analyzing his epistemology is by looking to his view and thought for science and knowledge. In his persepective, the source of knowledge consists of two kinds: the realities of being and revelation. These two sources resulted in different disciplines. In short, reality demonstrate science and philosophy while revelation raises the religious sciences(‘ulûm al-syar’îyyah).

According to Ibn Rushd, human knowledge can be attained using three potentials it possesses, namely the senses (al-quwwah al-hassah), the power of imagination (al-quwwah al-mutakhayyilah) and the power of thought (al-quwwah al-nâthiqah), which Majid Fakhry on his work “Averroes: His Life, Works and Influence” termed as external senses, internal senses and ratios. For Ibn Rushd, a statement, a conclusion or knowledge is gained through two level of method: theoretical formation (tashawwur) and rational reasoning (qiyyâs) or tashdîq. Ibn Rushd define tashawwur as an endeavor to create a theory or concept of an object, based on its material form (al-syai ‘nafsuh) or on something alike (mitsâluh). To get theory using tashawwur, an inductive research called *istiqrâ’* is used. *Istiqrâ’* is finding concepts or universal theories based on examination or reading on particular objects.

The next method to attain knowledge is logical reasoning(tashdîq). Ibn Rushd mentions three kinds of reasoning, i.e. demonstrative (burhânî), dialectic (jadâlî) and rhetoric (khuthâbî). He
defined demonstrative as reasoning that based on true and main premises. Dialectical (al-jadâlî) is reasoning that collected out of premises which are only "close to belief" (muqârib li al-yaqîn), not to the level of conviction (al-yaqîn) as in the demonstrative. According to him, this premise is the same position with generally acknowledged opinions (al-masyhûrât). Next, he defined rhetorical (al-khuthâbî) as reasoning that based on premises that are mere belief (sukn al-nafs). The position of a believing premise is under generally acknowledged opinion (al-masyhûrât) because it is not known by the majority of society. These three kinds of Ibn Rushd's reasoning are hierarchical. It implies that some kind of reasoning is considered more essential and more valid over the other kinds of reasoning. (Soleh, 2012).

Ibn Rushd already classified the source of knowledge quite clear. He further gives structured level of logical reasoning based on premises with different conditions on each. With hierarchical reasoning, scholars—who use reasoning as method—can have clue to which kind should be used when trying to build knowledge and theories for Islamic economics. But one also need to consider which potential it uses in an attempt to gain knowledge and not only prioritize ratio or observation. Excessive use of ratio or empirical realities might lead to the glorification of human thought that is very limited.

**Ibn Khaldun’s epistemology**

Finally, we will look through the epistemology built by Ibn Khaldun. In Ibn Khaldun’s view, knowledge comes from two main sources. First, it comes from the world of phenomena where mind capacities is used to deduct knowledge. The second source is the spiritual world that is not sensible, and this depends to the human soul ability to access the knowledge of this spiritual world. However, the ability to access this world is not equally distributed among human beings. There are those who are incapable and only use sensible feature, sufis and fortune tellers that able to access non-material world, and the prophets that have access to the world without special training or effort. Thus, this forms three different kinds of knowledge which are rational knowledge, spiritual knowledge, and prophetic knowledge (Ardiç, 2008).

Next, Ibn Khaldun’s classification of sciences is one important discussion because it reflects his epistemological perspective. He divides sciences into two broad categories, ‘traditional’ and ‘rational’ (or ‘natural’). The first category includes sciences that are mostly unusual to a particular civilisation and can be “attained only from the one who found them”. Ibn Khaldun explained that in Islam, the sources for this knowledge is Quran and Sunnah. Moreover, it became classified as Quranic science that consists of tafsir (interpretation), qiraat (recitation) and nash (abrogation) and Hadith sciences consists of sanad (chain of transmission), rijal (narrators of hadith), akhz al-ruwat and jarh wa tadil (evaluation and criticism of transmitters). The second category consists of sciences that are ‘natural’ for ‘rational’ human beings, which can be obtained through reasoning (theoretical) and research (empirical). This science can be classified into four groups which are logic, the ‘natural science’ (including medicine and the ‘science of agriculture’), mathematical sciences (including engineering, arithmetic, music and astronomy), and metaphysics (Ardiç, 2008).

Another noteworthy point to disclose Ibn Khaldun’s approach in analyzing knowledge is by seeing the role of his critical thinking. His view on critical thinking could be appropriately described as a way and step of reasoning based on Islamic worldview principles and gathered Islamic knowledge to produce kinds of practical comprehension (Machouche & Bensaid, 2015). Ibn Khaldun’s put revelation as the highest normative reference to assess what is right, true, suitable, and moderate. His dependance on revelation guard him from possible deviation to secular methodologies. Ibn Khaldun’s view—that intellectual reasoning is not suitable to support muslim beliefs because of its limitations and constraints—come up as he stated that the world of faith is beyond the world of perception. Ibn khaldun display his critical thinking mainly on the field of history where he uses critical thinking process such as making corrections, convergence, avoiding imitations, using original thoughts and ideas, and suggesting new option in the arrangement and classification (Machouche & Bensaid, 2015).

Ibn Khaldun seems to optimize both sources of knowledge that is the reality and the divine guidance. He carefully acknowledged the limitations of human capabilities to rely on empirical findings. Interestingly, he also sorted different groups of human spirit abilities in the context of gaining spiritual knowledge. This implies that his view on the source of knowledge is quite
comprehensive. His critical thinking also promotes a useful method to produce solutions in form of theories and practices without omitting the role of divine guidance.

**M. Umer Chapra’s Epistemology**

One of the most acknowledged pioneer in Islamic economics development nowadays is Dr. M. Umer Chapra. He is a Research Advisor at the Islamic Research and Training Institute of IDB in Jeddah. As a contemporary Islamic economist, Dr. Umer Chapra has published many books and papers such as *Toward a Just Monetary System* (1985), *Islam and The Economic Challenge* (1992), and *What is Islamic Economics* (1996). Chapra proposes the methodology of Islamic economics in his paper “What is Islamic Economics” and his epistemology can be inferred from this paper.

Chapra (2001) stated that methodology should provide standard of acceptance and rejection in a research. To achieve that standard, Chapra uses three steps. The first step is adjusting the logical structure of the Islamic paradigm, which determinated by the Qur’an and the Sunnah. The Qur’an and the Sunnah only provide general knowledge in some extent, so there is a room for logical interpretation (Qiyas and ijtihad). The second step is evaluating the hypothesis by logical reasoning based on the sharia value, where every sharia value will not have clashes with rational thinking. The last step is testing the hypothesis with the available historical data and statistical tools. The testing will help the realization of the maqhasid. Chapra argues that the use of conventional tools and techniques is relevant and appropriate if it has been considered to not have any conflict with the Islamic paradigm (Haneef & Furqani, 2011).

Chapra (2001) also suggests methodological pluralism, means using more than one method, to accept and reject the hypothesis. It might also be used by Muslim scholars in the past. Furthermore, he mentioned that the testing does not need to use logical positivism as it neglects the metaphysics factor and therefore, contradicts with Islamic paradigm. In his view, value judgment contained in the Qur’an and the Sunnah cannot be ignored. The values within the Qur’an and the Sunnah should be reflected in the theory. He also noted that every theory derived from the Qur’an and the Sunnah is not always testable because of the existing gap between what should be done and what is actually done in the muslim societies.

Dr. Umer Chapra has a quite comprehensive methodology in building economic theories. He provides three steps that fulfill the requirements to build a scientific knowledge. Chapra epistemology uses logical reasoning that satisfies the Islamic paradigm. He also stated that Islamic economics should not set aside the conventional tools or theories that does not contradict with Islamic paradigm. One of the unique views of Umer Chapra is ‘methodological pluralism’, that can be said as one of the flexible ways to develop the theory needed for Islamic economics.

**Masudul Alam Choudhury’s epistemology**

One of contemporary scholars who have accomplished and produced many works regarding the building of Islamic economics is Masudul Alam Choudhury. He has been one of the most productive scholars to write upon the essence and urgency to have an original philosophical foundation for Islamic economics. Not only did he write about the substance of the philosophy—that includes epistemology and methodology—but he also embedded set of Islamic economics theories along with mathematical symbolism and simulation that is still rare in the field of Islamic economics writings.

Choudhury stance on Islamic epistemology can be named as ‘Tawhidi epistemological foundation’. He proposes the stance as the answer to bring Islamic economics in the most appropriate way that would comply and fulfill Islamic principles and values. The tawhidī epistemological foundation consists of the Qur’an, the Prophetic guidance (sunnah), and critical examination of the historical contributions made by the acknowledged Islamic scholars. The Tawhidi episteme sees that the perfection of knowledge belongs only to God and recognized the incompleteness of knowledge that human and physical possess. This resulted in the humble acceptance of human imperfection in knowledge that leads to an evolutionary learning process in gaining knowledge (Choudhury, 2014).

Choudhury claims is the concrete representation that consisted of interconnected parts of Interactive, Integrative and Evolutionary (IIE) framework (reflecting a circular causation) of the learning process (Haneef & Furqani, 2011). The tawhidi methodology is presented in thorough
analytical formalism to build its claim for all sciences in the extension of scientific inquiry. In aiming this, tawhidi methodical character is driven by the logical formalism of model estimation and simulation. The first step—estimation—evaluates the world “as is” and the next step—simulation—simulates the estimated results to build transformation that morally and socially “as it ought to be” in the dimension of unity of the monotheistic law that relates to the choices of the good things in life. The monotheistic law is included to reach the extended bound of scientific inquiry—that is what it ought to be—to realize the complete degree of moral-social and methodological potential (Alam Choudhury, 2012).

Choudhury has given a prolific contribution through the model of the Tawhidi epistemology. He primarily explains the unity of knowledge as the epistemic stance on Tawhidi epistemology and demonstrate its significance impact for Islamic economics theoretical formation. In order to build a theory that fulfilled scientific inquiry and morally acceptable with Islamic values, he brings a new learning process. Furthermore, he also uses the circular model that explain many concepts of Islamic economics in a rigorous analytical framework. However, it might be a challenge for some to understand the method of estimation and simulation using circular model without a good comprehension in the field of science and Islamic concepts. Still, his work is an improvement and advancement in the literature and discourse of Islamic economics.

Conclusion
In the previous part of the paper, a summary of epistemology in the eyes from each of selected western, early Islamic, and contemporary Islamic scholars has been given. From the western epistemology, it can be summarized that the base of the thinking is rationality. In the view of western scholars, empirical evidence is the source of knowledge and the validity can be tested by falsification or verification. From Max Weber epistemology, a knowledge can be claimed as scientific when causal explanation can validate the hypothesis, this also can interpret someone motive to act in a certain way. From Karl Popper, his thought on falsification for a theory to make it more corroborative can be considered for Islamic economics.

For early Islamic scholars, the view about the source of knowledge is pretty similar. The first is from revelation—that is Quran and Sunnah—and the second is reasoning or logic. It must be noted that the logic used in the view of early scholar must be in line with the Islamic worldview. It also must be use carefully. For Ibn Rushd and Ibn Khaldun, the other source of knowledge is the phenomena—showing what happens—which can be obtained through reasoning and empirical.

The last view is from contemporary Islamic scholar, M.Umer Chapra and M.A. Chodury. What can be noted from Chapra epistemology or methodology is the reasoning with concerned of Islamic paradigm that will bring the maqashid value. The second is using ‘methodological pluralism’ which is a quite flexible way to build a theory in this era. The well-known epistemology proposed by Chodhury is Tawhidi, which consists of Qur’an, Sunnah, and critical review on historical contribution by Islamic scholars then. His methodology is using logical formalism of model estimation and simulation. He also stresses the unity of knowledge as the epistemic stance of Tawhidi epistemology.

The condition of Islamic Economics theories nowadays is yet to be accurate and applicable because most of them still use the western civilization epistemological framework that is built from secular worldview. The resemblance of epistemology with the mainstream economics will fail Islamic economics to assert itself as a socio scientific knowledge—further, as a different school of thought(mazhab) in economics. The aim of reviewing western scholars epistemology is to carefully select and use any part of their views—that doesn’t contradict with Islamic principles and values from Quran and Sunnah—for Islamic economics epistemology development. Then, the aim of reviewing early and contemporary Islamic scholars epistemology is to look through the ideas of muslim scholars and use it as the main component of the Islamic epistemological framework. By gathering various views, more insights can be obtained for the development Islamic economics epistemology. Therefore, we suggest Islamic scholars to seriously build a more comprehensive and suitable epistemology for the sake of a stronger and better Islamic economics theories that are able to contribute to better applications in the field.

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THE EFFECT OF GENDER DISCRIMINATION ON SELF-EFFICACY: A RESEARCH IN HEALTH INSTITUTIONS

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Abstract
Gender discrimination, expressed as ‘the distribution of opportunities, resources and awards according to sex’, is a type of discrimination that emerges at almost every stage of social life and develops more against women. Gender discrimination perception that is felt in the organization may have many effects on both the organizational and individual dimensions. The self-efficacy perceived as one of the effects on the individual dimension may also be affected. In this study, too, the effect on the self-efficacy perceived to be one of the effects on the individual dimension was tried to be tested. The research model and hypotheses were used to try to reveal the relationship. Developed hypotheses were tried to be explained by making correlation and regression analyzes on the data obtained from 314 health workers working in health sector.

Key Words: Gender Discrimination, Self-efficacy, Health.

Introduction
Contrary to the structure of the classical management approach, which doesn’t give sufficient value to the workers, the provision of institutional effectiveness in today’s world is not tied solely to continuous and more prolific production. Socio psychological factors have also gained importance in the field. For this reason, a perception of trust, which is necessary for healthy and continuous relationships to form in social life, comes to the forefront (Topaloğlu, 2010: 97). For an individual to work in the institution he/she belongs to in an environment of trust and to show the greatest effectiveness possible, institutions should recognize their responsibilities towards their employees. First among those responsibilities comes an equal distance from the institutions to the employees. In cases contrary to this, which indicates an institution where discrimination is practiced, providing a healthy operation is very hard (Aydın, 2002: 60) and institutions face great loss in all fields. If the institutions do not want to face those losses, they have to place the human factor on the center of their operations (Bhadury vd., 2000: 144).

Gender discrimination, which is a specific type of discrimination and is termed as “opportunities, resources, and prizes being distributed differently across genders” (Reskin and Padavic, 1994: 13), is a situation that we encounter in almost every level of social life and is mostly perceived as obstacles towards women (Blau and Tatum, 2000: 11). Gender discrimination may have many negative effects on all of the structures of society and individuals, which constitute an important part of society.

One of the concepts that have effects on the physiological and psychological state of individuals is their perception of self efficacy. Self efficacy, which is defined as “The belief of a person regarding their own sufficiency to perform hard and indeterminate tasks and cope with difficulties with special requirements” (Luszczynska vd. 2005: 439), plays important roles in the initialization of the skill or learning process in individuals, the belief and determination of individuals in fighting difficulties, and on important institutional processes such as performance, motivation, job satisfaction, entrepreneurship, and leadership (Henson, 2001: 56).

The concepts of self efficacy and gender discrimination, which are two of the factors that help shape human behavior, are very important with regard to employees having a just work life. When employees understand that they are exposed to gender discrimination within their institution, they may develop negative emotions towards the institution they are part of. When employees think that they are being precluded because of their gender, this may cause their self efficacy to decrease as a response. In an institution comprised of employees with low self efficacy, it is possible to obtain negative institutional outcomes. In this study, the perceived gender discrimination towards employees was thought to have an effect on institutional deviation and the relationship was tried to be exhibited through the research model formed and hypotheses.
CONCEPTUAL FRAMEWORK

The concept of gender discrimination

Gender based discrimination, beside the people and institutions in every level of society, generally starts with parents, close relatives, and neighbors treating girls differently than they treat boys at younger ages (Acar et al. 1999: 6). Gender based discriminatory behavior, which starts in the family, may be encountered by women in benefiting from the services of law, politics, organization, and education as well as in finding a job, and advancing in one (Altan, 2006: 229). Gender discrimination is an individual being exposed to any discrimination, exclusion, or limitation because of the socially structured gender roles and norms that prevent an individual from benefiting from human rights entirely (Gender and Reproductive Rights, 1948). According to this definition, gender discrimination includes evaluations performed with taking gender into account more than personal abilities or job performance (Gutek et al. 1996: 792).

Although theoretically it can be applied to all employees, gender discrimination, as shown in many studies, is practically mostly effective on women (Gök, 1993: 181-182). The reason for this is work life typically adopting male dominant values and supporting applications that obey gender based values. For this reason women think that they are not wanted in the work environment and are exposed to pressure from the dominant culture that forms as a result of the male dominant structure (Appelbaum et al. 2003: 47).

The concept of self-efficacy

In activities performed for a certain goal, many factors have effects with the human factor at the forefront. The man source of these activities is the energy spent to realize the goal. Albert Bandura has posited that one of the key factors with an effect on the amount of this energy spent by the individual to exhibit a certain behavior was the perception of “self efficacy” (Bandura, 1997: 36). According to Bandura (1982: 123), self efficacy is related to the judgment of people on how well they can perform the actions that may be required against the hardships they may face. Additionally, according to Bandura (1977: 197), self efficacy is a belief and thus an individual believes that he/she has the capacity to accomplish a certain task. Self efficacy perception is a combination of other factors that comprise the capacity, achievements, motivations, and self concept of an individual and has the power to determine whether any behavioral intervention will start or whether a behavior that has been started will continue (Yenilmez and Kakmacı, 2008: 4).

The theory of self efficacy actually signifies the ability of an individual to control the emotional performance that an individual gains and will use in difficult situations (Schunk, 1991: 209). Accordingly, a strong self efficacy perception has positive effects on a person’s performance (Bandura, 1994: 72) as well as personal effort and continuity. These positive effects increase the effectiveness and success of employees in work life (Heslin and Khele, 2006: 705).

By providing a compliant combination of ability and knowledge, self efficacy plays important roles in the initialization of the skill or learning process in individuals (Appelbaum and Hare, 1996: 35), the belief and determination of individuals in fighting difficulties, and on important institutional processes such as performance, motivation, job satisfaction, entrepreneurship, and leadership (Henson, 2001: 56).

Self efficacy has effects on many fields other than individual and organizational processes. According to studies, self efficacy perception has effects on starting behavior that has positive effects on health and continuing them as well as work life (Pender, 1987: 11), career choices such as decision making and sales performance, and academic success (Schwarzer and Fuchs, 1995: 4).

The relationship between gender discrimination and self efficacy

Human behavior has been posited to change with and be shaped by many stimuli form the environment, the results of the actions taken by people themselves (such as rewards or punishment) and observation of others (Büyükçekmece and Çivi, 1994: 23) One of the concepts that fall into the category of environmental stimuli is the perception of gender discrimination. This perception plays an especially important role in the work life of individuals. Gender discrimination arises when decisions regarding people are made through evaluations performed with taking gender into account more than personal abilities or job performance. Through this evaluation, which is performed
without taking the job performance of individuals into account, the person is made to believe that he/she is in a disadvantaged position compared to people in the workplace from the other gender(s) (Gutek et al. 1996: 809). An individual encountering this situation may enter a state of stress and this high level of stress may push employees towards low self efficacy perception.

In light of the facts summarized above, the hypothesis of this study was formed as follows:

**H1. Gender discrimination significantly affects self efficacy.**

**THE STUDY**

**The aim of the study**

The main goal of the study was to provide theoretical information on the concepts of gender discrimination and self efficacy, to stress the relationship between gender discrimination and self efficacy, and to exhibit the reflections of this relationship on the institutional dimension. Additionally, an effort to provide guiding clues to managers, who are responsible for gender discrimination applications in the first degree, was made with the study.

**The universe and sample of the study**

The field of this study is the health sector, where multiple professional disciplines and non professional employees are active and multiple occupational groups work side by side. The universe of the study consisted of health workers active in the city of Malatya. The aim was to reach 10% of the approximately 3000 health workers working within the scope of the Malatya Public Hospitals Association General Secretariat, and official permission from the Malatya Public Hospitals Association General Secretariat was taken for this purpose. In the next phase, 400 questionnaires were handed out to the health workers, 361 of those were returned, and 314 questionnaires were used for the study because of missing data.

**Data collection instruments**

To measure the variables in the model of the study, 2 different scales were used. The scales used in this study and their contents are as follows:

**The Gender Discrimination Scale:** The scale was developed by Sanchez and Brock (1996: 713) and used in several studies by Foley, Hang –Yue and Wong. The single dimension gender discrimination scale consists of 4 items.

**The Self Efficacy Scale:** The Generalized Self Efficacy Expectations Scale was developed by Jerusalem and Schwarzer (1981) to measure this variable. The single dimension scale, which had an original form consisting of 20 items, was later abbreviated to a 10 item form(Jerusalem and Schwarzer, 1992: 199)

**Findings and Comments**

The demographic characteristics of the participants were given in Table 1 while the correlation coefficients between the variables were given in Table 2.

**Table 1. The socio demographic characteristics of the participants**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Job</th>
<th>(n=314)</th>
<th>%</th>
<th>n=314</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woman</td>
<td>Doctor</td>
<td>187</td>
<td>59,6</td>
<td>40</td>
<td>12,7</td>
</tr>
<tr>
<td>Man</td>
<td>Nurse, midwife</td>
<td>127</td>
<td>40,4</td>
<td>140</td>
<td>44,6</td>
</tr>
<tr>
<td></td>
<td>Health Technician (Laboratory, Anesthesiology, etc.)</td>
<td>73</td>
<td>23,2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Medical secretary</td>
<td>28</td>
<td>8,9</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other technicians</td>
<td>33</td>
<td>10,5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>(n=314)</th>
<th>%</th>
<th>Tenure</th>
<th>(n=314)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-25</td>
<td>18</td>
<td>5,7</td>
<td>Up to 5 years</td>
<td>44</td>
<td>14</td>
</tr>
<tr>
<td>26-30</td>
<td>64</td>
<td>20,4</td>
<td>6-10</td>
<td>87</td>
<td>27,7</td>
</tr>
<tr>
<td>31-35</td>
<td>68</td>
<td>21,7</td>
<td>11-15</td>
<td>72</td>
<td>22,9</td>
</tr>
</tbody>
</table>
In the “Socio Demographic Characteristics” section, the questions asked to identify the employees were arranged in frequency tables. According to data from Table 1, 59.6% of the employees were female and 40.4% were male. When the employees were examined with regard to age, it was found that 27.7% were in the 36-40 age group. When the employees were examined with regard to marital status, it was seen that 74.2% were married and 25.8% were single. When data regarding education statuses was examined, it was seen that 19.4% were middle and high school graduates, with a great majority of 66.2% having college education in the forms of vocational school and bachelor’s degrees. When the employees were examined according to occupations (their job distributions within the public hospitals), 12.7% were seen to be doctors, 44.6% were seen to be nurses-midwives-health officers, 23.2% were seen to be health technicians (laboratory assistants, anesthesia technicians, x-ray technicians etc.) and the remaining 19.4% were seen to be medical secretaries, officers, and technical staff. Finally when the employees were evaluated with regard to total occupational duration, it was found that the rate of those with an occupational duration between 6 to 10 years comprised 27.7% of the sample.

Table 2. The correlation coefficients between the variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender discrimination</td>
<td></td>
<td>-.355</td>
</tr>
<tr>
<td>Self-efficacy (2)</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

When Table 2 was examined, it was seen that the variables were in relation to each other. Gender discrimination and self efficacy had a negative relationship \( r = -.355 \).

The regression analyses performed to test the hypothesis developed for the variables within the scope of the study were given in Table 3.

Table 3. The effect of gender discrimination on self efficacy: regression test results

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Dependent variable</th>
<th>( R^2 )</th>
<th>F</th>
<th>p</th>
<th>( \beta )</th>
<th>T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender discrimination</td>
<td>Self-efficacy</td>
<td>0.13</td>
<td>44.89</td>
<td>0.000</td>
<td>-0.36</td>
<td>-6.70</td>
</tr>
</tbody>
</table>

The results of the regression test performed to determine the effect of gender discrimination on self efficacy was given in Table 3. According to the Table, gender discrimination explains 13% of the total variance in self efficacy. Thus, Hypothesis 1 was supported \( (p < .05) \). Since the effect of gender discrimination on self efficacy was negative \( (\beta = -.36) \), it can be said that the self efficacy levels of the employees decreased as their perception of gender discrimination increased (Hypothesis 1 accepted).

Conclusion

In this study on the variables of gender discrimination and self efficacy, “The effect of gender discrimination on self efficacy” was examined. In the literature, even though the concept of gender discrimination was examined alongside many variables, studies performed with the concept of self efficacy were rare. The field of this study is the health sector, where multiple professional disciplines and non professional employees are active and multiple occupational groups work side by side. The universe of the study thus consisted of health workers active in the city of Malatya. 400 questionnaires were handed out to the health workers working at the city of Malatya, 361 of those
were returned, and 314 questionnaires were used for the study because of missing data. The effect of gender discrimination on self efficacy was aimed to be examined as a result of the analyses performed on the collected data. According to the findings of the study, the negative emotions experienced by health workers who encounter gender discrimination increase the possibility of a decrease in self efficacy levels. Gender discrimination arises when decisions regarding people are made through evaluations performed with taking gender into account more than personal abilities or job performance. Through this evaluation, which is performed without taking the job performance of individuals into account, the person is made to believe that he/she is in a disadvantaged position compared to people in the workplace from the other gender(s) An individual encountering this situation may enter a state of stress and this high level of stress may push employees towards low self efficacy perception, leading to negative institutional outcomes.

As a result, the human factor, which has vital importance for institutional performance and sustainable competition, encountering negative situations such as being evaluated solely based on gender increases the possibility of the self efficacy levels of individuals decreasing. When the results of the study are examined alongside the sample of the study, the information obtained can be thought to have greater importance. Health workers, who work in a sector of vital importance such as the health sector, encountering such difficulties carries critical importance. Great responsibility falls at this point on managers and human resources departments regarding these difficulties.

**References**


Pender, N.J. (1987). Health Promotion in Nursing Practice. 2nd ed. Appleton& Lange. USA.


IMPACT OF HIGH PERFORMANCE WORK PRACTICES AND KNOWLEDGE SHARING ON EMPLOYEES’ PERFORMANCE AND CREATIVITY

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Abstract
High performance work practices (HPWP) system plays very important role not only in strategic HR literature but also in organizations which strive for excellence in competitive market now a days. This article analyzes “the impact of high performance work practices and knowledge sharing on employees’ performance and creativity”. All the responses were collected through the survey from of self-report type. Out of 200 questionnaires we received and examined the keenness of 145 employees of public and private sectors in Rawalpindi and Islamabad, Pakistan. The response rate of employees was 72.5% in total. Multiple linear regression analyses were used to test all main effect hypotheses. Our result shows that there is significant relationship between High Performance Work Practices and Employees Creativity and Knowledge Sharing. The discussions of our research analyze the ramification of results and recommend future directions for research.

Key words: High performance work practices, Knowledge sharing, Employees’ performance, employees’ creativity

Introduction
Through the mid 1990s there has been a gigantic development in academic enthusiasm for the scope of employee management implementation which is marked differently as ‘high performances’ or high commitment. Below these implementations there are various measures such as creativity, working hours, work life balance, employee involvement and team based work. 'This topic was central to the 'human relations' model (Mayo 1946)'. A research on High performance work systems and firm performance was conducted by Becker, & Huselid, in 1998. They conducted another research on The Strategic Impact of High Performance Work Systems in 1995.

Organizations today are surprisingly not the same as the past. In recent couple of years, to survive, countless companies are slanted towards planning and high performance work practices (HPWPs) keeping in mind the end goal to enhance productivity and efficiency (Roberts & Amit, 2003). To sustain in competitive working conditions, organizations must be creative and approachable to the changing conditions (Roberts & Amit, 2003). Creativity cannot be initiated without the participation of employees. The researchers found that creativity of workers is very important for attaining the edge over competitors (Shalley, 1995). The creativity of employees results in useful ideas for the development of organizations (Woodman, Sawyer & Griffin, 1993). Organizations in result, avail all the possible opportunities to grow and compete with the competitors (Kanter, 1983).

According to (Osterrman, 1995) those organizations who acquire high-performance work practices also acquire the versatile working time period and career breaks, giving employees more extension to adjust working demands to family or non-work points. In this manner, the employers most energetic in perusing high performance may take a stab at implementations that neutralize or adjust their antagonistic effects outside the work.

Those alternative work practices that are associated with high performance work practices have been examined and explored for workers in order to be implemented (John Godard, 1997).It shows many variables like belongingness, task involvement and empowerment that affect the employee’s behavior. Moreover for organizational performance an organization must focuses on the skills and on the knowledge of an employee. As it has been suggested, that organizations can use various techniques and procedure, in order to enhance the productivity and performance. There has been a relationship between the performance of the employees and the outcomes. If the performance of an employee is not good then the outcome will also be not up to the mark. There are many HR systems and HR practices which are being used to enhance the performance of an organization. However there is still not the clear understanding between the employee’s performance and the outcomes.
Furthermore the empirical studies shows that the High performance HR practices work most immediately through employee’s attitudes and behaviors (Gong, Law, hang, & Xin, 2009). As seen that most of the studies were conducted in 1980s, therefore the implications and the relationship between the outcomes and performance enhanced in 1990s. HRM has been considered a distinctive approach by (Stoery, 1995) that achieves the competitive advantage by highly committed and capable workers.

The research has been done mostly in Canada, US, Netherland, UK etc. But no such study or survey has been conducted in Pakistan yet. Moreover many authors had focused that the impact of high performance work practices may causes an impact on consistency and commitment of employees, job satisfaction, self-esteem, service quality, absenteeism and organizational culture and effectiveness. But no such study has been done on the variables like employee’s creativity, growth and survival, flexibility, work life balance, networking skills, human capital which shows us the competitive advantage. So we will be focusing on such variables in our research by collecting the data and using accurate methodologies with complete analysis. And we will not only be conducting our research on a specific group of employees rather we will be focusing in a collective manner on the markets and technologies, and on the practices and factors that enhances the performance of the employees.

Based on the gaps identified previously, we believe that our study addresses the gaps. The objectives of our research will be to know the effects of High Performance Work Practices on the employees’ creativity. Also know the effects of the training programs on the creativity of employees. Know the role of employee involvement in the creativity of employees. Lastly know the theoretical and practical implications of this study.

Literature Review and Hypothesis Testing

HPWP, KS, EP and Creativity

It is considered that there exists a relationship between high performance work practices (HPWP) and employee’s performance. High performance work practices (HPWP) is however a system that enables the employees to perform best and is effective because it enhances their efficiency in order to cope up with the responsibilities and attain the highest level at work. High performance work practices may be introduced individually or in groups in order to ensure the employee performance and the organization employing them. There are many labor management practices which leads the employees towards the task and duties in a more perceived way, it enhances employees satisfaction and enables them to indulge more often efficiently and effectively. This further involves communication, involvement, innovation, consistency, maintenance and learning, influences not only the employees but as well as the overall organizational performance. This also plays an important role that how an employee considers and engage in such practices and may remain in the organization and work more efficiently.

It is considered that high performance practices encourage the employees to work and achieve the goal it raises the labor cost per employee which leads to employee compensation as well. As suggested that the organizations can use performance- and commitment-oriented human resource (HR) practices to drive organizational effectiveness (Becker & Gerhart, 1996; Dyer & Reeves, 1995; Wright, Dunford, & Snell, 2001). We know that salaries and job enrichment leads to job satisfaction and employee commitment. It depends that how employee have a perception about the work practices. If they are fully satisfied with the job and highly committed then they will perform excellent and achieve the positive outcomes. We develop the following hypothesis:

Hypothesis 1: High performance work practices may have a positive effect on employee’s performance.

As we have observed that high performance work practices encourages the ability of employees to think in a different way and in an innovative manner. But it will only be possible if an employee have a strong will to do work and have the organizational support. An organization needs to pay attention towards the employee perception regarding the work practices and organizational support which in turn leads to the creativity more efficiently. However the creativity of the employees basically contributes to organizational innovation and competitive advantage (Amabile, 1988). The organization must have an efficient High performance work practices (HPWP) which strongly supports the empowerment of the employees and will lead to creative and productive performance.
Moreover creativity is one of the factors due to which employees are able to know their innovative tendencies and managing the time and execution of innovation in an accurate manner. We develop the following hypothesis:

Hypothesis 2: The high performance work practices lead to more organizational creativity whenever the companies undergo organizational change.

As knowledge sharing is considered to be effective. It plays an important role among individual and organizational level. It helps the employees to share the information and efficiently work in teams. Effective knowledge sharing among employees creates the positive impact on the realization of goals set by the organization. However the previous studies claimed that knowledge sharing has a positive impact on employee’s performance and it helps the employees to work and achieve the goal (Demirel & Seckin, 2011).

However there are behaviors (ethical or unethical) of employees communicating during knowledge sharing. It embraces the employee’s high involvement and commitment. Knowledge sharing can be effective if the employees are provided with the appropriate information systems (Kling, 1995). There must be such organizational practices which involve high involvement and information sharing which will increase the employee morale and organizational effectiveness.

Knowledge sharing affects the performance of the employees as well as other members in the organization through feedback and advice. However, organizational policies, practices and design aspects of an organization influence the performance of an individual or an organization (Mindila et al 2014). Therefore we develop the hypothesis:

Hypothesis 3: The increased unethical behaviors may decreases, effect of overall knowledge sharing on the employee performance.

It is considered that there exists a link between the creativity of employees and knowledge sharing. However, in an organization knowledge sharing plays an important role it helps an organization to enhance in an innovative terms both collectively and collaboratively. It helps the organizations to develop the procedures and techniques and may set the high standards of innovation and productivity. Furthermore the employees don’t share their ideas efficiently and easily but if the employees get rewarded then this knowledge sharing behavior can be flourished and will enhance the employee creativity. We develop the following hypothesis:

Hypothesis 4: The knowledge sharing may have a positive effect on creativity (innovative thinking) of the employees.

Theoretical framework

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Dependent variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Performance Work Practices</td>
<td>Employees Performance</td>
</tr>
<tr>
<td>Knowledge sharing</td>
<td>Creativity</td>
</tr>
</tbody>
</table>

Method

Sample and Data Collection Procedures

Perceptions of high performance work practices can vary greatly in various organizations. For maximizing variance in high performance work practices (HPWP) at individual level, we made a decision to gather data from the wide range of organizations in Pakistan. Through professional and private contacts, we tried to obtain admittance to the employees in different sections of private banks as well as in Government Company in Rawalpindi and Islamabad, two big cities of Pakistan for the collection of data. We collected data personally through a survey form with self-report types. A cover letter asking for agree to participate explained the cause of the study, guaranteed respondent’s strictest confidentiality, and unequivocally said that their contribution was discretionary. Respondents finalized the self-report type which carried items linked to high
performance work practices (HPWP), knowledge sharing, creativity and employee’s performance. The surveys were dispersed among respondents in working hours. Respondents were requested to mention their name, age, gender, education, and E-mail in the demographics section of the survey forms. All the respondents filled the questionnaire voluntarily and returned to one of the creators by not having admittance to other employees’ answers. The questionnaires were in English language, respondents easily filled them. English is now a day’s official language in all the private and public organizations as well as the mode of direction in all higher Education institutions in Pakistan. Of the 200 questionnaires, we distributed 100 among banks and 100 among government workers. We received 145 completed self-report responses. Out of which 80% responses are from men and 65% responses are from females. The majority of respondents were male (55.2%) and female were (44.8%). 52.4% of the respondents were between the ages of 20-35, 40% of the respondents were between the ages of 36-49 and 7.6% were of the age 50 and above.

Measures:
“Responses for all variables were assessed using a 5-point scale with the anchors 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = Agree and 5 = strongly agree. For all measures, higher scores equivalents to higher degree of the construct.”

High Performance Work Practices (HPWP): Following (Li yun sun, Samuelaryee, k.law.,2007) we used 8 items scale to assess high performance work practices. Examples of items contain “Extensive training programs are provided for us in customer contact or front-line jobs” and “In this job, I receive bonuses based on the profit of the organization”. Respondents were requested to specify how often they experienced any similar behavior in the workplace.

Creativity: Creativity of employees was measured by using 6-item scale developed by (Janssen, 0. 2000). Examples of items contain “I create new ideas for improvements” and “I acquire approval for innovative ideas”. Respondents were requested to specify how often they experienced creativity in the workplace.

Employee Performance: We used a 7-item scale to measure the performance of employees. Examples of items contain “I adequately complete assigned duties” and “I perform tasks that are expected of me”. Respondents were requested to specify how often they experienced any similar behavior in the workplace.

Knowledge sharing: We used 9-item scale to assess the knowledge sharing of employees. Examples of items are “I see knowledge sharing as strength” and “I am highly motivated to learn and have the opportunity for sharing”. Respondents were requested to specify how often they experienced any similar behavior in the workplace.

Results
Table 1 shows the descriptive statistics, bi-variate correlations, and estimation of reliability (coefficient α) for all measures. Multiple linear regression analyses were used to test all main effect hypotheses. In the first step, we entered gender and age followed by the independent and dependent variables. Our result shows that there is significant relationship between High Performance Work Practices and Employees Creativity and Knowledge Sharing. So the correlation coefficient value of 0.80 between High Performance Work Practices and Employees Performance and there is highly significant relationship between High Performance Work Practices and Employees Performance that supports (H1) in which we concluded that High Performance Work Practices have a positive effect on Employee’s Performance. Furthermore the value of High Performance Work Practices in relation to Creativity is 0.83** and there is highly significant relationship between High Performance work Practices and Creativity that supports (H2) in which we concluded that High Performance Work Practices led to more organizational creativity when the companies undergo organizational change. The value of Knowledge Sharing in relation to Employees Performance is 0.84** which depicts that there is highly significant relationship between Knowledge Sharing and Employees Performance that supports (H3) in which we concluded that increase in unethical behaviors decreases the effect of Knowledge sharing and Employees Performance. Lastly the value of Knowledge Sharing in relation to Creativity is 0.74** which means that there is highly significant relationship between Knowledge Sharing and Creativity that supports our (H4) in which we concluded that Knowledge Sharing has a positive effect on Employees Creativity.

Table 2 presents the regression analysis results for the main effects of High Performance Work Practices and Knowledge Sharing on the outcomes. The effect of High Performance Work
Practices on Employees Creativity is positive and they are highly significant (β = 0.67**). The effect of Knowledge sharing on employees creativity shows that they are less significant but positively related (β = 0.19*). The effect of High Performance Work Practices on Employees Performance is positive and highly significant (β = 0.35**). And lastly the effect of Knowledge Sharing on Employees Performance is highly significant and they are positively related (β = 0.55**).

### Table 1: Means, Standard Deviations, Correlations, and Reliabilities

<table>
<thead>
<tr>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gender</td>
<td>1.45</td>
<td>0.50</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Age</td>
<td>1.56</td>
<td>0.63</td>
<td>-0.20*</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. High Performance Work Practices</td>
<td>3.37</td>
<td>0.72</td>
<td>-0.18*</td>
<td>0.11</td>
<td>(.91)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Creativity</td>
<td>3.50</td>
<td>0.74</td>
<td>-0.09</td>
<td>0.05</td>
<td>0.83**</td>
<td>(.86)</td>
<td></td>
</tr>
<tr>
<td>5. Employees Performance</td>
<td>3.50</td>
<td>0.74</td>
<td>-0.14</td>
<td>-0.01</td>
<td>0.80**</td>
<td>0.82**</td>
<td>(.91)</td>
</tr>
<tr>
<td>6. Knowledge Sharing</td>
<td>4.14</td>
<td>0.94</td>
<td>-0.21*</td>
<td>0.15</td>
<td>0.82**</td>
<td>0.74**</td>
<td>0.84**</td>
</tr>
</tbody>
</table>

Note. N = 145; alpha reliabilities are presented in parentheses.

### Table 2 Results for Main Effects and Moderated Regression Analyses

<table>
<thead>
<tr>
<th>Creativity</th>
<th>Employees Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>β</td>
<td>ΔR²</td>
</tr>
<tr>
<td>.67**</td>
<td></td>
</tr>
<tr>
<td>High Performance Work Practices</td>
<td></td>
</tr>
</tbody>
</table>

Note. N = 145

### Discussion

In this research we have tested the impact of high performance work practices and knowledge sharing on the employee’s creativity. However for the better understanding there is a frame work that clearly shows that how the high performance work practices and knowledge sharing had an impact on the employee’s performance and creativity. Our findings support the idea that high performance work practices have a positive impact on employee’s performance. It shows that it enhances the performance appraisal and influences the employees to remain consistent with the organization. The result of our study shows that the positive effect of high performance work practices do exist on employee’s performance which led the employees to work more and remain committed to the organization.

In addition we found the positive result of our hypothesis that is that the high performance work practices do have a positive influence on employee’s creativity; it enhances the creativity of the employees whenever there is the organizational change. It helps the employees to think in a different and in an innovative manner. For example, the employees who think differently and also perform their task well are more likely to have the solutions for the problems which led the organization to perform in a better way and help them in achieving their goal.

The results also show that the impact of knowledge sharing on employee’s creativity and on their performance also exists. Knowledge sharing led the employees to think collectively and in a collaborative manner. This positive affect led the organization to have an employee’s which can work as a team and can perform their duties that are assigned to them through a better communication and appears to be the strength of the specified department of the organization in which they all are working individually as well as a team also.

As the comparison of zero order correlations reported in table 1, it further shows the estimates of the reliabilities (co-efficient) for all measures. With respect to creativity and employees
performance it appears that are obtained result (r = .86 for creativity and r = .91 for employees performance).

As there are studies conducted on this in western context but our study also shows the results on employee’s creativity so our study is considered to be generalized well in Pakistani context. This study provides the relationship of high performance work practices and knowledge sharing on employee’s performance as well as on their creativity.

Implications for Practice
Our study provides some managerial implications. For example the manager of the organization must be alert if the workplace environment is indulging in politics and policies which may harm the organization. There must be a record of the employees to have a clear idea who is performing their duties and tasks and who is not, so there must be training programs in an organization in order to make the communication better and knowledge sharing between the employees. This will help the employees to indulge in the activities more often, and thinking and working in an innovative manner which will lead to the better performance. The better performance of employees will further provide them with benefits in salaries; promotion and this will increase their commitment and satisfaction towards the goal and also towards the organization.

Strengths and Limitations
The current study has several strengths. First it shows the positive effect of high performance work practices and knowledge sharing on the employee’s creativity and performance. Second, we collected our data and surveyed multiple organizations which however reduced the possibility of being method bias. Third, this study provides the evidence for the main effects of overall Knowledge sharing and high performance work practices on employee’s performance and as well as on employee’s creativity.

This study has several limitations that also need to be noted. First, this study geographically only covers the capital (Islamabad) and Rawalpindi (twin city) in Pakistan. It does not cover the whole country which may lead to variations. A second limitation is that we included only two variables (High performance work practices and knowledge sharing) and focused on their positive effect on employee’s creativity and performance, although we do not expect our findings to change if the other dimensions are included.

Future Research Directions
Future research in this area should focus on the relationship between performance and creativity of the employees and the factors that plays an important role, either effect positively or negatively those factors must be taken in account so that the employees led the organization towards the goal in a perceived manner. In future the analysis must be held in detail so that the comparison of the western and non western sample highlights the internal, external, organizational, cultural and contextual factors. However in future studies the whole province or country can also be focused.

Conclusion
In a global economy Asia also has an important role as the multinationals are rapidly moving towards Asian regions. As there has been conducted the study of high performance work practices on employees performance only by (Adeel Akhtar, 2016) our study focuses on the employees creativity also. However more are required to enhance, extend and test the complexity of the models in different cultural setting.

References


A STUDY OF RELATIONSHIP BETWEEN SPIRITUALITY AND MENTAL HEALTH AND THE EFFICACY OF COGNITIVE BEHAVIORAL THERAPY IN YOUNG ADULTS

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Dr Anjum Ara
Dr Bushra Khan
Karachi University

ABSTRACT
Spirituality is defined as a way of believing in a superior power and achievement on a significant structure, clear of any personal motive. It is a strength which gives way, which provides a meaning, and help in everyday life and during times of difficulty. The study aims to see the relationship between spirituality and mental health. The hypotheses formulated were: (1) There will be a significant negative correlation between spirituality and mental health (2) Social Inability which is one of the components of mental health will be negatively correlated with spirituality (3) Spirituality will be found to be more in females as compared to males (4) Males will have better mental health as compared to females. Sample of the present research consisted of 230 (N = 230) of which 133 participants were females (M = 74.14, SD = 8.13) and 97 participants were males (M = 66.53, SD =14.82) from different departments of the University of Karachi. The age range of the sample was 18 to 26 years. A Daily Spiritual Experience Scale (DSES), (Underwood, L. G. & Teresi, J., 2002), a 16-item self-report measure of spiritual experience was applied to measure the spirituality of the participants. A General Health Questionnaire-28 (GHQ-28) (Goldberg & Hillier, 1979) was used to measure mental health. To test the hypothesis one, Pearson Product Moment Correlation was used to measure spirituality and mental health. Significant negative relationship was found between spirituality and mental health. To test the hypothesis two, Pearson Product Moment Correlation was used to measure social inability (one of the components of mental health). High significant negative correlation was found between social inability and spirituality. To test the hypothesis three, t-test was used to measure spirituality in females and males. Spirituality was found to be more in females as compared to males. To test the hypothesis four, t-test was also used to measure mental health between males and females. No significant difference in males and females was found with reference to mental health. The results will aid the psychologists, mental health practitioners and counselors to understand the relationship of spirituality with mental health in young adults in Pakistan, and they might incorporate the aspect of spirituality in their future counseling, therapy and awareness programs with respect to both males and females.

Keywords: Spirituality, Mental health, Social inability, Daily Spiritual Experience Scale, General Health Questionnaire-28, Pearson Product Moment Correlation, t-test, Cognitive Behavioral Therapy (CBT), Psychologists, Mental Health Practitioners, Future Counseling

INTRODUCTION
In today’s highly advanced world people are getting all the benefits from different technologies, still every individual is wishing, and searching for inner peace, and the meaning beyond self. For this, people are trying their best resources to be physically and mentally healthy. One of the strategies used by most of us is trying to connect ourselves with religion by practicing religious rituals and beliefs. In search of meaning and purpose, people visit churches, temples, mosques, synagogues, shrines and tombs. Other than religious practices, people are indulging themselves in meditation, yoga and reiki. While others are connecting themselves with art, music, nature whereas few are committing themselves to generosity, and sacrificing oneself for the betterment of others to gain mental peace. It seems that mental peace opens the door for individuals to connect themselves with their own real selves, with the creator of world or Almighty, and also inspiring oneself towards spiritual experiences.

There are questions to be asked when defining spirituality. Some examples like: Am I a good person? What is the meaning of sacrifice? What is the meaning of suffering in the world? What is the connection of the world around the person? Do things happen for a reason? How can a life be lived in the best possible way?

Patricia Andersen and Michael Vandehey (2012) stated that meaning in life, core values like
serving the community and service to others, the search for self-expression in work could be considered as spiritual aspects to an individual’s life. Spirituality is defined by Bloach and Richmond (1998) as the ability to connect within ourselves, and also outside the environment.

In the 1900s, Underhill termed the spiritual experience as sensible rather than something which is paranormal (Underhill 1914). Although, most of the people consider spirituality as beyond their sensory world, and something abstract or supernatural. Different philosophers, psychologists or social scientist defined it differently. Such as Underwood (2002) argued that the core understanding of the spiritual way of thinking, and perception are an important sacred element of the everyday lives of people (Underwood, L. G. & Teresi, J., 2002).

On the basis of Underwood’s construct of spirituality, he developed a self-report determine named as Daily Spiritual Experience Scale (Underwood, L. G. & Teresi, J., 2002). The scale evaluates a person’s inner understanding of the divine on everyday basis, and how they react or respond to life. The scale aims to calculate ability rather than attitude or behaviors irrespective of religion. Moreover, measuring a person’s everyday divine skill rather than the unusual knowledge like before death experiences, unreal body experience and more mystic experience (Underwood, L. G. & Teresi, J., 2002).

Nowadays, spirituality and religion is grasping sheer attention from different health professionals including psychologists and social scientists. Studies in counseling and psychotherapy show that along with different therapeutic strategies, the focus is shifting towards spirituality and religion, as an important additional facet to develop a healthy mind and body. The rationale of our present inspection is to recognize if a relationship involving spirituality and mental health exists. So that it can give practical clue to the existing literature (Koenig G, 2012).

The benefits of spirituality include the ability to recover faster from grief and illness. Also, for an individual it aids to improve relationship with the self, with other people, and also with the environment.

Spirituality improves the individual’s overall common interests and his health. Kirkpatrick (1995) added further to Bowlby’s attachment theory which mentioned that the awe-inspiring higher power or God will play a very important connection figure, and also the higher power is the entity on which a man can lean during times of adversity. Those individuals who have a strong relationship with God will experience greater vigor, more self-assurance and calm. Hill & Pargament (2008) mentioned that close relationship with God improves health when facing the troubles of life and as seen the community residents who have strong relationship with God show less depression, show less lonely behavior, greater maturity in terms of relations, better adjustment to the society, and more competence in dealing with the people generally.

In the last one decade, it has been witnessed that science and faith has come together. In the western context, a person can be divine without following certain set of rituals as are followed in a religion. Swinton & Kettles (2001) refers to spirituality as a subconsciously induced state of an individual which is connected with the lives of others via a common thread which contributes to a cherished and bigger society, together forming wisdom of staying connected and getting approval from other.

In the muslim world and also in Pakistan not much work has been done on this topic. The purpose of the current study is to see if a relationship exists between spirituality and mental health. Also, it is intended to see if there are gender differences between spirituality and mental health. This study would open new vistas of study for psychologists, researchers, sociologists, mental health practitioners to study the link between spirituality and mental health and may include the aspect of spirituality as one factor in improving mental health of individuals. After detailed literature review and keeping in the view Pakistani culture, the following hypotheses were formulated:
There will be a significant negative correlation between spirituality and mental health.

Social Inability which is one of the components of mental health will be negatively correlated with spirituality.

Spirituality will be found to be more in females as compared to males.

Males will have better mental health as compared to females.

**METHOD**

**Sample**

The sample of the study comprised of 230 young adults (133 females and 97 males) of BS (1st year to 4th year) population with age ranging from 18 to 26 years from the different departments of the social sciences of the University of Karachi while using convenient sampling.

**Measures**

- **Demographic Form**
  
  It included the participant’s name (optional), from which department of the university they belonged to, their age, whether they are male or female, their academic qualification, which religion they belonged from, relationship status, and the earning of the family. To measure spirituality and mental health following scales were used.

- **A Daily Spiritual Experience Scale (DSES)**
  
  A scale on Daily Spiritual Experience Scale developed by Lynn G. Underwood, is a 16-item self-report measure of divine experiences used in our study. It is aimed to measure daily life divine experiences and not paranormal experiences such as hearing voices or near death experiences. This is a 6-point scale of which the first 15 items have: 6 (many times a day), 5 (every day), 4 (most days), 3 (some days), 2 (once in a while), and 1 (never or almost never). And item 16 is measured on a 4-point scale: 1 (Not Close at All), 2 (Somewhat Close), 3 (Very Close), 4 (As Close as Possible).

  All the original scores are reverse scored and as the score increases, the level of spirituality also increases. The score of item 16 was reversed in order to maintain balance in all the other items. The sum is obtained by calculating the entire 16 items total which can range between 16 to 94. The DSES has shown high levels of reliability above 0.90 (Underwood, L. G., & Teresi, J. A. 2002; Underwood L.G., 2006).

- **A General Health Questionnaire 28 (GHQ-28) Scale**
  
  A General Health Questionnaire 28 (GHQ-28) is a self-report questionnaire used for uncovering psychiatric pain related to ordinary medical problems. This scale was developed by Goldberg & Hillier, 1979 which examines the participants’ recent mental condition with his normal condition, and so examining the transition in traits and not long lasting behavior traits in the process. Physical symptoms, apprehension/sleeplessness, social inability and extreme depression are the four subscales of the GHQ-28. (1-not at all, 2-no more than usual, 3-rather more than usual, 4-much more than usual) are answer possibilities each GHQ-28 item. Likert scoring procedure (0, 0, 1, and 1) is applied and the total score ranged from 0 to 28.

  Increasing score of GHQ will indicate an increase in the level of mental health problems. The internal consistency of the total scale is 0.92 (Goldberg & Hillier, 1979)

**Operational Definitions**

**Mental Health**

As defined by the GHQ-28 scale used in this study is composed of mental aspect of value of life consisting of the physical body, the mental aspect related to the mind and the collective dimensions of the value of life.

**Spirituality**

Spirituality according to DSES scale used in this study is defined as wonder, gratefulfulness, kindness, connection with the divine, considerate affection, and yearning for intimacy towards the supreme creator or Almighty. It also includes an evaluation of awareness of opinion/insight and a delightful understanding of an individual’s true self.

**Procedure**

Before, collecting the data, permission was taken from the in charge of the various departments’ of social sciences of the University of Karachi. The students’ were told what study is
about and asked to read consent form carefully before starting the procedure. The participants were required to answer personal information and to fill the Daily Spiritual Experience Scale (DSES) (Underwood, L. G. & Teresi, J., 2002), General Health Questionnaire-28 (GHQ-28) (Goldberg & Hillier, 1979). The questionnaires were filled within 15 to 20 minutes. Incomplete data collection process, 23 forms were discarded due to incomplete and double responses.

RESULTS

HYPOTHESIS 1

“There will be a negative relationship between spirituality and mental health”. To test above assumption, Pearson correlation was used. There was a significant negative relationship among the two variables (r= -0.24, df= 230, p <.05) was found (Table 1).

HYPOTHESIS 2

“Social Inability which is one of the components of mental health will be negatively correlated with spirituality.” To test the above assumption, Pearson correlation was used. There was a significant negative relationship among the two variables (r= -0.29, df= 230, p <.05) was found (Table 1).

Table 1 Correlation of Spirituality and Mental health among university students’

<table>
<thead>
<tr>
<th>Variable</th>
<th>r</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spirituality and Mental health</td>
<td>-0.24</td>
<td>.000</td>
</tr>
<tr>
<td>Mental health with social inability</td>
<td>-0.29</td>
<td>.000</td>
</tr>
</tbody>
</table>

Table 1 shows significant negative relationship between spirituality and mental health. The highest significant negative correlation was found between spirituality and social inability

HYPOTHESIS 3

“Spirituality will be found to be more in females as compared to males.” To test the above assumption, t-test was employed. Results (Table 2) show there is a difference in levels of spirituality in both males and females (t= 4.98, df = 228, p <.05.)

Table 2 t-test for differences between females and males experiencing Spirituality (N =230)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Females (n =133)</th>
<th>M</th>
<th>SD</th>
<th>Males (n =97)</th>
<th>df</th>
<th>t</th>
<th>Sig.</th>
<th>Cohen’s d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spirituality</td>
<td></td>
<td>74.14</td>
<td>8.13</td>
<td>66.53</td>
<td>228</td>
<td>4.98</td>
<td>.000</td>
<td>0.66</td>
</tr>
</tbody>
</table>

Table 2 shows that women experience significantly more spirituality (M=74.14, SD= 8.13) as compared to men (M= 66.53, SD=14.82)

HYPOTHESIS 4

“Males will have better mental health as compared to females.”

To test the above assumption, t-test was employed. Results (Table 3) show there is a difference in levels of mental health in both males and females (t= 1.05, df = 228, p <.05.)

Table 3 t-test for differences between females and males experiencing Mental Health and its various components

<table>
<thead>
<tr>
<th>Mental Health</th>
<th>M</th>
<th>SD</th>
<th>t</th>
<th>Sig.</th>
<th>df</th>
<th>Cohen’s d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Males (n = 97)</td>
<td>7.66</td>
<td>6.04</td>
<td>1.05</td>
<td>.29</td>
<td>228</td>
<td>0.14</td>
</tr>
<tr>
<td>Females (n =133)</td>
<td>6.84</td>
<td>5.58</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical Symptoms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Males (n = 97)</td>
<td>2.11</td>
<td>1.87</td>
<td>0.33</td>
<td>.73</td>
<td>228</td>
<td>0.04</td>
</tr>
<tr>
<td>Females (n =133)</td>
<td>2.03</td>
<td>1.82</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Mental Health Dimension</td>
<td>Males (n = 97)</td>
<td>Females (n = 133)</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apprehension/ Sleeplessness</td>
<td>2.00</td>
<td>1.95</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>1.90</td>
<td>1.94</td>
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<td></td>
<td>0.17</td>
<td>0.79</td>
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<td>.86</td>
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<td></td>
<td>228</td>
<td>0.02</td>
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<tr>
<td>Social Inability</td>
<td>1.87</td>
<td>1.47</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.82</td>
<td>1.59</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.76</td>
<td>228</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.79</td>
<td>0.23</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extreme Depression</td>
<td>1.63</td>
<td>1.39</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.73</td>
<td>1.79</td>
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<td></td>
<td>.31</td>
<td>0.13</td>
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</table>

Table 3 shows that men have better mental health (M = 7.66, SD = 6.04) as compared to women (M = 6.84, SD = 5.58).

**DISCUSSION**

The purpose of the present study was to see the relationship between spirituality and mental health, to see that there is a negative relationship between social inability and spirituality, to see that spirituality will be found to be more in females as compared to males and lastly, to see that males will have better mental health as compared to females.

According to the first hypothesis, results (Table 1) show a significant negative correlation between spirituality and mental health and the highest significant negative correlation was found between spirituality and social inability.

Spirituality seems to be an important component of mental health. In other words, spirituality helps individual to cope with the stressors of life. Recently, psychologists and even psychiatrists along with the therapy and medicine are considering spirituality and religion as an important part of the therapy. (Kakar, 1989). Spirituality is not only found to be negatively related to overall mental health but also to all of its components. Studies show that individuals who are high on spirituality have less mental health issues. (Nelms, Hutchins, Hutchins, & Pursley, 2007; Larson & Larson, 2003; Larson & Milano 1995; Miller & Thoresen, 2003).

One of the components of the mental health was social inability that indicates individual’s lack of ability to interact with people. Strong negative correlation was found between spirituality and social inability subscale. This means that the more spiritual the person is, the more they socialize and focus on maintaining long term healthy relationship with others in the community (Alena, 2015). Cohen et al (2000) elaborates that spirituality is linked with more socialability and better interaction with the community and people. This is connected with the meaningfulness and purpose in life. Another study that was conducted on chronic disabled population found that spirituality helped them cope with the problems in their lives and provided meaning and purpose (Smith, 2003). Also according to practical teachings of the Holy Prophet (PBUH) it is very important to be good to people and to maintain healthy ties with the society (Nadir & Dziejielewski, 2001). Therefore, in our study, the results show more spiritual the person is, more he might interact with people.

Our study show that spirituality is negatively associated with depression and anxiety. Individuals who regularly experience feelings of blessedness, connectedness, and transcendence are less likely to experience depression and anxiety suggesting that day-to-day spirituality can serve as a potential protective factor against mental health-related illnesses. These results are consistent with a number of previous studies that found support for the beneficial effects of spirituality on both physical and mental well-being. (Kim et al, 2002; Tuck et al, 2006; Underwood, 2002)

Our third and fourth hypothesis which postulates there will be differences between spirituality and mental health amongst men and women. Our results show that women (M = 74.14, SD = 8.13) are more spiritual as compared to men (M = 66.53, SD = 14.82) and men have better mental health (M = 7.66, SD = 6.04) as compared to women (M = 6.84, SD = 5.58).

The rationale behind this is that in west a lot of literature is available (Stephanie Reid-Arndt, et al., 2011) stating that spirituality helps in reducing the cost of long term health conditions. Recent publications from the same author have mentioned that spiritual support and healing is linked with mentally healthy women and men who are both mentally and physically strong. Therefore, results show better mental health of men although spirituality is higher in women.
The above can be supported by the studies which have shown females being more spiritual (Diener & Clifton, 2002; Ellison, Gay, & Glass, 1989; Brown, Ndubuisi, & Gary, 1990; Bryant, 2007). Gill & Thornton, 1989 have found that atheism is more common in men. Also, more studies have been conducted in investigating the differences in males and females in which one study found that when in crisis, males preferred themselves while the females preferred God in solving the crisis and finding solutions.

From the studies conducted on the DSES scale (Sanchez, 2010; Bailly, 2010) it was found that when it was conducted on the various US samples within different cultures women reported higher spirituality than men in US samples. Although, no gender difference was found in Hong Kong, European Basques, Mexico, France. In our part of the culture in Pakistan, women are not expressive and men may not report emotions. Also, religion also plays a major role in the culture in Pakistan. These factors might have influenced the outcome of our research

The above studies support western based research. Our results also show that there is a connection between the two main variables. Also, there are differences in spirituality in males and females. Although, men were seen as having better mental health, as compared to women. Looking our results from the Pakistani cultural perspective, women in our society are more emotional, they connect with things more and therefore, are more spiritual.

Spiritual beliefs may serve like an anchor when facing stressful times; by keeping the faith that prayers, worship and God can change the direction of events in one’s favor. This faith enables an individual to believe in miracles giving an internal control over events. This gives an internal sense of control to the individual as he thinks that prayers can change destiny rather than having to depend on other people. This relates with our research showing women are more spiritual as they have an internal locus of control (Brown, et al., 1990; Koenig, 2012).

Males are not that spiritual as they can’t connect with things. Although, they show a better mental health in our study maybe due to the fact that their physiological built is so that they are biologically mentally strong as compared to women (Babchuck, et al., 1985; Hampson, et al., 2006). McClure, 2000 suggests that since women have to give birth to babies, they are more sensitive, more responsive to negative emotions so that they can overcome all the external threats in the environment.

Overall, results can be supported by a study conducted on black adults in USA. The study aimed to investigate the link between spirituality and depression with the differences in both gender on black adults. The results showed that women were more spiritual focused, had more faith than men and had less depression (Koeing, 2012; Pargament, 1997).

Supporting our results, Frankl (1959) mentions that a person can lead a fully meaningful life. Quality of life and optimism both come from leading a meaningful life. Even if the conditions are gloomy, there is always a silver lining.

Victor Frankl’s (1959) observations were drawn from the Nazi concentration camps and he argued that the man’s quest for purpose in life is of utmost importance. Also, he further added that living without having aims, standards or ethics in life causes suffering for human beings.

Also, our study is based on young adults, Dai, Nolan, and Zeng (2002) found that spiritual involvement indeed has an impact on young adults mental health. Perhaps this developmental phase played a role in finding relationship in our study.

We can conclude that a number of studies show that people who have better mental health are more spiritual, have better physical health, take care of their well-being, they are more optimistic, have better quality of life, have certain aims, objectives and ethics in life, and also respond well to treatment when ill.

Spirituality in the future should be included into patient care programs for better healthcare treatment of individuals. This will help improve the individuals’ mental well-being in the truest sense of mind, body and spirit.

CONCLUSION

The study was conducted to check the connection between spirituality and mental health. Also, to see the gender differences between the two variables. The study explored the different domains of the mental health: physical symptoms, apprehension and sleeplessness, social inability and extreme depression along with the feelings of elation, security and a relation discovered by the
The General Health Questionnaire-28 (GHQ-28) is used respectively. It was found there is a considerable negative association between the two main variables. No significant difference in males and females was found with reference to mental health whereas females were found to be more spiritual than men.

REFERENCES


ABSTRACT

Tools of project management are effectively practiced worldwide. In project management planning phase is considered to be important and crucial for project success because effective planning makes the way towards the success or failure of a project. This study is to investigate the relation between project planning and project success and to examine the relationship with project risk (third variable) introduced as a moderator. This study also aims to gain understanding of how different dimensions of project risk affect the association between project planning and project success. A survey was conducted among information technology professionals, gathering survey data from 40 information technology projects conducted in 20 IT firms in KP information technology board of Peshawar, Pakistan. Regression techniques were used i.e. linear regression and moderation analysis through MODMED (PROCESS procedure) to determine the association among variables. The researcher has identified six dimensions of risk from literature i.e. organizational, people, technical and technology, project management, economic and stakeholder. The analysis revealed that overall project risk has significant moderation impact on the relationship of project planning and project success. For the successful completion of a project one should not only recognize and identify but an early management (planning) of those instant risks is required. After analysis it was found that IT professionals of KPITB planned risk related project management, technical and technology and economic but if they consider the other risk factors while planning a project could decrease the amount of IT project failure. This research enlightens the importance of planning in the presence of risk. It is speculated that these can serve IT professionals of KPITB as very limited research has been done in this sector.

Key Words: Project planning, Project risk, Project success, Information technology projects, Risk factors, Moderation, MODMED (PROCESS procedure), Developing countries; Pakistan.

Introduction

Information technology (IT) is considered to be a crucial source in today’s global society (Chen, Zhang, & Lai, 2009). Various schools of thought believed that information technology industry plays a vital role in any country social and economic growth and with the very short passage of time information technology industry has made its place as a significant contributor of developed civilization (Shaukat & Zafarullah, 2009). Therefore information technology is considered to be imperative in the innovation and improvement of both emerging and industrialized state (Bani-Hani, Al-Ahmad, & Alnajjar, 2009). Today the foremost concern of IT researchers and practitioners is to progress management of projects in the field of information technology because most of these projects are facing problems like poor project performance, delayed schedule, and over budget (Talet, Mat-zin, & Houari, 2014). Referring to the report of Standish Group (1995) the information technology projects are in chaos. As a result, the report was believed as a benchmark study of IT project failure. An international study of 7,400 IT projects in which they revealed that only 24% of those projects were completed on a specified budget and time and rest were failed due to several issues but most common of them was that they were not accurately planned (Whittaker, 1999). Failure has been the same with many IT projects over the last four decades and the causes for failure have been accredited to technological hitches, managerial problems, functional and organizational problems, and numerous other (Al-ahmad, Al-fagh, & Khanfar, 2009). Undoubtedly there are several features that increase the rate of IT project success; here in this study one of the critical characteristics of the project success is concentrated i.e. the proper planning of projects. That’s why this study aims at understanding the conflicting findings on planning effectiveness through an analysis of risk because the management of IT projects is not free from risks created from several sources of the environment; this generates a need for understanding of these potential risks which
can produce obstacles for the success of project (Talet et al., 2014). Organizations must take risk both to innovate themselves and to launch new products. Nonetheless, risk courses do not need an approach for averting risk but a prior diagnosis and management (planning) is essential (Keizer, Halman, & Song, 2002).

Such crucial study has a lot of importance for developing countries such as Pakistan where IT sector is struggling to meet the international standards, so the thesis is confined to a city of Pakistan i.e. KP, Peshawar. IT Industry in Pakistan is a mounting and increasing industry that has loads of potential (Khan, Turner, & Maqsood, 2013). During last two decades the IT industry of Pakistan has developed hastily. According to the statistics of Securities and Exchange Commission of Pakistan (SECP) during fiscal year 2014-15 there are 480 information technology registered in Pakistan. Pakistan was placed 111th among 144 countries by the World Economic Forum reported in Global Information Technology (2014). Though Pakistan has established their information technology department but still numerous IT firms of Pakistan are facing failure issues, and still very far from rest of the world (Shaukat & Zafarullah, 2009). During 21st century, there are varied reasons for failure of IT firms in Pakistan (Butt, Rafiq, Aslam, Ahmed, & Ayyub, 2014). The Ministry of Science and Technology has reported for 2015-16, that most of the IT projects fail due to lack of improper planning and several other reasons but if these IT projects promptly planned for the instant risk then IT industry will grow more and will benefit the whole country economy too.

**Literature Review**

**Project Planning**

Project planning is a substantial fragment of project management (Andersen, 1996). The importance of planning phase is more significant in comparison with other stages of project management (Meyer, Tertzakian, & Utterback, 1995). Various schools of thought endorse that project is an exceptional endeavor which generally not done according to the standards and it is difficult or even more challenging for a project manager to forecast precisely at the early stage i.e. planning for the future risks and the tasks that are necessary to be undertaken to achieve the desired goals and objectives of a project (Raz, Shenhar, & Dvir, 2002). That’s why few researchers believed that planning is nothing changing plans are everything, that proper and precise planning at the early stage is not useful for the project managers in fact it is just the wastage of time and resources (Zwikael, Pathak, Singh, & Ahmed, 2014). The importance of proper planning was also found in project management literature by Bart (1993) and Anderson (1996) i.e. formal planning for a project to be undertaken rather to do a standard planning. Hence the question arises that whether planning is that important for a project or not. Bart (1993) strengthens previous argument that often projects failed due to formal planning. Thus Anderson (1996) introduced the milestone planning approach instead of formal and standard planning where a milestone is the group of activities that needs to be undertaken in a project not the way that how it should be done, since milestone planning emphasis on results rather on activities. Therefore, an ample and apt planning is essential to be commenced before starting an IT project because it was found from previous studies that it may have noteworthy effect on the success of projects (Aladwani & M., 2002). The researcher has started this study with this question in mind while keeping an assumption derived from literature that proper and accurate planning may not be the only reason of a project success but there should be some other factors responsible for a project to be successful.

**Risk in Information Technology Projects**

Risk is defined as a situation in which a project suffers a detrimental influence. High level of risk in a project is professed to become an issue (PMI, 2013) and a hindrance to success (Zwikael et al., 2014). Despite the fact that risk cannot be fully removed, Chapman and ward (2004) revealed that senior executives and project managers of IT firms should preserve funds and resources for risk management because risk is thought to be a noteworthy arbitrator for the accomplishment of undertakings. Today management of risk proficiently is a key element for the success of all projects (Carbone & Tippett, 2004). Projects are distinctive in a sense that they deal with the extent of probability. Risk is usually related with uncertainty state that if occurred then it must have a positive or negative impact over project goals and objectives (PMI, 2000). Sometimes risk is defined as the
possibility of failure as well (Bowers et al., 1986). Information technology projects are risky in nature and easily acknowledged in the literature but difficult to identify those risks in real world situation (B. W. Boehm & DeMarco, 1997). Risk management believed to be the best practice for the success of IT projects (Baccarini, Salm, & Love, 2004). That is why risk management has become a key concern for the project managers today. Researchers have identified many risk factors for IT project failure. But here the question arises that why do IT projects experience failure? Numerous studies have been done to investigate this IT project failure (Al-ahmad et al., 2009). The first step for the management of risk is the identification of those specific risk factors which are responsible for IT project failure (Aloini et al., 2007). There is huge number of risk factors that have been investigated by various researchers including those poor project planning, organizational i.e. structure, unclear goals, scope and objectives, miscommunication, inappropriate resource planning, management and leadership, monitoring and evaluation, poor methodology, stakeholder involvement and training, technical and technology planning, inability to adapt, inexperience project managers, superficial environment for employees; and risks not managed. Recognizing risks can be a challenging task for managers, particularly because there are diverse techniques in which they can be defined and classified (Baccarini et al., 2004). As there are many risk factors involved but these risk cannot be taken all so they have been modified to be categorized into six dimensions to represent all those risks. Frequently terms as Uncertainty factors, risk factors, and Critical Success Factors are used to express the same concept. So these factors have been homogenized and grouped under one umbrella i.e. Organizational, People, Project Management, Technical and Technology, Economic and Stakeholder. Each risk factor has different proxies to measure that risk occurrence and impact. All risk factors were adopted from studies from 1981 to 2016. Each is further categorized based on previous studies. The researcher has converted literature for risk proxies into a table that which article has supports the six dimensions identified by this study.

TABLE 2-1: Review of previous studies

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<th>R3</th>
<th>R4</th>
<th>R5</th>
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<td>12</td>
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<td>Making IT Happen: Critical Issues in IT Management</td>
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<td>19</td>
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</table>

Table 2-1: This study has covered the literature for independent variables i.e. planning and risk factors from (1981-2016) which effect the rate of success of IT projects (author has identified which study has supports the argument).

PPL represents project planning; R1 represents Organizational risk in IT projects; R2 represents People risk in IT projects; R3 represents Project management risk in IT projects; R4 represents Technical and Technology risk in IT projects; R5 represents Economic risk in IT projects and R6 represents stakeholder risk in IT projects. While the sign of “check” represents that in which publication the independent variable found by this study.
Risk factors identified across 33 publications

Figure 1: The hierarchy of risks in IT Projects

IT Project Risk

Organizational
- Lack of executive sponsorship
- Lack of management commitment
- Organizational culture too traditional
- Organizational culture too political
- Organizational size too large

People
- Personnel shortfalls
- Lack of necessary skill-set (Poor Quality of staff)
- Lack of project management competence
- Lack of team work
- Resistance from groups or individuals
- Bad customer relationship

Project Management
- Ill-defined project scope
- Ill-defined project requirements
- Ill-defined project planning
- Lack of agile progress tracking mechanism
- Lack of customer presence
- Ill-defined customer role

Technical and Technology
- Poor Production system performance
- Lack of complete set of correct agile practices
- Inappropriateness of technology and tools (Inappropriate user interface)
- Developer Expertise
- Lack of Commitment

Economic
- Changing market conditions (market environment)
- Software no longer needed
- assessment of competition
- Finance related

Stakeholder
- Change in Government employees
- Change in Government policies
- Conflicts between user departments
- Ineffective communication with users
- Fail to get user support

The hierarchy shows that how each dimension of risk is further categorized on the basis of previous studies. All these proxies were applied by the researcher to enquire the desired outcome.

2.3 Project Success

Project success is hard to define. Success is defined by the Canadian Oxford Dictionary (1998) that success is completion of a desired goal. Although there is no consensus in project management on what represent a “project success” or “project failure” but various author has given their view about project success in their own way but the most common and acceptable phenomenon or the definition for project success is that “iron triangle” or “golden triangle” (Ika, 2009). The iron triangle refers to time, cost and quality of a project that a project should be completed within given time and cost while not comprising on quality standards is called a project to be successful (Atkinson, 1999). Various authors have described numerous ways to measure project success. Turner and Zolin (2012) have described the measure for project success by considering the stakeholder’s perspective. Others described the measure for project success by considering time element that a project should be completed in a given time (Shenhar et al., 1997; Zolin, 2012).
This study has adapted items for measuring success, mainly classified into two i.e., project management success and project product success. The project management success being measured against 1) time, 2) cost and 3) quality and project product success being measured against 1) meet organizational/market needs 2) achieve desired objectives (Baccarini, 1999).

With the development in the subject of project management, project planning has been discussed as a chief contributor of successful projects (Dor Dvir & Lechler, 2004). Many organizations have inadequate knowledge of what enhances the success or failure of the information technology (IT) projects. Aladwani (2002) recognizes that project planning can have a substantial influence on IT project success/failure on numerous diverse stages comprising its role in determining the nature of association amongst project uncertainty and success. Several authors done their empirical studies on success of projects and they are come up with the same argument that planning plays a key role in any project success (Dor Dvir & Lechler, 2004).

Theoretical framework

The research model, theoretical framework for project planning impact on project success has been derived from (Belassi & Tukel, 1996; Atkinson, 1999; Maguire, 2002; Dvir & Lechler, 2004; Chow & Cao, 2008; Müller & Jugdev, 2012; Zwikael et al., 2014; Safaryan, 2014)

Research Hypothesis:
The following hypothesis will be verified to investigate the significance of this framework: (RQ1): What is the impact of project planning in IT projects on project success?
To answer the research question 1 (RQ1) the following is the hypothesis.

**Hypothesis 1 (H1):** Project planning in IT projects is positively associated with project success.

**RQ2:** What is the moderating role of overall project risk on the association between project planning and project success?

To answer the research question 2 (RQ2) the following is the hypothesis.

**Hypothesis 2 (H2):** As the value of overall project risk increases, the relationship between project planning and project success also increases.

**RQ3:** What is the moderating role of six dimensions of risk on the association between project planning and project success?

To answer the research question 3 (RQ3) the following are the hypotheses.

**Hypothesis 3 (H3a):** Organizational will moderate between project planning and project success.

**Hypothesis 3 (H3b):** People will moderate between project planning and project success.

**Hypothesis 3 (H3c):** Project management will moderate between project planning and project success.

**Hypothesis 3 (H3d):** Technical and technology will moderate between project planning and project success.

**Hypothesis 3 (H3e):** Economic risk moderate between project planning and project success.

**Hypothesis 3 (H3f):** Stakeholder risk moderate between project planning and project success.

**Methodology**

This study is purely quantitative in nature and utilized deduction approach with a positivism paradigm. A positivist study generally depends upon quantifiable examination that leads them to numerical and statistical analysis (Collins, 2010). This study matches the criteria for positivism according to the literature therefore positivism has been adopted. Crotty (1998) and other authors (for example Yin, 2003) has preferred survey methodology for this study. The table 4-1 shows the research design adopted from previous studies.

**Table:4-1: Research Design**

<table>
<thead>
<tr>
<th>RESEARCH DESIGN</th>
<th>REFERENCES</th>
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<td>Research Approach</td>
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<td>Data Analysis Tools</td>
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</table>

The study aims to examine project planning’s impact on project success with moderating effect of risk and the IT project team is responsible for planning therefore the scope is limited to the project team (which comprises of project managers, project coordinators, project team lead, and software engineers) of information technology firms of KPITB i.e., IT park Peshawar only.
Researchers conducted their study to examine project success of IT projects by considering the project team members including project managers, project coordinators etc (Nguyen, Nguyen, & Cao, 2016). The printed questionnaire was devised/ printed for data collection; questions related to independent variables project planning; moderating variable project risk and dependent variable project success were mentioned on a 5 point likert scale to evaluate the agreement and/ or disagreement of individuals with the statements/ questions. Data was collected from 40 plus projects from the selected IT firms through simple random sampling. A total of 220 questionnaires were distributed and 200 were rectified by the researcher for the analysis. The study has collected the data from 20 registered companies of IT park, Peshawar. The table 4-2 shows the list of IT companies of IT park Peshawar.

<table>
<thead>
<tr>
<th>S/No.</th>
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<tr>
<td>10</td>
<td>National Software Developers (NSD)</td>
<td><a href="http://www.nsdevelopers.com">www.nsdevelopers.com</a></td>
</tr>
<tr>
<td>11</td>
<td>Precise Technologies</td>
<td><a href="http://www.precisetechn.ca">www.precisetechn.ca</a></td>
</tr>
<tr>
<td>12</td>
<td>Parexons (IT solutions and services)</td>
<td><a href="http://www.parexons.com">www.parexons.com</a></td>
</tr>
<tr>
<td>13</td>
<td>Pakistan Online Services (PKOLS)</td>
<td><a href="http://www.pkols.com">www.pkols.com</a></td>
</tr>
<tr>
<td>14</td>
<td>PureTech (Pvt.) Ltd</td>
<td><a href="http://www.puretechh.com">www.puretechh.com</a></td>
</tr>
<tr>
<td>15</td>
<td>Stepnex Services Pvt Ltd</td>
<td><a href="http://www.stepnexs.com">www.stepnexs.com</a></td>
</tr>
<tr>
<td>16</td>
<td>Smile Veevo Tech</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>TELIC Technologies</td>
<td><a href="http://www.telictraining.com">www.telictraining.com</a></td>
</tr>
<tr>
<td>18</td>
<td>Web Solution Plus</td>
<td><a href="http://www.websolutionsplus.com.pk">www.websolutionsplus.com.pk</a></td>
</tr>
<tr>
<td>19</td>
<td>WQ Software</td>
<td><a href="http://www.wqsoftwares.com">www.wqsoftwares.com</a></td>
</tr>
<tr>
<td>20</td>
<td>Web &amp; Logics IT Solutions</td>
<td><a href="http://www.websnlogics.com">www.websnlogics.com</a></td>
</tr>
</tbody>
</table>

**Table:4-1: List of Companies**

**Statistical Tools used for Hypotheses Testing and Software:**

To test the moderating variable, the “simple linear moderation” model 1 has been adopted from the study of Andrew F. Hayes and “PROCESS” a versatile modelling tool (MODMED) add on was added in SPSS software to test the moderation (Hayes, 2012). Because the researcher was interested to know that whether the moderator (project risk) changes the strength or direction of the relationship among the variables. As moderation implies an interaction effect which could increase, decrease and reverse the effect of the independent variable on the dependent variable (Preacher et al., 2013). The statistical model which researcher has practice to test the hypotheses is as follow:

Conditional effect of $X$ on $Y = b_1 + b_3M$

Which can be written as $Y = i_1 (b_1 + b_3M) X + b_2M = i_1 + b_1 X + b_2 M + b_3 XM$

Hence the model for this study can written as follow:

**Project success $Y_i = i_1 + b_1$ Planning + $b_2$ Project risk + $b_3$ Interaction**

The collected data was analyzed using this model to generate results that could be interpreted easily.

**Data Analysis and its interpretation**

The survey comprises of four sections; the first section was to collect demographic information of the respondents i.e. Gender, Age, marital status, organizational & education level, the respondent experience and about their concern department, the second section was on project
planning, the third section was on project risk (risk likelihood and risk impact) i.e. organizational, people, project management, technical and technology, economic and stakeholder risk and the fourth section was to measure the project success. In table 5-1, the descriptive statistics to analyze the pattern and distribution of data in which minimum, maximum, mean and std. deviation is included. While in table 5-2, the correlation analysis was run for project planning, six dimensions of risk and project successes; to explore the relationships, the direction of the relationships and strength of the association between different variables. The correlation matrix represents that the association between the project planning and project success is a weak positive linear relationship \( r = .404 \), and that the correlation coefficient is very highly significant different from zero \( (P < 0.001) \). This indicates that there is no proper planning that's why project fail to reach the desired goals. Further it represents the association between project risk proxies and project success, that indicates that except stakeholder risk all other risk proxies are strong positive significant correlation i.e., \( \text{"OR" } r = .600^{**} \); \( \text{"PL" } r = .515^{**} \); \( \text{"PM" } r = .500^{**} \); \( \text{"TTR" } r = .550^{**} \); \( \text{"ER" } r = .516^{**} \) and their p value is highly significant at \( (P<0.05) \). This implies that it is essential to plan risk proxies at the start of project because they will moderately effect the relationship among the variables.

### Table 5-1: Descriptive statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPL</td>
<td>200</td>
<td>1.04</td>
<td>4.70</td>
<td>3.1437</td>
<td>.78447</td>
</tr>
<tr>
<td>PR (Likelihood)</td>
<td>200</td>
<td>1.46</td>
<td>4.31</td>
<td>2.8387</td>
<td>.61267</td>
</tr>
<tr>
<td>PR (Impact)</td>
<td>200</td>
<td>1.58</td>
<td>4.50</td>
<td>3.1402</td>
<td>.65219</td>
</tr>
<tr>
<td>Overall Risk</td>
<td>200</td>
<td>2.13</td>
<td>4.40</td>
<td>2.9894</td>
<td>.50459</td>
</tr>
<tr>
<td>PS</td>
<td>200</td>
<td>1.00</td>
<td>6.00</td>
<td>2.7125</td>
<td>1.10383</td>
</tr>
<tr>
<td>OR</td>
<td>200</td>
<td>1.00</td>
<td>4.70</td>
<td>2.8100</td>
<td>.77076</td>
</tr>
<tr>
<td>PL</td>
<td>200</td>
<td>1.50</td>
<td>4.50</td>
<td>2.9125</td>
<td>.54679</td>
</tr>
<tr>
<td>PM</td>
<td>200</td>
<td>2.00</td>
<td>4.50</td>
<td>3.1712</td>
<td>.60691</td>
</tr>
<tr>
<td>TTR</td>
<td>200</td>
<td>1.20</td>
<td>4.70</td>
<td>3.0515</td>
<td>.66279</td>
</tr>
<tr>
<td>ER</td>
<td>200</td>
<td>1.00</td>
<td>4.50</td>
<td>3.0087</td>
<td>.74491</td>
</tr>
<tr>
<td>SR</td>
<td>200</td>
<td>1.00</td>
<td>5.00</td>
<td>2.9488</td>
<td>1.00009</td>
</tr>
</tbody>
</table>

Table 5-1: The descriptive statistics for the variables used in this study for the sample of twenty IT firms with data of forty-four projects (where n=200).

PPL denotes project planning; PR denotes project risk; while likelihood represents the prevalence of those risk factors and impact represents the influence of those risk factors; Overall risk is the total amount of project risk i.e. likelihood and impact; PS denotes the project success; OR denotes the organizational risk factor; PL denotes the risk related to people; PM denotes the risk related to project management; TTR denotes the technical

### Table 5-2: Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>PPL</th>
<th>OR</th>
<th>PL</th>
<th>PM</th>
<th>TTR</th>
<th>ER</th>
<th>SR</th>
<th>PS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPL</td>
<td>.600**</td>
<td>.231**</td>
<td>.442**</td>
<td>.258**</td>
<td>.235**</td>
<td>.228**</td>
<td>.404**</td>
<td></td>
</tr>
<tr>
<td>OR</td>
<td>.600**</td>
<td>.515**</td>
<td>.456**</td>
<td>.547**</td>
<td>.457**</td>
<td>.440**</td>
<td>.382**</td>
<td></td>
</tr>
<tr>
<td>PL</td>
<td>.231**</td>
<td>.515**</td>
<td>.498**</td>
<td>.642**</td>
<td>.418**</td>
<td>.243**</td>
<td>.334**</td>
<td></td>
</tr>
<tr>
<td>PM</td>
<td>.442**</td>
<td>.456**</td>
<td>.498**</td>
<td>.550**</td>
<td>.202*</td>
<td>.275**</td>
<td>.447**</td>
<td></td>
</tr>
<tr>
<td>TTR</td>
<td>.258**</td>
<td>.547**</td>
<td>.642**</td>
<td>.550**</td>
<td>.516**</td>
<td>.296**</td>
<td>.334**</td>
<td></td>
</tr>
<tr>
<td>ER</td>
<td>.235**</td>
<td>.457**</td>
<td>.418**</td>
<td>.202*</td>
<td>.516**</td>
<td>.394**</td>
<td>.134</td>
<td></td>
</tr>
<tr>
<td>SR</td>
<td>.228**</td>
<td>.440**</td>
<td>.243**</td>
<td>.275**</td>
<td>.296**</td>
<td>.394**</td>
<td>.213**</td>
<td></td>
</tr>
<tr>
<td>PS</td>
<td>.404**</td>
<td>.382**</td>
<td>.334**</td>
<td>.447**</td>
<td>.334**</td>
<td>.134</td>
<td>.213**</td>
<td></td>
</tr>
</tbody>
</table>

*, **, *** denote p < 0.10, p < 0.05 and p < 0.01 respectively.
Table 5-2: Correlation matrix for the variables used in the association between project planning and project success along with the six dimensions of risk factors for the sample of 20 IT firms, where (n=200).

PPL denotes project planning for IT project; OR denotes organizational risk factor for IT project; PL denotes people risk factor for IT project; PM denotes project management risk factor for IT project; TTR denotes technical and technology risk factor for IT project; ER denotes economic risk factor for IT project; SR denotes the stakeholder risk factor for IT project and PS denotes the project success for IT project.

Whereas the table 5-3 and 5-4 represents the regression analysis for first independent variable i.e., project planning on project success R is the coefficient of correlation, shows association among variables. The Beta value is .404 which indicates that there is positive relationship between project success (dependent variable) and project planning (independent variable) where p value is .000 which is less than 0.05.

Table 5-3: The model summary for the association between project planning and project success.

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Beta value</th>
<th>Dependent variable</th>
<th>F-statistics (sig)</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Df</th>
<th>F value</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPL</td>
<td>.404</td>
<td>Project success</td>
<td>.000</td>
<td>.163</td>
<td>.159</td>
<td>1,198</td>
<td>38.53</td>
</tr>
</tbody>
</table>

Table 5-4: The coefficients from regression model

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.927</td>
<td>.296</td>
<td>3.128</td>
<td>.002</td>
</tr>
<tr>
<td>PPL</td>
<td>.568</td>
<td>.091</td>
<td>6.207</td>
<td>.000</td>
</tr>
</tbody>
</table>

Dependent Variable PS
*, **, *** denote p <0.10, p <0.05 and p <0.01 respectively.

Where PPL denotes project planning for IT projects and PS denotes project success of IT projects.

Table 4-6 reports coefficients of the following regression model.

\[ PS_j = \beta_0 + \beta_{PPL} j + \epsilon_j \] (1)

Table 5-5 Moderation Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Planning Coefficient (b)</th>
<th>Moderator coefficient</th>
<th>Interaction coefficient</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Project Risk</td>
<td>.42**</td>
<td>.59**</td>
<td>.41**</td>
<td>21.43**</td>
</tr>
<tr>
<td>R² = .282**</td>
<td>4.5</td>
<td>3.9</td>
<td>8.85</td>
<td></td>
</tr>
<tr>
<td>R² change = .030</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*, ** denote p < 0.01, p < 0.001 respectively.

Table 5-5 represents the moderation analysis for overall project risk comprises of all risk proxies i.e. organizational, people, project management, technical and technology, economic and stakeholder. The overall project risk (moderator) significantly moderates the relationship of project planning and project success. which means that there was a prevalence of risk in IT projects and project success is highly effected by the presence of all risk.
Table 5-5: Testing moderation effects of overall project risk on the association between project planning and project success using bootstrap.

Where PPL denotes project planning; PR denotes overall project risk; PS denotes project success.

Table 4-8 reports coefficients of the following regression/moderation models.

\[ PS_i = i_1 + b_1 PPL + b_2 PR + b_3 PPL \times PR \] (2)

Next step was to test further hypothesis to test moderation effect of six dimension of risk on the relationship of project planning and project success. The researcher has run the moderation analysis individually i.e. for each risk proxy to test the hypothesis.

The results indicate that risk factors have moderated the relationship of project planning and project success. The interaction effect of planning and risk proxies are highly significant i.e., significant at p < 0.10, p < 0.05 and p < 0.01 respectively. The moderation analysis has been done by this study to find out that whether the interaction have a significant effect on the association among variables. And it has been proved from the results all interaction terms i.e., planning*organizational (.0072) *, planning*people (.0659) *, planning*project management (.0109) *, planning*technical and technology (.0063) *, planning*economic (.0000) *** and for the interaction of planning*stakeholder (.0202) * are significant at p < 0.10, p < 0.05 and p < 0.01 respectively. Hence it is clear from the results of moderation analysis that each risk proxy has an influence on the association of project planning and project success i.e., it can increase or decrease the strength of relationship as explained by Hayes (2013) in his study. The table 5-6, shows the moderation among independent and dependent variables.

Table 5-6: Testing moderation effects of risk proxies on the relationship between project planning and project success using bootstrap.

<table>
<thead>
<tr>
<th>Model</th>
<th>Planning Coefficient (b)</th>
<th>Moderator coefficient</th>
<th>Interaction coefficient</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R² = .223**</td>
<td>.45*</td>
<td>.33**</td>
<td>.23***</td>
<td>17.11**</td>
</tr>
<tr>
<td>R² change = .031</td>
<td>4.1</td>
<td>2.7</td>
<td></td>
<td>7.40**</td>
</tr>
<tr>
<td>People</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R² = .234**</td>
<td>.50**</td>
<td>.44**</td>
<td>.29*</td>
<td>19.23**</td>
</tr>
<tr>
<td>R² change = .013</td>
<td>5.0</td>
<td>3.0</td>
<td></td>
<td>3.42**</td>
</tr>
<tr>
<td>Project management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R² = .293**</td>
<td>.41**</td>
<td>.52**</td>
<td>.41**</td>
<td>20.29**</td>
</tr>
<tr>
<td>R² change = .029</td>
<td>4.2</td>
<td>3.8</td>
<td></td>
<td>6.61**</td>
</tr>
<tr>
<td>Technical and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology R² = .261**</td>
<td>.52**</td>
<td>.24**</td>
<td>.43***</td>
<td>18.28**</td>
</tr>
<tr>
<td>R² change = .031</td>
<td>5.8</td>
<td>1.9</td>
<td></td>
<td>7.61**</td>
</tr>
<tr>
<td>Economic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R² = .260**</td>
<td>.49**</td>
<td>-.10</td>
<td>.63***</td>
<td>18.17**</td>
</tr>
<tr>
<td>R² change = .097</td>
<td>6.3</td>
<td>-.86</td>
<td></td>
<td>18.58**</td>
</tr>
<tr>
<td>Stakeholder</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R² = .217**</td>
<td>.55**</td>
<td>.11</td>
<td>.19**</td>
<td>13.50**</td>
</tr>
<tr>
<td>R² change = .026</td>
<td>5.9</td>
<td>1.2</td>
<td></td>
<td>5.54**</td>
</tr>
</tbody>
</table>

*, **, *** denote p < 0.10, p < 0.05 and p < 0.01 respectively.
PPL denotes project planning for IT project; OR denotes organizational risk factor for IT project; PL denotes people risk factor for IT project; PM denotes project management risk factor for IT project; TTR denotes technical and technology risk factor for IT project; ER denotes economic risk factor for IT project; SR denotes the stakeholder risk factor for IT project and PS denotes the project success for IT project.

Table 5-6 reports coefficients of the following regression/moderation models.

<table>
<thead>
<tr>
<th>Model Number</th>
<th>Regression Equation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PS = i + b1 PPL + b2 OR + b3 PPL*OR</td>
</tr>
<tr>
<td>2</td>
<td>PS = i + b1 PPL + b2 PL + b3 PPL*PL</td>
</tr>
<tr>
<td>3</td>
<td>PS = i + b1 PPL + b2 PM + b3 PPL*PM</td>
</tr>
<tr>
<td>4</td>
<td>PS = i + b1 PPL + b2 SSR + b3 PPL*SSR</td>
</tr>
<tr>
<td>5</td>
<td>PS = i + b1 PPL + b2 TTR + b3 PPL*TTR</td>
</tr>
<tr>
<td>6</td>
<td>PS = i + b1 PPL + b2 ER + b3 PPL*ER</td>
</tr>
<tr>
<td>7</td>
<td>PS = i + b1 PPL + b2 SSR + b3 PPL*SSR</td>
</tr>
<tr>
<td>8</td>
<td>PS = i + b1 PPL + b2 OR + b3 PPL*OR</td>
</tr>
</tbody>
</table>

Discussion of Findings

Previous researches present varying results about the link between project planning and project success; there is a constructive contribution of planning in some cases for example “Failing to plan, is planning to fail” (Red team, 2013), while others suggested a destructive relationship. It was highlighted in literature that the association between project planning and project success differs for different projects (Ahimbisibwe, Tusiime, & Tumuhairwe, 2015). For construction and information technology projects, planning is a necessity (Zwikael et al., 2014). Contradictory and limited evidence in the literature are the main reasons behind the study as the prior works illustrate planning may not have parallel significance in all project circumstances, hence more radical analysis is requisite. Therefore, in this study project success was analyzed considering the management of project efficiency and effectiveness. Efficiency indicates the degree to which cost and time targets stated in the project plan have been achieved, whereas effectiveness emphasizes on the comprehension of marked benefits involved in the project (Ahimbisibwe et al., 2015).

The findings highlighted the moderating power of project risk on the liaison between project planning and project success identifying the factors for project success which were supported with the help of literature and then statistically measured with a reliable and valid instrument. Only the relevant factors were included in this study which were up to the benchmark identified by renowned researchers in the field of Information Technology projects (See B. Boehm & Ross, 1989; Sumner, 1999:2000; Bannerman, 2008; Han & Huang, 2007; Costa, Barros, & Travassos, 2007; Mohd & Shamsul, 2011; Ibrahim, Ayazi, Nasrmalek, & Nakhat, 2013; Talet et al., 2014; Neves, Borgman, & Heier, 2016; Ali & Naseem, 2016) . According to these authors the factors were in linkage with organizational, people, technical and technology, project management, economical and stakeholder risk. Outcomes proposes that project management dynamics influence specifically diverse success measures. In the context of KPITB i.e., IT park Peshawar researcher has found that IT professionals planned more frequently for the project management, technical and technology and economic risk; recall the proxies for project management (III-defined project scope, III-defined project requirements, III-defined project planning, Lack of agile progress tracking mechanism, Lack of customer presence and III-defined customer role), technical and technology (Poor Production system performance, Lack of complete set of correct agile practices, Inappropriateness of technology and tools, Developer Expertise, Lack of Commitment) and for economic risk proxies (Changing market environment), Software no longer needed, assessment of competition, Finance related).

This implies that IT professionals of KPITB are more concern and curious for these risk only but conferring to the literature the success of IT projects is related to several other factors. Project Planning determines an arrangement of choices concerning the ways that things ought to be done in the future, so as to execute the configuration for a fancied item or administration. The task project manager is in charge of finishing the project as per the general inclination of all stake holders. In this manner, he/she must guarantee not just that activities are executed as per plan, additionally that the arrangement is dependable and legitimately speaks to stakeholder's necessities (Zwikael & Sadeh, 2007). Consequently, it is necessary to consider stakeholder perspective while planning an IT project. The risk proxies for stakeholder are Change in Government employees, Change in Government policies, Conflicts between user departments, Ineffective communication with users and Fail to get user support derived from the literature.
Risk related to people are of great importance in sector of information technology as highlighted by many authors (See Lipovetsky, Tishler, Dvir, & Shenhar, 1997; Baccarini et al., 2004; B. Boehm & Ross, 1989; Schmidt, Lyytinen, Keil, & Cule, 2001; Sumner, 1999; 2000; Whittaker, 1999; Wallace, Keil, & Rai, 2004; Huang, Chang, Li, & Lin, 2004; Tesch et al., 2007; Chow & Cao, 2008; Bannerman, 2008; Al-ahmad et al., 2009; Chen et al., 2009; de Bakker et al., 2010; Ibrahim et al., 2013; Ali & Naseem, 2016)

Therefore, IT professionals of KPITB must consider this risk factor as their primary concern. The proxies for people are Personnel shortfalls, Lack of necessary skill-set (Poor Quality of staff), Lack of project management competence, Lack of team work, Resistance from groups or individuals and Bad customer relationship. Standard of work is highly effected by hiring poor quality of inexperienced staff even this lack of experience can lead the project failure on a large scale.

Similarly, the importance of organizational risk has been underlined by several authors in the field of information technology. The proxies for measuring organizational are Lack of executive sponsorship, Lack of management commitment, Organizational culture too traditional, Organizational culture too political and Organizational size too large. Thus to manage organizational risk IT professionals must maintain the relationship of with both their consumer and firm top management. This study has only identified most common of IT risk factor derived from the previous studies not all risk together because there are several risk responsible for the success of IT project. The results of this study intensely propose that project risk moderates the association between project planning and project success.

Conclusion
There are few conclusions that have been extracted from the research study. Most importantly the project planning is most significantly related to project success and overall project risk is significantly moderate the relationship of project planning and project success. The successful completion of the project depends on various factors and proper planning and risk calculations play a vital role to achieve the desired goals of the project. The framework of this study will help IT professionals to measure success of IT projects considering planning as an important variable through an analysis of risk. The IT professionals of KPITB are generally responsible for the planning with project activities, coordination with project internal and external stakeholders identify the proper risk for successful completion of project by considering project efficiency and effectiveness theory. In order to improve their project planning KPITB are highly encouraged to develop strategies on the basis of this study. The study also examined the moderating factor of project risk with six dimensions and its impact on the relationship of planning and success. The result of the research study will help the future researchers to work more at the topic project planning and other dimensions of risk which affects the relationship of planning and success in context of KP, Pakistan. For greater generalizability, future researchers are encouraged to conduct this study in other cities of Pakistan.

References


risk-2019
WHAT ARE THE DETERMINANTS OF ORGANIZATIONAL PERFORMANCE? INDUSTRY OR FIRM CHARACTERISTICS: A RESEARCH IN ISO 500 COMPANIES

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ABSTRACT

The purpose of this research is to determine whether firm-specific factors or sectoral factors are more effective in firm success. The research data were obtained from 109 firms which entered the list of ISO 500 regularly between 2013-2015. In order to measure the impact of the sector, 109 firms were allocated to sectoral groups using NACE codes. The performance indicator in the survey was determined as the "Return on Assets(ROA)" ratio to compensate for the effects of firm size. In the research process, first, Kolmogorov-Smirnov and Shapiro-Wilk tests were carried out to determine whether the data were normally distributed. Based on the results of these tests, a one-way ANOVA test was conducted to determine whether there is a significant difference between profitability differences between groups (inter-sectoral) and intra-group (intra-sectoral) profitability between 2013-2015. Then, the η² test (effect size method) developed by Cohen (1988) was used to determine whether intra- or inter-group differences are higher. As a result of the research, it was seen that intra-group effects were very effective in relation to sectoral effects. Therefore, it seems that firm-specific characteristics play a more dominant role than sectoral effects. This is especially the case in 2015.

Key Words: Strategy, Performance, ISO 500

INTRODUCTION

The most fundamental question about the field of strategic management can be expressed as "what are the underlying causes of firm success?" Several approaches have been put forward in seeking answers to this question. The most important of these approaches are called position based approach and resource based approach. Resource-based approach firms claim that the element that will lead to success depends on the resources and talents that the firm has. The position-based approach suggests that the main reason for high profitability is based on sectoral profit differences. The position-based approach with a weld-based approach has a different view on whether firms have to achieve higher performance than their competitors, either from company-specific factors or from environmental factors. The aim of the research is to determine whether firm-specific factors or firm-specific factors are more effective in firm success in this fundamental problematic direction.

This problem, which is the subject of many studies in the strategy literature, is still one of the most sought after topics in the current problematic. The research finding answers to the fundamental problem of Turkey in the manufacturing sector and provide strategic management of successful manufacturing firm that conceived the strategic posture is important in point. Another important aspect of the research is that the method differs from previous researches. A significant part of the research that tried to understand the concept tried to measure its managerial perceptions through the established scales. Our research removes perceptual errors by using secondary data. For this reason research is gaining importance.

THEORETICAL FRAMEWORK

Studies in the field of strategic management can be grouped into two sub-groups: "content" and "process" studies. Content studies focus on firms' strategic positions, the conditions required for optimum performance in various industrial environments, the scope of the market they operate in, the competitive behavior in a market, and the positioning of the firm against environmental forces. Process-related work focuses on how a company's management systems (organizational structures, planning, control, motivation, human resources, values) and decision processes affect their strategic position. It also explains how effective strategies are shaped and how they change the systems and processes of enterprises to adapt to the environment (Barca, 2005; 22).
Strategic schools are classified in four groups according to Whittington, five in Pettigrev and Wipp, and three in Chaffe. According to De Wit and Meyer, and in this study, we can base on two groups. These are "Position School and Resource Based Approach" (Barca, 2002: 29). The source of performance that position school operators have shown is external factors; Schools based on resources claim to be internal factors. The fact that the source of superior performance is different has led schools to offer different analyzes and different strategies. This will be briefly explained below in these two schools.

2.1. Position School

The positioning school is dominated by Michael Porter. According to Porter, violence in a sector of competition is neither a coincidence nor a fateful game. On the contrary, competition in one sector lies in the building blocks of which it is based. Competition by a sector is determined by five powers. The position of each sector relative to these five forces will determine the final profit potential due to the intensity of competition of the industry (Porter, 2000: 3-4). In other words, the competition in these five power sectors will determine the sum of these forces and the intensity of the final profit and competition in the sector. In areas where these forces are weak, there is a high return, while in areas where they are strong, there is low return (Aktan, 2003: 111). Firms should first examine these five factors, which play an important role in their profitability, and then determine the strategies needed to make profits over the average (Crimea, 1998: 19).

In this way, the structure of the market and the conditions of competition are emphasized first in the process of strategy development, and the competition strategies are the foreground in analysis. Porter, who does not look at the five fundamental factors determining competitiveness in an industry sector within the framework of "The Competition Five Power Factor Model", has determined the competitive imbalance that will provide the firm superiority, the changes that can occur in the market and how to benefit from these changes before the competitors (Sarvan et al., 2003: 81).

Competition is at the core of the success of a firm based on position-based approach (Bakoğlu et al., 2010: 58). The starting point for the company’s high performance is the selection of a true industry (Barca, 2005: 23). In other words, profit opportunities are not equal in all sectors (Barca and Esen, 2012: 91). The reason for the difference in performance differences between the sectors is the structure of the industry in which the company operates. Porter asserts that competition in a sector is not a coincidence, it links five basic competitive powers in the sector.

With five power models, it is now clear that competition is not only determined by existing players. These five powers; market entry, the impact of substitute products, the bargaining power of buyers, the bargaining power of suppliers, the intensity of competition between existing competitors. As a result, customers, suppliers, substitute firms, and businesses intending to enter the sector have now become competitors (Porter: 2000: 6). Entry is free, the number of firms and products that existing companies do not have bargaining power with suppliers and customers are similar. Competition in the sector is the most intensive. Therefore, it is difficult to show superior performance in the mentioned sectors.

2.2. Resource Based School

Position school has continued to increase its popularity towards the mid-1990s. But at the beginning of the 1990s, the subject school was criticized for being "external factors" because of its "superior performance". Source-based School supporters advocated business-centered rather than eco-based recruitment and strategy. Because in the same sector and in the case of the same five power, the enterprises get different profits. On the other hand, even if the sectors in the sector are very strong and the sector entry barriers are high, a business can come out and reverse the sector. This point of view emphasizes that the competitiveness of the business depends on the operator’s special situation and the resources it can control. (Dinçer, 2003: 110).

According to the resource-based approach, the source of profit differences among firms is the unique ability and resources of each firm (Barca and Esen, 2012: 100). In resource-based approach, firms that have superior resources and capabilities than competitors will get high profits in long term (Barca, 2002: 35).

In fact, first, in 1984 the Wernerfelt Resource-Based approach was not a contrast to position school, but rather a complementary view, but later authors such as Prahald and Hamel, Grant
Rumelt and Barney were in a tendency to transform into an alternative approach. The resource-based school is so dispersed that it can not be presented in a frame within a framework because it is relatively new to the position (Barca, 2002: 35-36). Nevertheless, some common or prominent views can be given.

This school advocates argue that competition is no longer changing and that traditional perspectives are no longer valid. It is better to see how a change is made if we order a few from the traditional perspective (Prahald, 1997: 59-60).

Industry boundaries are determined; In the past, we were suppliers, buyers, competitors, but nowadays we may be our competitors or partners, or irrelevant businesses in the industry can be our competitors.

- Industries have their own unique characteristics: the industries are now merging and merging. For example, computers are found both in the IT sector, in the business world, and in the entertainment and toy industries.
- Making plans for the future: changes in competition make it impossible.

On the other hand, according to the joint opinion of the supporters of this school; the competitive advantage is not due to the sector but the resources and capabilities of the business. As evidence of this, the same industry operates and shows companies with different profit margins. These companies and many others have gained an advantage based on the competition despite the negative situation of the sector they are in. It is not possible to explain these competitive advantages through sector analysis (Barney, 2002: 20). Core competency is all of the skills that an organization has as a competitive advantage and that is reflected in the customer's special value. The Federal Express company’s ability to deliver and distribute packages, the brand management skills of Coca Cola, and Honda’s engine knowledge are examples of key capabilities (Crimea, 1998: 43-44).

From a resource-based point of view, the resources of an operator are divided into tangible and intangible fixed assets that are under their control. Businesses benefit from the design and implementation of strategies from assets. Talents are the subset of assets. Company skills gain competitive advantage by making full use of their assets (Barney and Hesterly, 2006: 76). Not all the talents that companies have are competitive with themselves. The ability to bring a competitive advantage must be a talent that is valuable, rare, unpalatable or expensive to imitate, and can not be substituted. In addition, the ability of the firm must be sustainable. Because the environment in which companies operate also changes over time. The basic ability of the firm must also keep up with this change (Ülgen and Mirze, 2013: 121).

RESEARCH

In this section, research group, research process and statistical methods used in analyzing data are given.

3.1. Sample

The determination of the companies that are subject to an annual survey published by the Istanbul Chamber of Industry, Turkey’s largest industrial enterprise of the list is based on. The research data were obtained from 109 firms which entered the list of ISO 500 regularly between 2013-2015. 109 firms are divided into sectoral groups using NACE codes. The ratios of "Profitability per Asset" were used as a dependent variable in order to compensate for the effects of firm size.

3.2. Method

In the research process, first, Kolmogorov-Smirnov and Shapiro-Wilk tests were carried out to determine whether the data were normally distributed. Based on the results of these tests, a one-way ANOVA test was conducted to determine whether there is a significant difference between the profitability differences between the groups and the intra-group profitability differences between the years 2013-2015. Subsequently, the "effect size method" developed by Cohen was used to find out whether intra-group differences or inter-group differences were higher.

At this stage of the study, $\eta^2$ value calculation was performed to determine the effect size factor after the statistical significance was investigated. The size of the effect can be formulated as follows (Abbott, 2017, Cohen, 1988, Pallant; 2011):

$$\eta^2 = \frac{\text{Intergroup Variability}}{\text{Total Variability}}$$
The general view in the literature (Abbott; 2017, Cohen; 1988, Pallant; 2011), the following values are considered as criteria for the calculation of "effect size": 1- \( \eta^2 < 0.01 \): Small Impact, 2- 0, 01 < \( \eta^2 < 0.06 \): Intermediate Effect, 3- 0,06 < \( \eta^2 < 0.14 \): Impact Effect.

3.3. Findings

The ANOVA test is a parametric and robust test that is often used for intergroup comparison. On the other hand, one of the basic assumptions of the test is the normal distribution of the values of the dependent variable at each group of independent variables. In other words, the basic condition for group comparisons with the ANOVA test is the normal distribution of the dependent variable for each independent group. However, group comparisons in this way are theoretically valid (Abbott, 2007: 277). Therefore, normality tests were carried out with Shapiro-Wilk test which is a stronger normality test than Kolmogorov-Smirnov test in small sample volumes;

- 10,13,20,23 and 29 NACE-code firms for the year 2015,
- 10,13,24,23 and 29 NACE-code firms for the year 2014,
- For 2013, 10,13,23 and 29 NACE-coded firms have been included in the analysis.

### Table 1. ANOVA and Cohen Method Test Results

<table>
<thead>
<tr>
<th>NACE Codes of Firms</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
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<td>29</td>
<td>29</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td><strong>Significant</strong></td>
<td>0,124</td>
<td>0,000</td>
<td>0,006</td>
</tr>
<tr>
<td><strong>Inter groups Effect Size (( \eta^2 ))</strong></td>
<td>0,0857</td>
<td>0,233</td>
<td>0,164</td>
</tr>
<tr>
<td><strong>Effect Size of Cohen’s Method</strong></td>
<td>Intermediate Effect</td>
<td>Strong Effect</td>
<td>Strong Effect</td>
</tr>
</tbody>
</table>

According to one-way ANOVA test, no significant differences were found between the sectors in 2015. One-way ANOVA test results also confirmed the results of the test (effect size method) developed by Cohen (1988). According to this; \( \eta^2 = 0,0857 \), which can be characterized as "Intermediate Effect" on total variability, while the difference between the groups was found to be 91.5%. In 2014 it was determined that there was a significant difference between the sectors according to the one-way ANOVA test. However, when the difference was found to be more intramural or intra-sectoral, it was understood that the inter-group variability had a "Strong Effect Size" \( \eta^2 = 0,2338 \). Similarly, in 2013 it was determined that there was a significant difference between the sectors according to the one-way ANOVA test. However the difference between the sectors is more. The inter-group variability has "Strong Effect Size" \( \eta^2 = 0,1649 \) has been revealed.

**RESULTS**

One of the fundamental questions in the field of strategic management is whether the firm’s higher performance and competitiveness is due to firm own factors or sectorial factors. There are two points-of-views to this fundamental question. The position approach suggests that success and failure of the firms depends on the industry structure in which the firm operates. Moreover this approach suggests the position of the firm over its competitor in the industry. The second view suggests that firms having abundant resources will generate higher profits over its competitors (Barca, 2002: 30-35).

The main purpose of the current research is to determine the most effective factors: (firm specific or sectorial factors) that leads towards firm’s success.

For the purpose of this current research, firms selection has been taken from the Istanbul Chamber of Commerce and Industry. The ISO 500 list is published every year. Therefore we collected the data from the Turkish biggest Industrial list. The data was obtained from 119 in ISO 500 between the years 2013-2015. Using NACE codes these 119 firms were allocated to sectorial groups so that to measure the impact of the sector. The performance indicator in the survey was determined as the “return on assets” ratio to compensate for the effects of firm size.

Kolmogorov-Smirnov and Shapiro-Wilk tests were carried out to determine whether the data were normally distributed. Based on the results of these tests, one-way ANOVA test was then
conducted to determine whether there is a significant difference between profitability differences between groups (inter-sectoral) and intra-group (intra-sectoral) profitability between 2013-2015. Then, the test (effect size method) developed by Cohen (1988) was used to determine the higher differences between intra- or inter-group.

In sum, it seems that intra-group effects are more dominant than sector effects. Moreover the effects of firm-specific characteristics are more dominant than the sector effects in 2015. From these findings, it can be concluded that firm own resources are the important factors that leads towards higher performance than the sectorial factors.

It is noteworthy that intra-group effects play a much more dominant role than sectoral effects in these analyzes where the "return on assets" ratios are used as a dependent variable in order to compensate for the effects of firm size. Accordingly, it seems that firm-specific characteristics play a more dominant role than sectoral effects. This is especially the case in 2015.

According to Cohen (Cohen 1988), some criterion values can be used for effect size. Accordingly, a small effect of 0.01, a minimum effect of 0.06, and an effect of 0.14 and above can be interpreted as a "Strong Impact" sign in terms of the share of the variance among the groups in the total variance.

On the other hand, according to Abbott (Abbott, 2007: 269), the interpretation of the share of variance among the groups within the total variance of effect size should be determined by the nature of the nature of the study. For this reason, the development of such ratios in future studies should be interpreted based on years of comparison and, if necessary, on benchmarking in different country markets.

REFERENCES


ANIMOSITY IN THE INDO-PAK REGION: THE ROLE OF PRODUCT KNOWLEDGE

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Abstract
This study aims to explore the relationship between consumer animosity and purchase intention in Indo-Pak region, using product knowledge as the moderating variable in entertainment category. This study used survey approach where the authors collected the data in their presence, where data was collected from students in Pakistan and India based on the author’s doctorate research model. There were 486 respondents in India were selected, who were all over 18 years. To analyze the data SPSS version 21 using PROCESS plug-in by Andrew F. Hayes was employed to examine moderation. Moderation analyses using product knowledge as moderating variables for sample from India indicated that at high level of product knowledge, the impact of country animosity on intention to watch becomes negative and stronger. This study examines the interaction effects of moderating variable, product knowledge, on the relationship between consumer animosity and purchase intention in emerging markets. The findings provide guidance to international brand managers on being vigilant and recognizing the antagonistic emotion towards a specific country and adapt their marketing strategy accordingly.

Key Terms: Country Animosity, Country of Origin, Consumer Ethnocentrism, Product Knowledge, Product Involvement, Purchase Intention, Pakistan

Introduction
In the last few decades, the global economy has transformed and undergone a paradigm shift. In their goals of expansion and profitable operations, many companies have gone beyond their domestic markets to more profitable international markets (Tragos, 1998). As international communication channels have broadened and geographical barriers have been reduced, international markets have become more accessible (Marchant & Ward, 2003). This allows companies to price products more competitively by shifting their facilities, typically factories and production plants, to emerging market economies, such as India, Taiwan, China, and Pakistan, which have much lower production costs than developed countries.

Though the number of trade barriers has decreased, it is difficult to eliminate certain obstacles in international trade. According to Balabanis and Diamantopoulos (2004), the existing literature on consumer behavior has found that the most important non-tariff barriers to global trade are consumer animosity and consumer ethnocentrism. In the case of consumer animosity, consumers demonstrate negative feelings toward a specific country and may boycott products manufactured there, whereas those consumers who exhibit high ethnocentrism purchase only locally manufactured goods.

Klein, Ettenson, and Morris (1998) examined the impact of animosity on consumer behavior. Their study was conducted in the context of the Nanjing massacre during World War II, when Japanese soldiers murdered thousands of Chinese people. They found that the Chinese boycotted Japanese products even 60 years after the Nanjing massacre. However, although country of origin might be important, it is not always pivotal in consumers’ decision-making processes, which leads to researchers’ interest in the impact of events and situations on consumers’ purchase intentions. Several research studies (Bilkey & Nes, 1982; Han & Terpstra, 1988; Lee et al. 2005; Tse & Gorn 1993;) have determined that country of origin (COO) reminders influence product choice and product quality evaluations. A study by Russell and Russell (2006) further validated that country of origin is a critical factor in consumers’ decisions; they demonstrated that consumers resist buying products from dominating competitors, labeling this sentiment “economic animosity.”

The following section discusses the information and history of the separation of sub-continent and its division into two distinct countries. The struggle that both countries faced before and after the division was integral in setting their future paths and leading to hostilities that persist today. A series of happenings took place from 1946 till the Independence of both the countries in 1947 (Ali, 1967). Ali was engaged during the struggle of these happenings, he considered this as an integral in the history of Indo-Pak region. During the said period the British initiated the Interim government and the Cabinet Mission plan, and releasing the Indian political leaders from prison who...
had created distress for the British officials by staging protests for them to leave the country. This was done by the British to brainwash the notion of independence from the minds of locals by rendering them government positions. Hence, while the natives were directly influenced by these ideas, the British wanted them to be part of the government representation and forego their desire for independence (Ali, 1967). According to Gupta (1967), the Hindus and the Sikhs sought to divide Punjab, and there were many unequal divides in which typically Muslim majority regions either became part of India or of East and West Pakistan (East Pakistan is now known as Bangladesh). Hence, the unequal division resulted in formation of disputed territory called Jammu Kashmir, a bone of contention between India and Pakistan (Symonds, 1950; Zaheer, 1994).

The Indo-Pak region

The soldier, the diplomat, and the trader are the archetypical professions and roles in the conduct of Indo-Pakistan relations (Lyon, 2008). India shares with Pakistan a 2,912 kilometer border as well as a complicated history. The two countries have a connection that fluctuates between extremes, from naming the other country “most favorite nation” to calling it a “terrorist state.” On one hand, there is a promise of future peace and partnerships in various spheres of life, while on the other, there are years of pain from the wars over Kashmir. It is interesting to note here that these countries have a volatile trading history reason being boycott, no formal trading agreement, the constant political see-saw relationship hence influencing and affecting the consumers’ perceptions about the other country’s products. This study’s purpose was to provide an in-depth analysis of Indians’ perceptions of Pakistanis natives, and vice versa, considering product knowledge and product involvement aspects of consumers.

India & Pakistan: A Historical Review

According to Kapur (2005, pg 36): “Ongoing conflict between India and Pakistan is rooted in their dispute over the territory of Kashmir. In the Indian view, the territory has been an integral part of the Indian union since the maharaja of Kashmir signed an instrument of accession and joined India in 1947. The Indian government believes that Pakistani support for the Kashmir insurgency and Pakistan’s cross-border incursions into Kargil are the latest in a long list of Pakistani attempts to take this vital territory by force. The Pakistani government, for its part, believes that Kashmir’s accession to India was illegal and undemocratic. Further, the Pakistanis argue that India’s continued refusal to hold a plebiscite on question of accession denies the Kashmiri people their right to self-determination.”

Since their emergence on the world map, India and Pakistan have gone to war four times (Ganguly, 2013). The first time was immediately after their independence in 1947–48. The war over Jammu and Kashmir happened in 1965. In 1971, the two countries fought a war that resulted in East Pakistan’s independence as Bangladesh, and in 1999 they fought over Kashmir again. Inter-country conflict has not been the only thing plaguing these two nations’ histories. Other conflicts have deepened the chasm between them: Ganguly (2013) pp, 89 “Both India and Pakistan have expended considerable blood and treasure fighting each other since their independence”. To explain the tension between the two nations, many link it to the antithetical worldviews of Islam and Hinduism (Ganguly, 2013).

The territorial and ideological conflict (Sridharan, 2005) has led to years of contention between these two nations. Some scholars attribute the differences to the respective political systems of each country: “the difference between the two does not appear to be in law. Both have constitutions that enshrine parliamentary democracy as the law of the land. It does not appear to be in people. Both have talented, thoughtful and deeply patriotic populations eager to see their nations thrive”, Rohde (2004, May 16). The difference is attributed to the culture of democracy that has existed in India since independence, while democracy has been inconsistent in Pakistan until recently.

Another fitting explanation for the conflict and differences between India and Pakistan, from Puri (2007), is that the latter seeks solace from Islamic countries: “The contest over Pakistan’s soul is one of the bitterest differences between the two” (Puri, 2007, p 86). Pakistan has been taunted for having a borrowed ideology from India, religion (Indian Islam), language (Urdu), and leader (Jinnah) and has sought to break its connection with India.
While there is abundant literature on the conflict between India and Pakistan, some literature also explains the limited degree of friendliness between the two countries. McLeod (2008) stated that, despite the religious dichotomy between the two nations, many practices became religiously neutral, and the respective cultures blended. The relationship was cited as mutually inclusive, rather than exclusive.

Literature review

Throughout the twentieth century, COO was a single place of association for consumers, as it encompassed production, design, and brand origin. Consumers, consequently, trusted domestically produced goods over all others. However, the advent of globalization created a clear distinction between the importance of brand and COO in the minds of the consumers’. Thus, the place of design and the place of production became different. Product evaluation became more complex, and COO’s effect in moderating this perception increased. Furthermore, today’s consumer is more conscious of global supply chains and has access to more information about the company, product, and country. The relevance of COO has therefore increased significantly for managers, academicians, and practitioners.

COO has, moreover, evolved into a sharper concept over the years. Though broad associations still exist between arbitrary brands, categories, and certain countries, “Made in” today stands for heritage and design, physical manufacturing, and all the factors in between. Today, a company requires physical presence in the country, a production facility, or that their designs and patents originate from the country. A stamping facility or a borrowed association is no longer sufficient with increasing consumer awareness. (Future Brand, 2015). COO effect on consumer evaluation has been proven in several studies. Furthermore, some countries have a more positive global image, and thus preference for these countries is greater (Cattin, 1982; Gaedeke, 1973; Papadopoulos, 1987; Schooler, 1965).

Olsen and Olsson (2002) studied the comparative significance of the COO on a commodity product, the national origin of seafood, and demonstrated that the extent of COO effects on buying behavior may be lower and more ambiguous than any other forms of promotional strategies and/or branding. This study was directed towards the purchasing managers working in the seafood industry of Sweden. Then, the meta-analysis by Peterson & Jolibert (1995) also supported the fact that COO as an indicator of quality is not significant. They found that the impact of average COO for perceptions of the quality was 0.30, however the average impact for purchase intentions was 0.19. Another meta-analysis by Verlegh & Steenkamp (1999) showed the average size of 0.39, their study highlighted this impact from medium to large.

COO, Ethnocentrism and Animosity

According to Adorno et al. (1950) and Shimp and Sharma (1987, p. 280) consumer ethnocentrism is a “trait-like property of an individual’s personality” which encompasses “the beliefs held by the consumers about appropriateness, indeed morality, of purchasing foreign-made products.” The concepts of animosity and ethnocentrism draws their origin from the disciplines such as sociology and psychology (Balabanis, Mueller, & Melewar, 2002). Ethnocentrism is a preference for things which are part of one’s own group and thinking that group is superior to all, it is a social phenomenon implying a tendency to discriminate among groups (Sharma, Shimp & Shin, 1995).

The phenomenon was used to explain few groups’ behavior patterns and their intergroup relations. (Jimenez & San Martin, 2010). Also, this particular behavior ensures survival of the group and it is not restricted to nations/states/ countries/ geographic bloc but it is any group seeking to sustain and guard its identity including its cultural values and norms. Then, Klein et. al. (1998) introduced the concept called ‘animosity’ to illustrate negative consumer sentiments related to global antagonistic events between nations/ countries.

As a variable, animosity has recently been incorporated to marketing research and helps researchers understand the monetary consequences of human emotional responses. The emotional nature of animosity portrays how global tensions will have consequences on associations between persons of different nationalities, and if consumer feels that an unfamiliar country has dented their own country, then the probability of them showing animosity towards that country. The study by Ettenson & Klein (2005) suggested that the antagonistic emotions of consumers towards a country
(that is animosity) and their repercussions are linked to political behavior typically and the consumers circuitously show their disapproval about global actions (Jiménez & San Martin, 2010). Taking this discussion forward, Russell & Russell (2010); Balabanis, Mueller, & Melewar (2002) and Ang, et al. (2004) agree that consumer behavior has been impacted by both animosity and ethnocentrism which is heralded by affective and cognitive features. Apart from familiarity, ethnocentrism and animosity also moderate the effect of COO on consumer evaluation, preference and purchase behavior. These concepts have been integrated into marketing from the social sciences, psychology and sociology (Balabanis & Diamantopoulos, 2004).

In recent years, studies on investigating consumer animosity as a factor of foreign product purchase behavior has gained popularity and momentum (Ang et al. 2004; Klein et al., 1998; Klein 2002; Nijssen and Douglas, 2004; Riefler & Diamantopoulos 2007). Economic tensions, diplomatic agreements and religious conflicts can result in strained relations or even conflict including territority disputes (e.g Kashmir region between India and Pakistan; Gaza region being bone of contention between Israel and Palestine) including intrusions by another country in the economic matters where the citizens find it difficult to accept and ignore. There are numerous historical instances in which trade between India and Pakistan has not flourished due to not only trade barriers but also consumer’s anger towards the firms’ home country.

Various models have been developed by researchers to explain the affect of product attributes and their incorporation in purchase decisions and product judgements. (Einhorn, 1970; Green & Srinivasan, 1990; Lynch, 1985). According to Aaker, 1991, Carpenter 1987, Doods, Monroe and Grewal 1991 Jacoby, Olson and Haddock 1971, ; brand name and price signals the quality of other attributes of the product. Also, symbols and images of a manufacturing nations have a considerable impact on judgments about the quality of a product (Bilkey, 1982; Han, 1988; Hong & Wyer, 1989; Papadopoulos & Heslop, 1993).

Implications of Consumer Animosity

Few countries have been investigated measuring consumer animosity, and the construct is still in the investigative stages and requires further study, characteristically in terms of moderating variables and its affect on purchase intention. Those brands that plan to compete globally, it is imperative to recognize and appreciate the purchasing decisions and the factors that influence them. Those countries that are the distinguished because of economic and political hostility and mostly plagued by unexplored consumers’ attitudes. And, hence usually such hostile markets lose out on multi national corporations (MNCs) interest and their investment plans and strategy formulation (Bahaee & Pisani, 2009). But the products of companies from countries of high political and military animosity, in my case from India to Pakistan and from Pakistan to India are having high demand and availability such as movies and other consumer goods.

Hence, signifying that other factors such as product knowledge and product involvement in COO effects still needs to be researched upon and is unclear (Ahmed et. al. 2004; D’Astous & Ahmed, 1999; Josiassen et. al. 2008; Lee & Lee, 2009; Lee & Chen, 2008; Lin & Chen, 2006; Pharr, 2005; Prendergast, Tsang, & Chan, 2010), same needs to be studied measuring the impact of consumer animosity on the willingness to purchase based on previous studies I assume that the relationship will be moderated. According to Cilingir & Basfiririci (2014), the relationship between product evaluation and COO is negatively moderated by product involvement and product knowledge though do not significantly impact on the product evaluation process.

Klein et al. (1998) recommended that for levels of animosity should be measured in different countries. Global and local retailers can use animosity construct to seek and identify prospective overseas products and services as according to the retail environment internationally has become extremely aggressive and intense (McGoldrick & Davies, 1995). Numerous studies on consumer animosity have been published in last decade (Shin, 2001; Klein, 2002; Nijssen Douglas, 2004), while few have attempted to widen the application of the construct (Jung et al., 2002; Ang et al., 2004). Amine (2005) focuses on the managerial outcomes of animosity instead of its serviceability. Cui, Wajda, & Hu (2012) examined the link between consumer animosity and product choice and whether price would make a difference on purchase intentions and behavior and found that “consumers are willing to make trade-offs between price and animosity”. So the researcher has not taken price as a variable to be measured in her study.
Product Knowledge

The consumer decision making process has been influenced by ‘knowledge’. It has been recognized as a distinctive in consumer research. Alba and Hutchinson (1987) recognized and established that knowledge is relevant and critical construct which impacts the way a consumer assimilates and makes sense of information. Brucks (1985) identified the strength and amount of information used in a consumer decision making process; then the study by Murray & Schlacter (1990) described how consumer ascertains the performance of a particular product or service.

In consumer behavior research, product knowledge is crucial research subject in the associated fields and it plays a central role in the consumer research. Studies of Alba & Hutchinson (1987), Biswas & Sherrell (1993), Lee & Lee (2009), Marks & Olson (1981); Park & Lessig (1981) and Tam (2008) have considered and explored the consumer -knowledge about products in different dimensions such as familiarity, frequency, experience and expertise. According to Engel et al. (1993), knowledge is the “information stored within memory” and it is deliberated to be a vital variable to impact consumer behavior in numerous cases as a moderator (Josiassen, Lukas, & Whitwell, 2008)

Alba & Hutchinson (1987), fractionalized product knowledge into two classes; expertise being the ability to perform tasks related to products comfortably and familiarity which is the culmination of the consumer’s experience, in the context of this study Biswas & Sherrell (1993) refers product knowledge to “overall product knowledge that includes information about functional attributes of the product class and about brand difference on such attributes”. Three categories of product knowledge were developed by Baker et.al. (2002) typically: brand knowledge, attribute knowledge and experience knowledge.

Some researchers suggest that product familiarity and product expertise are indistinguishable, few other researchers affirm that these two concepts are unconnected (Chattalas et al., 2008). Alba and Hutchinson (1987) claimed that product expertise and product familiarity are distinct concepts. Schaefer (1997) suggested that both these concepts product expertise and product familiarity, are unconnected; and evaluating and quantifying product expertise has significant and direct impact on behavior of consumers.

To predict purchase decision subjective knowledge is a superior variable as compared to objective (Raju, Lonial, and Mangold, 1993) as subjective knowledge performs distinctively in consumer behavior research (Fiske, Leubbehusen, Miyazaki & Urbany, 1994). Brucks (1985) and Park & Lessig (1981) found that he extent of the search for external information is negatively related to subjective knowledge.

As stated by Day (1970) and Schaefer (1997) it is possible while defining the product expertise they broached on the definition based on the ability of consumers, when making deciding on the purchase, is grounded to memory stored. Subjective knowledge of the product effects the consumers’ decision to purchases, typically ensuring that they make correct decisions, relies on stored memory (Day, 1970; Schaefer, 1997). Also, product expertise is more fitting for studies where the division between inexperienced and expert consumers is critical (Chiou, 2003; Pecotich and Ward, 2007).

A negative affiliation tends to materialize between vacillation in approving and disapproving attitudes of consumers towards the product and the product knowledge. Hence, when evaluating a product consumers with low product knowledge having inconsequential aptitude, to process fundamental product information, will depend heavily on conventional COO information. In the literature of psychology, the moderating effects of product involvement and product knowledge primarily stands on the Elaboration Likelihood Model (ELM) and Heuristic-Systematic Model (HSM) (Verlegh et. al. 2005; Lee et.al. 2005; Chattalas et. al. 2008; Laroche et. al. 2005).

According to Petty, Cacioppo, & Schumann (1983), both the ELM and HSM uses either central and/or a peripheral route to persuasion. These two models put forward that a consumer uses either a peripheral or central route to persuasion. The central route of persuasion in the product evaluation demands cognitive effort by consumers. Hence, consumers rely on COO cues and product features for the same evaluation (Lee et. al. 2005). Consumers rely on more prominent and easily available reminders in product evaluations, in the peripheral route. Josiassen et. al. (2008)
concluded that consumers with low involvement/knowledge about a certain product category tend to trust COO more because it is distinguishing and effortlessly accessible, in a purchasing decision.

**Purchase Intention**

Chandon et al. (2005) findings confirmed that the probability of consumers purchasing the product is high when the intention to purchase is high. Studies by Bemmaro (1995), Bird and Ehrenberg (1966), Ferber & Piskie (1965), Jamieson & Bass, (1989) Kalwane & Silk (1982) and Granbois & Summers (1975) demonstrated that the essence of behavior-intentions association varied according to family of products. According to Ferber and Piskie (1965), the likelihood of consumers to match their intentions with behavior is higher for services than for durable goods. This particular variable is predictable only when it is utilized to examine the intention-behavior relationship immediately before the act is rendered (Fishbein & Ajzen, 1975).

The constructs of Klein, Ettenson and Morris (1998) has been adapted for the current study as the constructs have been depicted as related to each other by earlier empirical work. Such as, with increase in consumer ethnocentrism, consumer animosity will be likely to increase as well (Klein et al., 1998; Nijssen & Douglas, 2004), presence of consumer ethnocentrism will most probably to make consumers more informed about the cues of COO (Samiee, 1994), and consumer ethnocentrism will predict the evaluation of quality of different products (Orth & Firbasova, 2003). Hence, all of these have the ability to control the “willingness to buy construct” (Ettenson & Klein, 2005; Klein et al., 1998; Nijssen & Douglas, 2004; Shin, 2001). Number of construct were assessed and appraised and the author chose this model as the most apt for the requirements of the given study. Though, it has been modified to assess the association between animosity and purchase intention (for entertainment category), product knowledge as moderators.

**Measurements**

*Purchase Intention* The scale of by Dodds, Monro and Grewal (1991) has been adopted for the current study from. Items pertaining to price were deleted for the reasons for the current study.

*Country Animosity:* The items of the animosity construct by Klein et al. (1998) have been established cross-cultural validity and reliability and they have utilized in various context including China (Klein et al. 1998), The Netherlands (Nijssen & Douglas, 2004), Australia (Ettenson & Klein, 2005), the US (Klein, 2002) and Israel (Shoham et al., 2006). The convergent validity, construct reliability and validity and the Cronbach alpha have been respectable.

*Product Knowledge Scale:* The scale by Flynn & Goldsmith (1999) has been adapted for the current study to measure subjective knowledge of the consumers.

For moderation analysis, a relationship between two variables typically X and Y is influenced (strength and direction) by another variable M, where M may dilute or strengthen the degree of the connection in terms of causality of X on Y.

For entertainment, Pakistani soap dramas for Indian sample, were measured reason being both the countries have immense knowledge, information and fan following for the entertainment industry, typically in India after dawn of Zee Network's Zindagi TV channel where the finest Pakistani TV dramas are being aired. The dramas have wooed the Indian audiences and have garnered appreciation and commendation in different newspaper in India including social media (Dawn News Entertainment Desk, 2014, 2015). The unique selling proposition for Pakistani dramas is the language comprehension and understanding, as the spoken mother tongue of both the countries are very close to each other. Any Urdu and Hindi speaking person from these countries can recognize and relate to words spoken. (Dawn News Entertainment Desk, 2014).

**Research Methodology**

Research instrument for this study was developed after a thorough review of literature. The duly validated scales for Animosity, Purchase Intention, and Product knowledge were identified in the marketing literature. We subsequently discussed about the scales with the experts in the field and further administered them on a small group of respondents. Experts and selected respondents gave their views on the suitability of these scales in the context of this study and also suggested
some modifications. Purchase intention was measured by modifying the utility of the scale used by Dodds, Monroe, and Grewal (1991). It was adapted by deleting items pertaining to Price. Animosity was measured using the scale used by Klein et al (1998). Cross-cultural validity and reliability of this scale were established in past studies conducted in different geographical contexts including China (Klein et al. 1998), the Netherlands (Nijssen and Douglas, 2004), Australia (Ettenson and Klein, 2005), the US (Klein, 2002), and Israel (Shoham et al., 2006). The subjective product knowledge of the consumers was measured by adapting the scale used by Flynn and Goldsmith (1999). These measurement scales along with a few demographic variables were included in the questionnaire used for data collection in this study. The data was collected from Indians above the age of 18 years. It is expected that people above the age of 18 generally have an independent opinion. The data was collected in person as well as online. A mix of judgment and convenience sampling was used. A sample of 500 respondents was targeted out of which 488 valid responses were included in the final analysis.

Hypotheses

Different studies by Morrison (1979), Lin y Chen (2006), Grier et al. (2006), Agarwal and Teas (2002) have established that consumers set precedent purchase intentions before making decision to purchase. According to Young et al. (1998), the intention to purchase is the most suitable indicator of a consumer making a purchase, which is not related to other variables influencing consumer decision and behavior. Dodds et al. (1991) and Grewal et al. (1998) stated that the intention to purchase is the willingness of a consumer to buy a particular product or not.

Hypothesis : Product knowledge influences Indian consumers’ animosity towards their intention to watch of Pakistani television dramas.

Discussion and Results

The overall model F (3,484)= 24.02, \( p < .001 \), \( R^2 = .43 \) with predictors country animosity Country Animosity \( b= -.10, t (484)= -4.67, p =0.00 \), significant; product knowledge \( b= .24, t (484)=6.03, p =0.00 \), significant, and country animosity*product knowledge \( b= -0.08, t (484)=3.03, p = .003 \), significant. Refer to Table 2 for moderation predicting the impact of product knowledge on the country animosity and intention to watch

<table>
<thead>
<tr>
<th>Table 1: India: Moderation for predicting purchase intention from product knowledge</th>
<th>b</th>
<th>SE</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>13.94 [14.57, 13.31]</td>
<td>0.32</td>
<td>43.18</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>Product Knowledge</td>
<td>0.24 [0.32, 0.16]</td>
<td>0.04</td>
<td>6.02</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>Country Animosity</td>
<td>-0.11[-0.6, -0.14]</td>
<td>0.02</td>
<td>-4.67</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>Country Animosity x Product Knowledge</td>
<td>-0.01[-0.00, -0.01]</td>
<td>0.00</td>
<td>-3.04</td>
<td>&lt;0.01</td>
</tr>
</tbody>
</table>

\( R^2=0.43 \) (p=0.00)

The collected data was analyzed with the help of regression analysis using PROCESS Plug-in in SPSS version 21.0. The relationship between animosity and purchase intention was tested using linear regression. The output is given in Tables I and II. The output shows that the relationship between Consumer Animosity and Purchase Intention (Intention to watch Pakistani TV dramas) is significant with F value of 29.269 at 5% level of significance. This linear regression model without any moderating variables explains 5.7% of the variance associated with the problem. Table II shows that the relationship between these variables in negative, which depicts that the intention to watch Pakistani TV dramas will decrease among Indian audiences with the increase in their animosity for Pakistan. It means as animosity increases, Indian viewers are less likely to watch Pakistani TV dramas. This is in accordance with common sense and the result of earlier studies. Though the above relationship is significant, it explains 5-7% of the variance. The relationship was further analyzed through incorporation of the moderating impact of Product Knowledge (PK). Moderating impact of
product knowledge on the animosity-purchase relationship was analyzed by running moderation analysis using PROCESS Plug-in as suggested by Andrew F. Hayes. It is proposed that product knowledge moderates the relationship as proposed by Model 1 of Hayes. Table III shows the output of the revised model considering product knowledge as a moderating variable. It reflects that the new model is also significant with F value of 36.5048 at 5% level of significance. More importantly, it shows that the percentage of variance explained by the new model is much higher at 18.45% in comparison to only 5.7% in the initial model. Table IV shows the specific impact of product knowledge, consumer animosity, and the interaction between these two variables on Indian consumer’s intention to watch Pakistani TV dramas. It shows that after incorporating product knowledge in the model, the impact of consumer animosity comes down to 0.0493, which is statistically insignificant. However, product knowledge has a significant impact on consumer’s intention to watch Pakistani dramas, which is reflected by ‘t’ value 6.7158 at 5% level of significance. The modified relationship between consumer animosity and intention to watch Pakistani TV dramas can be explained with the help of interaction between consumer animosity and product knowledge (Int_1). This interaction 30 is significant with ‘t’ value -3.9911 at 5% level of significance.

**Slopes Analysis**

With low levels of product knowledge, there is no significant impact of country animosity intention to watch. However as levels of product knowledge increases, the impact of country animosity on intention to watch becomes significantly negative. Refer to Fig 1

![Figure 1: Simple slopes equation of the regression of intention to watch at three levels of product knowledge](image)

**Discussion**

The research shows that without the influence of product knowledge, Indian consumers or audiences are expected to be driven by animosity while considering their intention to watch Pakistani Television dramas and this relationship is negative. This can be explained easily in terms of hostile relationship between the two countries. Due to the historic and current geopolitical dynamics, the countries are at loggerheads with each other. The media of respective countries has smothered the image of other country by giving a negative shade. Consequently, consumers and audiences of the two countries are expected to have a higher level of animosity. This explains the direction and magnitude 50 of relationship between the two variables in the absence of a moderating variable.
However, consumers also look for a quality product that helps in satisfying their needs, and if they are convinced about the quality of the product, they prefer it despite other unfavorable factors; animosity is one of them. If consumers and audiences in India look for quality Television dramas and come to know that Pakistani Television dramas satisfy their need well; and hence, they are expected to see the dramas in a positive light by diluting the negative impact of consumer animosity. The results of the proposed model in this study depict the same. The relationship between intention to watch Pakistani Television dramas and consumer animosity became insignificant the moment product knowledge was incorporated. The model also showed that there is significant interaction between product knowledge and consumer animosity, thereby indicating that the changed results are because of the impact of product knowledge on the consumer animosity.

It means that though Indian viewers are negatively disposed toward Pakistani TV dramas owing to the animosity between the two nations. The animosity can be diluted if the Indian viewers have knowledge about the TV dramas being produced and broadcasted by Pakistan. These results are in conformity with the common belief that negative sentiments can be diluted if the individuals know each other better.

**Managerial Implications**

The population of India is more than six times the population of Pakistan, thus making it a much larger and profitable market for all kinds of products including entertainment through broadcast media. Entertainment programs and dramas are much easier to trade between the two nations because it does not require physical movement of items. If Indian consumers overcome their animosity towards Pakistani products, it would be a wonderful opportunity for the producers of dramas in Pakistan.

The results of this study have deep managerial implications. It indicates that if left alone, Indian viewers will not watch Pakistani dramas because of their feeling of animosity. Companies producing and broadcasting dramas must find a way to dilute this animosity. The study indicates that improving product knowledge of Indian consumers about Pakistani dramas could be a possible method. The results show that Product knowledge significantly moderates the relation between animosity and purchase intention in the context of Pakistani dramas. Therefore, Pakistani companies must engage into educational and informational activities for improving the knowledge of an average Indian viewer about the Pakistani dramas. It is crucial for them to identify events, platforms, and formats that can be used for delivering knowledge about Pakistani dramas to Indian people. The details of these events, platforms, and dramas are beyond the scope of this study and could be the theme of a future research study.

These activities by companies can have significant social consequences as well. If people start watching the content produced in the other country whom they perceived as hostile, it can clear many misconceptions in the minds of the viewers. This can lead to more cordial opinion and attitude toward the people of the other country and can eventually lead to people preferring political parties that are conciliatory toward the other nation, which could possibly lead to cordial relations between the two countries.

**Bibliography**


ABSTRACT
This article has for objective to determine the explanatory factors of the reluctance (or not) of Moroccans to the Islamic finance and to estimate the potential development of an Islamic financial system in Morocco on the medium and long term. So, on the basis of an exploratory study led jointly with the professionals of the conventional and Islamic finance and the households, several factors of reluctance were identified. Nevertheless, whereas the professionals move forward exclusively economic, technical and statutory arguments, in order, to justify their behavior to the Islamic finance, the household also expressed their political and cultural barriers arguments. Finally, the study demonstrates that the indispensable conditions in the development of the Islamic finance in Morocco are among three: the information, the training and the improvement of the legal and regulatory framework.

KEYWORDS: Islamic Finance, exploratory study, Morocco

INTRODUCTION
The Islamic finance is an integral part of the world finance having known a remarkable expansion these last years. This expansion does not stop expanding, extending and deepening; indeed this one left the born territories, the South Asia and the countries of Persian Gulf, in a purpose of exploring new markets in North America and in Europe.

The justification for the choice of the Islamic finance is understandable by the progress which it realized these last years. The importance of such finance is from now on obvious: “at the end of the year on 2010, we considered more than 300 Islamic financial institutions distributed on more than 75 countries worldwide. The managed assets exceeded a trillion of dollars. According to a study published by Ernst and Young, banks retail establish the main vehicle of the Islamic financial industry because they manage 74 % of the Islamic financial assets, against 10 % for the broadcasting stations of sukuks, 10 % for investment banks, 5 % for investment funds, and 1 % hardly for the companies Takaful”.

Why the Islamic finance knew a success so lightning in the recent period, even if the financial sector is in crisis? The answer to this question is double. Its success is understandable, on one hand, by the high price of the oil, on the other hand, by the disaster of September 11th. These two joint elements fed an excess of liquidity in Persian Gulf, which managed to retrain in the same region.

Diverse currents dealt with the Islamic finance through various descriptive, comparative and analytical approaches were able to redraw the genesis of this new finance, to study the points of convergence and difference of this one compared to the conventional finance (Chong & Liu (2000); Olson & Zoubi (2008); Ariss (2010); Khan (2010); Al-Ajmi&Al. (2011)), and to clarify some of its technical aspects (Derigs& Marzban (2009); Walkshüd et Lobe (2012)).

Other currents focused on products and instruments of the Islamic finance; whereas others turned to aspects of regulation and harmonization (Karim (2001); El-hawwary &al. (2007); Vinnicombe (2010)); however, a single study dealt with the Islamic finance socioeconomically (Pepinsky T.B (2012)).

Indeed, Pepinsky examined the determinants of the Indonesian consumers demand for the Islamic financial products.

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5 In Africa, there are 412 million Muslims who could express eventually important requests regarding Islamic finance with the Persian Gulf countries. It’s possible thus that the Islamic finance acts as bridge between the African continent and The Middle East.
The present article was chosen to complete the works of Pepinsky T.B (2012) by integrating the supply side, and by examining the behavior of the prospects and also of the professionals towards this finance freshly introduced in Morocco.

We shall attempt during the present study to cross the offer of the professionals regarding Islamic financial products and the request of the prospects while exploring the potentialities of development of an Islamic financial system in Morocco and allowing the sustainability of this one on the length and the middle term.

The objective of our study is to clarify the causes of the reluctance of Moroccan face to face of this new finance which has been born; is it due to the lack of information, by religious misunderstanding, or for high costs considerations?

To identify these factors of reluctance we used the Churchill paradigm (1979) by defining several hypotheses which can explain the behavior of Moroccan towards the Islamic finance.

To begin a literature review is essential, and then a criticizing reading of the economic, institutional, sociocultural and political environment was done.

The assumptions (hypotheses) of the present study were tested through 300 semi-directive interviews led with two samples, one is made up of households representing prospects of the Islamic bank in Morocco, and the other is representing the professionals of the conventional bank as well as Islamic banks freshly introduced in Morocco.

Finally we proceeded to a qualitative analyze through NVIVO.

We determined afterward the explanatory variables of this reluctance through the data collected of the investigation and deducted the necessary recommendations to favor his future development and its maturity.

In the present article, this will be the structure:
- Section 1: Islamic Finance, History, characteristics, and components;
- Section 2: Islamic Finance in Morocco (Inventory);
- Section 3: Assumptions (hypothesis) of the study and research methodology;
- Section 4: Results and detail of the main recommendations of the study to develop the Islamic finance in Morocco.

ISLAMIC FINANCE

HISTORY OF THE ISLAMIC FINANCE

The Islamic financial system owes its existence to the Islamic ideology in general; indeed, the Islamic finance goes back up about 1500 years behind, time in the course of which the Muslim religion was in full advent. Lewis and Algaoud had noted that the prophet Mohammed (SAW) was the agent of his own wife or mudarib; he used the principle of sharing of profit mudaraba.

The modern interest in the Islamic finance as well as the first references to the reorganization of the financial system on the basis of the sharing of the profits rather than on the interest are born in the 1940s and were followed by positions much more developed during 1950s and 1960.

In the middle of 1950s, numerous were attracted by the beginnings of the modern Islamic finance, in particular in Pakistan.

The first practical experience of what we name Islamic Finance was begun in Egypt in 1963, through the creation of a savings bank based on the profit-sharing in the city of Mit Ghamr. The same year in Malaysia, Pilgrims Fund Board or Lembaga Tabung Haji was created; it is about a system

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6 Mervyn K Lewis, Latifa M Algaoud, Islamic Banking (Edward Elgar 2001), 4.
7 Mawdudi, (1940), Anwar Qureshi (1946), Naiem Siddiqi (1948), Mahmud Ahmad (1952), Mawdudi (1950), Muhammad Hamidullah (1944, 1955, 1957 et 1962)
9 Hussam Sultan, 'Islamic microfinance: between commercial viability and the higher objectives of shari'a'
of savings allowing the Malaysian Muslim community avid to make, later, the pilgrimage in Mecca, to save necessary funds necessary for the fulfillment of this rite.

In 1971, the project of Mit Ghamr was incorporated into those of the Naser Social Bank who is always in service in Egypt. From then on the Islamic institutions get involved more and more making some Islamic economy a cornerstone of the construction of States. Thanks to this implication of institutions and governments, the creation of the first bank Halal was born; it is the Islamic development bank, the intergovernmental bank created in 1975 in Saudi Arabia.

During the same year the first modern commercial bank opened its doors, it is the Dubai Islamic Bank, which proposed during his its first years the basic products. In 1977, Faisal Islamic Bank settles down in Egypt and in the Sudan. Kuwait Finance House becomes established during the same year; followed by the Jordan Islamic Bank in 1978 and Bahrain Islamic Bank in 1979. During 1979s, 1981 and 1983 the Sudan, Pakistan and Iran proceeded to the complete Islamization of their financial system. A first Islamic Takaful insurance company was also created in the United Arab Emirates.

The emergence of the Islamic finance was attributed to the ' decolonization and the creation of new States with a majority Muslim population ' which intervened in the second half of the 20th century. Actually there are more than 300 Islamic banking institutions distributed in 51 countries.

**PRINCIPLES AND CHARACTERISTICS OF ISLAMIC FINANCE**

Many principles govern Islamic financial products and contracts:

- **Prohibition of Riba:** Islam condemns Riba. The Qur’an says “But God permitted the sale and forbidden the Riba” and “God destroys the Riba” for a lot of reasons; first because the wealth will get the return without any risk or effort; and regardless of the outcome of economic activity the person who gets the loan has to return the money and Riba to the lender and finally in principles of Islamic banking, taking advantages of the issues that other are facing is unjust.

- **Avoiding uncertainty based transactions (GHARAR):** Islam requires Muslims to avoid transactions that are uncertain or ambiguous; not everyone involved knows what to expect and can make an informed decision.

- **Avoiding Gambling:** In Islam, both the acquisition of wealth by chance (not by effort) and games of chance are prohibited because they’re based on uncertainty.

- **Avoiding investment in prohibited industries or activities:** Islam prohibits industries that it considers harmful to society and a threat to social responsibility. By prohibiting certain industries, Islam also prohibits profiting from them in any way. Therefore, an Islamic financial institution can’t finance a project or asset that is prohibited, and a Muslim investor cannot put money into a mutual fund or other equity product that funnels money to a company that participates in a prohibited industry.

- **Encouraging shared risk:** Islamic finance encourages risk-sharing in economic transactions. When a risk is shared among two or more parties involved in an economic activity, the burden of the risk faced by each party is reduced.

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10 Natalie Schoon, 'Islamic finance - a history' (August 2008) Financial Services Review 10, 11
11 BID website, available on: <http://www.isdb.org>, access on 8th May, 2016
12 Filippo di Mauro, Pier Luigi Caristi, Stephane Couderc, Angela Di Maria, Lauren Ho, Balijeet Kaur Grewal, Sergio Masciantonio, Steven Ongena, Sajjad Saher, Islamic Finance in Europe, Occasional Paper No 146, (European Central Bank 2013), 12.
13 Qur’an at 2:275
14 Qur’an at 2:276
ISLAMIC FINANCE IN MOROCCO

Since a few months, the participative banks are finally operational in Morocco. The first establishments can welcome the customers and open accounts. However, the ecosystem is not still complete, which limits the activity of these new banking institutions.

Bank Al Maghrib (the central bank) finally granted the approvals to the participative establishments. On more than ten operators having deposited their demand, five participative banks got the green light of the central bank which also delivered three authorizations to classic banks to market participative products.

The Moroccan central bank indicated the types of bank transactions approved by his sharia committee for the participative finance. Bank Al-Maghrib (BAM) approved the use of five Islamic banking products. It is "Mourabaha", "Ijara", "Moucharaka", "Moudaraba" and "Salam". The decision intervenes after the implementation of a sharia committee for the participative finance. In a published circular the last weekend, the central bank underlines that any operation of Islamic finance must be approved by the aforementioned committee established of experts.

The presence of the Islamic finance in Morocco should be very progressive, financial authorities try to supervise the massive entry of the Islamic banks. They aim at finding a balance between the social demand for this type of Islamic banks and their conventional competitors; nevertheless, the potential consumers exist. Indeed, the Moroccan population is very sensitive to the religious argument concerning the investment and the savings. But this new finance is still facing a lot of constraints; some of them concern its positioning. Famous constraints are economical, financial and institutional and they are today well recognized by everybody, but those of political and cultural order remain less recognized.

Although the Islamic finance in Morocco is less developed and faces several obstacles and constraints, it is in the eyes of the finance professionals a finance of future and it can be a remedy to the financing problems of the Moroccan economy.

RESEARCH METHODOLOGY

OBJECTIVES OF THE STUDY

The objective of our study is to determine the nature of constraints with which is associated the reluctance of Moroccan towards the Islamic financial products and which measures set to develop it in Morocco on the Medium and the Long term.

THE SURVEY

In order to reach our objectives, a survey was led in 2017/2018 by semi directive interviews. The questionnaire contains all in all 30 questions closed in multiple answers. People asked thus have to choose one or several answers which appear in a predefined list.

The study was led with a population compound of 300 people. 180 people – selected randomly while respecting the various criteria of representativeness – represent the prospects of Islamic banks in Morocco and 120 finance professionals (banking branch managers, bank agents, experts, and executives operating in the Islamic and conventional banks).

The characteristics of our questionnaire are the following:

1-the shape: it was structured around 30 semi-directive questions
2-the substance of the topic: it covers fundamentally the following elements:
   • Identification of the speakers in the investigation: a series of 4 questions allows us to know for every questioned person the sex, the age, the exercised function, and the last obtained diploma.
   • The access to banking services of the sample: questions were designed to determine the rate of their access to banking services of our sample and evoke an eventual possibility of opening an account in an Islamic bank.
   • The religious devotion: certain questions concerned the knowledge of the interviewees in term of religion generally and in Fiqh-muamalat in particular (straight ahead transactions in Islam).
• **The fame**: some questions aimed at determining the fame of the alternative financing, more particularly the products of the Islamic finance and at knowing afterward if they are perfectly known by the professionals (degree of training on the subject) and by the Moroccan population.

• **The preferences in term of financing**: questions aimed at knowing the Islamic financial product the most preferred by Moroccan.

Finally, we underline that as far as we favored the face-to-face questionnaire, the size of our sample does not have exceeded 300 people for material reasons. Nevertheless, and in spite of this limit, our study remains statistically acceptable in comparison to several studies (Karray and Toumi(2007); Toumi (2009); Gsouma (2007); Abdennour and Houhou (2008); Guenhair And Rigal (2012)).

**ASSUMPTIONS (HYPOTHESIS)**

**A. TO IDENTIFY THE MAIN REASONS FOR RELUCTANCE**

Being exploratory by nature, our study has for main purpose to identify the factors of reluctance of Moroccan in the face of this new socioeconomic phenomenon that is the Islamic finance. We opted for the use of paradigm of Churchill (1979) because the literature remains too miserly on the subject.

We proceeded at first to the formulation of a number of hypotheses establishing the base of the items of our questionnaire. The choice of these items was made through a literature review. Divers resources were exploited: mainly the interviews with the professionals and the decision-makers regarding economic policy, the assistance to seminars and participation in Round Tables concerning the subject. Besides, and to cleanse the presented items and generate new items, the second series of interviews with professionals and academic ones was committed (Chemangui[2009]). In the end, ten items were held to explain the reluctance. All of these items were listed in 4 explanatory factors: Economic, regulatory and fiscal, technical and organizational, and psychological and socioeconomic. (Please refer to Table n°1 in appendix)

Let’s have a look on the hypothesis (assumptions) of the study;

**Assumption A.1: Economical factors**

The major constraint in the development of the Islamic finance in Morocco is of economic order. The first hypothesis stipulates that the Islamic finance can be blocked because of the fierce competition of the lobby of the conventional Moroccan banks who offer less expensive services and products than those proposed by the Islamic banks. The Islamic finance in Morocco also suffers from an incomplete ecosystem, all that they can make for the moment it is simple operations of withdrawal or deposit, a single product is effectively marketed, it is about the product “Mourabaha”.

**Assumption A.2: Technical factors**

The hypothesis A 2 suppose that the reluctance of Moroccan towards the Islamic finance is due for the insufficient fame caused by the small familiarization of the Moroccan consumer with this new finance.

Islamic Finance in Morocco is also suffering from the enormous deficit in human resources due to the lack of qualified religion scholars “oulemas”. The other problem is concerning the reputation and the credibility in term of transparency and in management of risk.

**Assumption A.3: Regulatory and fiscal factors**

This hypotheses stipulate that the Islamic finance in Morocco suffers from reluctance on behalf of a big part of Moroccan because of the not neutrality of the VAT, and of an inappropriate mode of governance caused by a weak normalization or standardization.

**Assumption A.4: Psychological and socioeconomical factors**

The hypothesis A4 suppose that today the sector of the Islamic finance lagged far behind owed as well to the sociocultural barriers and to the worry of the Moroccan as the Islamic finance fails.

Factors causing the reluctance of Moroccan towards the FI are two: objective (economic, regulatory, fiscal and technical) and subjective (psychological and cultural).
THE INTERPRETATIVE ANALYSES OF THE INTERVIEWS

Steps done:
· The literature review allowed us to identify the problem of the search;
· A selection then a first consultation (by individual interviews about 40 minutes) of a panel of 180 experts (banking consultants raising different banks, prospects... ) allowed to select the cases to be tested with the experts;
· These cases were studied beforehand from the various secondary materials (annual reports, analyses, articles, web sites) referenced in the bibliography, following the approach recommended by Miles&Huberman.
· The verbatim of the interviews was indexed and exploited by analyses of contents, which allowed us to clear the notices of the professionals

Data analyses:
Following the interviews made, the various actors underlined 4 main recommendations to develop the Islamic Finance products and services in Morocco:
- The review of the tax regime of Morocco to insure the fiscal neutrality of the operations financed by the instruments of the Islamic finance;
- The standardization of the Islamic products and their simplification to facilitate their appropriation by the users;
- The intensification of the formation through an upgrade of the human resources by academic and professional trainings;
- Develop the insurance Takaful, the legal device of which (circulars in particular) was not buckled yet in Morocco. The mechanism will facilitate the access of the households and the companies to financial services.

CONCLUSION
On the basis of the data collected with the professionals of both conventional and Islamic finance and Moroccan households, this study had as objectives:
First of all the identification of the factors of reluctance towards the Islamic finance and then the exploration of future ways for its development on the medium and the long term. The main results in which ended the study can be so summarized: In the first place, the explanatory factors of a possible behavior of reluctance towards the Islamic finance seem to depend on the degree of knowledge of the subject. Whereas the professionals of the conventional and Islamic finance explain their apprehension of the phenomenon by three types of factors (1) economic, (2) legal and regulatory and (3) technical and organizational, the prospects integrate also the constraints of the psychological and cultural barriers. Secondly, for the emergence of an industry of the Islamic finance in Morocco, the action of public authorities should concentrate on: The information, the training as well as the adaptation of an adequate and flexible legal and fiscal framework.

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EXPLORING THE HALAL SUPPLY CHAIN IN PAKISTAN

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ABSTRACT

This study is aimed to explore the Halal supply chain and Halal certifications and answering the questions related to benefits, limitations and barriers to adopting Halal supply chain in Pakistan. It is focusing on the processes of the Halal supply chain. As this is an exploratory study, semi-structured interviews were conducted that provides knowledge and insights for Halal supply chains from Halal certification bodies and Halal certified warehouse. The results show that currently only Punjab Halal Development Agency is working on Halal certifications in Pakistan for food and other Halal products. Similarly Raaziq International is the only Halal certified warehouse that is following Islamic guidelines for the storage, handling and transportation of Halal products. The results show that adopting Halal standards increases operational costs due to different storage and transportation model; however, it provides competitive advantage as well. Further research study is needed in order to provide impeccable data related to the whole supply chain procedures from the manufacturing to the end consumer and to provide a planned model for both storage and transportation to reduce the total cost. This will attract Halal conscious customers to use their services and can gain competitive edge over other market players. With the use of these Halal certifications, the supply chain solution providers can expand its business globally.

Keywords: Supply Chain Management, Halal Supply Chain Management, Logistics, Halal Logistics, Halal Certifications

Introduction

The Muslim population is nearly estimated to grow 2.2 billion by the end of 2030. (Wilson J. a., 2010). Muslim population is increasing at a rate of around 1.5% annually, as discussed by Thomson Reuters in his report on State of the Global Islamic Economy of 2014-2015. Muslim population is increasing at almost 10 times faster than the non-Muslim population. The Quran instructs Muslims to only consume Halal food, and prohibit that which is haram and to avoid doubtful things (Quran)

Muslim consumers worldwide want to be assured that the food they consume is according to the Islamic Shariah principles (Wilson J. a., 2011). According to 2014-15 State of the Global Islamic Economy Report, the measure of the worldwide Halal food industry is evaluated to be worth USD 2.537 billion by 2019. Halal is a Quranic expression that implies allowed, permitted, legal, or legitimate (Wilson J. , 2014). Its inverse is haram. Halal isn’t just for foods yet additionally for other shopper items, for example, pharmaceutical, restorative ones. Right now, Muslim customers have a noteworthy comprehension of Halal products and have more prominent information in Halal item utilization and buying, accordingly making them more specific and sensitive to items or administrations offered in the market. Makers and advertisers use the Halal accreditation, which is demonstrated by the Halal logo on its packaging of the item in order to advise and guarantee the customer that the item is Halal or Shariah-consistent.

Halal items can’t be affirmed as Halal at the purpose of utilization on the off chance that they are not taken care of by Halal specialist organizations all through the production network, particularly in warehousing exercises. As indicated by (Tieman M. , 2007) the imperative contention that Halal items require Halal consistence for warehousing is on account of proof demonstrates that merchandise invest more energy in warehousing contrasted and transportation and change forms.

The Halal store network has risen in light of a few variables. Expanding mindfulness and request from both Muslim and non-Muslim clients for Halal items and administrations, and its adequacy as a business methodology (Mukherjee, 2014). Due to the many-sided quality of the inventory network and Halal status and respectability concerns, clients are requesting more noteworthy affirmations that items are sans contaminant (Tieman M. a., 2013) Curiously, despite the fact that this sort of operationalizing Halal production network may bring about extra cost, (Jaafar, 2011) the apparent advantages, weight from clients and extreme rivalry among firms exceed the
costs, which have prompted Halal reception among firms (Othman, 2009); (Ngah, 2014). In spite of Halal inventory network being another train (Tieman M. a., 2013), the developing assortment of writing on the Halal production network is pervasive. There is expanding acknowledgment of Halal store network as a field of scholastic research (Pahim, 2012) and shopper utilization patterns center around both Halal items and interest for Halal coordination administrations (Kamaruddin, 2012).

The achievement of the worldwide Halal food industry depends intensely on Halal coordination abilities to guarantee the trustworthiness of Halal items (Tsai, 2012). Analysts concur that inventory network of any item assume a critical part in securing the Halal status of items through appropriate transportation, stockpiling and taking care of inside the store network until the point that it achieves the purpose of utilization. In any case, as indicated by Halal store network specialist co-ops, despite the fact that the quantity of Halal-guaranteed producers is expanding, the reception of Halal inventory network administrations, particularly warehousing, is still generally low.

Halal integrity of products comes from different activities in the process of supply chain, it is very important that such Halal-certified companies should look beyond the manufacturing processes especially the ingredients in order to extend Halal certifications to the whole supply chain. These includes the Processes, transportation, handling and storage that should comply with Islamic Principles and meet the expectations of the Muslim consumers (Tieman M. , 2011). Halal supply chain services, such as Halal transportation and Halal warehousing are offered by supply chain service providers to Halal manufacturers, whereas the less adoption among Halal manufacturers suggests a pivotal and urgent need to identify the possible barriers for its adoption.

The Halal storage says that any good/product manufactured, processed, packaged, and stored do not come into direct contact with any non-Halal product. Moreover, the storage warehouses should follow the strict hygiene procedures and Halal sanitation whereas Halal delivery is to ensure that every Halal-certified product should be prepared and transported using equipments that are free of impurities as stipulated under the Shariah law.

Problem Identification

Firms nowadays are tilting towards Halal supply chain procedures and certifications in order to compel consumers in Muslim countries to buy their products. Different firms are compelling their target customers by advertising Halal certifications and highlighting the major differences between traditional and Halal supply chain management.

Larger population is confused or unaware about the Halal supply chain practices and opportunities and barriers for Halal procedures. It is required to provide necessary information to the general public regarding practices followed in Halal warehouses and to make them able to understand the Halal concepts.

Problem Statement

Multinational supply chain firms operating in Non-Muslim countries have started to pay attention to Halal supply chain procedures and certifications in order to satisfy Muslim producers/customers. Whereas, need of such initiative in a Muslim country was not considered vital and Halal supply chain is still under researched area. However, development of PHDA and entry of Halal certified solution providers are changing landscape of Halal services in Pakistan which need investigation to provide better understanding of the concept.

Research Questions

- What is Halal concept of Supply Chain Management?
- What are the reasons of adopting Halal Supply Chain Management?

Objectives

Objectives for present study are:

- To explore the Halal Supply Chain practices.
- To explore the reasons for adopting Halal Supply Chain
Significance of Study

This study will help to resolve the query after examining the fundamental practices of Halal certified warehouses. Furthermore, this study will be useful to identify the benefits, opportunities and barriers to adopting the Halal Supply Chain Management. It will also. Besides, it would describe the reasons people are tilting towards using Halal warehouses and logistic services.

2. Literature Review

Supply Chain Management

Firms are engaged with assembling an item and place regularly. According to La Londe and Masters, an inventory network is a firm’s arrangement that pass materials sending it in the hands of the end user in a store network raw material and part makers, manufacturers, wholesalers, retailer, shippers and transportation organizations are largely individuals from the network (La Londe, 1994). By a similar token, according to Lambert, Stock, and Ellram, a store network is the firm’s arrangement that sets up items for sale to the consumer.

Supply Chain Processes

According to the Global Supply Chain Forum, there are major eight key supply chain business processes (Lambert, 1998). These major factors are consumer relationship management, consumer service management, demand and supply management, order fulfillment, manufacturing flow, product development and profits. If we discuss Halal food supply chains, product manufacturing, order fulfillment and product procurement is important. The assembling stream administration is the physical treatment of the Halal item all through the production network, for which Halal control exercises and affirmation exercises should be planned to broaden the Halal honesty from source to purpose of the end purchaser buy. This procedure additionally covers coordination. At long last, acquisition is basic in a Halal inventory network, for its part in characterizing and dealing with the upstream production network arrange structure through ware techniques (obtaining procedure); decide determination, provider choice and mix (strategic buying); and requesting, assisting and assessment of providers (arrange work).

Nevertheless, there are a couple of instances of more balanced structures, like the sensible arrangement of agro-food generation organize execution pointers and distinctive balanced scorecard perspectives. The piece of socialization frameworks, the strategies by which the buyer supplier engagement recognizes the Halal regard, is fundamental as it totally mediates the effects of supplier execution measures on stock system execution. Yet, even these balanced estimations don’t have the estimation of the conviction part of Halal things, the Islamic regard factor and furthermore the quality requirements. In this way, these estimations would not urge to update Halal supply chains. For Halal food dares to enhance their store arrange, it should fuse new markers in their execution estimation systems with a particular ultimate objective to ensure that their supply chains are beneficial and also fruitful in securing the Halal uprightness and solid in its stock system execution.

Halal Supply Chain

There are around 1.5 billion Muslims on the planet and speaking to nearly 24 percent of the aggregate worldwide population. Every year the Muslim populace develops with a normal of 15 percent and it is thusly the quickest developing religion on the planet. As per the Halal Journal, 50 percent of the total populace will be Muslim by the year 2050. This high development rate makes it an appealing business sector; likewise given the way that numerous non-Muslims expend Halal items and administrations. The same number of makers put a great deal of exertion into the butchering and generation to conform to the Halal a prerequisite, this same care isn’t expanded downstream the production network towards the purchaser. The duty of Halal coordination lies with the brand proprietor and ought to guarantee that for Halal-affirmed items both source and dispersion in consistency with Shariah. Whereas non-Muslim nations principally address the shirking of (cross) sullying. In any case, it ought to be comprehended that Halal is a piece of a religion and that Halal coordination goes past what one can quantify in a research center. In abstaining from committing errors, the naming and coding of cargo records and ICT framework are essential. The third angle tends to the view of the Muslim buyer, towards non-Halal and haram.
As products travel through the inventory network, they are in one of the accompanying three phases: development, change or capacity. Confirmation bolsters that products invest a great deal of energy away and moderately brief period in development and changes. Consequently this is a vital contention to address the Halal consistence for its stockpiling in a Halal inventory network. The idea of the stockroom work, with its different handlings and distinctive gatherings included, makes the distribution center touchy to cross pollution, errors and conceivable irregularities with Shariah and desires of Muslim customers. There are two essential structures in Halal warehousing, a committed and a non-devoted distribution center. A devoted distribution center is the point at which the stockroom does not store and handle non-Halal merchandise (haram items). A non-devoted distribution center is the point at which the association ensures that the Halal merchandise is isolated from the non-Halal products all through the entire stockroom forms. In both essential structures, the association needs to ensure that in a stockroom Halal is isolated from non-Halal by its outline: design, business forms, and association. A Halal distribution center needs confirmation of the inbound Halal status of shipments through keep an eye on cargo reports, naming, stamping and status of bundling. Second, a physical isolation of Halal merchandise with non-Halal products is acquired through segregation on racks/floors and stamping of Halal payload (if not effectively present). Third, there should be no blending of Halal products and non-Halal merchandise in the event of refrigerated stockpiling. Fourth, there is no blending of Halal merchandise with non-Halal products on one load transporter. Fifth, there is no blending of Halal items with non-Halal items in esteem included coordination. Concerning data administration, there is a record keeping of supply chain of guardianship (name, address, Halal testament) and clear checking of Halal Supply Chain on cargo archives, freight mark, and an IT framework. For severe contamination, a unique method for its cleansing according to the law of Shariah for najs al- Mughallazah is used as clearly described under the standards of Department of Standards Malaysia, 2009. This procedure requires seven times washing of that specific product, mixing water with soil. A Halal warehouse is a great success factor of an efficient and effective Halal supply chain, providing an edge and competitive advantage throughout. Nowadays, the Halal industry is getting boom and more products are Halal certified in non-Islamic countries, due to this the ratio of Halal volumes are getting more and more. This gives an opportunity for the businesses to use it as a competitive advantage.

Halal supply chains basically include each and everything from the procurement of actual Halal ingredients to the manufacturing and delivery of the final product to the consumers. This includes the unique separation of Halal ingredients or finished products from non Halal products, such as chemicals, alcoholic or haram products throughout the entire supply chain. (Khan, 2009); (Alserhan, 2016)

Methodology

Design

It’s an exploratory study discussing the concept of Halal Supply Chain in detail considering the Shariah rules made there under and the basic mechanism followed in it, hence in this study data was collected from primary source, where a semi-structured interview was conducted from Halal certification body “Punjab Halal Development Agency” and Halal certified warehouse “Raaziq International” with comparison of another traditional warehouse. This study also found out the procedure of the Halal supply chain in Pakistan and similarities and difference between Halal Supply Chain and traditional supply chain for the Pakistani market.

Procedure

The population of this study comprises Halal certification bodies and Halal certified logistics providers. Only Punjab Halal Development Agency (PHDA) is active in Pakistan, and Raaziq International is the only Halal supply chain solution provider. Interviews were conducted from the aforementioned organization’s top management. Interviewees included Justice Khalil ur Rehman (Chairman) and Mr. Muhammad Zaurez (Company Secretary) from Halal certification body PHDA, and Mr. Asim (Manager Warehouses) and Mr. Asif (Warehouse Facilitator) from Halal certified warehouse “Raaziq International” and another traditional warehouse manager, who asked not to
disclose their identity. Semi-structured interview was based on descriptive and open ended probing questions, as the topic is new and unexplored.

The basic theme of this study is to know the procedures of Halal certifications and to monitor the supply chain services of Halal certified company and also do the thematic analysis using observations. On basis of above mentioned procedure applied in this study it is clear that it’s an exploratory study that would address number of issues under different descriptive ways and also differentiate the operations of the both the warehouses.

**Conducting the Interview**

The researcher used a semi-structured interview for this study. The questions were about the procedures of the Halal certifications in Pakistan and major qualities and features of the Halal supply chain and how the Halal certified company is different from the other supply chain services providing companies. It mainly features the processes that involve the whole supply chain of any product.

**Data Analysis**

After the interviews were conducted, the Halal certified and non Halal certified warehouses were visited. Researcher checked the differences in storage of the products as well as their transportation. Researcher developed theme against the Halal certifications and differences between Halal and traditional supply chain in Pakistan.

**Result & Discussion**

In this section we analyzed the Halal certifications and its processes in Pakistan. We also discussed the differences of Halal and traditional supply chain management in Pakistan. We visited the Halal certification body “Punjab Halal Development Agency” and Halal certified warehouse “Raaziq International” with two other non-Halal certified warehouses to get their interviews and observe the functions. The results of the interviews and observations are as follows:

*Interview from Punjab Halal Development Agency*

A semi-structured interview was conducted from the official at PHDA regarding Halal certifications in Pakistan. Initial questions asked are mentioned below.

Q: What is PHDA and why it is needed?
Q: What was the reasons/need for issuing Halal certifications in Pakistan?
Q: What is the procedure for obtaining the Halal logistics/SCM certifications?

PHDA was formed to promote Halal Industry of Pakistan worldwide by maintaining its International standards, and vows to introduce Halal Standards for By-Products, Beverages, Livestock, cosmetics and other edibles items etc.

The basic reason is that these steps will build trust on Pakistani’s products and eventually export volume increase globally. Also, nowadays International buyers prefer to purchase certified products, as customers are more quality conscious. Therefore export without any type of certification of products by any Certification Bodies is of less value.

The SCM and logistic companies need to get the Halal certifications in order to expand their business to other Muslim countries. These certifications are mandatory for them there. A company can get Halal SCM certifications from an accrediting body providing they fulfill the requirements of the certifications. These certifications are on the processes of the products as the international logistics of the products are monitored by Pakistan Customs. These requirements bind them that all Halal products that are stored, displayed, sold or served and during transport shall be categorized and labeled as Halal and segregated at every stage so as to prevent them being mixed or contaminated with materials that are not Halal.

*Interview from Raaziq International*

A semi-structured interview was conducted from the Warehouse Manager and Warehouse Facilitator at Raaziq International regarding Halal practices in supply chain of different products. Initial questions asked are mentioned below.

Q: Why is Raaziq International the only Halal certified logistics company in Pakistan?
Q: What is the difference between Raaziq and other warehouses?
Q: What is the procedure of Halal SCM?
Q: What are the certifications?

Raaziq International is the only Halal certified logistic service provider of Pakistan. It gives services like transport, logistics and supply chain management that is a vital operational component for growth and development of the Halal sector. They store Halal food supplies, aptly with specialized expertise in technical services, assuring promised degree of value and care being delivered.

Raaziq International warehouses are unique in nature that gives special care with regards to storage and transportation of Halal products (food items). The food grade and non-food grade products are stored with complete segregation. This is done to avoid contamination of aroma and chemicals. The food items are stored in different aisle with around 10 feet difference from the other aisle so that their aroma doesn’t get mixed.

Similarly the Halal products (food items) are transported in separate trucks to the warehouse to avoid any contamination or mixing with detergents and pharmaceutical drugs. In this way it is ensured that Halal products don’t get cross-contaminated that could result from shared facilities and handling. Proper cleaning and operative measures are taken to ensure segregation of Halal products with non-Halal products.

Raaziq International has Halal certification from an international accrediting body to provide logistics and supply chain services globally. With this they are the only Halal certified company in Pakistan and thus have first mover advantage in this field.

Interview from Non-Halal Certified Warehouses

A semi-structured interview was conducted from warehouse managers of two different non-Halal certified warehouses who asked not to disclose their names regarding their operations and view point about Halal SCM. Initial questions asked are mentioned below.

Q: What do you know about Halal supply chain management?
Q: Are you following Halal supply chain management?
Q: Any idea about the Halal supply chain certifications?

They don’t have impeccable knowledge about Halal supply chain in Pakistan. They run their daily operations based on traditional supply chain model. The products stored, transported are not segregated in terms of Halal or Haram (food grade or non-food grade).

The company is not having the need of getting any type of certifications as far as their business is running without any hindrance.

Observations from Raaziq International

After visiting the Raaziq International warehouse, following observations are made:
- They have a raking system of around 15000 pallets.
- All products are stored in different aisles and bays according to their product bar codes.
- The products were clearly segregated from each other in terms of food grade or non food grade items.
- The food products are stored separately from non-food grade products in order to avoid contamination of aroma and chemicals.
- Food items are stored in different aisle, which has more than 10 feet difference from the other aisle so that their aroma doesn’t get mixed.
- Proper ventilation system was enacted to ensure cleanliness.
- The Halal products (food items) are transported in separate trucks to the warehouse to avoid any contamination or mixing with detergents and pharmaceutical drugs.
- DTL (Drug test) is conducted for every batch of pharmaceutical drugs before allocating to their aisles.
- Proper health and safety measures are taken for the employees of the warehouse.

Observations from non-Halal certified warehouses

After visiting the other two non-Halal certified warehouses, we observed that:
- There was no difference in the storage of food grade items with non-food grade items in the shelves and aisles.
- Both food grade items and non food grade items are transported in a same truck from the manufacturer to the warehouse.
Discussion

Halal Supply Chain Management is practicing Islamic guidelines for storage, display, service and transportation as defined in the Pakistan Standards for Halal supply chain. (PSQCA, 2016). The Halal products that are displayed, stored, sold or served, during transport shall be categorized and properly labeled as Halal and segregated at every stage so as to prevent them being cross contaminated or mixed with materials that are not Halal. In this way cross contamination can be prevented that could result from the use of shared facilities and transportations. As discussed in the literature (Alserhan, 2016), this condition can be achieved through having a dedicated warehousing and transportation service that only transports the Halal products. Also the labeling and packaging should ensure that the product is Halal and in nature and should not get mixed with non-Halal products at any stage.

Halal certification agencies give Halal certifications to supply chain service companies by evaluating their processes for the products. They look for the manufacturing processes of any product and after clearing the tests and guidelines of Pakistan Standards for Halal certification the SCM and logistics companies can get Halal certifications. These certifications can enhance the credibility and marketability of the products to Halal consumers worldwide. If any company is exporting or planning to export in future, then these Halal certification will help them to meet the requirements of the importing countries.

Raaziq International in Pakistan is the only Halal certified logistics providing company that is following Halal guidelines for storage, display and transportation of Halal goods (food items). They have some unique facilities and segregations for the storage and transportation of Halal and non-Halal products.

Conclusion & Recommendations

Conclusion

Halal Supply chain and Halal logistics is to follow the Halal guidelines on the supply chain and logistics for the products from manufacturing to providing it to its end consumers. These guidelines are well defined in different acts and guides of accrediting bodies. With these guidelines, a Halal certification can be given to the supply chain and logistics service provider companies by which they can differentiate them from others. These certifications can help them gain customer credibility and attract market share.

The Halal certifications are based upon both the processes and products of the businesses. The processes involves the Halal way of manufacturing and obtaining the raw materials whereas the logistics and supply chain involves the Halal way of storage, display, service and transportation from manufacturing facility to end consumer. It means the clear segregation of Halal products with non-Halal products to avoid cross contamination. The contamination is defined as mixing of aroma, using shared facilities for storage, mixing of packaging and labeling.

Halal Supply Chain is an unexplored field in Pakistan with no such impeccable data. A government body is however working on the Halal certifications for Supply Chain. However, in Pakistan the Halal certification is on the processes/manufacturing of the products rather than logistics. It is assumed that the products brought to Pakistan via international transits are Halal and checked by Pakistan Customs.

The implication of such certification is great all the procedures need to be redesigned. Having different transportation system will require more rigorous planning in advance to minimize cost. Sending two different containers from same origin to same destination will surely increase cost. However, a better planned transportation system can reduce such issue.

Similarly, different storage in such Halal certified warehouses have a bigger cost markup added to it. Racking with separate storage for Halal and non-Halal products will segregate the products according to its nature. The products are properly segregated and handled according to the Islamic guidelines as mentioned in the literature. Whereas other supply chain service providing companies are currently not working on Halal certifications and Halal storage or logistics in Pakistan. The implication of such separate storage model will indeed increase the overall cost of the storage, as by this the company will have to forego additional space that can be used for more aisles.
Currently Punjab Halal Development Agency is working on Halal certifications in Pakistan for food and other Halal products. Due to this Halal certification, Raaziq International has first mover advantage in the Pakistani market and global markets.

**Recommendations**

It is recommended to the Supply Chain and logistics companies of Pakistan to obtain Halal certifications in order to compel consumers and business to use their services. Halal certifications will increase their credibility in the market and help them gain global consumers.

There should be awareness about the Halal certifications to the businesses to obtain these certifications. The process to get Halal certifications should be very clear and simple for a layman. It should be well monitored and well established by the competent authorities of the country.

It is recommended to the research point of view to carry out further studies on Halal Supply Chain Management especially Halal logistics in empirical manner to measure the customers’ attractive towards using Halal services for their businesses.

Furthermore, the optimization of planning for both the transportation and storage of Halal products can be done in future to reduce the cost of these two major factors of supply chain.

**Limitations**

As this is an exploratory study, it provides knowledge and insights for Halal supply chains. The study is focusing on the processes of the supply chain. However, further research study is needed in order to provide impeccable data related to the whole supply chain procedures from the manufacturing to the end consumer. It can also give tools to design effective strategies for Halal supply chains.

**Managerial Implications**

Managers can think of getting Halal certifications for their companies. This will attract Halal conscious customers to use their services and can gain competitive edge over other market players. With the use of these Halal certifications, the supply chain solution providers can expand its business globally.

**References**


THE EFFECT OF COMMUNICATION SKILLS ON ENTREPRENEURIAL INTENTIONS

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Abstract
This study aimed to examine the effects of students’ communication skills on their entrepreneurial intentions. Data were collected from 369 undergraduates. According to the result of the research, it was determined that there is a positive relationship between students’ communication skills and their entrepreneurial intentions. On the other hand, we found that communication skills and all subdimensions have positive and significant effects on entrepreneurial intentions. Recommendations for practitioners and researchers were developed in the light of the results obtained.

Key Words: Communication Skills, Entrepreneurship, Entrepreneurial Intentions, Business & Economics Students.

INTRODUCTION

There is an ongoing debate about whether your entrepreneurship is an innate or a later acquired trait. In response, it is stated that your entrepreneurship is not an innate trait. Instead, there is a belief that entrepreneurship is emerged by cultural, sociological, political and economic environmental factors (Balaban & Özdemir 2008: 146).

Having a very important role in the development of civilization, entrepreneurship has gained more importance in recent years, economic development, employment and social development as a basis (Sesen et al., 2014: 93). Due to increasing importance, schools, non-governmental organizations, families and even countries are carrying out various activities to increase entrepreneurial levels of individuals. It is therefore important to identify the factors that influence entrepreneurial intentions, such as communication skills. In parallel with this, this study deals with the concept of communication skills which is one of the factors affecting the entrepreneurial intention.

In this study, the conceptual framework of communication skills and entrepreneurship intentions were drawn. Then, correlations and regression analyzes were conducted for the effects of communication skills and subdimensions of university students on entrepreneurial intentions, and the findings obtained were evaluated.

THEORETICAL FRAMEWORK

A. Communication Skills

Communication is the transmission of meaning from one person to another people, whether via voice or non-verbally. Communication from one person to another is mostly displayed as a basic triangle consisting of the context, the sender, the message, and the receiver (Barrett, 2006: 386). From the definition above, a number of things may be deduced. Primarily, communication is seen as a process. On the other hand, communication emerges between two or more people. Besides, there has to be a message which is sent from one person to another. Moreover, that message is sent through a atmosphere. Finally, the receipt of the message may elicit or create a response (Adejimola, 2008: 202-203). All interpersonal relationships are based on communication. Most of the interpersonal problems are also based on communication. The fact that communication is healthy, makes relations for people deep, meaningful and satisfying, creates an unhealthy sense of inexplicability and a source of trouble starting from unwanted loneliness to
deeper problems (Korkut, 1996: 19). This situation emphasizes the necessity of effective communication skills of the individuals.

Communication skills are all the skills of effectively responding and effectively listening to the correct encoding and transmission of messages sent by a person, meaning that the messages they receive are understood without error (Deniz, 2003: 8). On the other hand Omololu (1984) has determined that communication skills are consisted of those; listening, speaking in an understandable way, eye establishing contacts, encouraging talking, praising, non-verbal using behaviors in an appropriate manner (Cihangir, 2004: 8). According to this definitions, it can be expressed that interpersonal communication can be considered as a process that is transactional, purposeful, multidimensional, irreversible and (possibly) inevitable. Skilled interpersonal involvement can be explained accordingly in terms of concepts of personal-situation context, goals, mediating processes, responses, feedback and perception (Hargie, 2010: 42).

In Turkish culture, the concept of communication skills seems to be handled both theoretically and empirically (Korkut, 1996; Ersanli and Balcı, 1998; Korkut, 2005; etc.). Korkut (1996) reported that communication skills are one-dimensional factor while Ersanli and Balci (1998) stated that communication skills are in a three-dimensional structure. These dimensions are taken as emotional, cognitive and behavioral communication skills. In this study, the communication skills have been dealt with through those three-dimensional structures.

Entrepreneurial Intentions

Although entrepreneurship initially attracted only the interest of economics, the business life of today’s globalizing world is increasing the interest of all sciences on entrepreneurship. (Şeşen and Basim, 2012: 21). Due to increasing importance, schools, non-governmental organizations, families and even countries has been carrying out various activities to increase entrepreneurial levels of individuals. The formation of a country’s prosperity and dynamism be based on that the competitiveness of its firms and this, in turn, relies fundamentally upon the capabilities of its entrepreneurs and managers (Cuervo et al., 2007:1).

Research on entrepreneurship generally has focused on the personality traits of the individual as a factor influencing the decision to initiate a new enterprise (Schwarz et al, 2009: 274). For instance, such factors as need for achievement (McClelland, 1961), locus of control (Brockhaus, 1982), risk-taking propensity (Brockhaus, 1980), and tolerance of ambiguity (Schere, 1982) have been defined and studied as possible traits associated with entrepreneurial behavior. According to Romanelli (1989), the underlying assumption of these investigations has been that there are unique characteristics of entrepreneurs that may be isolated and identified (Boyd and Vozikis, 1994: 63). Entrepreneurial intentions, entrepreneurs’ states of mind that direct attention, experience, and action toward a business concept, set the form and direction of organizations at their inception. Subsequent organizational outcomes such as survival, development (including written plans), growth, and change are based on these intentions (Bird, 1988:442). Entrepreneurial intentions seems to be handled under two important headings in the literature (Franco et al, 2010: 262):

1) cognitive, regarding personal factors
2) contextual or environmental factors

Several researchers have remarked that the decision to become an entrepreneur is a complex one, and it is the result of mixed mental processes. In this respect, the theory of planned behavior (Ajzen 1991) has been generally applied to explain this mental process leading to firm creation (Liñán, 2008: 257). According to this, individuals show that their entrepreneurial intentions pass through a cognitive process.

In today’s competitive business environment, all job possibilities are unavoidably restricted and thus one must contest to ensure a job as supply of jobs is restricted. Consequently, many graduates cannot get a job upon graduation. Students are now seemingly searching for a business education that can equip them with the essential entrepreneurial knowledge and skills to succeed in running businesses or to create a job from seizing existing entrepreneurial opportunities (Keat et al., 2011: 206-207). Depending on this, many researches showed that a small proportion of university students intend to step into the self-employment profession, a large part of which has not decided yet (Franco et al., 2010: 260).
The main two variables of this study are communication skills and entrepreneurial intentions. These two variables have been studied together by the limited number of researches in the literature. According to Liñán (2008), it was observed that the leadership and communication skills of the students have important effects on entrepreneurial intentions and leadership and communication skills are important in the entrepreneurship education of students. On the other hand, according to Bozkurt and Alparslan (2013), it was concluded that the more students are social and communicating with their environment, the better the entrepreneurship will be. Moreover, there are many studies (Volery and Muller, 2006; Oosterbeek et al., 2009; Keat et al., 2011 etc.) advocating that universities should include topics such as the communication skills of students for effective entrepreneurship education programs.

Based on the results seen from the above studies and the literature, the following hypotheses were developed to be analyzed in our study:

H1: The communication skills affect the entrepreneurial intention.

H2: Emotional communication skill has a significant effect on entrepreneurial intention.

H3: Cognitive communication skill has a significant effect on entrepreneurial intention.

H4: Behavioral communication skill has a significant effect on entrepreneurial intention.

METHOD

Sample and Procedures

The study sample consisted of students who are studied at the faculty of economics and administrative sciences at Gaziosmanpaşa University in Turkey. A questionnaire including the scales was formed to collect data from a sample of 372 students. In terms of data losses and extreme data 3 of them were excluded from the analysis. Thus, the study sample consisted of 369 students. Participants’ age was in the range from 18 to 27 years with an average of 21.43 years. 162 of them (44%) were male, and 207 of them (56%) were single. While 202 of them (54%) has studied business, 98 of them (26%) has studied finance. On the other hand, 36 of students (10%) has studied public administration and 33 of them (9%) has studied economy. Finally, studying at a four-year faculty, 7% (n=26) of students are in first year, 40% (n=145) of students are in second year, 26% (n=96) of students are in third year and 27% (n=102) of students are in fourth year.

B. Measures

Original measures translated from English to Turkish. All the questionnaire items were on a 5-point Likert scale ranging 1 (strongly disagree) to 5 (strongly agree). We used communication skills scale developed by Ersanlı and Balci (1998). The scale consists of 45 items in total and the sub dimensions (emotional, cognitive and behavioral communication skills) were all equally distributed with 15 items. In original scale, 18 items were scored as reversed code.

Entrepreneurial intentions were assessed with 6 item scale developed by Liñán and Chan (2009). This scale measures the intention of entrepreneurship as one dimension.

The coefficient alpha reliabilities for scales are 0.84 for communication skills and 0.90 for entrepreneurial intentions. So, all measures displayed good reliabilities.

C. Results

Descriptive statistics for the variables, and intercorrelations among the variables are presented in Table 1. The communication skills and entrepreneurial intentions averages’ of participants were found 3.53 (sd= .37) and 3.51 (sd= .96), respectively. And the average of sub dimensions of communication skills, emotional communication skills, cognitive communication skills, behavioral communication skills were 3.40 (sd= .44), 3.56 (sd= .43) and 3.63 (sd= 0.42), respectively. The results indicates that majority of participant had the tendency to communication skills more than entrepreneurial intentions.

According to the results generated from Table 1, communication skills were positively and significantly correlated with entrepreneurial intentions (r= .153**). Behavioral communication skills was positive and the highest value among the others variables correlated with entrepreneurial intentions (r= .153**). The other sub dimensions of communication skills were positively and significantly correlated with entrepreneurial intentions.
Table 1. Descriptive Statistics and Inter-Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication Skills</td>
<td>3.53</td>
<td>.37</td>
<td>.84</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emotional Com. Skills</td>
<td>3.40</td>
<td>.44</td>
<td>.855**</td>
<td>.62</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cognitive Com. Skills</td>
<td>3.56</td>
<td>.43</td>
<td>.908**</td>
<td>.662**</td>
<td>.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Behavioral Com. Skills</td>
<td>3.63</td>
<td>.42</td>
<td>.876**</td>
<td>.584**</td>
<td>.738**</td>
<td>.65</td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial Intentions</td>
<td>3.51</td>
<td>.96</td>
<td>.153**</td>
<td>.103*</td>
<td>.150*</td>
<td>.153**</td>
<td>.90</td>
</tr>
</tbody>
</table>

*p<0.05, **p<0.01, n=369; Values in parenthesis are the values of Cronbach’s alpha.

To test the hypotheses of the study, regression analysis was conducted. Results of the regression analysis were showed in Table 2.

Table 2. Regression Analysis Results

<table>
<thead>
<tr>
<th></th>
<th>R²</th>
<th>F</th>
<th>t</th>
<th>β</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication Skills</td>
<td>0.021</td>
<td>8.827</td>
<td>2.971</td>
<td>0.390**</td>
<td>0.003</td>
</tr>
<tr>
<td>Emotional Com. Skills</td>
<td>0.008</td>
<td>3.922</td>
<td>1.980</td>
<td>0.225*</td>
<td>0.048</td>
</tr>
<tr>
<td>Cognitive Com. Skills</td>
<td>0.020</td>
<td>8.501</td>
<td>2.916</td>
<td>0.337**</td>
<td>0.004</td>
</tr>
<tr>
<td>Behavioral Com. Skills</td>
<td>0.021</td>
<td>8.709</td>
<td>2.951</td>
<td>0.348**</td>
<td>0.003</td>
</tr>
</tbody>
</table>

*p<0.05, **p<0.01; n=369.

By the regression analysis it was examined the effects of communication skills on entrepreneurial intentions. The results of the analysis were significant (F= 8.827, p<0.01). Communication skills accounted for approximately 2.1% of the total variance of entrepreneurial intentions, and communication skills effects the entrepreneurial intentions positively (β= 0.390*, p<0.05). On the other hand, emotional, cognitive and behavioral communication skills from the sub dimensions of communication skills have significant effects on the entrepreneurial intentions (F=3.922, p<0.05; F=8.501, p<0.01; F=8.709, p<0.01, respectively). Emotional communication skill effects the entrepreneurial intentions positively and it explains about 0.8% of total variance of the entrepreneurial intentions (β= 0.225**, p<0.05). Cognitive communication skill effects the entrepreneurial intentions positively and it explains about 2% of total variance of the entrepreneurial intentions (β= 0.337**, p<0.01). And behavioral communication skill effects the entrepreneurial intentions positively and it explains about 2.1% of total variance of the entrepreneurial intentions (β= 0.348**, p<0.01). According to the Tolerance and VIF values there is no multi-collinearity problem. According to the results obtained, all the hypotheses formed within the research were supported.

CONCLUSION

The aim of this study was to determine the level of entrepreneurship of the students of the Faculty of Economics and Administrative Sciences and to determine the effect of communication skills on entrepreneurial intentions. Research findings were indicated that university students have a high level of entrepreneurial intentions. Therefore, communication skills seem to have a positive effect on entrepreneurial intentions. When assessed by sub dimensions, it was determined that each sub dimension of communication skills have a positive effect on entrepreneurship intention. According to this, it can be stated that the level of entrepreneurship of individuals with communication skills will be high. The behavioral communication skill has more influence on entrepreneurial intention than other dimensions. As stated by Durak (2011: 210), social relations developed by individuals who are members of certain associations, clubs and societies, and synergies
resulting from acting together, may contribute to the entrepreneurship of individuals. For this reason, all sorts of social relations and acting together have required communication skills.

On the other hand, the research has some confidences. We would like to state that the research findings cannot be generalized. The findings of the research covered the students of the Faculty of Economics and Administrative Sciences at Gaziosmanpaşa University. The generalization of the research can be achieved by carrying out similar studies in other student groups and various age groups. Furthermore, comparative studies of similar students at various public and foundation universities will ensure that findings are generalizable.

REFERENCES
EVALUATING BUSINESS ECONOMIC LOSSES AND FINANCIAL RISK MITIGATION STRATEGIES IN SUDANESE MANUFACTURING SECTOR

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ABSTRACT

The aim of this study is to evaluate the economic losses and financial risk mitigation strategies applied for risk management. The study has incorporated analytical approach; and questionnaires were collected from the manufacturing companies located in the State of Khartoum, Sudan. Moreover, the statistical records of the industrial surveys have been reviewed for evaluating the mitigation strategies to overcome economic and financial losses. The inefficient and weak management strategies have resulted in collapse of manufacturing sector. The result provided the basis for systemic and comprehensive assessment of financial risk in various investment projects. The financial and economic losses, prevailing in manufacturing sector, are controlled by the finance managers, chief executives, and board of directors. The manufacturing industries of food/beverages and machinery equipment are significantly associated with financial risk mitigation strategies. The financial risk mitigation strategies facilitated manufacturing sector by managing different situation that have negative effects in financial and human capital of the manufacturing sector.

Keywords: Economic Losses, Financial Crisis, Financial Risk, Manufacturing Sector, Mitigation Strategies, Sudan

Introduction

The manufacturing sector is expected to face financial risks and economic losses as a result of machinery breakdown, electronic equipment, and property damage (Dittman, 2005; Khan & Zsidisin, 2012). These will eventually lead to cessation of work, increase in management expenses, and reduced profits. To manage the financial risks, contingency plans are required, which are comprised of three stages including; planning stage, execution stage, and recovery stage. These plans need to work out in all the departments of the manufacturing sector. The poor risk management strategies significantly affect the delivery of product and become a hurdle in acquiring the desired goals of the organization.

The banks facilitate manufacturing sectors by raising the long term capital for the acquisition of fixed assets. In addition, banks help in acquiring maximum working capital for purchasing of processing raw materials into finished goods (Karadag, 2015). Therefore, the capital required for the establishment and running of manufacturing sector are greater as compared to other sectors in a country. The balance of payments within a country is affected by the outflow of reinsurance remittances of foreign currencies; therefore, a subsequent portion of financial risks are ceded towards the foreign reinsurers. It is significant for the manufacturing sector to create awareness and obtain information regarding various potential risks. Increase in number of risks affecting the supply chain of manufacturing sector is associated with increase in number of natural disasters and terrorists attacks during previous years (Caniels, 2013).

Lack of knowledge regarding the profits and losses of a project or investment results in significant losses for the organization. It is necessary to assess the risks, concerned with their adverse effects and probability of occurrence for subsequent identification of risk prevailing in the manufacturing sector (Khan & Zsidisin, 2012). Although, the consequences of financial crisis are catastrophic, the effects are minimized through decrease probability of risk occurrence. It has been stated that risk management is not only concerned with disappearance of the risks, rather it needs to be controlled through various mitigation strategies (Hopkin, 2017). Therefore, it is necessary for the manufacturing sector to understand and manage risks that incur in running the business efficiently.

Over the last decade, many manufacturing companies have faced economic and financial losses that have stretched their capabilities to the breaking point. The financial risks may arise due to failure of supply services, which needs to be controlled by contingent planning and exposure to
comprehensive knowledge regarding the financial risks and its management. Therefore, it is necessary to investigate the efficiency of insurance industry in achieving desired goals with adequate adoption of risk management techniques. The huge economic swings have caused extreme challenges across the chain of manufacturing sector in Sudan. Hence, this study has evaluated the strategies associated with the economic losses and financial risk mitigation of the manufacturing sector in Sudan.

The effective risk management strategies are necessary to understand the qualitative distinctions among the type of financial risks experienced by the manufacturing sector. These risks can be very destructive to different strategies and survival of the manufacturing sector. The industrial sectors that are not able to manage the internal and external disturbances are exposed to interruptions in their production, which results in affected product quality. Therefore, there is a need of economic and financial risk mitigation strategies to reduce the probability that these risks actually materialize.

Theoretical Framework

The risk management is directly associated with the finance, and there is no separate budgetary position for the risk management. It has become important for the companies to recognize and take actions on the risk that appear within or outside the company. The manufacturing sector needs to be prepared for any disturbances in finance as a result of global financial crisis and severe natural disasters (Juttner & Maklan, 2011). The risk management framework is composed of three main components that include strategy, risk architecture, and protocols. Figure 1 presents the risk management framework that depicts the roles, responsibilities, techniques, policies, and risk strategies to manage financial risk prevailing in the manufacturing sector.

**Figure 1:** Framework representing risk management strategies

The increase in global customers and sourcing from other countries has made the manufacturing sector dependent on the global marketplace. Commonly, the manufacturing sector source from other countries has made this sector more dependent on the global marketplace. The factors causing high vulnerability to financial and economic losses to manufacturing sector will be explained in the form of a framework.
The spread of information, high expectations, demands of stakeholders, and ease of communication collectively have made it significant for the manufacturing sector to consider risk management approach in its organization (Hopkin, 2017). The different strategies involved in management of various risks prevailing in the manufacturing sector are summarized in table 1.

<table>
<thead>
<tr>
<th>Type of Risk</th>
<th>Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing risks</td>
<td>The market share is maintained</td>
</tr>
<tr>
<td>Safety and health risks</td>
<td>Worker litigation is avoided and insurance premiums are reduced</td>
</tr>
<tr>
<td>Environmental Risks</td>
<td>Litigation from regulatory authorities is avoided and premiums are reduced</td>
</tr>
<tr>
<td>Computer system risks</td>
<td>Access to information and inability to invoice is prevented</td>
</tr>
<tr>
<td>Risk of product contamination</td>
<td>Litigation is prevented and harming customer’s health is avoided</td>
</tr>
</tbody>
</table>

*Source: Industrial Survey/Sudan*

The most established and widely accepted body of risk management is known as the Institute of Risk Management (IRM). According to IRM, the risk management is defined as the process that facilitates different industries to understand, evaluate, and fight against the risk by increasing the probability of success and decreasing the likelihood of failure (IRM, 2012). The main focus of risk management process is to mitigate the negative influence of internal and external factors by managing certain risks within the supply chain of the manufacturing sector (Caniels et al., 2013). The internal factors, responsible for development of financial risk, include the risks that prevail within the company’s own supply chain (demand, supply, and process related risks); whereas, external risks include the risks that do not occur within the supply chain of the company (natural disaster). It is necessary to work on the development of strategies for managing risks because the process of risk management is an on-going process. The manufacturing sector needs to be aware about the current financial risks prevailing in the country to prioritize work and acquire specific focus area. Some of the risks experienced by the manufacturing sector do not result in negative outcome because these risks are taken as a hope of positive outcome (Hopkin, 2017).

**Research Methodology**

The study has adopted a descriptive analytical approach to capture the association between financial risks and risk management strategies. The primary data has been collected through
questionnaires filled out by the respondents of selected manufacturing companies located in the State of Khartoum, Sudan. The questionnaires serve as the major tool for conducting the survey. The State of Khartoum has been selected to conduct this study because the manufacturing sectors in this State represent a majority (19%) of the manufacturing sectors of Sudan. Moreover, the majority (64%) of the large manufacturing sectors are situated in the State of Khartoum. The respondents were briefed regarding the main features of risk management strategies before filling the questionnaire. The theoretical framework is used to analyze the property of risks independently as the acceptance of risk is the key feature for the insurance company. The study has utilized the statistical records of comprehensive industrial surveys, and reviewed literature to evaluate the strategies to mitigate the financial and economic losses. The statistical records covered the period between 1994-2004 due to availability of data during this period.

Findings

The importance of mitigation strategies in managing financial risk has been analyzed through the perception of management in medium and small scale industries. The results have analyzed inefficient and weak financial management that results in the collapse of manufacturing sector. The results have extended the current understanding of financial risk management strategies, and provided the basis for more comprehensive and systematic assessment of financial risks in global investment projects. Table 2 has analyzed the financial losses controlled by the chief executives, finance managers, and board of directors on the basis of financial risk mitigation strategies. Majority of the respondents (44.3%) from the food and beverages’ manufacturing sector stated that risk managers were mainly reporting to the finance managers for implementing the financial risk mitigation strategies. Moreover, the machinery and equipment (91.2%) and petrochemical (53.8%) in manufacturing industry also showed that finance managers play significant role in managing financial losses through financial risk mitigation strategies (see Table 2).

Table 2: Report of risk manager for managing financial losses through financial risk mitigation strategies

<table>
<thead>
<tr>
<th>Manufacturing Industry of Food and Beverages</th>
<th>The risk manager reports to</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chief Executive</td>
<td>Finance Manager</td>
</tr>
<tr>
<td>Risk Management Separate Function</td>
<td>Count</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Combined with Finance Management</td>
<td>Count</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>20.3%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>27.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Manufacturing Industry of Petrochemicals</th>
<th>The risk manager reports to</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Board of Directors</td>
<td>Chief Executive</td>
</tr>
<tr>
<td>Risk Management Separate Function</td>
<td>Count</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>0</td>
</tr>
<tr>
<td>Combined with Finance Management</td>
<td>Count</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Manufacturing Industries</th>
<th>The risk manager reports to</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Board of Directors</td>
<td>Chief Executive</td>
</tr>
<tr>
<td>Risk Management Separate Function</td>
<td>Count</td>
<td>2</td>
</tr>
</tbody>
</table>
Management | % | 8.7% | 21.7% | 56.5% | 87.0%
---|---|---|---|---|---
Combined with Finance Management | Count | 1 | 2 | 0 | 3
| % | 4.3% | 8.7% | 0 | 13.0%
Total | Count | 3 | 7 | 13 | 23
| % | 13.0% | 30.4% | 56.5% | 100.0%

**Source:** Industrial Survey/Sudan

The manufacturing industry of petrochemicals (0.151) and other industries (0.104) were not significantly associated with the implementation of mitigation strategies. Whereas, the manufacturing industries of food and beverages (0.000) and machinery equipment (0.000) attained significant association with the financial risk mitigation strategies (Table 3).

**Table 3: Chi – square Test**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Value</th>
<th>df</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing Industry of Food and Beverages</td>
<td>16.823&lt;sup&gt;a&lt;/sup&gt;</td>
<td>2</td>
<td>0.000</td>
</tr>
<tr>
<td>Manufacturing Industry of Machinery and Equipments</td>
<td>16.485&lt;sup&gt;a&lt;/sup&gt;</td>
<td>2</td>
<td>0.000</td>
</tr>
<tr>
<td>Manufacturing Industry of Petrochemicals</td>
<td>3.782&lt;sup&gt;a&lt;/sup&gt;</td>
<td>2</td>
<td>0.151</td>
</tr>
<tr>
<td>Other Manufacturing Industries</td>
<td>4.527&lt;sup&gt;a&lt;/sup&gt;</td>
<td>2</td>
<td>0.104</td>
</tr>
</tbody>
</table>

**Source:** Industrial Survey/Sudan

**Discussion**

The assessment of risk management strategies is concerned with the probability of its occurrence and adverse effects on the manufacturing sector. The risk assessment of major natural disasters and great disturbances created problems in the evaluation of financial risks, which are related to its probabilities. Moreover, if the consequences of financial risk are catastrophic, its impact is minimized due to the decrease number of probabilities (Hagman, 2011). If the consequences of financial risks are severe, it would result in disturbed customer delivery, leading to higher financial losses (Bayer & Oberg, 2013). Therefore, it is important for the manufacturing sector to be capable of understanding and managing the risks, incurred in the development of a manufacturing sector.

The competitive businesses; such as food and beverage industry, are characterized by the fast-moving manufacturing companies and their products. In order to respond to the customer demands, the manufacturing sectors need to manage their supply chain effectively (Bayer & Oberg, 2013). However, the risk management strategies aimed to mitigate the negative impact of external and internal risks within the supply chain of manufacturing sector. Eventually, the disturbances in supply chain of manufacturing sector resulted in financial losses, and a negative corporate image of the sector (Juttner et al., 2003; Thun & Hoenig, 2011).

The strategies of risk management mainly focus to increase the probability or success and decrease the risks of failure. Since last decade, the manufacturing sectors are significantly considering and taking appropriate actions towards the emergence of internal and external financial risks (Thun & Hoenig, 2011). These sectors need to be prepared for the financial disturbances because of the global financial crisis and severe natural disasters (Juttner & Maklan, 2011). Majority of the manufacturing sectors get resources from other countries; therefore, the profitability of these sectors are dependent on the global market place. According to Blecker and Kersten (2006), major factors causing disturbances in the mitigation of financial risk management strategies include:

- Centralized production and distribution
- Global supply chains
- Outsourcing of suppliers
• Reduction in the number of suppliers
• Reduction in the inventory holdings

Chopra and Sodhi (2004) suggested different examples of mitigation strategies, when the manufacturing sectors faced financial crisis. These mitigation strategies include added inventory, increased flexibility, added capacity, and increased responsiveness. The mitigation capabilities are described as the correlations among the supply chain entities and coordination among the resources to maintain normal flow of production (Craighead et al., 2007). Therefore, the mitigation strategies are considered significant in managing the financial disturbances.

It is evident that the external risks, occurring outside the manufacturing sector, are difficult to control and monitor. However, internal risks and their probabilities are easily determined, but their impact results in severe consequences (Thun & Hoenig, 2011). The main purpose of the risk mitigating strategies is to ensure that appropriate risk management principles are integrated and implemented among the manufacturing sector. It helps in structuring of specific processes to control the financial crisis (Hopkin, 2017). The mitigation strategies are used by the managers, stakeholders, auditors, as well as employees in expressing their concern regarding the probable material effects of financial crisis on the business goals. Therefore, the risk management requires enhanced operation, resource allocation, practices, and improved financial health to achieve the performance goals (Njeri, 2014).

Conclusion

The study concluded that mitigation strategies have proved to be effective in managing financial risks experienced by the manufacturing sector. The risk managers, executive officers, and board of directors are involved in the identification of financial risks for effective management of financial risks. The risk manager is responsible for reviewing and verifying the risk management systems, risk reports, and guidelines. The risk mitigation strategies assist the manufacturing sector in managing the situations that negatively influence the financial, physical, and human capital of manufacturing sector. However, the most frequent occurring financial risk in the manufacturing sector is regarding the rate of production in the sector. The results further concluded that different mitigation strategies employed for management of economic losses include; decrease in negative effect of the risk, increased rate of production, and acceptance of the consequences regarding financial risks. The financial risk mitigation strategies recognized the basic aim of manufacturing sector and functions to meet the desired business goals. In order to achieve diversification effects, the risk mitigation limits the exposure to different categories of financial risks. Therefore, the risk mitigation strategies take prominence in various issues associated with the financing constraints in short term and long term investments.

References


ABSTRACTS
The present study purports to explore the association between brand experience and consumer behavior. To this end, we involved 297 (n = 297) customers living in major cities of Pakistan and the structural equation modeling technique was performed to test the proposed model in smart PLS. Results show that brand experience has the strongest effect on brand awareness followed by brand image, brand love, brand recall, and loyalty. Nonetheless, the association between brand experience and brand attitude was not proved. This study is one of the initial attempts to highlight the significance of creating a brand experience for the long-term success of firms in a highly aggressive market. Finally, we discuss the implications of these results for research and practice.

Keywords: Brand love; Brand experience, brand loyalty, brand recall; brand awareness; brand attitude

INTRODUCTION
The emergence of brand experience is viewed against the domination of traditional marketing (Xixiang, Gilal, & Gilal, 2016). Where consumers were viewed as rational decision makers, looking for benefit based solution to their problems. However, in today’s savvy market, consumers get the utilitarian aspects of the brand, brand image and quality of the product as taken by granting what they really want is unique experiences that capture their senses, induces feelings and emotions, and stimulates the cognitive process. More importantly today consumers prefer the products that fit their lifestyles. This has resulted in the paradigm shift from traditional marketing to experiential marketing.

Additionally, previous researchers implied that experiential marketing will be at the heart of the new economy, where the highest economic offering won’t be the goods and services but indeed the exhilarating experiences based on entertainment and education in nature (Schmitt et al, 2014). Furthermore, researchers suggested that customer value should go beyond the benefits and attributes (Gilal et al., 2018).

Traditional marketers were long been interested in improving consumer brand awareness and relationship bonds with potential customers through feature and benefit based marketing and persuasion strategies. In line with this thought, the Aaker’s brand equity model provides a milestone for building the strong brands and implied how consumers perceive and evaluate the brands (Keller, 1993). Earlier research on brand experience emphasizes that necessary condition to sustain long-term success in the market mainly depends on effectively managing the brand experiences (Sherry, 2005).

Based on the insight from the prior literature, we concluded that current literature is missing a comprehensive model that may help brand managers to build brands by engaging and encouraging consumers to participate in the evolution of a brand. Therefore, we developed a theoretical framework to explore the effect of brand experience on brand knowledge, brand love, and loyalty. We firmly believe that the present study contributes to existing literature and develops a long-term relationship with the customer by bringing together brand knowledge and brand
experience. Specifically, we emphasize on brand knowledge variable, that signifies how customers evaluate and perceive the brands, when they get exposed to the brand through holistic experiential perspective, and ultimately results in brand relational ties, such as brand love and brand loyalty.

THEORETICAL FRAMEWORK

The relationship between brand experience and brand image

Research on the brand image has been acknowledged as a vital area of marketing for crafting brand equity (Paul, 2015; 2018). Whereas, brand experience helps in grasping the value of the brand and create a brand association which in turn form the brand image (Keller, 1993; Lane, 2003). Brand experience denotes consumer’s acquaintance and previous knowledge about the brands (Lane, 2003). Moreover, a customer’s involvement with a brand forms a mental image. From searching of the brand to purchasing, to the opening of the package, as well as from being happy or unhappy by a product performance, this holistic experience with the brand forms the image in consumer’s mind. Similarly, previous research has implied that inputs from consumers past experiences strongly influence current brand images (Rindell, 2013). Keeping in view above literature, the following hypothesis is developed.

Hypothesis 1: Brand experience significantly influences brand image

The relationship among brand experience, brand awareness, and brand recall

Brand awareness is a vital concept in marketing and consumer behavior research, as it leads to creating consumer choice (Hoyer & Brown, 1990; Lin, 2013). It also has the capability to significantly increase company’s market share. It can build a strong brand image, brand attachment and brand passion (Gilal et al., In Press; Gilal, Zhang, & Gilal, 2018).

Previous research has identified various means to create and enhance the brand awareness. The main strategy to create the brand awareness is through marketing communication (Jakeli & Tchumburidze, 2012). More importantly, the attributes of a brand such as a name, symbol, logo icon facilitate the consumer awareness of brand (Alba & Chattopadhyay, 1985). Furthermore, advertising, positive word of mouth also increase brand awareness (Aaker, 2000; Gilal et al., 2018). Moreover, brand awareness comprised of brand recognition and recall but it is not necessary that these two components occur concurrently when the brand awareness is evaluated (Keller, 1993). Thus, based on the insights from above literature, the following hypotheses are proposed.

Hypothesis 2: Brand experience significantly influences brand awareness

Hypothesis 3: Brand experience significantly influences brand recall.

The relationship between brand experience and brand attitude

Brand attitude generally represents favorable or unfavorable evaluation towards the brand and degree of likeability or unlikeability. The prominent scholar reported that consumers have an attitude towards objects such as food, music, religion, clothes, politics etc, which leads consumers to behave in a certain way (Armstrong et al., 2014). Brand attitude is generally constant but it can change over the time. Indeed, it is foremost objective of marketers and companies to modify the attitude of consumers towards the brand (Paul & Bhakar, 2018). Therefore, based on above insight following hypothesis is proposed.

Hypothesis 4: Brand experience significantly influences brand attitude.

The relationship between brand experience and brand love

Researchers keenly analyzed the consumer’s ability to love the brands. Specifically, marketers are particularly fascinated with the concept of love/passion towards the brand (Gilal et al., 2018). It was therefore investigated that whether consumers can experience the feelings of love with the brands. Research has shown that consumers tend to develop strong feelings towards the brand (Fournier, 1998a; Gilal et al., 2018). Additionally, many researchers have identified several factors that influence the brand love, such as brand identification and brand trust. The impact of brand familiarity on brand love more likely persuade marketers to create strong bonds between brands and consumers (Albert & Merunka, 2013; Gilal et al., 2018). Brand love has developed as an imperative marketing concept, but still, there is a huge gap in literature to focus on what leads to a brand love relationship. Moreover, research has implied that brand love may be enhanced through characteristics of brands such as hedonic features of brand or product quality. Brand love can also lead to brand loyalty. Therefore, keeping in view the above literature, the authors propose the following relationship.
Hypothesis 5: Brand experience significantly influences brand love.

The relationship between brand experience and brand loyalty

Brand loyalty is defined as creating a symbolized mindset that leads to the repetitive purchase of brand over the time (Aaker, 1991). Prior researchers have empirically investigated the brand experience on the formation of cognitive and conative loyalty (Davis et al., 2000). Other researchers have explored the significance of brand experience on brand loyalty (Brakus et al., 2009). Whereas, Iglesias, Singh, & Batista-Foguet, (2011) reported the insignificant link between brand experience and brand loyalty. However, it should be worth enough to empirically analyze that brand loyalty should not only relate to repetitive purchase pattern of the consumer. Rather it should lead to other symbolic aspects and it leads to behavioral and attitudinal behavior of consumers. For instance, the recommendation of the brand to others (Gilal et al., 2018) and intention to repurchase (Tam, Wood, & Ji, 2009). Moreover, the brand experience can provide brand value in a holistic way that leads to creating more loyal customers (Brakus et al., 2009). Thus, the following hypothesis is proposed.

Hypothesis 6: Brand experience significantly influences brand loyalty.

The relationship between brand awareness and brand recall

In today’s highly aggressive marketplace, brand knowledge is considered essential objectives of marketing managers (Hollis, 2005). Additionally, marketing scholars have implied the significant role of brand awareness and brand recall on purchase intentions (Van Steenburg, 2012). The significance of the relationship between brand awareness and brand recall can be found from the renowned work of Keller’s brand equity model (Keller, 1993) which suggested a brand awareness and brand image as an important dimension. However, empirical research reported the most common method to measure the brand awareness is a brand recall. Moreover, previous research has also identified the brand recall as measures of effectiveness of marketing efforts (Dubow, 1994). Therefore, based on these insights, the authors proposed the following hypothesis.

Hypothesis 7: Brand awareness significantly influences brand recall.

The relationship among brand recall, brand attitude, and brand love

Brand recall is “the extent to which a brand name is recalled as a member of a brand, product or service class” (Keller, 1993). Therefore, researchers elaborated the role of advertising (Van Steenburg, 2012), sponsorship events (Kinney, McDaniel, & DeGaris, 2008), brand salience (Alba & Chattopadhyay, 1986) on the formation of brand recall. Moreover, studies have emphasized the significance of the exposure of brands (Nicholls et al., 1999), and concluded that the more consumers are exposed to brand-related stimuli, the more likely that they recall the brand (Alba & Chattopadhyay, 1986). Based on these the insights, we propose the following relationships.

Hypothesis 8: Brand recall is positively associated with brand attitude.

Hypothesis 9: Brand attitude significantly influences brand love.

The relationship between brand love and brand loyalty

The nature of the relationship between brand love and brand loyalty can be explained by the theory of relationship developed by Fournier (1998a) which explored the type of relationship the consumers have with the brand. Only handful of work has explored the importance of brand love, therefore, it is still in infancy and offers limited insight into antecedent and consequences of brand love (Albert & Merunka, 2013). Therefore, in order to further broaden the relationship between brand love and brand loyalty, we propose the following hypothesis.

Hypothesis 10: Brand love significantly influences brand loyalty.
RESEARCH METHODOLOGY

The present study aimed to develop a conceptual model that combined the brand experience, brand knowledge, brand recall, brand attitude, and consumer behavior outcomes such as brand loyalty and brand love. On the basis of literature review, the valid and reliable measures were adopted from previous studies and all the response were measured on a 5-point Likert scale. Based on the focus group discussion, the eight brands were selected (e.g., Motorola, Nokia, Sony Ericson, Samsung, Apple, KFC, McDonald’s, and Coco-cola). Respondents were asked to choose one brand that they find most experiential brands. Hence, each questionnaire referred to one specific brand. The data were collected from Pakistan and the final sample size was 297 (n = 297) consumers.

ANALYSIS OF MODEL

The proposed model illustrated in Figure 1 was tested via two approaches (Chattopadhyay & Alba, 1988a): confirmatory factor analysis and structural equation modeling. As per guidelines, firstly, the model’s reliability and internal consistency was tested by Cronbach alpha. Table 1 exhibits the Cronbach alpha values for brand experience dimensions were above the recommended threshold: sensory = 0.616, affective = 0.739, intellectual = 0.716 and behavioral = 0.620. Whereas for other reflective constructs, the Cronbach alpha values were also above the recommended threshold: brand image = 0.747, brand awareness = 0.684, brand recall = 0.650, brand attitude = 0.898, brand love = 0.798 and brand loyalty = 0.789. The results further revealed that the composite reliability values were also above the recommended threshold level 0.70 (Hair et al., 2013): CR_sensory = 0.838, CR_affective = 0.766, CR_behavioral = 0.802, CR_intellectual = 0.740, CR_image = 0.855, CR_awareness = 0.826, CR_brand_attitude = 0.936, CR_brand_recall = 0.814, CR_brand_love = 0.879 and CR_brand_loyalty = 0.862.

Second, we analyzed the average variance extracted (AVE) and the results showed that all the AVEs values were above the recommended threshold: AVE_sensory = 0.721, AVE_affective = 0.622, AVE_behavioral = 0.671, AVE_intellectual = 0.590, AVE_image = 0.663, AVE_awareness = 0.613, AVE_recall = 0.687, AVE_attitude = 0.831, AVE_love = 0.709, AVE_loyalty = 0.612.

Third, the Fornell Lacker criterion was used to analyze the discriminant validity of constructs, our results were remained satisfactorily as per rule of thumb (Fornell & Bookstein, 1982). The square root (SR) value of AVE is always greater than the corresponding correlation value. SR_sensory = 0.894, SR_affective = 0.788, SR_behavioral = 0.819, SR_intellectual = 0.768, SR_image = 0.814, SR_awareness = 0.783, SR_recall = 0.828, SR_attitude = 0.911, SR_love = 0.842, SR_loyalty = 0.782, were above the recommended thresholds.

Fourth, in this study, brand experience as reflective formative constructs were used. Therefore, to check the validity of the formative model, the criterion such as multi co-linearity, indicator’s weights and the significance of the values were analyzed. Our results showed acceptable values as per rule of thumb by Hair et al (2013): VIF_sensory = 1.132, Tolerance_sensory = 0.884, VIF_behavioral = 1.121, Tolerance_behavioral = 0.894, VIF_affective = 1.063, Tolerance_affective = 0.940, VIF_intellectual = 1.115, Tolerance_intellectual = 0.897.
Table 1: Measurement model (First order construct)

<table>
<thead>
<tr>
<th>Constructs</th>
<th>R Square</th>
<th>Composite Reliability</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sensory</td>
<td>-</td>
<td>0.838</td>
<td>0.616</td>
</tr>
<tr>
<td>Behavioral</td>
<td></td>
<td>0.802</td>
<td>0.620</td>
</tr>
<tr>
<td>Affective</td>
<td></td>
<td>0.766</td>
<td>0.739</td>
</tr>
<tr>
<td>Intellectual</td>
<td></td>
<td>0.740</td>
<td>0.716</td>
</tr>
<tr>
<td>Brand Experience</td>
<td>1.000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Brand Image</td>
<td>0.201</td>
<td>0.855</td>
<td>0.747</td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>0.1976</td>
<td>0.826</td>
<td>0.684</td>
</tr>
<tr>
<td>Brand Recall</td>
<td>0.230</td>
<td>0.8141</td>
<td>0.650</td>
</tr>
<tr>
<td>Brand Attitude</td>
<td>0.064</td>
<td>0.939</td>
<td>0.898</td>
</tr>
<tr>
<td>Brand Love</td>
<td>.0943</td>
<td>0.879</td>
<td>0.798</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>0.755</td>
<td>0.862</td>
<td>0.789</td>
</tr>
</tbody>
</table>

Fifth, the size effect (f²) of the exogenous variable on endogenous variables was analyzed by f² analysis. The results indicated that brand experience has a strong effect on all endogenous variables, except brand attitude and brand love. As such the brand experience has a significant impact on brand image (f² = 0.251), brand awareness (f² = 0.246) brand recall (f² = 0.298), brand attitude (f² = 0.052), brand love (f² = 0.103), and brand loyalty (f² = 0.350). The effect of brand recall on brand attitude is smaller (f² = 0.037), whereas the impact of brand awareness on brand recall is medium (f² = 0.113). The effect of brand attitude on brand love is smaller (f² = 0.044). The effect of brand love on brand loyalty is higher (f² = 2.68).

Sixth, in order to measure the predictive relevance of the model, Stone Geisser’s Q² value, was calculated. Empirical results showed that brand image has Q² = 0.1992, brand awareness Q² = 0.1942, brand recall Q² = 0.2229, brand attitude Q² = 0.053, brand love Q² = 0.0792 and brand loyalty Q² = 0.748. These result showed that the constructs have predictive relevance for the model and the effect size value q² showed that the predictive relevance of brand experience on brand image is medium with q² = 0.123. The predictive relevance of brand experience on brand awareness and brand recall is medium with q² = 0.116 and 0.112 respectively. The predictive relevance of brand experience on brand attitude and brand love is small with q² value 0.046 and 0.0208 respectively. Whereas the results showed the strong predictive relevance of brand experience on brand loyalty with q² = 0.329. The predictive relevance of brand awareness on brand recall is medium q² = 0.158. The results further showed the small predictive relevance of brand recall on brand attitude q² = 0.0399 and small predictive relevance between brand attitude and brand love with q² = 0.019. Similarly, the results showed strong effect size value of brand love and brand loyalty with q² = 2.563.

INTERPRETATION OF RESULTS

The statistical results are presented in Table 2. Out of 10 hypotheses, eight were accepted, whereas two hypotheses were not supported by our results. Hypothesis 1, which proposes the positive relationship between brand experience and brand image, has been accepted (β = .449, t (6.997), p < 0.000). Hypothesis 2 proposes the significant positive relationship between brand experience and brand awareness, was also confirmed (β = .445, t (7.73), p < 0.000). As proposed in Hypothesis 3, the effect of brand experience on brand recall was also supported by our results (β = .153, t (3.06), p < 0.006). Hypothesis 4, which proposes the significant positive relationship between brand experience and brand attitude, was not supported (β = 0.05, t (0.712), p < 0.484). Hypothesis 5, which proposes the significant positive relationship between brand experience and brand love, was supported by our results (β = .402, t (7.83), p < 0.000). Hypothesis 6, which proposes a significant positive relationship between brand experience and brand loyalty, was confirmed (β = 0.065, t (2.11), p < 0.000). In Hypothesis 7, it was proposed that brand awareness has a significant positive effect on brand recall, was also confirmed (β = .392, t (6.73), p < 0.000). Similarly, Hypothesis 8 intended to elaborate the significant positive relationship between brand recall and brand attitude, was also confirmed by our results (β = .201, t (3.00), p < 0.000). Moreover, Hypothesis 9, proposes that brand attitude and brand love has a significant positive relationship, was not supported (β = .086, t (1.164), p < 0.216). Last but not least, the Hypothesis 10, suggests a significant positive
association between brand love and brand loyalty, was also confirmed by our results ($\beta = .848$, t (28.987), p < 0.000).

Table 2: Structural equation modeling results

<table>
<thead>
<tr>
<th>Effects between Constructs</th>
<th>$\beta$</th>
<th>P-value</th>
<th>T-value</th>
<th>SE</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brand Experience $\rightarrow$ Brand Image</td>
<td>.449</td>
<td>(P&lt;.000)</td>
<td>7.00</td>
<td>.064</td>
</tr>
<tr>
<td>2</td>
<td>Brand Experience $\rightarrow$ Brand Awareness</td>
<td>.445</td>
<td>(P&lt;.000)</td>
<td>7.639</td>
<td>.0582</td>
</tr>
<tr>
<td>3</td>
<td>Brand Experience $\rightarrow$ Brand Recall</td>
<td>.153</td>
<td>(P&lt;.006)</td>
<td>3.03</td>
<td>.050</td>
</tr>
<tr>
<td>4</td>
<td>Brand Experience $\rightarrow$ Brand Attitude</td>
<td>.051</td>
<td>(P&lt;.484)</td>
<td>0.73</td>
<td>.069</td>
</tr>
<tr>
<td>5</td>
<td>Brand Experience $\rightarrow$ Brand Love</td>
<td>.292</td>
<td>(P&lt;.000)</td>
<td>5.469</td>
<td>.053</td>
</tr>
<tr>
<td>6</td>
<td>Brand Experience $\rightarrow$ Brand Loyalty</td>
<td>.065</td>
<td>(P&lt;.000)</td>
<td>2.129</td>
<td>.030</td>
</tr>
<tr>
<td>7</td>
<td>Brand Awareness $\rightarrow$ Brand Recall</td>
<td>.392</td>
<td>(P&lt;.000)</td>
<td>7.34</td>
<td>.053</td>
</tr>
<tr>
<td>8</td>
<td>Brand Recall $\rightarrow$ Brand Attitude</td>
<td>.201</td>
<td>(P&lt;.005)</td>
<td>3.02</td>
<td>.066</td>
</tr>
<tr>
<td>9</td>
<td>Brand Attitude $\rightarrow$ Brand Love</td>
<td>.086</td>
<td>(P&lt;.0216)</td>
<td>1.18</td>
<td>.055</td>
</tr>
<tr>
<td>10</td>
<td>Brand love $\rightarrow$ Brand loyalty</td>
<td>.848</td>
<td>(P&lt;.000)</td>
<td>28.5</td>
<td>.029</td>
</tr>
</tbody>
</table>

MANAGERIAL IMPLICATIONS

The managerial implications of this study are discussed as follow. Based on insights from this study, marketing managers can specifically create customer value and favorable consumer response through brand experience. However, this study has concluded that mere customer satisfaction is not enough to compete in a highly aggressive market. Today’s savvy consumers need more than satisfying brands. Therefore, it is not viable to solely depend on traditional marketing strategies. Now marketers can cost-effectively and efficiently increase market shares through brand experience. Moreover, this study emphasizes on brand loyalty as a critical factor for long-term success in the market. Therefore, marketing managers should refocus on efforts for stimulating the sensory, affective, behavioral and intellectual responses of the consumer, whenever they are in contact with brands. Such as brand experience put special emphasizes to reintegrate the marketing efforts for vivid brand-related stimuli such as name, color, symbol, logo, and environment where the brand is sold.

References


THE ROLE OF ENTREPRENEURIAL PERSONALITY TRAITS ON ENTREPRENEURIAL INTENTION: A RESEARCH IN MERSIN UNIVERSITY FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES

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ABSTRACT
In recent years, entrepreneurship has become a very important issue with the social aspects of the economy as well as the economic situation, and research are a is increasing day today. Entrepreneurship can be defined as taking both he advantage of opportunities to bring together existing pieces and bringing out market share. The intention of entrepreneurship is that people must be willing or are able to set up and run their businesses. Personality trait sare one of the important factor sffecting the intention of entrepreneurship. The aim of this study is to show the effect of the personality traits of the university students on entrepreneurial intent. In addition to this purpose, the effect of demographic variables on the entrepreneurial intentions was examined. Forth is purpose, research was carried out with 320 students from Mersin University Faculty of Economics and Administrative Sciences. A question naire was used as a data collection tool, correlation and regression analysis, t-test, one way variance (ANOVA) analys is were applied according to collected data and research questions. As a result of statistical analysis; It has been found that personality trait sare an important measure of entrepreneurship intention. It has been determined that 'personality traits' and 'tolerance to uncertainty' have a significant effect on entrepreneurship intention. Besides, it was found that there is a significant difference between some of the demographic variables such as " family income, mother education status, successful entrepreneur modeled in family and close environment " and intention of entrepreneurship. As a result of the study, suggestions were presented to increase students' entrepreneurial intentions based on the findings obtained without research.

Keywords: Entrepreneurship, Entrepreneurship Intention, Personality, Personality Features

INTRODUCTION
Although early studies considered entrepreneurship as a field of economics, recent intensification of globalization have heightened the impact of the concept on other fields related to the business world. There may be many different suggestions as the source of this trend. The increase in the power of small size firms due to global competition, a steady change in market incentives, and the emergence of new markets can be considered as factors that play a role in increasing the significance of entrepreneurship (Şeşen et al., 2014: 93). The subject of entrepreneurship has grown in importance in light of recent trends in Turkey. Although the history of entrepreneurship-based studies in our country is not too old, the developments in the business world experienced in the last 15-20 years, the increase in the current competition, the contraction in public employment, the change in labor force quality and the improvements in the information technologies and service sector have awaken national researchers’ interests in the point of entrepreneurship (Şeşen et al., 2014: 93).

Even though research often emphasizes the dogmatic parts of entrepreneurship, it is often argued that entrepreneurship is a characteristic that can be earned over time throughout life. Therefore, there are many studies examine university students’ entrepreneurial intentions and attempt to understand factors that may determine motive (Şeşen et al., 2014: 94). In the studies conducted outside Turkey, it is emphasized that the Turkish people have the entrepreneurial disposition. Therefore, it is very essential for our country to consider every university student as a promising entrepreneur and to equip them with the knowledge and abilities that they can realize their potential in terms of catching opportunities and to let them actualize themselves as incentivized individuals. Recently, there is a large volume of published studies describing the positive role of university education in the entrepreneurial intention of individuals. In this sense, the main purpose of this study is to investigate the effect of diverse personality characteristics of economics and administrative sciences students on their entrepreneurial intentions.
ENTREPRENEURIAL PERSONALITY

It can be suggested that each individual may display different behaviors and attitudes for same situations; in fact, one’s behavior to a specific situation may vary over time. Moreover, despite the almost same biological structure, our responses to an event may differ depending on internal and external factors. The reason for situational changes in our attitudes may trigger by changes in our emotions and all these discrepancies may be explained by the term personality (Özkalp and Kirel, 2010: 72). Due to the fact that this study investigates the role of various personality traits on entrepreneurial intentions, the next section will introduce the term from different perspectives.

THE CONCEPT OF PERSONALITY

The origin of the word personality comes from the concept called ‘persona’ in Latin. Persona, the name given to the masks which are worn by performers according to different the roles in the classical Roman theatre, was used to emphasize differences between individuals (Ersoy, 2009: 3). It can be argued that the term personality encompasses both hereditary and developmental factors. In other words, personality can be expressed as a whole of experiences gained after birth with innate traits and stable and rigid structure that separates individuals from one another (Ercan, 2010: 14). Personality is not a one-way phenomenon. On the contrary, it shelters many features that come to mind about the attitudes and behaviors of individuals. Therefore, a considerable amount of definition was made in order to explain the term comprehensively. One of the widely used definitions, Özer (2013: 127) suggests that personality can be defined as the whole of feelings, thoughts and individual differences that are burdened by individuals in social and biological processes which maintain their stability in a certain period of time.

ENTREPRENEURIAL PERSONALITY TRAITS

Entrepreneurship is one of the subjects that draw the attention of the scientists who study personality traits. Therefore, researchers attempt to identify several distinct characteristics of entrepreneurial personality traits. In this sense, introducing several common features of successful entrepreneurs has become primary purpose of many scholars (Keleş, et al., 2012: 109). The sub-dimensions of entrepreneurial personality traits are listed by Bozkurt and Erdurur (2013: 60) as; risk-taking tendency, need for achievement, innovativeness, the locus of control and tolerance to uncertainty. Risk can be defined as the assumption of responsibility for the likelihood of encountering undesirable consequences as a result of decisions taken by a person or taken in the future. From this perspective, risk refers to decision-making processes in a context that does not anticipate the consequences (Bozkurt and Erdurur, 2013: 60). It is widely suggested that individuals who have entrepreneur personality traits have more risk-taking tendency behaviors than others. Besides, risk-taking behavior is broadly considered a prerequisite for entrepreneurs. The entrepreneur should be able to benefit from this initiative and turn it into an advantage (Korkmaz, 2012: 213).

McClelland (1961) asserted that the need for achievement is an important psychological reason for the entrepreneurial tendency which is rooted in the individual’s attitudes and behaviors. It is also known that individuals have great enthusiasm for the sake of catching success and they are willing to achieve success with their own personal will (Bozkurt and Erdurur, 2013: 60). Particularly, individuals who have a high need for achievement consciously take risks, are motivated to their work, are confident in themselves and most do not hesitate to take responsibility. Although the decisions they make are largely risky and challenging, they constantly focus on their performance and these kinds of people will wish to develop themselves in a stable manner (Tikici and Aksoy, 2009: 39). In a time when new business models are constantly emerging, the capacity to innovate has become a vital source for every kind of organizations. According to Schumpeter (1934), innovation is at the center of entrepreneurship. Whereas, Bozkurt and Erdurur (2013: 61) argued that innovation refers to increase the existing resources in their workplaces or to create new employment opportunities by supplementing them with new ones.

Innovation, in other words, which can be regarded as the most critical element for the existence and future of an enterprise, comes from the word ‘nova’ in Latin. Innovation is widely expressed as a kind of commercial dimension of creativity. From this perspective, innovation is a
marketable phenomenon (Akkaya, et al., 2014: 112). Locus of control, however, is a variable factor that reveals how people understand their personal actions and the strength of their relationship with the consequences of the mentioned actions. Julian Rotter (1966, 1975) argued that individuals differ in their ability to control their own lives. While some individuals believe that they have sufficient power they need to control their own lives and the attitudes and behaviors they desire to perform, on the contrary, some of the possess the widespread belief that the control of their lives depends on external factors (Bozkurt and Erdurur, 2013: 60). The area of internal control refers to the prioritization of individuals’ self-control in their future decisions, rather than external factors. Whereas, contrary to internal control, external control implies that, the factors affecting the lives of individuals depend on external dynamics rather than individual will (Soyşekerci, 2013: 36).

Uncertainty can be defined as the situation that cannot be structured due to inadequate resources, and uncertainty tolerance is the ability to react positively when uncertain situations occur. In this regard, if an individual stand behind his / her decision in case of uncertainty, tolerance to such situations can be considered as high level. On the other hand, individuals with low uncertainty tolerance may be exposed to stress and develop premature responses (Akkaya, et al., 2014: 113). An uncertain situation can be expressed in the form of events that are not structured properly or categorized by a person due to the lack of lucrative cues. It can be suggested that entrepreneurs are expected to have the ability to put a positive response in a turbulent environment (Bozkurt and Erdurur, 2013: 60).

ENTREPRENEURSHIP
BASIC CONCEPTS RELATED WITH ENTREPRENEURSHIP

In everyday use, the entrepreneur is defined as a person who demonstrates the conditions of being able to move, while the initiative is meant as acting with the goal of performing, initiating or producing any business (Armağan, 2013: 51). Entrepreneurship is the bringing together of intellectual and practical actions with tangible and intangible elements. Entrepreneurship is crucial in terms of the continuity of the innovation process in the risky context and the advantages it brings in adapting to the changes taking place in the economic and social structure (Ören and Biçkes, 2011: 71). According to Schumpeter, entrepreneurship is expressed in the form of a cognitive process that closely affects decision-making processes. Therefore, being an entrepreneur requires following trends and applying innovative ideas if necessary. In that respect, Entrepreneur can be seen as an individual who can synthesize existing resources and present new compositions (Marangoz, 2012: 2). Entrepreneurship can be defined as the creation of an enterprise, the continuation of its managerial processes, and the taking of responsibility for risks that are originated by both internal and external factors (Küçük, 2014: 28). In the following table, the definitions of several authors in the literature are given briefly:

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>J.A. SCHUMPETER</td>
<td>An individual who takes advantage of the contribution of change to create value. Besides, an individual who are change agents when they create opportunities</td>
</tr>
<tr>
<td>F. H. KNIGHT</td>
<td>An individual who takes responsibility for profit in what, when, and how they will be produced in an uncertain situation.</td>
</tr>
<tr>
<td>J. B. SAY</td>
<td>An individual capable of raising economic resources from a low productivity level to a high productivity level.</td>
</tr>
<tr>
<td>R. HISRICH</td>
<td>An individual who gets material and spiritual satisfaction due to creating something different in this direction despite the social, economic and psychological threats</td>
</tr>
<tr>
<td>T. BURNS</td>
<td>The person who is motivated to catch the opportunities for profit or innovates.</td>
</tr>
<tr>
<td>WEBSTER ANSIKLOPEDI</td>
<td>The supportive person of an enterprise, and in particular the person who manages the organization and assumes risks.</td>
</tr>
<tr>
<td>V. THUNEN</td>
<td>The person who undertake risks differently from the manager.</td>
</tr>
<tr>
<td>T. S. HATTEN</td>
<td>The person who face the risks to establish a business to recognize opportunities and turn them into the advantage of the enterprise.</td>
</tr>
<tr>
<td>BAUDEAU</td>
<td>The Individual who increases their profit at the same time by constantly innovating and lowering his/her costs.</td>
</tr>
<tr>
<td>A. SHAPERO</td>
<td>Individuals who are responsible for organizing the systems against the risk of bankruptcy.</td>
</tr>
</tbody>
</table>
ENTREPRENEURIAL INTENTION

Intention refers to a psychological process that tries to form the attitudes of human beings. According to Bandura, the intention is an indicator of things to be revealed in the future which is shaped by our cognition. The intention, in other words, refers to a situation in which beliefs and behaviors, attitudes and movements influence and trigger each other (Top and Sevencan, 2006:2). The entrepreneurial intention is to establish a business and therefore initiate an enterprise that allows one to consider and evaluate the potential opportunities in the environment, rather than other career opportunities. Therefore, these sorts of activities must be planned and conscious (Karabey, 2013:3). The entrepreneurial intentions can be also described as an effort of one’s to transform plans into operational actions and achieve success (Şeşen et al., 2014:2). In other words, the entrepreneurial intentions can be perceived as the commitment of an individual to his or her own efforts to establish their own enterprise. These activities usually appear as the consequences of our desires and wishes. If it is evaluated from this perspective, entrepreneurial activities are all planned and intentional actions. (Timuroğlu and Çakır, 2014:3)

RELEVANT LITERATURE OF ENTREPRENEURIAL PERSONALITY TRAITS AND ENTREPRENEURIAL INTENTION

Top and Sevencan (2006) conclude that when ethnic identity/culture is extracted from the business culture, it is important that the personality trait is an effective factor in determining entrepreneurial intentions and that this factor should be considered as a separate and independent variable in a model of intent to measure entrepreneurship. Franco, Haase and Lautenschläger (2010) found that there are some regional differences in the entrepreneurial tendencies of people in many European countries. Karabey (2013) made it clear that there is no significant difference in the intention of entrepreneurship and entrepreneurial self-efficacy as a result of the analysis made, while forming a constraint that the number of intuitive thinking individuals is relatively small.

Zhang, Duysters and Cloodt (2013) aimed to reveal the effect of entrepreneurial training on entrepreneurial intentions. They have come to the conclusion that male students and technology-minded universities show more entrepreneurial attitudes than those female students and students study in other fields in universities. In the study conducted by Timuroğlu and Çakır (2014), they attempted to investigate whether there is a relationship between entrepreneurial intention and tendency to take general risks, tendency to take social risks, tendency to take economic risks and tendency to take career risks; it is found that there is a correlation between the existing variables at a significance level of 0.99. In the study of Şeşen, Soran and Caymaz (2014), it is concluded that entrepreneurship intentions are in a moderate relationship with all socio-cultural values sub-dimensions and social network usage. According to the results of correlation analysis, entrepreneurial intention and collectivism have a relationship in the same direction. Lastly, Wong, Ho and Low (2014) investigated the relationship between the entrepreneurship training program organized by the university and entrepreneurial behaviors of students. As a result of the research, it has been determined that the entrepreneurship training programs have a positive influence on the entrepreneurial intention of the students.

THE IMPACT OF ENTREPRENEURIAL PERSONALITY TRAITS OF UNIVERSITY STUDENTS ON THEIR ENTREPRENEURIAL INTENTION: A RESEARCH CARRIED OUT IN MERSIN UNIVERSITY FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES

THE PURPOSE AND VALUE OF THE RESEARCH

In this study, it was mainly aimed to reveal the effect of the personality traits of the students studying at the Faculty of Economics and Administrative Sciences of Mersin University on entrepreneurial intentions. Besides, the study attempted to understand whether there is any relationship between demographic characteristics of the students and their entrepreneurial intentions. It is extensively argued that individuals with entrepreneurial characteristics make a significant contribution to both their workplace and their own business, as well as to the region that they live in. For this reason, it is very important to create enabling contexts needed by the citizens.
with the potential of entrepreneurship, at the point of contributing to the economic development of the countries. It is vital that first, individuals with entrepreneurial qualities are discovered and secondly, make sure they are aware of their abilities. This is precisely where our university students, who will form the building blocks of our future, play an important role in conducting research, deriving accurate results and letting to know necessary incentives for accelerating these sorts of activities. The relationship between the personality traits of university students and the entrepreneurial intentions, which is aimed to shed on the light in this research, will not only give significant contributions to the scientific endeavour, it may also provide a practical insight to individuals.

DESIGN AND METHODOLOGY

Sample
The target population of the research is the students of the Faculty of Economics and Administrative Sciences of Mersin University. The target population is also constituted by students from six different disciplines; Business Administration, Economics, Public Finance, International Relations and Labour Economics and the total population is 2438 students. Simple random sampling was adopted as a sampling method, however, but efforts have been made to distribute the classes and disciplines of the respondents proportionately. A total of 335 students contributed to the research. While 15 of the questionnaires filled by the students were not included in the analysis due to missing data, therefore a total of 320 questionnaires were analyzed.

Data Collection
The face-to-face survey method was applied to obtain data in the research. The data collection tool in the survey was constituted by two parts. In the first part, with the aim of measuring the level of entrepreneurial personality characteristics of the students, KOH (1996) study worked on non-thesis graduate students in Hongkong scale was adopted. This scale called Entrepreneur Personality Traits which includes 36 expressive items adopted to the Turkish in 2005 by Bozkurt. Besides, in order to measure the level of entrepreneurial intention of the students, a six-item scale was used which is developed by Linan and Chen (2009) and adapted to the Turkish language by Şeşen ve Basım tarafından 2012. There are 42 items in total. In the second part, there are 17 "personal questions" in order to determine the demographic characteristics of the students.

HYPOTHESIS OF THE RESEARCH
In this study, it was aimed to determine the relationship between personality traits of university students and entrepreneurial intentions. According to this, the direction and the strength of the relationship between the sub-dimensions of entrepreneurial personality traits and entrepreneurial intentions attempt to examine. It was also intended to find out whether they differ according to the demographic characteristics in terms of their entrepreneurial intentions. At this point, proposed hypothesis are listed below:

H1: Entrepreneurial personality traits have a meaningful effect on entrepreneurial intentions.
H1a: Tendency to risk-taking that is one of the sub-dimensions of entrepreneurial personality traits has a significant impact on entrepreneurial intent.
H1b: Innovativeness that is one of the sub-dimensions of entrepreneurial personality traits has a significant effect on the intention of entrepreneurship.
H1c: Need for success that is one of the sub-dimensions of entrepreneurial personality traits has a significant effect on the intention of entrepreneurship.
H1d: Locus of control that is one of the sub-dimensions of entrepreneurial personality traits has a significant effect on the intention of entrepreneurship.
H1e: Tolerance to the uncertainty that is one of the sub-dimensions of entrepreneurial personality traits has a significant effect on the intention of entrepreneurship.

H2: There is a meaningful difference in entrepreneurial intentions according to different demographic characteristics.
FINDINGS

In this section, it is aimed to test the hypotheses formed within the research area. Correlation, regression, t-test and ANOVA analyzes were applied in testing hypotheses, respectively. In the first hypothesis, a simple correlation (brivate correlation) analysis was applied to examine whether there is a relationship between the variables mentioned. The results of the brivate correlation analysis for identifying the relationship between entrepreneurial personality traits and its sub-dimensions and entrepreneurial intentions are shown in Table 2.

Table 2: Simple Correlation Analysis Results between Entrepreneurial Personality traits and Entrepreneurial Intention/Sub-Dimensions

<table>
<thead>
<tr>
<th>Personality Traits</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tendency to risk-taking</td>
<td></td>
<td>0.623</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovativeness</td>
<td></td>
<td>0.378</td>
<td>0.219</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Need for success</td>
<td></td>
<td>0.716</td>
<td>0.288</td>
<td>0.142</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Locus of control</td>
<td></td>
<td>0.550</td>
<td>0.115</td>
<td>0.026</td>
<td>0.222</td>
<td></td>
</tr>
<tr>
<td>Tolerance to uncertainty</td>
<td></td>
<td>0.647</td>
<td>0.223</td>
<td>0.162</td>
<td>0.277</td>
<td>0.199</td>
</tr>
<tr>
<td>Entrepreneurial Intention</td>
<td></td>
<td>0.396</td>
<td>0.309</td>
<td>0.111</td>
<td>0.247</td>
<td>0.156</td>
</tr>
</tbody>
</table>

*p<0.05  **p<0.01

As can be seen from the table above, it is observed that there is a positive and moderate relationship between the entrepreneurial personality traits and entrepreneurial intention (r = 0.396). The tendency to take risks seems to be related to entrepreneurial intention in positive and low level (r = 0.309). The relationship between the innovativeness, which is one of the entrepreneurial personality traits, and the entrepreneurial intention, has become quite low. (r=0,111). It can be suggested that there is a positive but weak relationship between need for achievement and entrepreneurial intention(r=0,247). Similarly, the relationship between locus of control and entrepreneurial intentions has also been low in the negligible level (r=0,156). Lastly, the result indicates that there is a moderate and positive relationship between tolerance to uncertainty and entrepreneurial intention (r=0,317).

Regression analysis is a mathematical model of the relationship between a dependent variable and independent variable(s). In simple linear regression analysis, there is one dependent variable and one independent variable. On the other hand, in multi-linear regression analysis, there is one dependent variable and two or more independent variables (Ural and Kilic, 2005: 7). Table 3.10 shows the results of a simple linear regression analysis which indicates the effect of entrepreneurial personality traits on entrepreneurial intent.

Table 3: Simple Linear Regression Analysis of the Effect of Entrepreneurial Personality traits on Entrepreneurial Intention

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable: Entrepreneurial Intention</th>
<th>Standard beta distribution (β)</th>
<th>t value</th>
<th>significance (p)</th>
<th>Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personality Traits</td>
<td></td>
<td>0.396</td>
<td>7.693</td>
<td>0.000</td>
<td>H1: Accept</td>
</tr>
<tr>
<td>Tendency to risk-taking</td>
<td></td>
<td>0.219</td>
<td>3.991</td>
<td>0.000</td>
<td>H1a: Accept</td>
</tr>
<tr>
<td>Innovativeness</td>
<td></td>
<td>0.010</td>
<td>0.181</td>
<td>0.856</td>
<td>H1b: Reject</td>
</tr>
<tr>
<td>Need for success</td>
<td></td>
<td>0.106</td>
<td>1.905</td>
<td>0.058</td>
<td>H1c: Reject</td>
</tr>
<tr>
<td>Locus of control</td>
<td></td>
<td>0.063</td>
<td>1.180</td>
<td>0.239</td>
<td>H1d: Reject</td>
</tr>
<tr>
<td>Tolerance to uncertainty</td>
<td></td>
<td>0.224</td>
<td>4.094</td>
<td>0.000</td>
<td>H1e: Accept</td>
</tr>
</tbody>
</table>

*p<0.05  **p<0.01

R²=0.154  F=13,424

The regression analysis result demonstrates that the independent variables are risk-taking, innovation, control focus, need for success and tolerance to uncertainty explain the change in the
The dependent variable "entrepreneurial intention" by 15%. The model was found to be statistically significant (p <0.01). The effect of 'entrepreneurial personality trait', which is the main dimension of the independent variables, on the 'entrepreneurial intention', which is a dependent variable, is statistically significant at the level of p <0.01. Similarly, the effect of 'tendency to risk-taking' on the entrepreneurial intention was statistically meaningful at the level of p <0.01. The result also suggests that the effect of tolerance of uncertainty on entrepreneurial intention is statistically significant (p <0.01). In addition, these two independent variables have a strong influence on the entrepreneurial intention, with tolerance to uncertainty (β = 0.224) and risk-taking (β = 0.2219). On the contrary, the effect of other independent variables, which are innovativeness, need for success and locus of control, on entrepreneurial intention was not found statistically meaningful.

In this case, while H1 (Entrepreneurial personality traits have a meaningful effect on entrepreneurial intentions.), H1a (Tendency to risk-taking that is one of the sub-dimensions of entrepreneurial personality traits has a significant impact on entrepreneurial intent.) and H1e (Tolerance to uncertainty that is one of the sub-dimensions of entrepreneurial personality traits has a significant effect on the intention of entrepreneurship.) hypotheses were accepted, H1b, H1c and H1d hypotheses were rejected. As a second step, the H2 hypothesis was established and the effects of demographics on entrepreneurial intention were examined. The demographic variables observed in the analysis are as follows; “Gender, parental occupation, household income, educational status of parents, the presence of a successful entrepreneur in family and neighborhood, the presence of a person who is bankrupt in family and close environment, having taken courses about entrepreneurship & business administration and lastly, perceiving themselves as an entrepreneur”.

A t-test is an approach which enables researchers to compare two populations' means through the use of statistical analysis. The following table indicates the comparison of the means of entrepreneurial intention with respect to determined groups.

<table>
<thead>
<tr>
<th>Demographic Characteristics</th>
<th>Successful entrepreneur</th>
<th>Successful worker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Mean: 3.44, T: 0.755, p: 0.451</td>
<td>Mean: 3.52, T: 2.519, p: 0.012</td>
</tr>
<tr>
<td>Entrepreneurship Module</td>
<td>Mean: 3.41, T: 0.045, p: 0.964</td>
<td>Mean: 3.42, T: 0.442, p: 0.659</td>
</tr>
<tr>
<td>Perceiving themselves as an entrepreneur</td>
<td>Mean: 3.57, T: 6.546, p: 0.00</td>
<td></td>
</tr>
</tbody>
</table>

As seen in Table 4, there is no significant difference between entrepreneurial intention and gender groups at the 0.05 significance level (p) according to the results of the t-test. Similarly, the results demonstrate that there is no significant difference between the groups with the presence of a successful worker in family and neighborhood, the presence of a person who is bankrupt in family and close environment, having taken courses about entrepreneurship & business administration and perceiving themselves as an entrepreneur in terms of entrepreneurial intentions with a significance level of 0.05 (p). Unlike results above, in terms of entrepreneurial intention, there is a meaningful difference within the group in which there is a successful entrepreneur in the family and the groups perceiving themselves as an entrepreneur.

Anova is a statistical approach in which the differences in a set of observations are divided into diverse components. The results of the ANOVA analysis between the entrepreneurial intention and the pre-determined groups are shown in the following tables:
Table 5: ANOVA Test of Groups That Do Not Differ by Entrepreneurial Intention

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Group</th>
<th>F</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial</td>
<td>Mother’s occupation</td>
<td>1,371</td>
<td>0.244</td>
</tr>
<tr>
<td></td>
<td>Father’s occupation</td>
<td>1,635</td>
<td>0.165</td>
</tr>
<tr>
<td></td>
<td>Education level of father</td>
<td>0.669</td>
<td>0.572</td>
</tr>
</tbody>
</table>

*p<0.05, **p<0.01

As shown in Table 5, there is no significant difference between the groups with respect to entrepreneurial intention at the 0.05 level of significance (p) according to the ANOVA results. Therefore, it can be argued that there can not be a meaningful difference in the entrepreneurial intention with respect to maternal profession, father profession and father education status.

Table 6: ANOVA Test of Groups That Differ by Entrepreneurial Intention

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Group</th>
<th>N</th>
<th>X</th>
<th>SS</th>
<th>F</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial</td>
<td>The education level of the mother</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Illiterate</td>
<td>39</td>
<td>3,735</td>
<td>0.889</td>
<td>3.255</td>
<td>0.022</td>
</tr>
<tr>
<td></td>
<td>Primary school</td>
<td>173</td>
<td>3,421</td>
<td>0.823</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>High school</td>
<td>88</td>
<td>3,248</td>
<td>0.777</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>University</td>
<td>20</td>
<td>3,341</td>
<td>0.799</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Household income</td>
<td>N</td>
<td>X</td>
<td>SS</td>
<td>F</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>Minimum wage and below</td>
<td>39</td>
<td>3,6026</td>
<td>1.007</td>
<td>5.484</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>1301-2500</td>
<td>121</td>
<td>3,4697</td>
<td>0.870</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2501-5000</td>
<td>127</td>
<td>3,2021</td>
<td>0.682</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5001 and above</td>
<td>33</td>
<td>3,7323</td>
<td>0.772</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p<0.05, **p<0.01

As seen in Table 6, there is a significant difference between mentioned groups with regard to "entrepreneurial intention" at the 0.05 level of significance (p). According to the results, the level of entrepreneurship of the illiterate group is higher than the level of entrepreneurship of the high school graduate group. Therefore, it can be suggested that there is a meaningful difference between the educational status of the mother and the entrepreneurial intention. According to the results of the analysis, the entrepreneurial intention level of the group with the minimum wage and below income, the group with the income between 1300-2500, the group with the income higher than 5001, is higher than the other income groups. Therefore, it is argued that there is a meaningful difference between groups that get different household income with regards to entrepreneurial intention.

Table 7: Acceptance / Rejection of Hypotheses Constructed Under the Research Scope

<table>
<thead>
<tr>
<th>NO</th>
<th>HYPOTHESIS</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Personality traits have a significant effect on entrepreneurial intent.</td>
<td>Accept</td>
</tr>
<tr>
<td>H1a</td>
<td>The Tendency to risk-taking that is one of the sub-dimensions of entrepreneurial personality traits has a significant impact on entrepreneurial intent.</td>
<td>Accept</td>
</tr>
<tr>
<td>H1b</td>
<td>Innovativeness that is one of the sub-dimensions of entrepreneurial personality traits has a significant effect on the intention of entrepreneurship.</td>
<td>Reject</td>
</tr>
<tr>
<td>H1c</td>
<td>Locus of control that is one of the sub-dimensions of entrepreneurial personality traits has a significant effect on the intention of entrepreneurship.</td>
<td>Reject</td>
</tr>
<tr>
<td>H1d</td>
<td>Need for success that is one of the sub-dimensions of entrepreneurial personality traits has a significant effect on the intention of entrepreneurship.</td>
<td>Reject</td>
</tr>
<tr>
<td>H1e</td>
<td>Tolerance to the uncertainty that is one of the sub-dimensions of entrepreneurial personality traits has a significant effect on the intention of entrepreneurship.</td>
<td>Accept</td>
</tr>
<tr>
<td>H2a</td>
<td>The Entrepreneurial intention differs significantly with respect to gender.</td>
<td>Reject</td>
</tr>
<tr>
<td>H2b</td>
<td>The Entrepreneurial intention differs significantly with respect to mother’s occupation.</td>
<td>Reject</td>
</tr>
<tr>
<td>H2c</td>
<td>The Entrepreneurial intention differs significantly with respect to father occupation</td>
<td>Reject</td>
</tr>
<tr>
<td>H2d</td>
<td>The Entrepreneurial intention differs significantly with respect to family income.</td>
<td>Accept</td>
</tr>
<tr>
<td>H2e</td>
<td>The Entrepreneurial intention differs significantly different with respect to the education level of the mother</td>
<td>Accept</td>
</tr>
</tbody>
</table>
The Entrepreneurial intention differs significantly different with respect to the education level of the father.

The entrepreneurial intention differs significantly with respect to the fact that the presence of a successful entrepreneur who is modelled in the family or the surrounding environment

The entrepreneurial intention significantly differs with respect to the fact that the presence of a successful employee who is modelled in the family or close environment.

The entrepreneurial intention significantly differs with respect to the fact that the presence of a bankrupted individual in the family or close environment.

The entrepreneurial intention significantly differs with respect to the fact that the presence of a bankrupted individual in the family or close environment.

The entrepreneurial intention significantly differs with respect to the fact that the presence of a successful employee who is modelled in the family or close environment.

The entrepreneurial intention significantly differs with respect to the fact that entrepreneurship module is taken by respondents.

The entrepreneurial intention significantly differs with respect to the fact that business administration module is taken by respondents.

The entrepreneurial intention significantly differs according to the situation of seeing oneself as an entrepreneur character.

H2f Reject
H2g Accept
H2h Reject
H2j Reject
H2k Reject
H2l Reject
H2m Accept

CONCLUSION AND FURTHER SUGGESTIONS

In a period of intense competition, to achieve success at the individual and organizational level is to first, find out the individuals with the potential of high entrepreneurship and then evaluate their potential in the most efficient way possible. It can be suggested that entrepreneurship is a process that is influenced by personality traits and environmental factors; in fact, it is formed by these factors. For this reason, it is required to design an environment in which individuals are encouraged to reveal their entrepreneurial intention. In this sense, nations can look to the future with greater confidence in the extent they create such atmospheres.

According to the findings of this study on the students of Mersin University Faculty of Economics and Administrative Sciences, there is a relationship between personality traits and entrepreneurial intentions. Although the concept of personality is still not clearly understood, factors that influence personality are studied by many researchers. As a result of the findings obtained in this study, it was concluded that there is a meaningful relationship between entrepreneurial intention and personality traits. Similar to previous studies, in this study, the entrepreneurial "personality traits" are found to be influential on the entrepreneurial intention. The idea of being an important factor of personality traits in the spirit of entrepreneurship is also reinforced by the conclusion of this study.

It was also concluded that "risk-taking tendency", which is considered one of the sub-dimensions of entrepreneurial personality characteristics, has a high influence on the entrepreneurial intention as it is similar to researches done before. This result can be seen as an expected one because the risk factor can be regarded as a natural part of entrepreneurship. Another result is about examining the effect of "innovativeness" on entrepreneurial intentions, which is one of the entrepreneurial personality traits. In contrast to similar research (eg, Uslu (2015)), it has been determined from the result of this study, the innovative personality characteristic is not related to entrepreneurial intention. Contrary to other researches, the entrepreneurial intent has not been influenced by the "need for success". This result differs due to the presence of other motivations that influence the entrepreneurial intention, which is different from the results of other studies. Another trait, "locus of control", is apparently not a factor that affects entrepreneurship as opposed to other research (Şesen ve Basım, 2012). Lastly, "tolerance to uncertainty" has an effect on entrepreneurial intentions as expected and proved in other studies (Koh, 1996).

As a result of the discriminant analysis of demographic groups, it is concluded that there is no meaningful difference between gender and intention of entrepreneurship (Uslu, 2015) in contrast to similar researches. In a similar way, there is no significant difference between groups with respect to parental education level in terms of the entrepreneurial intention as opposed to some researches (Yüksel, Ovher & Yüksel, 2015). However, there is a meaningful difference between groups with regards to household income in terms of entrepreneurial intention. This is an anticipated result as it occurred in similar studies (Şeyen and Basım, 2012). The fact that there was no meaningful difference between the educational status of the father and the intention of entrepreneurship was the same in other researches, whereas the educational status of the mother and the intention of entrepreneurship showed a meaningful difference in contrast to other studies.
The result also suggests that there is a significant difference between groups with regard to the presence of a successful entrepreneur in the family and the nearby environment in terms of entrepreneurial intention and these results strengthen previous studies similar findings (Steel, İnce & Bozyiğit 2014). Interestingly, there is no significant difference between the groups with the presence of a successful worker in family and neighbourhhood in terms of entrepreneurial intention. Besides, it can be seen from the results the presence of a bankrupt person within a family or close environment does not constitute any meaningful differences in terms of entrepreneurial intention. Apart from these, contrary to similar researches (İrmış and Barutçu, 2012), having taken courses in entrepreneurship & business administration does not create significant differences between groups in terms of entrepreneurial intention. Lastly, as it expected (İrmış and Barutçu 2012) there is a meaningful difference between groups with regards to one perceiving him/herself as an entrepreneur in terms of entrepreneurial intention. This study was carried out with the participation of the students of Mersin University Faculty of Economics and Administrative Sciences. Significant results are revealed for the purpose of the study. Further research may be carried out with all the faculties within a university rather than scoping a single faculty. Thus, by expanding the sample, a more realistic result can be obtained and the differences that can occur between the faculties can be evaluated. Moreover, entrepreneurs and potential entrepreneurs can be evaluated together by including entrepreneurs to the target population. Finally, this research can be reevaluated with a qualitative method.

In addition to entrepreneurship and similar courses, informal or semi-informal meetings must be organized for students in order to meet leading entrepreneurs and transfer their knowledge and experiences through these meetings. Moreover, an internship program in which students can witness practical applications with entrepreneurs can be organized. By doing this, entrepreneurial potential students can gain both entrepreneurial reflexes and career opportunities. Entrepreneurship, which has a very critical role in the development and progress of countries all over the world, is a phenomenon that must be trained in a planned and productive way. For this reason, important tasks must be taken by academicians and prominent successful entrepreneurs, especially in terms of education, in directing students to entrepreneurship and training of future entrepreneurs. In addition to this, the family members and the close-up individuals whom the students regard as role models for them should take an important mission in this matter. This is because, the cornerstones of a powerful country may possibly be formed by the entrepreneurial potential of young people.

REFERENCES


EVALUATION OF THE COST OF TAXES IN TERMS OF PUBLIC FUNDING IN TURKEY AND SELECTED COUNTRIES

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ABSTRACT

Taxes are important instruments of public financing. There is indirect and direct classification within these instruments. Tax payability and impose a tax are important in these classifications. Tax is costly in terms of countries as each public transaction is a specific cost.

In our study, the open cost of tax is assessed in terms of public financing instruments in Turkey and selected countries.

Key words: Indirect / Direct Taxes, Tax Cost, Public Finance Instruments.

PUBLIC FINANCE DEFINITION, INSTRUMENTS AND PUBLIC FINANCE POLICY OVERVIEW

In this title, the definition of public finance, public finance policy and instruments will be examined in sub-titles.

Public Finance Definition

First of all we need to answer the question “what is finance”. Finance that is the provision of the funds (money) needed for any expenditure (expenditure) under the appropriate conditions and the name of all the activities related to the efficient use of money (Deep Finance, 2017). Public financing is the fulfilment of these financing transactions by the public (Finans Ofis Bülten, 2015).

Public Finance Instruments

All of the means used to collect income needed to cover public expenses are called public finance instruments (Metin Özderin).

Public Finance Instruments

Taxes       Non-tax income       Borrowing       Central Bank Resources
           (Internal and External Borrowing)

These instruments will be explained in main titles.

Public Finance Policy

Current public financing instruments in public financing are also used as economic actors in the context of their own policies.

Tax policy for taxes, debt management policy for debt and monetary policy of the central bank are the basis of the public financing policy.

TAXES AND THE COST OF TAXES IN PUBLIC FINANCE

In this title, definition of tax, classifications of tax and the cost of the tax in terms of Turkey and selected countries will be examined.

Definition Of Tax

Joseph E. Stiglitz says “Our eyes in the world are registered either in a state hospital or in the population administration we are born as a council, taking advantage of the state's tax incentives.” for the tax (Kamil Tüngen, 1998).

We can say that tax is public revenue which government collects based on the power of sovereignty for the financing of public expenditures. But this definition is not enough for tax. However, taxes have been an important instrument of fiscal policy to get out of crisis after 1929 World Depression.
Another definition for tax (from the Latin taxo) is a mandatory financial duty or some other type of levy imposed upon a taxpayer (an individual or other legal entity) by a governmental organization in order to fund various public expenditures (Wikipedia (the free encyclopedia), 2016).

The tax is regulated as follows in Article 73 of the 1982 Constitution;
- Everyone is under obligation to pay taxes according to his financial resources, in order to meet public expenditure.
- An equitable and balanced distribution of the tax burden is the social objective of fiscal policy.
- Taxes, fees, duties, and other such financial obligations shall be imposed, amended, or revoked by law.
- The Council of Ministers may be empowered to amend the percentages of exemption, exceptions and reductions in taxes, fees, duties and other such financial obligations, within the minimum and maximum limits prescribed by law.”

This article of the Constitution made the general definition of the tax. In addition, this article also regulates the general characteristics of the tax (Fevzi Devrim, 2002).

Classifications Of Tax
Taxes are taken for various purposes. These objectives vary over time and diversify the classifications of tax.

Some of the most common ones;
- indirect and direct taxes,
- specific and ad valorem tax (according to the tax base),
- objective and subjective tax (according to the personal situation of taxpayers),
- taxes on wealth /income / expenditures (according to the economic sources of the tax)

The Place of Tax Revenues in Public Finance
Taxes are in the first place in public financing. The effective reason for this is the fact that it is an important factor for the uncooperative and forcing the states to rely on the power of sovereignty. Today, however, it is clear that democratic systems are subject to taxation and tax collection in certain ways. This includes reasons such as tax justice, equality, and resistance to the tax system.

Public expenditures cannot be financed by taxes, they are covered by other public financing instruments.

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Tax revenue of developing countries and developed countries are listed in Table 1. Tax revenues in the US (developed country) amounted to about $4,800 million for the year 2016 while the tax revenue in Estonia (developing country) was $8,04 for the year 2016. This data does not reflect the underground economy situation of the countries.

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<td>28.72</td>
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Source: OECD Data, https://data.oecd.org/tax/tax-revenue.htm (Access Date: 05.05.2018).

Underground economy in developed countries and underground economy in developing countries are quite different. In Table 2, the US has the lowest share in the elected countries with 7.95% in the underground economy. Estonia with 28.70% and Turkey with 28.72% are the worst place in the elected countries. This situation has a negative effect on the tax collecting capacity of the countries.

<table>
<thead>
<tr>
<th>Countries</th>
<th>Sources</th>
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Tax Collection Cost

There are certain public spending by countries to collect taxes. These expenses are consisted of control spending, civil service and fixed expenses of the administrations authorized to collect taxes. Ministry of Finance is authorized to collect taxes in Turkey. This service is carried out by the Revenue Administration Department with the help of the central and provincial organizations. In the audit and tax collection policy, the General Directorate of Tax Inspection Board and Revenue Policy is accompanied by the Revenue Administration. Table 3 shows the cost of collecting 100 units of the tax between 2005 and 2013 years. For example: while the US was spending 0.52 Cents in 2005 and 0.47 Cents in 2013 for collecting $100 tax, turkey spent 0.87 Kr in 2005 and 0.64 Kr in 2013 for collecting 100 TL tax. Table 3 shows that the cost burden in the collection of the tax is quite reasonable for countries.
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Source: Tax Administration Costs, OECD Database, [https://www.oecd.org/tax/forum-on-taxadministration/database/Table 5.4%20Cost%20of%20collection%20ratios%20(administrative%20costs-net%20revenue%20collections).xlsx](https://www.oecd.org/tax/forum-on-tax-administration/database/Table 5.4%20Cost%20of%20collection%20ratios%20(administrative%20costs-net%20revenue%20collections).xlsx) (Access Date: 05.05.2018).
The tax costs of the countries are listed in Table 3. The expenditures stated in activity reports of the Turkey’s Revenue Administration (GIB), General Directorate of Revenues Policy and Tax Control Board are 2,430,753,960 TL for the year 2014 ((3.108.000 TL - GPGM activity report, 332.000.000 TL - VDK activity report, 2.095.645.960 TL - GIB activity report). In addition, the sum of the tax revenues collected in the existing institutions is 367.473.551.000 TL in 2014. According to the current figures, the cost of collecting 100 TL tax revenue is approximately 0.85 TL. The addition of other taxes and similar income the tax collection cost is 0.64 TL according to OECD calculation.

In 2014 and 2016 years, the calculations of tax collection cost made through the GIB data are approximately 0.80 TL in 2014 and approximately 0.79 TL in 2016.

**DEBT AND DEBT COST**

The main reason for countries to borrow lies in the failure of public revenues to meet public expenditure. However, debt differs from public revenues. It is a source of repayment with debt interest.

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**Source:** General Government Revenue, [https://data.oecd.org/gga/general-government-revenue.htm](https://data.oecd.org/gga/general-government-revenue.htm), (Access Date: 05.05.2018).

Total public revenues appear in table 4 as well as in selected OECD countries.

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**Source:** General Government Spending, [https://data.oecd.org/gga/general-government-revenue.htm](https://data.oecd.org/gga/general-government-revenue.htm), (Access Date: 05.05.2018).
Table 5 shows the distribution of total public expenditure among selected OECD countries. Compared to Tables 4 and 5, the fact that almost all of the developed or developing countries are not covered by total incomes and that these expenditures are financed by unrecorded debt is counterproductive.

**Definition of Public Debt**

Public sector debt occurs in two ways. These are internal and external debt.

Internal debt or domestic debt is the part of the total government debt in a country that is owed to lenders within the country. Internal public debt owed by a government (money a government borrows from its citizens) is part of the country's national debt. It is a form of fiat creation of money, in which the government obtains finance not by creating it de novo, but by borrowing it. The money created is in the form of treasury securities or securities borrowed from the central bank. (Carmen M. Reinhart, Kenneth S. Rogoff,, 2018)

External loan (or foreign debt) is the total debt a country owes to foreign creditors, complemented by internal debt owed to domestic lenders. The debtors can be the government, corporations or citizens of that country. The debt includes money owed to private commercial banks, other governments, or international financial institutions such as the International Monetary Fund (IMF) and World Bank (Investopedia,, 2018).

**Table 6: GDP Ratio of OECD General Debt of Selected Countries**

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**Non-Interest Budget Surplus:**

If budgetary expenses are bigger than their income, then there is budgetary deficit. Budget budgets can be divided into two:

1. Interest expenses,
2. Non-interest expenses.

If the budget revenues are bigger than the non-interest expenditures, then there is the non-interest surplus. It is a good thing that the budget of an country is equivalent. But if there is no such balance, that is, if the budget of the country is deficit, in other words if its income does not cover the expenses, then the budget of that country is obliged to give non-interest surplus. Borrowing to meet interest expenses is a troubling situation (Mahfi Eğilmez, 2003).
### Table 7: Country open / surplus as a percentage of GDP (Selected OECD Countries)

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<td>-4.4</td>
<td>-3.6</td>
<td>-2.9</td>
<td>-2.8</td>
<td>-2.7</td>
<td>-2.1</td>
</tr>
<tr>
<td>Japan</td>
<td>-8.8</td>
<td>-8.3</td>
<td>-8.8</td>
<td>-8.7</td>
<td>-9.3</td>
<td>-8.4</td>
<td>-6.7</td>
</tr>
<tr>
<td>Korea</td>
<td>-1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>-0.4</td>
<td>0.1</td>
<td>0.5</td>
</tr>
<tr>
<td>Netherlands</td>
<td>-5.6</td>
<td>-5.0</td>
<td>-4.3</td>
<td>-4.0</td>
<td>-2.4</td>
<td>-2.7</td>
<td>-2.0</td>
</tr>
<tr>
<td>Norway</td>
<td>10.5</td>
<td>11.1</td>
<td>13.6</td>
<td>13.9</td>
<td>11.1</td>
<td>10.7</td>
<td>10.2</td>
</tr>
<tr>
<td>OECD - Total</td>
<td>-8.4</td>
<td>-8.0</td>
<td>-6.5</td>
<td>-5.9</td>
<td>-4.6</td>
<td>-3.9</td>
<td>-3.2</td>
</tr>
<tr>
<td>USA</td>
<td>-12.8</td>
<td>-12.2</td>
<td>-10.7</td>
<td>-9.3</td>
<td>-6.4</td>
<td>-5.8</td>
<td>-4.6</td>
</tr>
</tbody>
</table>


Cost analysis that Turkey is folded as a result of interest payments in 2016 are as follows;

**Central Budget Realizations in Turkey in 2016**

- General Budget Revenue (Approximately) 403,000,000,000 TL
- Interest Payment (Approximately) 52,000,000,000 TL
- Non-interest Surplus (Approximately) 18,842,000,000 TL

**Figure 1: Cost of Interest Payments (without targeting of the primary surplus)**

\[
52,000,000,000 TL \times \frac{100 TL}{403,000,000,000 TL} = 12.90 TL
\]

Normally, if interest expenses are deducted without deducting expenses from public revenues, approximately TL 12.90 per 100 TL will go to interest payment. However, public expenditures are deducted from budget first, interest expenses are paid with remaining surplus. In this case, public revenues are approximately 403 billion TL and public expenditure (non-interest expenses) 384.333 Million TL in 2016. In this case, the non-interest surplus is 18,842 Million TL and non-interest surplus meets only TL 18,842 Million of the interest payment of 52 billion TL for the year 2016 and it couldn’t cover the portion of 33,158 Million TL. When analysed the cost of public debt for the year 2016, the rising of cost in Turkey (12.90 TL for 100 TL) seem.

**CONCLUSION**

The most important financing instrument in public financing is tax. It is the most important feature of tax relief and forcible removal based on power of sovereignty. However, tax is experienced a significant loss of income in economies where high informality is high. When taxes are compared with other public financing instruments used in public financing, they account for approximately 80-90% of public financing. Taxes still is less costly compared to other public financing instruments. The use of these is costly, as there are a number of other financing instruments apart from taxes. However, the taxes costs are about 0.50 to 1.10 units per 100 units in almost all countries, indicating that the cost of the tax is much more favourable than other financing instruments.
REFERENCES
Tax Administration Costs, OECD Database, https://www.oecd.org/tax/forum-on-tax-administration/database/Table 5.4.%Cost%of%collection%ratios%2D(administrative%20costs -net%20revenue%20collections).xlsx (Access Date: 05.05.2018).
ABSTRACT

Women entrepreneurs have attracted the attention of organizations, policy makers and researchers as they have been identified as an important unexploited source of economic growth and development. The objective of this research is to contribute knowledge about women entrepreneurship in Nigeria and their motivations for entrepreneurship especially on MSMEs level. An empirical survey was conducted with cross-sectional data collected via questionnaire from 422 selected women respondents in six states each representing a geo-political zone in Nigeria using stratified sampling technique. Respondents are engaged in micro, small or medium enterprises in Nigeria. The study results provide strong determinant of women entrepreneurship in Nigeria. The Structural Equation Model (SEM) was employed as tools for testing hypotheses using SmartPLS 2. Findings revealed that the determinant of women entrepreneurship varies by life experiences and country. The study further discovered that a lot of women were motivated by the need for survival, family traits, education and skills, independence and need for achievement respectively in Nigeria. The study recommended that the Nigerian government should encourage women more in entrepreneurial activities and provide sound conducive business environment for women through provision of infrastructural facilities such as entrepreneurial training and skills, finance, infrastructures and credit facilities that will enhance women’s participation more in business.

Key words: Determinants, Women entrepreneurship, Nigeria.

Introduction

The issue of women in business has been of great interest to researchers in both developed and developing countries, as women are becoming a force to be reckoned with in the socio-economic development of societies across different regions in the world. Ebosele and Oyebade (2015) assert that women are responsible for over 60 percent of the labor force and family income in Africa. Mordi, Simpson, Singh and Okafor (2010) posit that the traditional role occupied by the Nigerian woman in the family is changing as a result of civilization and changes in the family configuration and setting which has allowed women to undertake more practical and functional roles within the society such as entrepreneurship. In fact most women entrepreneurs have changed their own behavioural standards in an effort to distinguish themselves from men entrepreneurs as they compete for the same business opportunities (Teoh & Siong, 2014).

Entrepreneurship is the dynamic process of creating incremental wealth (Ponstadt, 1998 as cited in Getu, 2015). This wealth is created by individuals who assume the major risks in terms of equity, time and career commitments of providing value for some products or services. However, entrepreneurship is not limited to certain gender. Women entrepreneurs are specifically defined as women or group of women, who initiate, organize and operate a business enterprise (Pandian and Jesurajan, 2011). Minniti and Naudé (2010); Lock (2015) aver that the attention given to women and entrepreneurship in developing countries has increased to a great extent and the focus on this untapped source of growth seems to be fundamental for economic development.

Organization for Economic Cooperation and Development (OECD) (2012); The World Bank (2012) affirm that women entrepreneurship makes economies grow. They also acknowledged that an increase in female labor force participation results in faster economic growth, changes in spending and increase in the rate of education of female children which helps decrease child mortality by 9.5 percent in their productive age. Women entrepreneurship can make a particularly strong contribution to the economic well-being of the family and communities, poverty reduction, women’s empowerment and eventually to the Sustainable Development Goals (SDGs) of the nation.

Previous studies like Lerner, Brush and Hisrich (1997); Bhardwaj (2014); Cheraghi (2013); Agarwal and Legnka (2016) have examined the determinant and motivators women choose as a course of entrepreneurship. These researchers concluded that a combination or range of factors, rather than any single factor alone, provides the impetus for entrepreneurs to create their own business ventures. For instance, psychological motivations such as achievement, independence, and locus of
control have been widely investigated with regard to their influence on business start-up (Lerner, Brush & Hisrich, 1997). As regards to women entrepreneurs, it appears that only a small part of entrepreneurial determinants are acknowledged as gender-based. Instead, ‘pull’ and ‘push’ factors are now a common way of explaining different motivations for women to start a business (Buttner & Moore, 1997). Push factors are elements of necessity such as insufficient family income, dissatisfaction with a salaried job, unemployment, and a need for a flexible work schedule because of family responsibilities. Pull factors relate to independence, self-fulfilment, entrepreneurial drives and desire for wealth and social status (Ducheneaut, 1997). It has been confirmed in the literature that these determinant factors which serves as a successful business creation and development varies by place, culture, time and life experiences.

Statement of the Problem

The involvement of women in entrepreneurship is significant in transforming and empowering the society through women’s participation in the labor market. This involvement is believed to be one of the efforts to alleviate poverty and unemployment problems in most of the developing or emerging countries (Bhardwaj, 2014). The success of women entrepreneurs are emerging nationally and globally (Agarwal et al., 2016). Thus, governments across the world as well as various developmental organizations are actively undertaking promotion of women entrepreneurs through various schemes, incentives and promotional measures. This positive movement by the women has generated employment for others as they become the leaders, creators, innovators and risk takers in their entrepreneurial activities (Carter and Shaw, 2006; Sharma, 2013). Based on the previous literatures, there are gender differences among successful entrepreneurs, although male and female are similar in many respects (Cohoon, Wadhwa & Mitchel, 2010).

The determinants of women entrepreneurs’ performance are important for the long-term stability and development of economies as a whole. The participation of women entrepreneurs in entrepreneurial activities are determined by many factors which varies by place, culture, time, life experiences as well religion. Therefore, it is the objective of this paper to contribute to the knowledge of women entrepreneurship particularly in Nigeria by examining whether the determinants of women entrepreneurship in Nigeria differs and the extent of the effect of the determinant. In order to achieve these objectives, this study seeks to address the following research questions:

i. Family trait is a determinant of women entrepreneurship in MSMEs in Nigeria?
ii. Survival is a determinant of women entrepreneurship in Nigeria?
iii. Dissatisfaction of employment/independence is a determinant of women entrepreneurship in MSMEs in Nigeria?
iv. Education and skill is a determinant of women entrepreneurship in MSMEs in Nigeria?
v. Need for achievement is a determinant of women entrepreneurship in MSMEs in Nigeria?

Research Hypotheses

The hypotheses of the study were formulated thus:

H₀₁: Family trait is not a significant determinant of women entrepreneurship in MSMEs in Nigeria.
H₀₂: Survival is not a significant determinant of women entrepreneurship in MSMEs in Nigeria.
H₀₃: Dissatisfaction of employment/independence is not a significant determinant of women entrepreneurship in MSMEs in Nigeria.
H₀₄: Education and skills are not a significant determinant of women entrepreneurship in MSMEs in Nigeria.
H₀₅: Need for achievement is not a significant determinant of women entrepreneurship in MSMEs in Nigeria.

Literature Review

Hisrich (2014) defines entrepreneurship as the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence. McKenzie, Ugbah and Smothers (2007) describe entrepreneurship as involving
individuals and groups of individuals seeking and exploiting economic opportunities. It is a process influenced by the existing opportunities, intention, capacity and motivation of individuals or groups.

Women Entrepreneurship refers to businesses owned and controlled by women which comprise between one-quarter and one-third of businesses in the formal economy and are likely to play greater role in the informel sector. The economic changes in the modern world have also changed perceptions about the value of women in modern society (Farre, 2012). Following these economic transformations, women capabilities and qualities have proved to be very valuable (International Labor Organization ILO, 2014). The participation of women in entrepreneurship is said to be a recent phenomenon in the world, especially in developing countries (ILO, 2014), although women have been involved in entrepreneurial activities for ages. InvestAfrica (2017) state that the number of women involved in entrepreneurial activities has risen rapidly. The spectrum of women in entrepreneurship often ranges from home-based businesses to Micro, Small, and Medium Enterprises (MSMEs) which contribute more than 16 million of all MSMEs in Nigeria (SMEDAN, 2013).

The female population of Nigeria is over 96 million, making up to 49.4 percent of the total population of Nigeria (United Nation Department of Economic and Social Affairs: Population Division, 2018). Of this number, 45.44% are of the national labour force (World bank, 2017). In recognition of the women numerical strength and contribution to the economy, the Nigerian government has continued to increase its budgetary provision for women through the ministry of women affairs and poverty alleviation and other platforms for women engagement.

A business may be categorized as micro, small, medium and large scale depending on the standard used to measure its size. More often, the number of employees in the firm’s payroll is sometimes perhaps the most widely used standard. Other criteria that draw a line of demarcation between small, medium and large businesses are turnover, assets, investment and paid up capital (SMEDAN, 2013). The definition of micro, small and medium scale enterprises varies from different sources and countries, which makes analysis and comparison of data across nations and agencies problematic (Valadez, 2011). SMEDAN (2013) defines MSMEs as an enterprise with fewer than 200 employees and less than 500 million naira worth of asset. These enterprises contribute to 96% of businesses in Nigeria.

| Table 2.1: Demarcation between Micro, Small and Medium Enterprises in Nigeria |
|-------------------------------|---------------------------------|-----------------------------|
| **Size Category**             | **Employment**                  | **ASSETS (Nm excluding land and buildings)** |
| 1 Micro Enterprises           | Less than 10                    | Less than 5                 |
| 2 Small Enterprises           | 10-49                           | 5 less than 50              |
| 3 Medium Enterprises          | 50-199                          | 50 less than 500            |

Source: SMEDAN, 2013

Determinants of Women Entrepreneurship

Despite the differences in the definition of entrepreneurship, Albert Shapero (1975) explains that there is agreement on the behavior of entrepreneurs: initiative taking, organizing and reorganizing social and economic mechanisms to bundle resources in innovative ways, and operating in the context of risk, uncertainty and/or the potential of failure (Hisrich, 2014). These behaviors are influenced by different monetary and non-monetary motivations also known as a determinant, which includes being one’s own boss, achieving a goal, and earning a reward or recognition. The impact of a determinant on an entrepreneur is found to be more significant on performance than the ability of an entrepreneur (Wiklund, 1998). According to Holmén, Min and Saarelainen (2011) these determinants can be sorted into three categories: economic such as unemployment and financial needs, social category such as schedule flexibility, work-life balance, satisfaction in job and Personal category such as independence, desire for achievement, being own one’s own boss and improving social status.

In entrepreneurship and management literature, the significance of business skills and education to business creation and success is well recognised (Bhardwaj, 2014; Javadian & Singh, 2012). Women entrepreneurs’ education, advanced professional degrees, as well as valuable expertise through specialized training, are all unique bundles of human capital which are good
determinants for the creation as well as success of a business venture (Brush, Carter, Gatewood, Greene & Hart, 2006). Also, Kim, Aldrich and Keister (2003); Bhardwaj (2014) explains formal education as credentials can provide access into social networks or serve as an indicator in an evaluation for resources and need for achievement, which is also a determinant for entrepreneurship. However, although the majority of women entrepreneurs in small and medium enterprises in Nigeria do not have high educational qualifications, they have basic educational backgrounds which might be useful in the creation and management of their business ventures.

Dyer and Handler (1994); Kyalo (2013); Dzisi (2008) observe that the family is a determinant factor in becoming an entrepreneur. Having a parent entrepreneur or a poor childhood for instance, can improve chances of becoming an entrepreneur in life. Dyer and Handler (1994) reveal that most entrepreneurs had a poor childhood and were often neglected. Poor childhood conditions can cause an aspiration for control and ambition later in life. This study further indicated that children raised in a supportive and fostering family environment have a higher need for achievement which often correlates with entrepreneurship. This was supported by Dzisi (2008) who found that almost all the examined female entrepreneurs in Ghana were motivated from childhood and experiences gained from family members.

The cultural environment and values also serves as a stimulant for the exploitation of opportunities (Ssendi, 2013). Ssendi (2013) further explains that culture plays an important role in developing an institutional structure that encourages a more equilitarian society which allows women to pursue the entrepreneurial career with more assurance of success. Thus, female entrepreneurship is cultural or context bound, though some of the reasons overlap among countries and other reasons too are common to all women entrepreneurs all over the world. Factors that motivate women entrepreneurship depend upon several experiences and circumstances, however, varying from country to country.

Herbig and Miller (1992) also argue that a culture that encourages entrepreneurial behaviors has a propensity to develop innovations and a culture that promotes traditionalism is less likely to encourage such behaviors. Perceived similarity with cultural norms is important in predicting intentions and motives. Thus, the study showed a relationship between cultural norms and subsequent entrepreneurial activity. Invariably, cultural values will presume the extent to which the society considers entrepreneurial behaviors to be desirable (Hechavarria & Reynolds, 2009).

According to Noguera, Alvarez, Merigó and Urbano (2015) the informal factors and the formal factors are the determinants of women entrepreneurs in Spain. The informal factors include the recognition of entrepreneurial career and female networks. These factors are more relevant for female entrepreneurship in Spain than formal factors which include education, family context and dissatisfaction of employment.

This study focused on family traits, survival, dissatisfaction of employment/independence, education and skill and need for achievement being the determinants with the highest coefficient alpha (cronbach alpha) after carrying out a pilot study in Lagos state and the Federal Capital Territory, Abuja.

Theoretical Framework

Various empirical literatures have adopted differing theories in relation to the determinants of women entrepreneurship. The feminist theory and the McClelland human motivation theory have been validated in some studies relating to women entrepreneurship determinant. The feminist theory advocates the involvement of women in entrepreneurship. The feminist theory arose in the 1990s. The theory deals with social, political and economic issues and rights of women (Greene, Hart, Gatewood, Brush & Carter, 2003). This theory stream believes gender is not based on the biological sex of a person, but rather on masculinity and femininity and that gender is something that is done, performed or accomplished. Greer and Greene (2003) view the feminist theory from geography perspective and look at gender differences in relation to place, religion and culture.

McClelland’s human motivation theory states that every person has one of the three main driving motivators: the need for achievement, affiliation and power. These motivation are not inherent, they are developed through culture and life experiences. However, as the main aim of this research is to examine the determinants of women entrepreneurship in Nigeria, the human development theory which uses and constructs ideas from different origins such as feminism and
economic welfare was looked into. As such the Regional determinant theory was developed for the purpose of this study as its theoretical framework for examining the determinant of women entrepreneurship in Nigeria.

The regional determinant theory advocates that the determinants of women entrepreneurship differ by time, place, culture and experiences. The application of the regional determinant theory to women entrepreneurship is a geography perspective looking at women entrepreneurship in relation to place, region or country. Which is the reason some studies like (Dzisi, 2008; Ssendi, 2013; Bhardwaj, 2014; Javadian & Singh, 2012; Hisrich, 2014) found different women entrepreneurship determinant factors. However, this study found family traits, survival, dissatisfaction of employment/independence, education and skills as well as need for achievement as the determinants of women entrepreneurship in Nigeria.

Methodology

This study was conducted in Nigeria. Primary data was obtained from the respondents through an adapted questionnaire (Dzisi, 2008). The study is a cross-sectional survey prompted by the subjective nature of data utilized that required the questionnaire to be sent-out once to sample population elements. A stratified random sampling technique was used to determine a sample size of 384 respondents. The sample was selected from a population of 16,026,051 female owned micro enterprises and 16,571 female owned small and medium enterprises in Nigeria (SMEDAN/NBS, 2013), using Krejcie and Morgan determination formula at 95% confidence level and 5% degree of error. Krejcie and Morgan (1970) explains that population which is equal to or greater than 1,000,000, the required sample size is 384. The sample size of 384 respondents was increased by 10% considering potential non-response also known as “insurance factor” (Magnani, 1997:20), which makes a total sample size of 422 respondents. The respondents were all female entrepreneurs and all live in Nigeria.

The data was measured using a five-point Likert rating scale and data analysis was conducted in 2018 using Partial Least Square (SmartPLS 2) and followed the two-stage approach for assessing the measurement model and the structural model respectively. Several statement items were reverse-scored in order to minimize response bias to establish internal consistency and content validity (face validity). The questionnaire was also validated by a pre-test process involving in-depth discussions with two selected experts in business administration and a pilot study to review the instrument for its content, format, and presentation. Test of reliability of the research instruments was carried out in Lagos state and the federal capital territory, Abuja.

Results and Discussion of Findings

Out of the 422 questionnaire distributed, only 413 were returned to the researcher, 394 were found to be useful for data analysis this amount to 94% response rate. Missing data has been seen to be a problem in most data analysis. Adhering to the advice of Hair et al., (2014), 10% was used as a maximum threshold for missing values. Out of 10,920 data points, only 24 were found to be missing in the data set, which constitutes 0.22% of the data set which is far below the 10% benchmark. Mean substitution was used by the study to replace the missing data (Hair et al., 2014).
Figure 2: Measurement Model

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Loadings</th>
<th>AVE</th>
<th>CR</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Trait</td>
<td>FAT1</td>
<td>0.918</td>
<td>0.725</td>
<td>0.840</td>
<td>0.636</td>
</tr>
<tr>
<td></td>
<td>FAT3</td>
<td>0.779</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Need for Achievement</td>
<td>NEA1</td>
<td>0.895</td>
<td>0.725</td>
<td>0.887</td>
<td>0.823</td>
</tr>
<tr>
<td></td>
<td>NEA3</td>
<td>0.779</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NEA4</td>
<td>0.876</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independence</td>
<td>IND4</td>
<td>0.792</td>
<td>0.724</td>
<td>0.839</td>
<td>0.628</td>
</tr>
<tr>
<td></td>
<td>IND5</td>
<td>0.905</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and Skills</td>
<td>EDS3</td>
<td>0.768</td>
<td>0.763</td>
<td>0.905</td>
<td>0.880</td>
</tr>
<tr>
<td></td>
<td>EDS4</td>
<td>0.955</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EDS5</td>
<td>0.887</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Survival</td>
<td>SUR1</td>
<td>0.814</td>
<td>0.754</td>
<td>0.859</td>
<td>0.683</td>
</tr>
<tr>
<td></td>
<td>SUR5</td>
<td>0.919</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women Entrepreneurs</td>
<td>WENT2</td>
<td>0.730</td>
<td>0.647</td>
<td>0.879</td>
<td>0.813</td>
</tr>
<tr>
<td></td>
<td>WENT3</td>
<td>0.736</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>WENT4</td>
<td>0.802</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>WENT5</td>
<td>0.932</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: AVE represents Average Variance Extracted; CR represents Composite Reliability; CA represents Cronbach’s Alpha

Table 1 above shows the Factor Loading, Cronbach Alpha, Composite Reliability (CR) and Average Variance Extracted (AVE) values for all latent constructs after Pooled CFA has been performed. All constructs have achieved the minimum estimation required; 0.70(Cronbach Alpha), 0.60 (CR) and 0.50 (AVE). Therefore, it can be concluded that Convergent Validity (AVE _ 0.5), Internal Reliability (Cronbach Alpha _ 0.6) and Construct Reliability (CR _ 0.60) of all constructs had been achieved. Therefore, the model is good enough for the analysis.
The Fornell-Lacker criterion (1981) is a common and conservative approach to assess discriminant validity and it can be applied in PLS-SEM. The diagonal value (in bold) is the square root of AVE, while other values are the correlations between the respective latent construct. The discriminant validity is achieved when a diagonal value (in bold) is higher than the values in its row and column. Referring to the above table 2, it can be concluded that discriminant validity for all constructs are achieved.

**Structural Model**

Bootstrapping analysis is conducted to determine the direct effect. This was done by using 5000 subsamples with 394 cases as presented in figure 3.

![Figure 3: Structural Model](image)

**Test of Hypothesis**

Structural Equation Model was used by the study to analyse data. The result is presented in Table 3 below.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Beta Value</th>
<th>Standard Deviation</th>
<th>T Stat</th>
<th>P Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAT -&gt; WENT</td>
<td>0.200</td>
<td>0.091</td>
<td>2.191</td>
<td>0.029**</td>
<td>Rejected</td>
</tr>
<tr>
<td>NEA -&gt; WENT</td>
<td>0.133</td>
<td>0.127</td>
<td>1.046</td>
<td>0.296</td>
<td>Accepted</td>
</tr>
<tr>
<td>IND -&gt; WENT</td>
<td>0.337</td>
<td>0.159</td>
<td>2.119</td>
<td>0.034**</td>
<td>Rejected</td>
</tr>
<tr>
<td>EDS -&gt; WENT</td>
<td>0.140</td>
<td>0.082</td>
<td>1.708</td>
<td>0.088*</td>
<td>Rejected</td>
</tr>
<tr>
<td>SUR -&gt; WENT</td>
<td>0.407</td>
<td>0.146</td>
<td>2.783</td>
<td>0.005***</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Note: EDS represents Education and Skills; FAT represents Family Trait; IND represents Independence; NEA represents Need for Achievement; SUR represents Survival.

*** p < 0.01; **p < 0.05; *p < 0.1
It can be deduced from table 3 that family trait has a positive and significant effect on women entrepreneurship with ($\beta$=0.20, $p<0.05$). Need for Achievement has a positive and insignificant effect on women entrepreneurship with ($\beta$=0.13, $p>0.1$). Independence has a positive and significant effect on women entrepreneurship with ($\beta$=0.33, $p<0.05$). Education and skills has a positive and significant effect on women entrepreneurship with ($\beta$=0.14, $p<0.1$). Survival has a positive and significant effect on women entrepreneurship with ($\beta$=0.407, $p<0.01$). Also the coefficient of determination ($R^2$) was also assessed. From the PLS Path model estimation diagram, the overall $R^2$ is found to be relatively strong. Threshold value of 0.25, 0.5 and 0.7 are often used to describe a weak, moderate, and strong coefficient of determination (Hair at el., 2013). In this case, the five constructs, education and skills, family trait, independence, need for achievement and survival can jointly explain 56.4% of the variance of the endogenous construct women entrepreneurship.

Effect Size
The effect size of the exogenous variable on the endogenous variable was assessed by means of $f^2$ proposed by Cohen (1988), this was analysed in the table below.

<table>
<thead>
<tr>
<th>Relationship</th>
<th>F Square</th>
<th>Effect Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDS -&gt; WENT</td>
<td>0.232</td>
<td>Moderate</td>
</tr>
<tr>
<td>FAT -&gt; WENT</td>
<td>0.379</td>
<td>Strong</td>
</tr>
<tr>
<td>IND -&gt; WENT</td>
<td>0.218</td>
<td>Moderate</td>
</tr>
<tr>
<td>NEA -&gt; WENT</td>
<td>0.068</td>
<td>Weak</td>
</tr>
<tr>
<td>SUR -&gt; WENT</td>
<td>0.440</td>
<td>Strong</td>
</tr>
</tbody>
</table>

Table 4.18 show the effect size of each of the exogenous variables in the study. From the table it can be deduce that survival and family trait has the strongest effect with $f^2$ of 0.440 and 0.379 respectively. Education and skills have effect of 0.232, independence has effect of 0.218 and need for achievement has the lowest effect of 0.068.

Conclusion and Recommendation
Conceptually, the determinant of women entrepreneurship varies by life experiences and country. However, this paper revealed that the determinants of women entrepreneurship in Nigeria are survival, family traits, independence, education and skills as well as need for achievement within the period of study. Thus, survival has the highest effect as a determinant of women entrepreneurship. Therefore survival is the most explanatory variable for the study, followed by family trait. Education and skills as well as independence also have effect as determinants of women entrepreneurship. Need for achievement has effect but negatively as a determinant of women entrepreneurship.

Based on these findings, the following recommendations are made:

i. The government of Nigeria should encourage more women entrepreneurship in the state. Support services should be provided and factors affecting women participation in entrepreneurial activities such as inadequate capital and discrimination should be addressed.

ii. Women entrepreneurs who have overcome the inertia of starting a business should unite and create platforms to assist other women who venture into entrepreneurship. Cooperation among women entrepreneurs is essential to fight for their rights and privileges and help other women who aspire to be entrepreneurs in Nigeria.

iii. Women entrepreneurship skills and acquisition should be taught and encouraged in schools and other informal training. Workshops and seminars should be periodically organized for women entrepreneurs to update and sharpen their literacy level.
References


Extended Abstract

Institutional logics approach, which has originated from sociological institutionalism, is useful for incorporating and augmenting an assortment of social science theories to better understand the effects of cultural institutions on individuals, organizations, and societies (Thornton et al. 2015). Institutional logics are defined as “the socially constructed, historical pattern of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton and Ocasio, 1999: 804). They are “the cultural schemata, rules, scripts, models of causality, and patterns of behavior that make up social arrangements and institutional frameworks” (Creed et al., 2010: 1337). Thornton and Ocasio (2008) indicate that institutional logics linked overall to the societal logics of the inter-institutional systems, which are the market, state, democracy, family, religion (Friedland and Alford, 1991), professions (Thornton and Ocasio, 1999), and community (Thornton et al., 2012).

The institutional logics approach stresses the coalescing of material and symbolic elements. While rules, laws, and governance systems are some of the examples of the material elements; ideologies, values, and categories are some instances of the symbolic elements. The material and symbolic elements have a recursive relationship in which they mutually stabilize each other, providing cultural cohesion (Thornton et al. 2012). Values are important elements of institutional logics. Recent organizational research has largely relied upon Schwartz’s and colleagues value theory (Schwartz 1992, 1994; Schwartz and Bilsky 1988). Schwartz (1994: 21) defines values as “desirable trans-situational goals that vary in importance and that serve as guiding principles in the life of a person or other social entity” Specifically, he asserts that values express the three universal requirements of human existence: individuals’ needs as biological organisms; the requirements of coordinated social interactions; and groups’ survival needs. According to Schwartz (1994), these needs become enshrined in values that express the following ten value types: achievement, benevolence, conformity, hedonism, power, security, self-direction, stimulation, tradition and universalism. Much research supports the view that ten values types are universal and people all hold these values irrespective of culture, gender and religion (Schwartz, 2014).

While there is a relative stability of the logics of the inter-institutional systems, the logics of institutional fields change more frequently. The societal logics of the inter-institutional systems and external logics from the other fields shape field-level logics (Thornton and Ocasio, 2008). However, these changes concrete through the actions of institutional entrepreneurs (DiMaggio, 1988), “who leverage resources to create new institutions or transform existing ones” (Maguire et al., 2004: 657). Although there is sufficient attention both on the individual (e.g. Fligstein, 2001, Kraatz and Moore, 2002; Lawrence and Phillips, 2004) and on the organizational (e.g. Leblebci et al, 1991; Greenwood et al, 2002) entrepreneurs, the state is neglected as an institutional entrepreneur, mostly. Organizational institutionalists have investigated the role of states in institutional fields (e.g. Baron et al. 1986; Edelman, 1990, 1992; Dobbin and Dowd, 1997; 2000). They have clarified the relationships between organizations and the law. However, this work is marginalized in a sense that dealing with the state seems appropriate for resource dependence or political economy perspectives (Greenwood et al, 2008) and left to the economic historians, who view institutions as standing on the “regulative pillar” (Scott, 2013). I aim to research the institutional entrepreneurship of the state with institutional logics perspective in the health care fields.

Since the publication of Scott et al.’s (2000) award-winning study, the health care field has been popular between the researchers with institutional logics perspective (e.g. Reay and Hinings, 2005; Nigam and Ocasio, 2010; Danışman and Ocaiso, 2012). The advantage of the institutional view is its convenience on studying the social, political, cultural as well as economic aspects of the health
care field (Mendel and Scott, 2010). The key actors of the health care field are population/patients, providers of services (individual actors such as physicians, nurses, technicians, and social workers and organizational actors such as hospitals), financial intermediaries (public and private insurance organizations), and government/professional bodies which regulate the field (Mills, 2011). Although health care systems can be analyzed in various ways, the focus of this study is the financial intermediaries and the governance of provision of services, purchasing, revenue collection, and pooling because of the increasing economic pressure both on developed and on developing countries as indicated above.

Three ownership structures co-exist within and across countries: public, private for-profit, and private not-for-profit, with distinct shares in each case. The central or local government owns the public hospitals, corporations or associations of physicians own private for-profit hospitals, and the NGOs such as foundations or religious organizations own private not-for-profit hospitals (Barros and Olivella, 2011). Purchasing is the process of paying for health services and there are three main ways to do this. The first is for government to provide budgets directly to its own health service providers (integration of purchasing and provision). The second is for an institutionally separate purchasing agency (e.g. a health insurance fund or state authority) to purchase services on behalf of a population (a purchaser-provider split). The third is for individuals to pay a provider directly for services. Many countries use a combination. Revenue collection is the way money is raised to pay health care system costs. Money is received from households, organizations or companies, and sometimes from contributors outside the country. Resources can be accumulated through general or specific taxation; public or private health insurance contributions; direct out-of-pocket payments, such as user fees; and donations. Pooling is the collection and management of financial resources to ensure that the financial risk of having to pay for health care is borne by all members of the pool and not by the individuals who fall sick. The main purpose of pooling is to spread the financial risk associated with the need to use health services. If funds are to be pooled, they have to be prepaid, before the sickness occurs (WHO, 2010).

All health care systems are more or less depended on public financing. In some countries (e.g. the Great Britain, Canada, Medicaid in the United States) general tax revenue, which is collected either nationally and/or locally, is used largely for health care costs. In the others (e.g. Germany, Japan, Medicare in the United States), a system of income-related contributions of employees to the health insurance is used. Beside public plans, the private health insurance (PHI) is diffusing widely in developed and developing countries. In the supplementary PHI, when significant categories of health spending are excluded from public-plan coverage (e.g. outpatient pharmaceuticals and dental care), individuals may sign up insurance plans that cover these expenditures (e.g. Canada). In countries where the public plan requires a significant degree of patient-cost sharing, private insurers may also be allowed to offer plans that cover the shares that patients are responsible for under the public plan (e.g. Medicare in the United States). This is complimentary coverage (Colombo and Tapay, 2004). In a few countries, private insurers can offer plans that cover the same types of services as those covered by the public plan (e.g. the Great Britain). In other cases, the private plans cover persons who have opted out of their public-coverage (e.g. Medicare in the United States). They are the duplicate and substitute PHIs, respectively (Blomqvist, 2011).

In this study, I have adopted a historical multiple-case study approach. Historical methods bring the advantages of seeing institutional change as the result of multiple causes, understanding that past events shape and limit the range of choices of present-day actors, and becoming aware that the present taken-for-granted social arrangements are historically contingent (Suddaby and Greenwood, 2009). On the other hand, cross-case analysis can make the basis from which to develop theory inductively (Eisenhardt and Graebner, 2007). It is obvious that comparative-historical methods allow the researchers to analyze and offer important insight into the social issues which lack of clarity of meaning (Lange, 2012). I have purposefully selected the German, British, Canadian, and American health care fields because of their distinctive characteristics and since they are the typical examples of four major types of health care systems. I have analyzed four cases and tried to show how the states affect creation and change of institutional fields through playing active roles in emergence and evolution of field-level logics, which seems a neglected area in the literature. In Figure 1, four types of national health care systems are shown. This typology is based on governance and financing of health care services.
The analysis shows that the states are the protagonists in four historical case studies. Despite different health care systems (material aspect), basic values and dominant ideologies (symbolic aspects), states have the leading role in health care field since the Industrial Revolution. The state regulates the health care field in Germany and the United States, it administrates health care in Canada and it both administrates and operates health care in the Great Britain. Until the end of the nineteenth century, the community logic seems dominant via the guilds and/or friendly societies in the health care field. In the first stage, there is the unhealthy repercussion of the Industrial Revolution, which can be labeled as an environmental shock (Haunschild and Chandler, 2008), and there are socialist movements at different tones in all the cases that make pressure for change, which can be considered under the internal contradictions (Seo and Creed, 2002).

In the second stage, we see the dominant actorhood of the states because of the widely acceptance of the health care both as a human right and a collective value. As various groups in the societies urged for privileges and rights (Fligstein and McAdam, 2012), the states started to involve the health care field and this led to rise of universality. The states favor the logics of regulated community in Germany, bureaucracy in the Great Britain, and administrated market in Canada. The prevailing principle of solidarity in the SHI is that insured with low earnings (and/or family members without income) are not denied full medical coverage because they are unable to pay higher contributions. Healthy, young, male, single and high-wage earners supported for paying the benefits of the others. Solidarity is also exclusive: “Only those persons who have not always been poor or outside gainful employment and have made prior contributions are entitled to benefits from the solidarity funds when they are presumed to be in need” (Hinrichs, 1997: 10). The creation of the NHS in the Great Britain was the result of a new logical shift towards universality, which went beyond either party or interest politics in the Great Britain. Universality was the outcome of new perceptions of the relationship between the economic structure of society and government (Porter, 1999).
White Paper of 1944 had described universality as “…the availability of necessary medical services shall not depend on whether people can afford to buy them, or any other factor irrelevant to real need…to bring the countries full resources to bear upon reducing ill-health in all its citizens…money should not be allowed to stand in way of providing advice, early diagnosis and speedy treatment”. Universality, which was defined as “ensure entitlement to all insured health services on uniform terms and conditions” in Canada Health Act of 1984, has been the basic value of the NHI, like the NHS.

Why the states choose these logics? It seems the availability and accessibility of the community, state, and market logics has the greatest role. In Germany, solidarity started to be a dominant societal value before Bismarck, the statist currents gained power in the Great Britain in the World War II, and Canada was trying to solve the problems through hybrid policies originated from its European and American heritage. In terms of institutional change, we can talk about both rapid and incremental change. We see blending (Thornton et al., 2012) as combining dimensions of state and community in Germany. Basis of norm and ideology changed from guild membership to citizenship in nation, and from corporatism to statist-corporatism, respectively. In Canada, there is hybridization of state and market logics. There is citizenship in nation and self-interest of the shareholders of health facilities, and statism and liberalism, together. The bureaucracy logic replaced regulated community logic in the Great Britain. In the third stage, we see both institutional change processes and continuing power struggles between the states and the physicians. In this stage, the physicians, who choose the professional logic, started the resistance. They used the strategies of defying and avoiding, but finally they compromised (Oliver, 1991) with the states.

In the third stage, Germany and Canada have maintained their logics mostly and this stage continues. In the Great Britain, the logic of bureaucracy evolved to the logic of managerial bureaucracy in the 1980s. Because of the increasing interaction of liberal currents, statist ideology assimilated (Thornton et al., 2012) liberal ideology and private ownership in health care facilities has accelerated. The case of the United States is completely different. There has not been a unified health care system, which covers all people. Moreover, the United States ranks under the OECD average among the key indicators of health care quality, although it spends more money on health care than any other OECD countries. The state has never been administratively strong in the United States. The physicians have tried to protect their autonomy. The protected and organized groups of society such as elderly in Medicare, employees have the PHI, and the veterans, have believed that they earned and deserved their protection thus they have fought for it. The health care corporations and insurance companies have used the market logic since 1980s and they have won the power struggle. However, since the recent reform attempt has accomplished (although we can witness massive change as a result of change in government, senate, and house of representatives of the United States), we may talk about the logic of regulated market and assimilation of the dimensions of state logic by market logic through strict control of transactions and price mechanisms in the United States.

Although the health care systems stem from different conditions and develop on different routes, there is some convergence between them. The states concern to control health care costs while at the same time to improve the effectiveness and efficiency of the system; to reduce the health care inequalities and differences in access; to promote the patient participation and to improve patient satisfaction; to reduce the fragmentation of services and the promotion of continuity of care (Stevens, 2010). As we mention above, the SHI of Germany had been funded by premiums paid and controlled by employers and labor unions for a long time. However, the pools have been integrated and general taxing has been added to revenue collecting. Germany now also makes room for public and private actors, thereby squeezing the traditional system of self-regulation. Looking at the British NHS, we find a bureaucratic health care system that has introduced market elements to improve efficiency and profit. The NHS is still in a centralized funding mode however, the dominant logic has shifted from formal bureaucracy to the managerialist bureaucracy. While, the NHI of Canada is a hybrid structure, in the United States, for the first time in the history, compulsory health insurance will be started although it bases on private coverage. On the other hand, there is a more clear convergence in the payment of provision. Prospective funding methods of provision, such as under capitation and DRGs, are gaining dominance in all systems. This study is
expected to make some contributions about the clearance of the role of the state in the field-level change and emergence and change of field-level logics.

REFERENCES


ABSTRACT
The study examined the impact of internet marketing on photography in Lagos state, by focusing mainly on social media, search engine and website as internet marketing tools and measured performance in terms of customer intention, customer satisfaction and customer loyalty. Primary data and online observations were employed. A cross sectional survey research method was used. Questionnaire was used to collect data from 140 photographers from the 1484 registered online photographers in Lagos. Data were analysed using multiple regression to test the hypotheses. Findings revealed that social media, search engine and website collectively influenced customers of Photographers in Lagos. The study concluded that it is valuable for photographers to adapt to, and use internet marketing media in promoting their services as technology changes and new platforms emerge. It is recommended by the study that photographers in Nigeria should adopt internet marketing tools for both communication and marketing advantages.

INTRODUCTION
Background to the Study
The surge of information technology penetration has changed the way in which the world conducts business and is increasingly providing consumers with larger conveniences which has brought about renovation of marketing strategies. The increase of internet users in Nigeria from 45,039,711 in 2011 to 97,210,000 in 2015 (Internet World Stats, 2016) has made Nigeria the largest internet market in Africa. This result as proved how fast people are becoming habitual of using the internet in the country (Internet World Stats, 2016).

The development and application of internet has brought about innovative opportunities for businesses to market and display their products and services to customers in the globalized world. The Internet is one of the major components of internet marketing. It has changed the nature and characteristics of marketing in very unique ways than ever before by making the world a global village (McLuhan, 2009). Recently, the internet has gained an enormous recognition as a very dominant platform that has transformed and restructured the way we conduct business and the way we communicate (Edwards, 2015).

Internet marketing is the use of internet and related technologies for searching, creating, communicating, and delivering value to customers. Internet marketing can incorporate website, search engine marketing, social media marketing, content marketing, email marketing and banner advertising (Matikiti, Afolabi & Smith, 2012). Internet marketing gives opportunity to enterprises to create and maintain good customer relationship, operational efficiency, marketing effectiveness and improved performance when implemented efficiently and effectively (Eid & El-Gohary, 2013; Eid & El Kassawawy, 2012). This study focuses on search engines, social media and website as internet marketing tools as they are the most used internet medium in Nigeria (Alexa, 2017) and the most used internet medium of online photographers in Nigeria (Vconnect, 2017).

Lagos state is the smallest state located in the south-western geopolitical zone of Nigeria. Alsop, the smallest in area of Nigeria’s 36 states, Lagos State is arguably the most economically important and richest state of Nigeria, with the highest number of SMEs (SMEDAN/National Bureau of Statistics, 2013). Despite the economic relevance of Lagos, Lagos state is known for its parties usually known by Lagosians as Owambe, celebration, carnivals, festivals and catching of fun. In 2013, the governor of Lagos state revealed that more than 36 billion is spent by Lagosians annually on
organising parties (Vanguard, 2013). The organisation of these parties and events requires quite a lot of planning, from event planning, photography, catering, make-up, fashion stylist and so on. Photography being a profession that recollects stories at the centre of cultural architecture of social life in societies will be the focus of this study.

Photography is the science, art, application, development and practice of creating durable images by documenting light or other electromagnetic radiation, either electronically through an image sensor, or chemically through a light-sensitive material such as photographic film (Spencer, 1973). Photography puts visuals and memories at the background of cultural construction of social life in societies, suggesting that much meaning is conveyed and communicated by the visual. Performance in this study is measured in terms of customer. Customer is identifying the consumers and market segments in which the business desires to compete which include customer intention, actual purchase, satisfaction and loyalty (Kaplan & Norton, 1992).

**Statement of the Problem**

The development and application of internet on business and marketing activities have offered new variety of opportunities for both big and small enterprises to market their brand, products and services. Firms improve customer relations and targeting activities by using internet marketing to synchronize existing communication channels, reducing the costs within areas such as customer service, communication, processing of operations, research and customer responses (Payne, 2015; Matikiti, Afolabi & Smith, 2012; Strauss & Frost, 2014). Due to the personal autonomy and freedom that internet offers, people are actively connecting with each other and talking about experiences, sharing opinions about products and services they have tried and heard about (Akar & Topçu, 2011).

Events and celebrations cannot be fully retained in our memory, no matter how we try to recall. Photography is the best medium to save these memories. This ideal medium explores the search for reality and truth in the society. In Nigeria, the media have focused more on media, fashion designers and artists with little or no attention to this group people (photographers) who deliver ageless content captured in pictures and other visuals (Nwaeze, 2016). In addition, most Small and Medium Enterprises (SMEs) of which lots of this photographers fall, have failed within the first five years, due to different environmental pressures with regard to market competitiveness (Basheer, 2010).

The efficacy of photography to bear witness and retain memories has long inspired its practitioners to tell stories, keep as weapon of evidence, celebration memories, direct it uses for art, fashion, film and video production, recreational purposes, hobby, and communication. Photography is useful virtually in all fields, businesses and celebrations to communicate and keep evidence, giving people the ability to change the manner in which they view the world. Despite these importance, influence and connection of photography on the society, in capturing memories at the forefront of cultural construction of social life in societies, there has been no known study conducted on the performance, marketing or internet marketing of photography anywhere in Nigeria. Despite the importance and increase in the adoption of internet marketing in Nigeria.

Also, Lagos being a state where people love to party, celebrate and catch plenty of fun with good numbers of event centres, over one dozen of beaches and several joints have the highest number of registered online photographers in Nigeria (Vconnect, 2017). As such it has become needful to conduct a study on the impact of internet marketing on photography in Lagos state.

In view of this research problem presented above. This study specifically seeks to examine the impact of internet marketing on photography in Lagos state in terms of customer intention, customer loyalty and customer satisfaction. In order to achieve these objectives, this study seeks to address the following research questions.

I. To what extent does search engines as an internet marketing tool impacts customers of photographers in Lagos state
   ii. To what extent does social media as an internet marketing tool impacts customers of photographers in Lagos State?
   iii. To what extent does website as an internet marketing tool impacts customers of photographers in Lagos State?
Research Hypotheses

To provide answers to the research questions, the following hypotheses will be tested:

- $H_0_1$: Search engines as a tool of internet marketing has no significant impacts on customers of photographers in Lagos state.
- $H_0_2$: Social media as a tool of internet marketing has no significant impacts on customers of photographers in Lagos state.
- $H_0_3$: Website as a tool of internet marketing has no significant impacts on customers of photographers in Lagos state.

LITERATURE REVIEW

The Internet and Marketing

The Internet has not only changed the way businesses interact and deal with their customers and clients but it has also changed ways of conducting business. Recently, the internet allows interactive marketing by making it easier for business owners to be involved in responding to vendor’s promotions (Hanafizadeh, Behboudi, Ahadi & Varkani, 2012). This interactivity is not usually found in traditional marketing techniques that use broadcast and print media. The developments of the Internet also allows various multimedia interactive animations to carry out marketing functions on the Internet instantly, offering excessive possibilities for direct marketing and early stage marketing (Berthon, Pitt, Planger & Shapiro, 2012). Before the development of internet, companies were facing some barriers as a result the use of traditional media. There were geographical restrictions on selling, dealing hours and delivery to locations. Recently, internet marketing strategies enable the access to internet platforms and websites 24/24 on a global scale, being a virtual shop window where consumers can have a look to a business’s products and services at any time and place (Ach, 2013).

Internet Marketing

According to Chaffey (2007) Internet Marketing is achieving marketing objectives through applying digital technologies of the Internet. E-Business Connection (2008) explains internet marketing as the component of marketing that deals with the planning, pricing, promotion, and distribution of products and services online. They also argued that good internet marketing strategies clearly communicate a firm’s unique selling proposition, or the unique collection of benefits that creates value for its customers. Eid (2003) defined Internet Marketing as the possibility of using the Internet as an instrument for conducting marketing, commercial and business activities, this definition has been widely recognised and used in marketing literatures (McCole & Ramsey, 2004 Eid & El-Gohary, 2013; Eid & El Kasswawy, 2012).

Internet Marketing Tools

Internet marketing is the use of internet and its related technologies such as e-mails, search engine marketing, media alerting services, social media, real time communication to help achieve marketing objectives in conjunction with other marketing communication tools (El-Gohary, 2012). Internet marketing strategy comprises of services, utilities, communications and also data network created to build relationship between a firm and its customers, through communications on the internet environment using tools such as Search Engine Optimization (SEO), online banners, electronic mail (e-mail), social media, websites and micro sites.

Search Engine Optimization (SEO) is an approach used to improve the position of a company or its brand in internet natural or organic results listings for selected key phrases such as Google, yahoo, AOL (Chaffey & Ellis-Chadwick, 2012). Social media is a group of internet based applications built on ideological and technological platforms that allow the creation and exchange of user-generated internet content (Kaplan & Haenlein, 2010). Social media offers abundance of services which include; social networks (facebook, instagram, myspace, and linkedIn), micro-blogs (twitter, plurk, and friend feed), reviews and ratings (yelp, amazon, and trip advisor), video (youtube, snapchat and vimeo) (Strugatz, 2013) and new platforms are being launched regularly, offering new opportunities.

Websites are sites designed to build customer goodwill, collect company feedback and supplement other sales channels rather than to sell the company’s products directly. Websites also come in form of microsites, which are individual web page or small cluster of web pages that act as a separate entity for a brand (Kotler & Armstrong, 2010). This study focuses on search engines, social
media and websites as internet marketing tools, as they are the most used electronic medium by photographers in Nigeria (Vconnect, 2017).

**Benefits of Internet Marketing**

The recognition of the potential of the Internet as a marketing tool developed from its great beneficial gains to firms and organisations regardless using the Internet in conducting its marketing activities. In this context, the adoption of the Internet as a commercial intermediate and marketing tool has provided some companies with pioneering ways of marketing products in an intensively competitive environment. Matikiti, Afolabi & Smith (2012) argues that businesses have been encouraged to consider the internet as a business and marketing tool in response to the growth in customers’ usage of the internet for regular activity.

Internet marketing is emerging as a household name among all industries whether it is a multinational company, large enterprise or small and medium enterprise. It provides a real-time communication personalization, frequency and convenience between customers and companies through an interactive online website as compared to the traditional marketing. This provides opportunity for firms to create and maintain good customer relationship, operational efficiency, marketing effectiveness and improved performance if implemented efficiently and effectively (Eid & El-Gohary, 2013; Eid & El Kasswawy, 2012). In effect, the revolutionary developments in Information Technology, computer science and communications have extended the function of the Internet beyond its simple use as a communication tool to become a unique and exceptionally important means for communicating with customers, providing services on a 24/7 bases, entering new markets, reducing costs and increasing sales.

One of the main characteristics of the Internet is its ability to be used both as a direct sales channel and as an interactive communications tool. Consequently the Internet can affect company marketing performance in two ways, directly through increasing direct sales and indirectly by providing higher level of customer satisfaction. This improves relationships with customers as well as productivity. Skinner (2000) argues that the internet provides four different types of opportunities for different firms. According to this arguments, the internet can establish a direct link among enterprises and customers to complete transactions and trade information, helps the business to develop and deliver new products and service for current and prospective customers and allows enterprises to possibly use the internet to become the main leader in a specific industry or segment and to set new business rules. Green (2009) demonstrates that the internet provides a lot of benefits for any company as regards to marketing activities. According to the researcher, the benefits of internet marketing include low start-up cost, low operating cost, cheap and free resources, time freedom and high profit margin.

**Lagos state**

Lagos State is arguably the most economically important and richest state of Nigeria, with the highest number of SMEs (SMEDAN/National Bureau of Statistics, 2013), containing popular EKO, the nation's largest urban area. Lagos still remains the major financial centre of the country and in Africa with a GDP of $91 billion as at 2014. The mega city has developed a 24-hour culture recently and also grew to become the most populous city in the country with the highest standard of living (Ogunlesi, 2014).

However, despite the economic relevance of Lagos state in Nigeria, Lagos is known for its parties usually known as Owambe. “Owambe” is a Yoruba word used in reference to celebratory ceremonies like birthday, weddings, naming ceremonies, burials, anniversaries, promotions and so many other fun ceremonies. These functions are usually during the weekends and sometimes during the week days. Nowadays, even with the current recession in the economy (Kale, 2016), folks in Lagos never fail to organise and attend these functions, dressed to the nines in expensive aso-ebi (uniform fabrics). From the flamboyant spraying of cash by both the rich and not so rich to the aso-ebi style show-off and sumptuous party food.

In 2013, the governor of Lagos state revealed that more than 36 billion is spent by Lagosians annually on organising parties (Vanguard, 2013). The figure was collated after a careful study of social events especially party life in Lagos. The study was carried out by the government in 5 local governments out of the 20 local governments in Lagos. The organisation of these parties requires quite a lot of planning, talent and professionalism such as event planning, photography, catering,
make-up, fashion stylist and so on. Photography, being a profession that places visuals and memories at the forefront of cultural construction of social life in societies is the focus of the study.

Photography

The way in which social sciences perceive social life is different by culture. Culture has become a crucial way through which the social sciences understand social processes, social identities, social change, celebrations and conflict. Social realities are regularly formulated and organised through social practices and communication. Photography puts pictures, recalls the past and tells stories at the forefront of cultural construction of social life in societies, recommending that much meaning is channelled by the visual.

Photography is a universal tool to communicate and connect. It has brought about social change by bearing witness. Photography is the science, art, application and practice of creating durable images by recording light or other electromagnetic radiation, electronically by means of an image sensor, or chemically by means of a light-sensitive material such as photographic film (Spencer, 1973). The power of photography to bear witness has long motivated its practitioners to tell stories, keep as weapon of evidence, celebration memories, direct it uses for art, fashion, film and video production, recreational purposes, hobby, and mass communication. It is employed in many fields of science, fashion, architecture, journalism, manufacturing (e.g. photolithography) and business. The digital cameras changed photography, and now smartphones are changing digital cameras. However, professional photography remains the interesting ways to take a picture or record an occasion and there’s also never been more ways to keep memories (Hills, 2011).

Review of Empirical Studies

Various empirical literatures have been carried out related to internet marketing and performance of businesses. Matikiti, Afolabi and Smith (2012) conducted a research on the usage of internet marketing in the hospitality sector and its relationship on profitability in South-Africa with the aim of examining internal and external factors influencing internet marketing usage. Firm size, star grading, managerial support, technological competence and perceived benefits level were identified as the internal factors while alliances and environmental competition were identified as external factors influencing internet marketing usage.

The study focused on e-mail marketing, web advertising, online branding and search engine as tools of internet marketing using return on equity, operating cost, sales volume and gross profit as a measure for business profitability. Data was collected from 136 hospitality businesses using a five likert questionnaire and data analysed using regression. The findings revealed that the use of internet marketing can positively influence business profitability and those factors such as technological competence, managerial support, level of star grading and alliances significantly influence internet marketing usage in the hospitality sector.

Demishkevich (2015) explored how business owners in Maryland, U.S.A, developed and implemented internet marketing strategies from the study “Small business use of internet marketing”. The study included marketing activities across channels such as website, search engine marketing, social media marketing, content marketing, e-mail marketing, mobile marketing, and banner advertising. Data were collected through semi-structured interviews with the small business owners, direct observations of the firms’ online marketing processes and technology and evaluation of companies’ use of different Internet marketing channels. Findings revealed that by engaging in internet marketing strategy planning and acquiring specialized internet marketing knowledge, small business owners may develop and implement successful online marketing strategies which will eventually contribute to efficiency, effectiveness and financial performance.

Payne (2015) examined the impact of internet marketing in the U.S.A. from the study “Effects of the internet on marketing” using a qualitative method of research. The findings of the study showed that internet marketing increased revenue and customers. Hooper (2013) studied internet marketing trends: An analysis of website and social media use in New York equine industry. The study investigates how horseback riding stables in New York utilize internet marketing to promote business to customers through survey of 205 riding stables in New York. Findings revealed an improved customer experience, effective personal network and better track of activities to view information on business services, events and professionalism.

As can be inferred from the above review, different and contradictory findings resulted from different units of analysis, sector and different measures of performance with a limited theory
base and reliance on cross-sectional methods. Matikiti, Afolabi & Smith (2012) emphasized more on factors and growing rate of adoption of internet marketing rather than internet marketing impact on performance. Also, only a few of this researchers provided strong theoretical or statistical support for their studies often because of the exploratory nature of their research in the place of study and also because they focus on one type of industry which may not be relevant to another industry. Demishkevich (2015) studied five (5) SMEs which is insufficient for a conclusion. The research also lacked appropriate use of a statistical tool of analysis making the work lack specification which this study addressed specifically in the photography industry in Lagos, Nigeria.

**Resource-Based View Theory**

Resource-Based View (RBV) theory by Wernerfelt (1984) examines how firms can possess a wide range of resources. The theory focuses on internal strategic resources that align with the company’s strategic intent and serve as the basis of competitive advantage. Wernerfelt (1984) argued that the RBV provides valuable strategic guidance by understanding which resources the companies should seek to strengthen their position or which resources is already at their disposal and be prioritize as more valuable. RBV theory according to Demishkevish (2015) explained resources needed to implement internet marketing as strategic, as the small business owner views them as an opportunity to differentiate his firm in the marketplace and serve as a competitive advantage. Matikiti et al (2012) used RBV theory together with the E-value model to explain the relationship between internet marketing, performance and profitability.

The new focus on technology in strategy as increased the tendency for firms to define themselves in terms of technologies, and the setting up of cross-divisional strategic organizations, technology groups and arenas seem to indicate that objectives are strived for in several firms (Wernerfelt, 1984). Internet marketing tools such as search engines, social media and websites are useful in this regard, as they allow business owners to listen to what consumers are saying, allowing photographers to leverage the power of influential users to spread messages throughout their networks, which influences customer loyalty, retention and satisfaction.

**METHODOLOGY**

The study was conducted in Lagos state, Nigeria. Primary data was obtained from the respondents through a structured questionnaire in 5 local governments (which are Ikeja, Surulere, Ajeromi-Ifelodun, Ikorodu and Epe) out of the 20 local governments in Lagos state, each local government representing the five administrative division of Lagos state. Also, observations were done online. This includes studies about the usage statistics of the tracking of movement of internet use popularity and followership on the internet media tools such as the social media and website. However, the study is a cross-sectional survey prompted by the subjective nature of data utilized that required questionnaire to be sent-out once to sample population elements. Stratified random sampling technique was used to determine a sample size of 127 photographers out of a population of 1,484 registered online photographers (Vconnect, 2017), using the sample size formula;

\[
S = \frac{X^2NP(1-P)}{d^2(N-1) + X^2P(1-P)}
\]

\[S= \text{Required sample size} \quad N= \text{Population size} \quad X= Z \text{ value (95% confidence level)} =1.96 \quad d= \text{degree of accuracy 5% (margin of error .05)} \]

\[P= \text{Population proportion expressed as decimal assumed to be 50% maximum but used 10%(.1) for this study} \]

\[S = 1.96^2 \times 1484 \times 0.1(1-0.1) \]

\[= 513.084 \quad 126.5 \]

\[0.05^2(1484-1) = 4.0557 \]

\[= 127 \]

Approximately 127

The sample size of 127 respondents was increased by 10% considering potential non response also known as “insurance factor”, making the sample size 140 photographers. Finally, response was 93.52% represented by 131 photographers in Lagos state. The Data was measured using a five-point Likert rating scale and data were analysed using regression to measures and quantifies the impacts of the independent variables on dependent variables.
DATA PRESENTATION AND ANALYSIS

Introduction

This section presents the data obtained from the field as well as their analysis and the finding resulting from them. The first part identifies the demographic data of the respondents. The second part dwells on Impact of internet marketing on Photography in Lagos state to achieving the objective of the study.

The researcher distributed 140 questionnaires among photographers in Lagos State in which 131 recovered back. This response rate amount to 94% which is suitable and normal as suggested by researchers this was because it is impossible to have 100% response rate. The study proceeds to test for missing data, missing data has been seen to be a problem in most data analysis. In consonant with the stipulated 10% maximum threshold for missing values as suggested by Hair et al., (2014). Out of 2,688 data points, only 13 were found to be missing in the data set, which constitutes 0.48% of the data set which is far below the 10% benchmark. Thus, the missing value was replaced using mean substitution as opined by Hair et al., (2014).

Also, outliers were detected using Mahalanobis distance using 0.001 level of significance as advised by Hair et al. (2014). An outlier is a case with such an extreme value on one variable (a univariate outlier) or such a strange combination of scores on two or more variables (multivariate outlier) that it distorts statistics (Tabachnick & Fidell, 2013). Three (3) cases were detected as outliers and were deleted from the data set. As a result of the deletion, only 128 cases were used for further analysis. This is further presented in the table below;

<table>
<thead>
<tr>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 1: Summary of Response Rate</td>
</tr>
<tr>
<td>Item</td>
</tr>
<tr>
<td>Questionnaire distributed</td>
</tr>
</tbody>
</table>

Table 1 shows the summary of the number of questionnaires distributed and the number of questionnaires returned. The response rate of 93.52% is suitable for further analysis as suggested by researcher since 100% response rate is not achievable. The returned copies were scrutinized for errors, omissions, completeness and inconsistencies of which 128 returned were found to be adequately completed.

Demographic Distribution

The demographic characteristics of the respondent are presented in table 2. This includes gender distribution, age distribution, academic qualification and income distribution.

<table>
<thead>
<tr>
<th>Table 2: Demographic Characteristics of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
</tbody>
</table>

Source: (Field Survey, 2017)

As can be seen from the above table 2, 89.3% of the total sampled respondents were more of male than females. This indicates that there are more male photographers in Lagos state. Most of the females combined making up with photography, only a few of them practiced pure photography.

<table>
<thead>
<tr>
<th>Table 3: Age Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age Distribution</td>
</tr>
<tr>
<td>18-25</td>
</tr>
<tr>
<td>26-30</td>
</tr>
<tr>
<td>31-35</td>
</tr>
<tr>
<td>Above 35</td>
</tr>
</tbody>
</table>

Source: (Field Survey, 2017)
From table 3, it can be deduced that most of the sampled respondents of this study, are either between the ages of 26-30 and ages 26-30, with 37.5% and 43% respectively. 3.1% of the respondents are between the ages of 18-25. While 16.4% of the total respondents are above 35 years. It is observed that most of the respondents are between ages 36 to 35. This was as a result of the increase in unemployment rate in the country.

<table>
<thead>
<tr>
<th>Academic Qualification</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>O’Level</td>
<td>6</td>
<td>4.7</td>
<td>4.7</td>
</tr>
<tr>
<td>Ordinary Diploma</td>
<td>19</td>
<td>14.8</td>
<td>19.5</td>
</tr>
<tr>
<td>HND/B.sc</td>
<td>99</td>
<td>77.4</td>
<td>96.9</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>4</td>
<td>3.1</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: (Field Survey, 2017)

Table 4: Qualification

Table 4 shows the academic qualification distribution of sampled respondents. 4.7% are O’level holders, 14.8% are national diploma holders, 77.4% are respondents that are either first degree holders, 3.1% of the respondents have a postgraduate. This can also be attributed to the fact that jobs are not available, so instead of staying idle graduates prefer to get involve in a job to keep the soul and soul together.

Correlation Result

The correlation matrix explains the degree of relationship between the dependent variable and the independent variables of the study as well as the independent variable among themselves. The summary of the association among the variables is presented in table 5.

<table>
<thead>
<tr>
<th>SE</th>
<th>SM</th>
<th>WS</th>
<th>CP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.144</td>
<td>.089</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.105</td>
<td>.316</td>
<td>.241</td>
</tr>
<tr>
<td>N</td>
<td>128</td>
<td>128</td>
<td>128</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.144</td>
<td>1</td>
<td>.235**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.105</td>
<td>.007</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>128</td>
<td>128</td>
<td>128</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.089</td>
<td>.235**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.316</td>
<td>.007</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>128</td>
<td>128</td>
<td>128</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.104</td>
<td>.505**</td>
<td>.448**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.241</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>128</td>
<td>128</td>
<td>128</td>
</tr>
</tbody>
</table>

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

Note: SE represent Search Engine; SM represent Social Media; WS represent Website; CP represent Customer Photography.

From the above table 5 it is clearly shown that the highest relationship among the independent is 14% which is lesser than the stipulated rule of thumb value of 80%. This therefore indicate that no possible existence of multicollinearity among the independent variable.
Regression Analysis

Multiple regression analysis was used by the study to analyse data. The result is presented in table 6 below.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>T-Value</th>
<th>P-Value</th>
<th>C. Alpha</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>CP</td>
<td>4.978</td>
<td></td>
<td></td>
<td>0.723</td>
<td>1.076</td>
</tr>
<tr>
<td>SM</td>
<td>0.389</td>
<td>5.694</td>
<td>0.000</td>
<td>0.856</td>
<td></td>
</tr>
<tr>
<td>WS</td>
<td>0.219</td>
<td>4.738</td>
<td>0.000</td>
<td>0.712</td>
<td></td>
</tr>
<tr>
<td>SE</td>
<td>0.870</td>
<td>13.090</td>
<td>0.000</td>
<td>0.761</td>
<td></td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.370</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>0.355</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F-Stat</td>
<td>24.265</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: (Field Survey, 2017)

Table 6 shows the result of the regression analysis, the adjusted $R^2$ of 0.370 shows social media, website and search engine explain 37% variation on Customer Photography in Lagos state. Also shown is the fitness of the model. The model is statistically significant at F=24.265, p<.001. F statistics value of 24.265 shows a good fitness of the model.

Social media show a positive relationship with customer photography. A unit percent increase in social media will lead to 38.9% increase in customer photography, which is significant at p<.001. This might be as a result of the number of people who use social media which therefore allows for a wider and more connected network for the advert. This can be buttress by the recent assertion made the minister of communication, Mr. Adebayo Shittu documented on 9th of October 2017 via punch newspaper at a retreat on social media and good governance hosted by Ministry of Communication in Abuja that about 75% of Nigeria population that use internet are on social media and the number keep growing on both social networking and blogging sites. He added that social media has become a very strong platform for information dissemination.

So also, website has a positive relationship with customer photography. A unit percent increase in website will lead to 22% increase in customer photography, also significant at p<.001. This could be attributed to fact that the world is becoming web-centric, therefore the need to own a website becomes a requirement to be considered professional. Also, the untapped market size available for enterprises in Nigeria which can be reached via website has made enterprise owners interested in having a website. The ever-increasing importance of an online presence for businesses of all sizes and descriptions had made enterprises adjust their strategy accordingly. It’s easier than ever for businesses to have a website when it comes to cost. An increase in the use of website can provide all kinds of benefits to a business. It can verify the existence of a business, increase visibility to new and current customers, and improve customer experiences.

Search engine was found to have a positive relationship and significant effect on customer. A unit percent increase in website will lead to 87% increase in customer photography. This could be justified by the assertion of Purcell, Brenner and Rainie (2012) that 91% of internet in the world uses search engines. Also search engine was seen as an important tool that provides internet users a shortcut to obtain required information which has become an indispensable part of our daily life. However, for businesses like photography, search engine optimization can improve the site visibility to visitors from search engines at a low cost.

Table 7: The most used internet marketing tool

<table>
<thead>
<tr>
<th>Variables</th>
<th>Obs</th>
<th>Mean</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website</td>
<td>131</td>
<td>1.3</td>
<td>3rd</td>
</tr>
<tr>
<td>Search Engines</td>
<td>131</td>
<td>1.364</td>
<td>2nd</td>
</tr>
<tr>
<td>Social Media</td>
<td>131</td>
<td>1.37</td>
<td>1st</td>
</tr>
</tbody>
</table>

Source: (Field survey, 2017)
Table 7 indicates that social media has an average mean value of 1.37; search engine has an average mean value of 1.364, while website has average mean value of 1.3. This implies that social media is the most widely utilized social media tool alongside search engines as both aid effective marketing of photographers in the market.

Evidence from the study reveals that:

(i) Website, search engines and social media significantly influenced the performance of photographers in Lagos, Nigeria.
(ii) The most used internet marketing tool is social media with a mean of 1.37. This is followed by search engine with a mean of 1.364.
(iii) Internet marketing tools significantly influenced the performance of photographers in Lagos, Nigeria.

CONCLUSION AND RECOMMENDATIONS

Conclusion
The research examined the impact of internet marketing on photography. The adoption of internet in marketing by photographers is on the increase. The findings revealed that internet marketing have impact on the customers of photographers in Lagos state in terms of customer loyalty, retention and satisfaction.

Recommendation
(i) The opportunities in internet marketing requires more investment as all business owners irrespective of sector needs to be more effective and efficient in internet marketing to increase performance.
(ii) Business owners need to seek training and education to stay up to date on new innovations and technology.
(iii) Internet service providers should reduce the cost of internet use so as to encourage organisations adopt the use of internet marketing more.

References


ABSTRACT

The managerial discretion in IAS 36 standard has raised a lot of concern to users of financial statement on its reliability. In view of this, this study examined the effect of financial reporting incentive represented by leverage and executive compensation on the goodwill impairment decision of listed Banking and Insurance in Nigeria for six-year period from 2011 to 2016, with a firm year observation of 70 and a sample size of thirteen (13) firms selected based on certain criteria. Ex-post facto design was employed and the Secondary source data was used and were obtained from the annual reports of the firms. Panel logistic regression was employed in the analysis of the data. The result from the regression analysis shows that Leverage and executive compensation were significant and negatively influencing on goodwill impairment decision of listed financial service firms in Nigeria. The study concludes that there is presence of likely manipulative behavior where goodwill impairment decision is concern. The study therefore recommends that standard setters should look into IAS 36 standard and come up with a well detailed guidelines and description of impairment process to reduce the level of subjectivity.

Keywords: Managerial discretion, Financial reporting incentive, Goodwill impairment decision, listed banking and insurance firms, Nigeria

Introduction

Goodwill and its impairment standard have continued to be a subject of debates consequence of its nature. It is a non-financial asset that is unidentifiable and inseparable (IAS 38). Goodwill accounting is an element of financial reporting that is very vital for investor and others users of financial data and information for investment decision. In 2004, IASB emerge with a standard that replaces the former approach of accounting for economic loss in goodwill which is amortization to impairment approach. The latter approach requires managers to carry out annual impairment test on goodwill and further when there is an indication of impairment. Imperativeness of International Accounting Standard (IAS 36) is drawn at providing timely and reliable information on the actual economic value of non-financial assets that a firm possesses (Anderson, 2014; Oghogomhe & Akani, 2016). The high level of discretion in the standard draws a lots of question on the reliability characteristic (Laskaridous & Athanasios, 2013).

IAS 36 standard stipulates the least triggers that should necessitated impairment, although these indicators are not exhaustive (IAS 36). The inexhaustiveness of the list provides rooms for others triggers where also managerial discretions should be appreciated. The essences of managerial discretion in IASB standard are to increases the usefulness of information from firms to the financial statement users and for efficient allocation of resources (Glaum, Landsman & Wyrwa, 2015). However, in some instances managers’ may avoid goodwill impairments by utilizing the discretion inherent in them. They may simply avoid impairing assets due to agency-based motives (Ramanna, 2012; Eichner, 2016). Given that goodwill under the impairment approach requires managers’ unverifiable estimates, the information content of goodwill declines when managers opportunistically manipulate the outcome of the impairment test.

Goodwill impairment in Nigeria has its history from February 2008 with the introduction of the abolished SAS 26 business combination as firms were recommended to carry out impairment testing rather than the former way of amortization. With the convergence of Nigeria accounting standard and international standard in 2012, every public listed company was mandated to adopt the IFRS standard in preparation and presentation of their financial statement. Significant changes in IFRS implementation by many Nigeria companies is in regard to IAS 36 standard, which the previous Nigeria GAAP made no provision for. IAS 36 impairment of assets requires that assets should not be reported at an amount which is above its recoverable value. Non-financial assets are to be tested for impairment based on a comparison of their carrying amounts with their recoverable amount, which is defined as the higher of their fair value less costs of disposal and their value in use.
An ongoing debate on goodwill impairment standard center on opportunistic behavior prevalent in the standard (Leman, 2010; Posti, 2016). The controversies stem from the complexity and the subjective nature of the standard guiding impairment (Godfrey & Koh, 2009; Zhang, 2011; Darrough, Guler & Wang, 2014). International Accounting Standard (IAS) 36 requires the recoverable amount to be the higher of fair value less cost to sell and value in use. The standard itself demands plenty of management judgments and assumptions and did not give specific guidelines on how the impairment test should be executed as such, it is entirely up to the managers to decide how the impairment treatment should be defined and recorded. Management use of judgment has led to measurements uncertainty (Oghoghomeh & Akani, 2016). This managerial discretion is exercise in the area of discount rate and growth rate determination and the projection of future cash flows. Managers who have incentive can use their discretion to compute a recoverable amount greater than its carrying amount leaving room for no impairment or a delayed impairment (Beatty & Webber, 2006, Lapointe-Antunes, Cormier & Magnan, 2008, Zang, 2008).

The assessment and testing of impairment were found to be a practical nightmare as most Nigeria companies are faced with great challenges due to lack of robust systems or processes to enable an effective evaluation of the changes in the economic environment or industry, identify indicators of impairment as well as to generate reasonable cash flow forecast based on previous information for computation of value in use (PWC Nigeria, 2015). The main challenge of IAS 36 on assets impairment in practice rest on determination of the recoverable amounts of some assets and keying out the triggers of impairment recognition and the amount to recognized. Recoverable amount of goodwill depends on the recoverable amounts of the assets that form the cash generating units in which it is attributable. The complexity of this IAS 36 may make it more difficult for managers in Nigeria to fully comply with the standard especially relating to intangible assets such as goodwill as it lacks physical substance. Inactive market and lack of valuation standard and guidance have posed a lot of challenge for these assets. Most Nigerian companies especially in the financial sectors have been known on the value in use in their estimation; values in use method create rooms for more discretionary freedom (Stenheim, 2012). Furthermore, According to Fitch Report 2016, banks are faced with multiple threats from the operating environment, subsequently the banks struggles with deterioration in operating profit and asset quality.

The financial sector plays a vital role to the economic development of any country. (Asanuma, 2013), the need for higher capital base by new banking reform in 2004 led to the consolidation of many banking’s institutions through mergers and acquisition in Nigeria. This work is propelled by its huge contributions as it also functions as an empirical basis for future researchers. Practically, the finding of this study is anticipated to be of use for right decisions as it shed new light on how the manager can make use of the discretion inherent in standard opportunistically. By confirming the incentive, the standard setter can create medium that reduce such practices, by means of revision in the standards that address goodwill impairment loss.

The remaining part of this paper is organized as follows: section two reviews of literature, section three methodology and model specification. The empirical results of the research are presented and discussed and the policy implications are highlighted in section four. Section five is devoted to conclusion and recommendations.

Review of Literatures
This section covers the conceptual framework and the review of relevant and related theoretical and empirical literature on the topic under study.

Concept of Leverage
Leverage is used to represent the existence of debt in the capital structure of a firm (Pandey, 2015). Firms use of leverage is focused on generating superior revenues compared to its cost of debt financing and can service its debt commitments (Mirza, Rahat & Reddy, 2016). Debt capitalization has been seen as incentive for manipulative behavior (Leman, 2010).

Leverage and Goodwill Impairment
Recent study by Hassine and Jilani (2017) on earning management behaviors with respect to goodwill impairment losses under IAS 36 using French Market, the study used a sample of 105 firms listed in the market from the period 2006 to 2012. The findings from the models showed a positive and insignificant influence of leverage on goodwill impairment losses. A further revision of the model
through sensitivity analysis result in a positive and significant relationship between leverage and goodwill impairment losses and they concluded that higher leverage position increases the chance of firms to reporting higher impairment losses, with the aim of minimizing earning to obtain an advantage in renegotiating loan clauses. This result could be as a result of the common application of indirect financing in the French market as pointed by the researchers unlike our Nigeria market where it is not in widespread.

Also, Abdul-Majid (2017), carried out a study on the effect of audit committee independence and contracting perspective on goodwill impairment of listed firms in Singaporean market using a sample of 52 Singaporean listed firms from 2010 to 2012. Pearson correlation analysis was conducted and a binary logistic regression was used in testing the hypothesis. The study found a positive and significant relationship between contractive perspective (leverage) and goodwill impairment losses. The study concluded that the higher the leverage, the higher the likelihood of firms in Singapore recognizing goodwill impairment losses. This study covered only 3 years’ period from 2010 to 2012 and also the result lag four year behind. Extension of this result to 2016 may provide a contrary finding.

Brands (2016) examined the influence of goodwill impairment. In carrying out this study, the researcher used a sample 1262 firm-year observation from 14 countries within EU. The study used two measures for dependent variable (goodwill impairment), panel logistic regression was used to analyze for occurrence of impairment represented by dichotomous variable and a pooled OLS regression was used for the absolute value of the goodwill impairment. The study found a negative relationship between leverage and goodwill impairment. And concluded in line with prior works (e.g., Beatty & Webber, 2006; Zang 2008), that firms with high debt finance impair less on goodwill in order to increase their chance of meeting their debt covenant. The limitation of the study has to do with its choice of sample as it was drawn from 14 different countries. A study that focuses on a single countries basis or industries may yield a more reliable result.

Koresec, Jerman and Tominc (2016) on their empirical analysis of incentive for earnings management and goodwill impairment found a negative and insignificant relationship between debt and the probability of goodwill impairment. The study used a sample of 188 observations from the Italy non-financial publicly traded companies. The study used a univariate logistic regression and a multivariate logistic regression. Firstly, the univariate was aimed at testing the relationship between the dependent variable and the individual independent variables. The finding of the study was in contrary to the studies of brand (2016), Zang (2008), AbuGhazaleh et al. (2011), as well as Ramanna & Watts (2012), consequently, this may be as a result of the periods chosen for the study as it covered only the periods of financial crisis 2008 to 2010. Management in the other economic circumstances may behave different.

Similar to the findings of Vichitsarawong (2007), the study by Sapkauskiene et al (2016) also found a positive but significant relationship between debt ratio and goodwill impairment loss amounts and concluded that the more indebted companies are, the more likely they are to disclose the goodwill impairment losses.

Dypvik & Zahl (2015) investigate the relationship between goodwill impairment losses and accounting quality, using a sample of 420 firm year observation of Norwegian listed firm from Oslo stock exchange. They made use of multivariate Tobit and logit regression for analysis of the two measures of dependent variables. Covering a period of 2010 to 2013, using debt as a control variable, the study found a positive and insignificant relationship between debt and impairment decision. Similar to other studies, like AbuGhazaleh et al. (2011) and Loh & Tan (2002), they concluded that Norwegian managers are less likely to manipulate earnings using goodwill impairment losses to comply with debt covenants. This finding may be as a result of the researchers not taking into consideration the industry effect and the inclusion of companies that do not have goodwill in their sample.

A study by Giner and Pardo (2015) found no significant association in a multivariate regression analyses between leverage and goodwill impairment decision although, the study found that firm that do impair goodwill have significant higher leverage than firms that do not. The findings maybe as a result of the researchers not taking into consideration the industrial difference on the selected sample of 167 companies listed in Spain between the periods 2005 to 2011.
Zang (2008) in his study examines the discretionary behavior of management and stock price reaction with respect to the adoption of SFAS No. 142 in US. The study used a sample of 870 firms that completed a transitional goodwill impairment test in the adoption year. Multivariate Tobit Regression was used to investigate whether managerial discretion variables such as firm leverage and change in management explain the variation in the magnitude of impairment losses after controlling for the actual economic impairment of goodwill, as proxies by variables such as industry, size, the characteristics of goodwill, and past asset or stock performance. The result of the regression shows that leverage has a negative association with the goodwill impairment losses Zang (2008), suggest that leverage of a firm may induce manager to manipulate the outcome of goodwill impairment.

Beatty and Weber (2006) find in their study of US firms that leverage has a negative and no strong statistically significant impact on both the occurrence of impairment and the magnitude of the impairment losses. The effect of actual debt covenants however is found to be highly statistically significant in both cases. The researchers used a probit regression as well as a censored regression for testing their hypothesis and come to the conclusion that their findings suggest leverage affect firms their decisions to take or delay impairment. Managers may be willing to overstate earnings and total assets by delaying goodwill impairment losses, particularly when they are faced with a threat of violating debt covenants when such contract violation may cause drastic financial costs. (Beatty & Webber, 2006.)

Vichitsarawong (2007) added to existing literature on the determinants of goodwill impairment in US. To do this, the researcher used a sample of 445 firm-year observations. These allowed the research to track the determinants of goodwill from 2000 to 2005. By applying Tobit regression and Logit regression, the study found a positive and significant connection between leverage and goodwill impairment. The finding indicates that firms with higher leverage are more likely to report larger amount of goodwill impairment losses. The author concluded that high risk firms faced economic difficulty and are more prone to a decline in firm performance. This study is in contrary to earlier and preceding the studies in US by Beatty and Webber (2006), Zang (2008), Swanson, Singer & Downs (2013). This notwithstanding, it is necessary to state that the period covered by the study is not current considering is a lot of event that has occurred such as financial crisis of 2008. The study lags twelve year behind.

Li, Venkataraman and Zhang (2011) in their analysis of factors influencing goodwill impairment by using a tobit regression on US firms before and after the adoption of SFAS 142. The authors find that "impairment losses are significantly associated with prior returns, extreme earnings news, and the stringency of delisting requirements but exhibit insignificant association with leverage. The overall findings of research studies suggest that leverage can be, however does not necessarily have to be, a driver of avoiding or delaying goodwill write-offs.

**Concept of Executive Compensation**

Executive compensation plan is an enabler that drives corporate goal and objectives and further ensuring the alignment of interest of executive and shareholders (KPMG, 2017). Executive compensation is referred as a remuneration package given to the chief executive officers and other executives who are charged with the responsibilities of managing the affairs of the firm (Omoregie & Kelikume, 2016). Olaniyan (2015) opined that executive compensation is mostly used as an instrument to align both the managerial interests and the shareholders. The ideology of compensations is to attract, motivate and retain good employees for attainment of the goals of organizations (Adeoti and Isiaka, 2006).

**Executive Compensation and Goodwill Impairment**

Executive compensation is used to represent manager private incentive. Managers have private incentives in line with the agency theory, managers would exploit impairment off goodwill and other intangible assets for their benefit as the impairment of intangibles are difficult to verify and audit. This is the case when the impairment has an effect on the bonus compensation or on the reputation of managers. Posti (2016) argued that managers may have incentives to understate goodwill impairment losses in order to achieve earnings targets if their bonus schemes are linked to earnings. A large impairment of non-financial assets means that operations are not going as
expected, as a result the CEO is held accountable for this. It is expected that managers will be less likely to impair assets if their private wealth would be directly affected.

Eichner (2016) examined the influence of goodwill write off and non-write off in his thesis work using a sample size of 136 firms draw from observation draw from the 600 largest company stocks measured on the basis of free-float market capitalization from the STOXX Europe, Total Market Index (TMIA) from 2004 to 2014. The binary logit regression model results showed that cash bonus-based variables which proxy for compensation of CEOs negatively influence the motivation of CEOs to write off goodwill when actually economically impaired. Their findings suggest that senior managers have an incentive to delay impairment particularly when their overall amount of their salary is linked to the financial performance of the firm.

The study of Ramanna & Watts (2012) investigated the relationship between managers’ private incentives and private positive information manager on of goodwill impairment decision following the introduction of SFAS 142 standard by the Financial Accounting Standards Board (FASB) in US, that led to the abolishment of amortization of goodwill and now requiring all firms to test annually impairment. The study used a total sample of 124 firms comprising of 86 non-impairers and 38 impairers within the period of 2003 to 2006 the sample criteria based on their book to market value. They have used a univariate frequency tests (Pearson chi-square test) to identify the association between non-impairment and private incentives (proxies) and between non-impairment and positive private information (proxies). The results of the test suggest that private information by managers is not associated with non-impairment, but private incentives are on the other hand well associated with non-impairment. The researchers used a multivariate regression analysis to compare the outcome between the two samples and they found out there is no significant relationship between private information and non-impairment, but there was an association between private incentives and non-impairment of goodwill. The result of the study proved that CEO interest in their bonus compensation can affect their decision to impair their assets.

Siggelkow and Zulch (2013) examined the determinant of write-off decision under IFRS in Germany. The study used a sample of 165 non-financial companies listed in DAX, MDAX, TECDA and SDAX indices with IFRS dataset available, for period 2004 to 2010.the results of the probit regression analysis proved that there is no association between earning based bonus payment with written off decision. Unfortunately, the author did not provide evidence on the write off that relates to goodwill out of their 805 write off observation.

In a study that examined Statement of Financial Accounting Standards 142 adoption decisions among US firms by Beatty &Webber (2006), the study focusing on the trade-off between recording certain current goodwill impairment charges below the line and uncertain future impairment charges included in income from continuing operations. The study found evidence suggesting that firms’ equity market concerns affect their preference for above-the-line vs. below-the-line accounting treatment. They further investigate how economic and managerial incentive affect goodwill impairment and found that firms’ debt contracting, bonus, turnover, and exchange delisting incentives affect their decisions to accelerate or delay impairment recognition. The study used a sample of 176 companies draw from the population of 867 companies that have goodwill balance as at 2001. They hypotheses on the economic incentive using two regression equations. The results from the probit regression and censored regression provides statistically significant negative coefficient on our variable measuring the incentives provided by bonus-based compensation plans. The results from their analysis indicate that having a bonus-based compensation plan that does not explicitly exclude special items reduces the probability of taking an SFAS 142 write and those managers behave as if they anticipate that their bonus will be affected by these losses. Ben (2006) and Piosik & Rowinska (2012) criticize the model of Beatty and Webber (2006) as the regression model incorporate a lot of dummy variables and most of the variables in the model are difficulty to interpret.

Agency Theory

Agency theory brings to light the relationship between the principal and the agent, in which the principal is superior. It arises as a result of separation of owners from managers. Agency theory presumes that senior managers will on average make use of unverifiable discretion in making
accounting decisions, like in the impairment-only approach, to manage financial reporting opportunistically (Ramanna, 2008).

In the Nigeria financial service firms, agency conflict arises when investors (principals) cannot monitor the performance of managers and the managers are after his personal interest. According to Sadiq, Muthar, Oyebola and Abdulrasheed, (2011), the financial service firms act as some intermediary customers and others, financial transaction and custodian for investment and surety for properties and life as such it is difficult to avoid conflict. Device are structured in others to curb the situation through corporate governance and incentive package.

Beatty and Webber (2006) and Ramanna and Watts (2012) in their goodwill impairment studies considering the firms’ actual leverage ratios to approximate for the tightness of breaching existing covenants, as goodwill impairment are booked through a firm’s profit and loss statement, the impairment of goodwill reduces the firms’ book value of equity. This leads to a change in a firm’s capital structure and increases its leverage ratio. Siggelkow and Zulch (2013) argue that “the level of borrowing costs is based on the assessment of financial risk for which leverage is an important determinant, meaning that higher leverage can result in higher borrowing costs”. As managers, potentially are aware of the effects of a goodwill write-off on the firm’s leverage ratio and the subsequent impact on funding possibilities, managers of firms with a higher leverage ratio might be motivated to avoid goodwill impairments (so that funding costs do not increase). The risk of violating debt covenants may give managers incentives to report higher earnings by using their discretion in goodwill impairment testing.

Although incentive package is set out to reduce the agency problem in Nigeria financial service, yet managers as a self-interest personality will always work to ensure that their compensation are not tampered. Managers may likely shun actions that may reduce earning and portray them as not performing. Akingunola, Adekunle, & Adedipe (2013) argued that the executive will act with rational self-interest so as to maximize their monetary compensation, job stability and other benefit, and do no more than seek to pacify shareholders. Executive as a self-interest person cannot in other words, be expected to act in the interests of the shareholders. An action that will curtail their monetary incentive may be avoided. Management may avoid writing off goodwill impairment if it will affect their compensation. (Eichner, 2016).

Methodology

The population of Banking and Insurance firms listed in Nigeria Stock Exchange is 43. However, the research work restricted its focus on only listed Banking and Insurance firms that reported goodwill at the end of each of the six years under study. The population of the study comprises of 15 Banks and 28 Insurance firms on the Nigerian Stock Exchange (NSE) as at 31 December, 2015. There were 13 listed Banks and Insurance firms that reported goodwill for each of the six years: seven (7) Banks and six (6) Insurance firms. The banks were Access Bank, Diamond Bank, First Bank, First City Monument Bank, Guaranty Trust Bank, United Bank for Africa and Unity Bank. The Insurance firms were Aiico Insurance custodian and Allied, Staco Insurance, Mansard Insurance, Mutual Benefit Assurance and Unity Kapital Assurance. The sample size, therefore, consisted of only the 13 listed Banks and Insurance firms.

Source and Method of Data Collection

The data used for the study will be extracted from secondary sources only. The data on leverage and executive compensation were extracted from the audited financial statement of the firms. The study used logistic regression as a technique for data analysis as it is more befitting for a regression in which the dependent variable is categorical (Peng, Lee & Ingersoll, 2002).

Model Specification

This study will adopt a multiple regression technique for analysis. The model is as follows:

\[ GIL = \alpha + \beta_1 LEV + \beta_2 EXECOM + \beta_3 BODIN + \beta_4 IND DIFF + \epsilon \]

Where:

- GIL = Goodwill impairment decision
- \( \alpha \) = Constant
- LEV = Leverage
EXECOM = Executive compensation
BODIN = Board independence
IND DIFF = Industry difference
$\beta$ = Coefficients of parameter estimates
$\epsilon$ = Error term

Variables Measurement
Table 2 provide explanation on the measurement of the study variables thereby citing some studies that used such measurement.

Table 2: Variable Measurement

<table>
<thead>
<tr>
<th>SN</th>
<th>VARIABLES</th>
<th>TYPE</th>
<th>MEASUREMENT</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>Goodwill impairment recognition</td>
<td>Dependent variable</td>
<td>Dichotomous variables 1 and 0. The value 1 is assigned if the firms recognised impairment at the end of each year and 0 if not</td>
<td>Glaum, et al. (2015), Koresec, et al. (2016)</td>
</tr>
<tr>
<td>ii</td>
<td>Leverage</td>
<td>Independent variable</td>
<td>Total debt divide by total assets</td>
<td>Vogt, et al. (2016), Abughazaleh, et al. (2011)</td>
</tr>
<tr>
<td>iii</td>
<td>Executive compensation</td>
<td>Independent variable</td>
<td>Natural Log of executive compensation</td>
<td>Olaniya (2015), Shehu &amp; Abubakar (2012), Darrough et al. (2014)</td>
</tr>
<tr>
<td>iv</td>
<td>Board independence</td>
<td>Independent variable</td>
<td>Number of independent board members divided by total number of the board members.</td>
<td>Mohd-Saleh &amp; Omar (2014), Posti, (2016)</td>
</tr>
<tr>
<td>v</td>
<td>Industry difference</td>
<td>Control variable</td>
<td>Dummy variable 1 and 0. Banking industry as reference point. 1 for Banking industry and 0 for Insurance industry.</td>
<td>Mohd-Saleh &amp; Omar (2014), Lapointe-Antunes et al. (2008)</td>
</tr>
</tbody>
</table>

Results and Discussion
This section presents, discusses and interprets the results of the data analysis conducted.

Table 3: Summary of descriptive statistics

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>NO OF OBS</th>
<th>MEAN</th>
<th>STD DEV.</th>
<th>MIN</th>
<th>MAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>GIL</td>
<td>70</td>
<td>.2571429</td>
<td>.4402145</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>LEV</td>
<td>70</td>
<td>7.173708</td>
<td>.2186014</td>
<td>.1088411</td>
<td>.9301026</td>
</tr>
<tr>
<td>EXECOM</td>
<td>70</td>
<td>5.319892</td>
<td>.5376983</td>
<td>4.227244</td>
<td>6.619418</td>
</tr>
<tr>
<td>BODIN</td>
<td>70</td>
<td>.1449803</td>
<td>.0683792</td>
<td>.052</td>
<td>0.30</td>
</tr>
<tr>
<td>INDCONT</td>
<td>70</td>
<td>.5428571</td>
<td>.5017567</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: STATA 11 output

Table 3 present the results of the descriptive statistic for the variables of the study. The table showed that the dependent variable (goodwill impairment) has a mean value of 0.257429 and a standard deviation of 0.4402145. The mean value signifies that on average, about 25.71% of the sample firms recorded goodwill impairment during the period analyzed. This signifies that recognition of goodwill impairment losses in the financial service firms in Nigeria is very low since
the adoption of IFRS. This is in line with the findings of Posti, 2016; Saastamoinen & Pajunen, 2012; Abughazaleh, Al-Hares & Robert, 2011 and others who also discovered low occurrence of goodwill impairment. The table also shows that leverage has a mean of .7173 and standard deviations of .2186014 signifying most of the firms are highly levered. The mean value and the standard deviation of executive compensation shows that executive pay among the firms do not follow similar pattern. The mean and the standard deviation values of independent non-executive directors 0.1449803 and 0.0683792 reflect that.

Correlation Results

Table 4: Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>VARIA-BLES</th>
<th>GIL</th>
<th>LEV</th>
<th>EXECOM</th>
<th>BODIN</th>
<th>INDCONT</th>
</tr>
</thead>
<tbody>
<tr>
<td>GIL</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEV</td>
<td>-0.0806</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EXECOM</td>
<td>-0.3855*</td>
<td>0.1927</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BODIN</td>
<td>0.2862*</td>
<td>-0.0895</td>
<td>-0.2414*</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>INDCONT</td>
<td>-0.1162</td>
<td>0.8363*</td>
<td>0.4827*</td>
<td>-0.2738*</td>
<td>1.000</td>
<td></td>
</tr>
</tbody>
</table>

Source: STATA Output

Table 4 above presents a correlation matrix of the variables of the study. The correlation matrix shows the relationship between the independent variables themselves and their relationship with the dependent variable GIL. The result in the correlation matrix above shows a negative and a weak association between leverage and goodwill impairment decision with a coefficient of -0.0806. The result implies that firm are less likely to recognize goodwill impairment with an increase in leverage. Similarly, the table shows a negative relationship between goodwill impairment decision and EXECOM from the correlation coefficient of -0.3855. This implies that firms are less likely to recognize goodwill impairment when their compensation is likely to be affected. Furthermore, the study found a positive association between the control variable BODIN and goodwill impairment decision and a significant negative relationship between the industry control variable and goodwill impairment.

Inferential Statistics Results

Table 5: Summary of Regression Result

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficients</th>
<th>Z-values</th>
<th>P-Values</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEV</td>
<td>-6.704527</td>
<td>-1.90</td>
<td>0.057</td>
<td>4.36</td>
</tr>
<tr>
<td>EXECOM</td>
<td>-13.89485</td>
<td>-3.22</td>
<td>0.001</td>
<td>1.62</td>
</tr>
<tr>
<td>BODIN</td>
<td>15.19294</td>
<td>2.54</td>
<td>0.011</td>
<td>1.16</td>
</tr>
<tr>
<td>INDCONT</td>
<td>3.823981</td>
<td>2.17</td>
<td>0.030</td>
<td>5.66</td>
</tr>
<tr>
<td>CONSTANT</td>
<td>29.19163</td>
<td></td>
<td>0.002</td>
<td></td>
</tr>
<tr>
<td>Log likelihood</td>
<td>-29.693205</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LR</td>
<td>20.42</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>p-value</td>
<td>0.0004</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.2559</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean VIF</td>
<td>3.20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hosmer &amp; Lemeshow</td>
<td>0.1909</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Regression output from STATA 13

The table 5 presents the results of the logistic regression and the robustness tests. A robust test was carried out in order to test for multicollinearity. The variance inflation factor (VIF) for all the variables with a mean VIF of 3.20 indicating that multicollinearity is not a problem in this model. A
further robustness test was carried out to determine if the model is well specified. The Hosmer and Lemeshow test of the goodness of fit shows an insignificant P-value (0.1909). The insignificant p-value of the chi-square indicates that the goodness of fit for the model is sufficient.

Logistic regression in Table 5 shows that the likelihood ratio chi-square is 20.42 and is statistically significant at the 1% indicating that the model is fit. Further, the pseudo $R^2$ is 25.59% which indicates that the sum of the independent variables selected explains the likely changes in the dependent variable to a tune of 25.59%.

**Hypothesis Testing and Discussion of findings**

The table 5 reveals that Leverage has a coefficient -6.704527 and Z value of -1.90 and a p-value of 0.057 significant at 10%, suggesting that the more levered a firm is, the less likely is to recognize goodwill impairment loss. The negative relationship means that as leverage increases, the tendency of the firms recognizing goodwill impairment losses is expected to decrease. This reflects the opportunistic behavior by the managers as a result of the subjectivity and the managerial discretion present in the standard. Managers in the listed financial service firms in Nigeria are ready to utilize the discretion when leverage is concern.

This study is in line with the prior study of Beatty and Webber (2006), Zang (2008) and Brand (2016) and contrary to the findings of Koresec et al. (2016) and Eichner (2016). The results indicate that high leverage provide the financial firm managers in Nigeria with incentives to delay or to avoid goodwill impairment loss in line with ex-ante. Further, the study rejects the hypothesis that leverage has no likely effect on the goodwill impairment decision of listed financial service firms in Nigeria.

Furthermore, the results show that executive compensation has a coefficient of -13.89485, Z value of -3.22 and a p-value of 0.001 which is significant at 1%. This indicates that the higher the amount slated for executive compensation, the lower the probability of goodwill impairment recognition in the listed financial service firms in Nigeria. The beta -13.89485, shows that a unit increase in the amount of executive compensation, decreases the log odds of firms taking impairment by -13.89485. This shows the agency conflict in the financial service firms in Nigeria as managers weigh their interest against the competing interest of others. Action that will affect their private incentive is avoided. The result indicates that managers of the listed financial service firms in Nigeria will use their discretion embedded in the standard in a way that their compensation is not affect. The result is not surprising as studies conduct in the Nigeria banking sectors such as the recent study of Ismailia & Zaid (2017), discovered opportunistic behavior when the amount of executive compensation is involved. The study is in line with the findings of Eichner (2016), Beatty &Webber (2006) and contrary to the study of Siggelkow and Zulch (2013) and Ramanna & Watts (2012). Further in practice executive compensation is highly performance sensitive. The essences are overridden when the heart of the managers is keen on getting their full compensation by painting the accounts of the firms colorful. Also, the study rejects the hypothesis that executive compensation has no likely effect on the goodwill impairment decision of listed financial service firms in Nigeria.

**Conclusion and Recommendations**

This study examined the effect of financial reporting incentive on goodwill impairment decision under IAS 36 of listed financial service firms in Nigeria between 2011 and 2016. The study used a sample of 70 firm-year observations comprising of seven (7) banks and six (6) insurance firms listed on the NSE as at 31 December 2016. Findings from a logistical regression showed that the probability of goodwill impairment occurrence is negatively associated with leverage and executive compensation. The corporate governance control variable (Board independence) is positive and significant while the industrial control is negative and showed a significant difference between the banking and the insurance sectors.

The key findings shed light on the use of managerial discretion in the IAS 36 standard. The negative and significant finding in leverage portrays that management will use the discretion inherent in the standard to act opportunistically as highly levered firms in the financial service in Nigeria may be reluctant to recognize an impairment loss purposely to avoid violating debt covenants as equally proved by ex-ante (Beatty and Webber 2006). Also, the findings on the
executive compensation suggest that continuous alignment of executive and the shareholders through a financial performance sensitive package will result in manipulative actions. The study therefore recommends that standard setters should look into IAS 36 standard and come up with a well-detailed guidelines and description of impairment process to reduce the level of subjectivity. Furthermore, remuneration committees and human resources department are encouraged to develop other remuneration packages that could be not be performance sensitive concern in order to reduce the opportunistic behaviors of managers.

References


FIRM-SPECIFIC ECONOMIC TRIGGERS AND GOODWILL IMPAIRMENT LOSS RECOGNITION UNDER IAS 36: ARE LISTED BANKING AND INSURANCE FIRMS IN NIGERIA INFLUENCED BY THESE INDICATORS?

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ABSTRACT
This study examined the effect of firm-specific economic triggers on the Goodwill Impairment recognition of listed banking and insurance firms in Nigeria. The period span for (6) years from 2011 to 2016 with a firm-year observation of 70 and a sample size of thirteen (13) firms selected based on certain criteria. Ex-post facto design was employed and the Secondary source data was used and were obtained from the annual reports of the firms. Panel logistic regression was employed in the analysis of the data. The results from the regression analysis shows that change in profitability is significant and negatively influencing on Goodwill Impairment recognition of listed insurance and banking firms in Nigeria. While book to market value is positive and insignificant. The study concludes that the firms do not consider all the economic triggers of IAS 36 in their Impairment testing. In order to achieve the core purpose of IAS 36, banking and insurance firms in Nigeria are recommended not to neglect the economic indicators of Impairment such as the book to market capitalization as specified by the standard as they aim at ensuring that the Goodwill and other assets are held at their true value.


Introduction
Financial reports aimed at providing investors and other users with meaningful and useful information so that they can be confident and informed in investing and other economic decisions. To be useful, it must faithfully represent the phenomena that it aims to uphold. Non-financial assets are often significant assets of a company as the value attributed to these assets may affect not only the companies’ reported financial position, but also the performance they reported. With the collapse of Enron and WorldCom where one of the frauds was linked to overvaluation of the companies’ assets, Goodwill Impairment test has received more attention (Li, 2010).

Subject to the amendment to IAS 36 standard in 2004, purchased Goodwill is no longer to be amortized but is subject to annual Impairment test when there is an indication of Impairment. Impairment approach to Goodwill requires firms to compare the carrying value of their cash generating units with the recoverable amount. When the carry amount of a cash-generating unit or group of cash generating units exceed its recoverable amount then Impairment has occurred. Moehrle, Reynolds-Moehrle, and Wallace (2001), advocated that the core purpose why standard setters decided to substitute amortization with Impairment is that the former approach is expected to be based on an arbitrary time period which fails to provide useful information to the users of financial statements. Hence, amortization of a fixed amount of Goodwill every year implicitly requires that Goodwill to be reduces on a systematic basis, but Impairment loss may not occur yearly. The basic feature of Goodwill in IAS 36 is that, once impaired, can never be restored, this is because any increase in value of Goodwill is deemed to be internally generated.

IAS 36 specified the drivers of Impairment testing of which the list cannot be said to be exhaustive. Such list includes continuous weaker performance, market Capitalization falling below book value, and others. Studies in developed and developing countries like the US; UK; France, Spain, found evidence on the external trigger – the book value of equity greater than market capitalization as a signal of potential Impairment, and its continuity over a prolonged period indicates a reluctance to make Impairments (Bini & Pennman, 2013; Bloom, 2009)). Further, continuous decrease in performance could leads to increase in the tendency of Goodwill Impairment (Hassine & Jilani, 2017; Sapkauskiene, Leitoniene & Vainiuišienė, 2016; Piosik & Rowniska, 2012).

Studies have showed several disagreements about the drivers of Goodwill Impairment recognition under the IAS 36 or others standard equivalent (FAS 141 and FAS 142) and whether the principle can be used by manager for their interest, while many studies support this view (Eichner,
2016; Leman 2010; Beatty & Webber 2006), others argued that managers are more likely to convey their private information on the current economic condition of the company through Goodwill Impairment tests rather than opportunistic behavior inherent in the Goodwill Impairment approach like the work of (Abughazaleh, Al-Hares & Robert, 2011; Jarva, 2009) as a result, researchers are still debating if the actual economic indicators are what propel management in impairing or the use of managerial discretion inherent in the standard. This study intends to determine if the economic indicators in the study effects Goodwill Impairment recognition in the selected listed banking and insurance firms in Nigeria.

There have been dearth of research works on this topical area in Nigeria and understanding how Impairment of Goodwill that arose from mergers and acquisition in the two sectors is being recognized is very important. Further, Previous literatures documented by Posti (2016); Vogt, Moras and Klann (2016); Stenheim (2016); and Arts (2014) focused majorly on non-financial firms, this study intends to examine the effects of some of this indicators stipulated in IAS 36 standard: that is book value of equity over its market capitalization, changes in return on assets on Goodwill Impairment recognition in the listed banking and insurance firms in Nigeria.

Review of Literature and Hypothesis Development

Book to Market capitalization

Book to market capitalization is considered as an economic trigger of Goodwill Impairment testing (Ernst & Young, 2011). IAS 36 suggests that net assets of a company greater than market capitalization are an indicator that the asset under consideration is impaired. There exist some studies that examined the effect of the book to market capitalization and Goodwill Impairment loss recognition.

A study conducted by Posti (2016), on the determinants of Goodwill Impairment under IAS 36 of Finnish listed companies revealed that the book to market value of equity ratio has a significant positive impact on Goodwill Impairment. Posti (2016) study did not take Financial Services Companies into consideration. Sun (2016) control for growth option in his study focusing on managerial ability and the Goodwill Impairment loss. He found that the market to book value is negatively associated with the Goodwill Impairment. The results signify that the higher a company’s book-to-market ratio the more likely the company is to report a Goodwill Impairment loss.

In Brazil, study by Vogt et al. (2016) on determinant of Goodwill Impairment losses contradicted early studies as it found a negative and significant relationship between book to market value ratio and Goodwill Impairment losses, the study did not take the financial service firms into consideration. In Italy, Greco, Ferramosca & Allegrini (2015) found a positive and a significant relationship between the inverse market to book value and Goodwill Impairment loss. On the contrary, Arts (2014), studied companies listed in standard and poor between 2003 to 2012 and found a positive and insignificant relationship between the market to book value Goodwill Impairment losses. The study concluded that market to book value has no influence in companies’ decision to write off Goodwill.

Hamberg Paananem and Novak. (2011) in their study have a contrary result, using a sample of 1691 firm observations of Swedish firms listed in Stockholm stock exchange (SSE) by applying a longer observation period of up to 5 years 2001 to 2007. They examined the effect of managerial discretion and stock market reaction. Their study used a censored regression and discovered that book to market has a negatively insignificant relationship with the magnitude of Goodwill. The results contrary to the findings of (Abughazaleh, et al., 2011 and Guler, 2007).

The study hypothesized that there is no significant effect of the book to market capitalization on the Goodwill Impairment recognition of listed banking and insurance firms’ in Nigeria.

Change in profitability

IAS 36 internal source of information for Impairment triggers state that Company financial performance worse than expected is an indicator that the Company’s assets might be impaired. Unfavorable change in profitability entails that assets are not well utilized, which could lead to manager writing off Impairment on those assets. Goodwill is allocated to a cash-generating unit or units that constitute groups of assets (IFRS 3). This study expects a negative relationship between changes on the return on assets and the likelihood of Goodwill Impairment recognition of listed banking and insurance firms in Nigeria.
Hassine and Jilani (2017), examined the determinants of Goodwill Impairment under IAS 36 using French market as a case study. Using all firms in the market except financial service firm, the study found useful evidence that ROA have a significant and negative relationship with Goodwill Impairment recognition. Also, Sapkauskienė, Leitoniene & Vainiūsien (2016) conduct a study in the Baltic States for the period from 2005 to 2014 found a negative association between Sales, ROA and Goodwill Impairment loss. Arvidsson & Lind (2014) provide strong evidence on these indicators of Goodwill Impairment in Sweden market as it found a negative and significant relationship between three measures of performance: segment ROA, change in segment ROA and firm ROA, and the occurrence of Goodwill Impairment. Previous studies by Latridis & Senfflechner (2014); Mohd-Saleh & Omar (2014); Balachandra (2012); Piosik & Rowniska (2012), Stumpel (2012) Abughazaleh et al (2011); Zhang (2011), Piosik and M. Rówińska (2010); Godfrey and Koh (2009); Master, Costigan and Lovata (2008), found that persistence decline in the performance of firms leads to recoverable amount falling below the book value of assets in cash generating units consequently leading to Goodwill Impairment.

Fernandes, Goncalves, Gueniero and Pereira (2016) carried out a study to analyze the factors influencing the recognition of Impairment losses in tangible and intangible assets in 80 companies listed in the Lisbon and Madrid Stock Exchange from 2007 to 2011, the finding was insignificant. The absence of a significant relationship between the net profit and Impairment losses suggests that Impairment recognition does not depend on profit volume of the companies. Likewise, Panacha and Wiklund (2015), that examined the association between internal and external indicators and Goodwill Impairment in 5 Swedish listed telecommunication companies on NASDAQ OMX Stockholm and found no relationship between ROA and firm decision to impair. The selected group of the companies that was examined do not take this indicator into accounts (Panacha & Wiklund 2015)

Some empirical literature found a positive relationship between performance and Goodwill Impairment losses. A study by Nawaiseh, Al- Ibbini, & Al-nawaiseh (2016) found a positive association between ROA and ROE and Impairment recognition under in his study “Can Impairment loss recognition under IAS 36 be improved by financial performance”. with a sample of 30 companies draw from the population of 73 Jordan industrial companies listed in Amman Stock Exchange from the period of 2005-2008. The OLS regression model suggest that firm with higher performance are more likely to Impairment. Abdul-Majid (2013) carried out a study on the accounting choice relating to Goodwill Impairment in the first three years of adoption of IFRS 3 in Malaysia from 2006 to 2008 and found that firms may delay Impairment due to poor economic performance.

There is a decent numbers of studies indicating that change in profitability has an unfavorable effect on Goodwill Impairment recognition.

The study hypothesized that there is no significant effect of change in profitability on Goodwill Impairment recognition of listed banking and insurance firms in Nigeria.

Methodology and model specification

This study adopted ex post facto research design and a correlation design. Further the study follow the line of positivist approach in examining the effect of the economic triggers on Goodwill Impairment loss recognition. The population of the study is 43 comprising of 15 Banks and 28 Insurance firms on the Nigerian Stock Exchange (NSE) as at 31 December, 2015. Only listed Banks and Insurance firms that reported Goodwill in their financial statements for each of the six years under study were selected as sample of the study. Hence, the sample of the study consist of six (7) Banks and six (6) Insurance firms. The banks selected were Access Bank, Diamond Bank, First Bank, First City Monument Bank, Guaranty Trust Bank, United Bank for Africa and Unity Bank; while the Insurance firms selected were Aico Insurance custodian and Allied, Staco Insurance, Mansard Insurance, Mutual Benefit Assurance and Unity Kapital Assurance. The study period is from 2011 to 2016. The data used for the study will be extracted from secondary sources only. The study used logistic regression as a technique for data analysis as it is more befitting for a regression in which the dependent variable is categorical (Peng, Lee & Ingersoll, 2002).
Table 1: Sample Size Determination

| The Population of Banking and Insurance firms in Nigeria | 43 |
| Firms with no Goodwill at the end of each year of the study | (30) |
| The final sample of the study | 13 |

Model Specification

The model is as follows:

$$ GIL = \alpha + \beta_1 BKMK_{it} + \beta_2 \partial ROA_{it} + \beta_3 FSIZE_{it} + \beta_4 BDIN_{it} + \beta_5 INDF_{it} + \varepsilon_{it} $$

Where:

- $GIL$ = Goodwill Impairment loss
- $\alpha$ = Constant
- $BKMK$ = Book to market value ratio
- $\partial ROA$ = Change in profitability
- $FSIZE$ = Firm size
- $BDIN$ = Board independence
- $INDF$ = Industry difference
- $\beta$ = Coefficients of parameter estimates
- $\varepsilon$ = Error term

Table 2: Variable study and measurement

<table>
<thead>
<tr>
<th>S N</th>
<th>PROXY</th>
<th>TYPE</th>
<th>MEASUREMENT</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Change in Profitability</td>
<td>Independent variable</td>
<td>Percentage change in ROA from year $t-1$ to $t$. Where ROA = $\frac{PBT}{TA}$</td>
<td>Posti (2016) Balacha-ndra(2012) Stumpel (2012)</td>
</tr>
<tr>
<td>4</td>
<td>Firm size</td>
<td>Independent variable</td>
<td>total assets</td>
<td>Al-Khazali &amp; Zoubi (2005)</td>
</tr>
</tbody>
</table>

Results and Discussions

This section presents the results obtained from the analysis conducted and the discussions thereon.

Table 3: Descriptive Statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>GIL</td>
<td>0.2571429</td>
<td>0.4402145</td>
<td>0</td>
<td>1</td>
<td>70</td>
</tr>
<tr>
<td>BKMK</td>
<td>1.888854</td>
<td>1.659026</td>
<td>0.3838222</td>
<td>8.364805</td>
<td>70</td>
</tr>
<tr>
<td>$\partial ROA$</td>
<td>0.1030903</td>
<td>-0.680144</td>
<td>0.1942423</td>
<td>0.0117058</td>
<td>70</td>
</tr>
<tr>
<td>FSIZE</td>
<td>1.06e+12</td>
<td>1.29e+12</td>
<td>7.17e+09</td>
<td>4.74e+12</td>
<td>70</td>
</tr>
<tr>
<td>BDIN</td>
<td>0.0683792</td>
<td>0.052</td>
<td>0.30</td>
<td>0.1449803</td>
<td>70</td>
</tr>
</tbody>
</table>

Source: STATA OUTPUT (Appendix)
Table 3 describes the variables of the study in terms of their mean, standard deviation, minimum and maximum values. It shows that the mean value for Goodwill Impairment is .2571429 and a standard deviation of .4402145 is recorded, indicating a low average recognition of Goodwill Impairment losses. The average value of book to market value of equity amount to 1.888854 suggesting that on average most of the sampled firms have a book to market value ratio greater than 1. Also, the table showed that change in ROA has an average value of -.0117058 with a standard deviation .1030903 indicating a low variability in growth in profitability of the listed financial service firms in Nigeria. From the table, the mean percentage of members of the board is 14.5%, the standard deviation shows a low dispersion of the percentage of independence directors in the sampled bank and insurance firms in Nigeria from the mean. It equally suggests that percentage of independent directors in some of the banks and insurance firms listed in the Nigeria stock exchange follows a similar trend.

Correlation Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>GIL</th>
<th>BKMK</th>
<th>δROA</th>
<th>FSIZE</th>
<th>BDIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>GIL</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BKMK</td>
<td>0.0087</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHROA</td>
<td>-</td>
<td>-0.0022</td>
<td>1.0000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.2617*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSIZE</td>
<td>-0.1337</td>
<td>-0.2191</td>
<td>0.1299</td>
<td>1.0000</td>
<td></td>
</tr>
<tr>
<td>BDIN</td>
<td>0.2862*</td>
<td>-0.0775</td>
<td>0.1045</td>
<td>-0.2148</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

The correlation matrix table revealed that the correlation coefficient between Goodwill Impairment losses recognition and book to market value of equity (BKMK) is 0.0087. The result suggests that book to market value of equity has a positive and insignificant relationship with Goodwill Impairment recognitions in the listed financial service firms in Nigeria. The correlation matrix also shows that the correlation coefficient between Goodwill Impairment and change in profitability is -0.2617. This implies that there is negative and significant relationship between change in profitability and Goodwill Impairment recognition of listed financial service firms in Nigeria. The result suggests that as profitability increases the tendency to record Goodwill Impairment losses decreases, thus, the higher the growth in profitability, the lower the recognition of Goodwill Impairment and vice versa. The control variable firm size has a negative relationship with Goodwill Impairment recognition. Further, showed the correlation coefficient between board independence and GILL as 0.2862 which is positive. This implies that as the number of independent/non-executive directors increases, the tendency of the firms under study recognizing Goodwill Impairment losses increase. The result suggests that independent non-executive directors have some influence that may limit managers’ ability to use the discretion inherent in the standard to opportunistically affect accounting numbers.

Table 5: Summary of Regression Result

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficient</th>
<th>Z-values</th>
<th>P-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>BKMK</td>
<td>.1351224</td>
<td>0.14</td>
<td>0.890</td>
</tr>
<tr>
<td>CHROA</td>
<td>-8.371804</td>
<td>-1.74</td>
<td>0.082</td>
</tr>
<tr>
<td>FIRMSIZE</td>
<td>-.046602</td>
<td>-0.32</td>
<td>0.749</td>
</tr>
<tr>
<td>BDIN</td>
<td>8.596565</td>
<td>1.94</td>
<td>0.053</td>
</tr>
<tr>
<td>CONSTANT</td>
<td>-1.528481</td>
<td>-0.51</td>
<td></td>
</tr>
</tbody>
</table>

R²  
Likelihood ratio  
p-value  
H and L test p-value  
VIF  

Source: STATA OUTPUT (Appendix)
Table 5 presents the results of the logistic regression and the robustness tests. The variance inflation factor (VIF) result shows that the VIF scores for all variables are very low, with a mean VIF of 1.30 indicating that Multicollinearity is not a problem in this model. A further robustness test was carried out to determine if the model is well specified. The Hosmer and Lemeshow test of the goodness of fit shows an insignificant P-value (0.2593). The insignificant p-value of the chi-square indicates that the goodness of fit for the model is adequate. The likelihood ratio chi-square is 9.54 with a p-value of 0.0497 which is statistically significant at the 1% indicating that the model is fit. The pseudo R is 11.91% which indicates that the sum of the independent variables selected explains the likely changes in the dependent variable to a tune of 11.91% while the remaining is caused by other factors that are included in the model.

**Hypothesis Testing and Discussion**

The result of regression in table 5 above shows that BKTMK has a positive and an insignificant (0.890) relationship with the firm’s likelihood of recording Goodwill Impairment losses. The coefficient (0.1351224) indicates that a one-unit increase in BKTMK ratio increases the log of odds of the firms recognizing Goodwill Impairment losses by 0.1351224. The findings suggest that managers in the listed financial service firms in Nigeria do not consider the ratio of book value of equity to their market capitalization in making Impairment decision. The finding from the study is not surprising as further explanation can be observed from the descriptive statistic. The mean value of book to market value of equity (1.888854) and the mean value of Goodwill Impairment recognition (25.75%) in the listed financial service firms in Nigeria. The mean value of BKTMK suggests that most of the banks and insurance firms during the period of the study have BKTMK value greater than 1 during periods that Goodwill Impairment was not recognize. This finding tolls the direction of IAS 36 standard on BKTMK as an external economic trigger of Goodwill Impairment testing. The study is in line with the finding of Arts (2014) and not consistent with previous studies of Posti (2016), Sun (2016) etc. Based on the findings the study fails to reject the hypothesis that change in profitability has no likely significant relationship with Goodwill Impairment loss recognition of listed banking and insurance firms in Nigeria.

The table also revealed that performance indicator δROA is significant at 10% and has a negative relationship with the firm’s likelihood to recognize Goodwill Impairment loss. The coefficient -8.371804 indicates that a unit increase in δROA, decreases the log odds of firms taking Impairment by -8.371804. The findings also suggest that banking and insurance firms in Nigeria are propel to recognize Impairment when there is persistence decline in performance in other to respond to the requirement of the standard. This finding is in line with the standard IAS 36 paragraph 12 that suggest that when economic performance of an asset is worse than expected asset Impairment may be required. Firms with weak performance will have high probability to take more Impairment consistent with the findings of Sapkauskiene et al (2016), Mohd-Saleh and Omar (2014), Stumpel (2012) and contrary to the study of Panacha and Wiklund (2015). Based on the findings, the study rejects the hypothesis that change in profitability has no likely significant relationship with Goodwill Impairment loss recognition of listed banking and insurance firms in Nigeria.

**Conclusion and Recommendations**

This study examined the effect of firm specific economic triggers on Goodwill Impairment loss recognition under IAS 36 of listed Banking and Insurance firms in Nigeria between 2011 and 2016. The study used a sample of 70 firm-year observations comprising of seven (7) banks and six (6) insurance firms listed on the NSE as at 31 December 2016. Findings from the panel logistical regression showed that the probability of Goodwill Impairment occurrence is negatively associated with performance and that Book to market value ratio is positive and significant related to Goodwill Impairment recognition. Controlling for the firm size shows a negative and no significant difference in the size of banking and the insurance sectors. The key findings in relation to change in performance shed light on the core objective of IAS 36 which is aimed of ensuring that assets in the statement of financial position reflect its true economic value. In order to achieve the core purpose of IAS 36, firms in Nigeria are recommended not to neglect the economic indicators of Impairment as
specified by the standard as they aim at ensuring Goodwill and other assets are held at their true value.

References


MOMENTUM OR REVERSAL IN THE EMERGING ASIAN MARKETS?
The Recent Evidence

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Abstract
This study investigates the price momentum and reversal patterns in nine emerging Asian equity markets over the period from January 2001 to February 2018. Results show that the return patterns vary across the Asian emerging markets over the complete period with the momentum investment strategies yielding significant positive returns in some countries and significant negative returns in others. However, with the recent developments in the Asian emerging markets and their increased global integration in the post-crisis period, price continuation phenomenon has become more prevalent in these markets.

Keywords: Momentum, Reversal, Stock Returns, Emerging Markets, Asia

Introduction
Price momentum and price reversal are two patterns which empirical researches have uncovered using the stock data for different countries over different time periods. DeBondt and Thaler (1985) were the first to document that U.S. firms with low past returns outperformed the firms with high past returns and this effect was observed as late as five years after portfolio formation. By contrast, Jegadeesh and Titman (1993) reported that the firms with high past returns continue to earn higher returns over the next three- to twelve-month holding period. Since these seminal works were presented, a growing body of empirical literature has examined the existence of these timing profits in different equity markets. For example, Rouwenhorst (1998) reported return continuation to be present in the internationally diversified portfolio of twelve European countries as well as in each of the twelve individual markets during the period 1980 to 1995. He found the return continuation to be present in both big and small stocks; however, the effect was stronger for small stocks. Chan, Hameed and Tong (2000) also reported evidence of significant profits when the momentum strategies were applied on country indices of 23 sample countries from Asia-Pacific, Europe, North America and Africa. Their study reported the momentum profits to increase when the trading volumes were higher in the previous periods. Hanauer and Linhart (2015) studied the momentum patterns after incorporating the size and value factors using the data for 45 countries and reported that significant momentum premiums are present in all markets.

The literature has attributed the returns associated with momentum strategies to different factors. Some researchers suggested that these returns can be explained by conventional risk factors (Bulkey and Nawosah, 2009; Conrad and Kaul, 1998), while others argued that these return patterns are behaviorally-driven (Chan, Hameed & Tong, 2000; Danial, Hirshleifer & Subrahmanyam, 1998; DeLong et al, 1990; Hong & Stein, 1999)

Return patterns in the emerging markets have also received a lot of attention in recent years. Emerging markets are characterized by fewer investors, fewer listed companies, less trading volume, and less analyst coverage and they offer higher returns, have more volatility and low correlations with the developed markets. Based on their market characteristics, emerging markets offer potential diversification benefits and hence, have increasingly become the focus of investment professionals and researchers. Evidence on momentum and reversal returns in emerging markets is mixed. One set of studies report the existence of significant momentum returns in emerging markets. For example, Rouwenhorst (1999) used a sample of twenty emerging markets over the period 1982 to 1997 and concluded that emerging markets exhibit momentum returns similar as developed markets and these returns cumulate gradually over a period of up to one year. Similarly, Muga and Santamaria (2007) reported strong momentum effects in the Latin American markets of Argentina, Brazil, Chile and Mexico for the period from 1994 to 2005. Similarly, Hanauer and Linhart (2015) confirmed the existence of significant momentum premiums in the stock returns of 21 emerging markets over the period 1996 to 2012.

As opposed to the studies reporting significant momentum returns, some studies have documented insignificant momentum returns or strong reversal patterns in emerging equity markets. For example, Hameed and Kusnadi (2002) examined the momentum strategies using the
data for six Asian markets over the period from 1981 to 1994 and didn’t find significant returns. Similarly, Griffin, Ji and Martin (2003) studied the momentum profits for African, American, European and Asian countries in different business cycle states (good and bad), and they found the momentum returns to be lesser and insignificant in emerging markets. The study found an average monthly momentum return of 0.73 percent for all non-US developed markets where as a mean monthly momentum return of 0.27 percent for emerging markets. The study also found a reversal of momentum profits in long-term, a pattern which is consistent with the behavioral argument. Fernandes and Ornelas (2008) found strong reversal patterns for ten out of fifteen emerging countries examined over a comparatively recent period from 1995 to 2005 and they suggested a change in investors’ behavior or a change in the market structure of the emerging countries to be responsible for these reversal patterns.

The previous studies on momentum and reversal patterns in emerging markets are mostly based on the data before financial crisis of 2008. As the emerging markets have undergone profound changes during the recent years including the increase in market capitalization, increased institutionalization of security holdings, introduction of equity derivatives and international cross listings and since the financial markets of the Asian countries have become more integrated over time (Hsieh & Nieh, 2010), the stock return patterns in these markets needs to be re-examining using the recent data. This study contributes to the literature of international return continuation by examining the momentum strategies in nine emerging markets of Asia using the individual stock level data for the period January 2001 to February 2018. The study also analyzes the momentum returns for two sub-periods: January 2001 to December 2007 and January 2010 to February 2018 to identify any changes in the return continuation or reversal patterns in the recent, post-crisis period.

Data and Methodology

The study sample covers the monthly returns of over 10,000 stocks listed on nine Asian stock markets which are classified as emerging markets by Morgan Stanley Capital Index (MSCI). The countries included in our analysis are: China, India, Indonesia, Korea, Malaysia, Pakistan, Philippines, Taiwan and Thailand. The study uses the sample period from January 2001 to February 2018. The data is taken from Thomson Reuters DataStream.

We examine four momentum strategies with ranking periods of three, six, nine and twelve months and investment periods of three, six, nine and twelve months, respectively. Each month, the stocks are sorted into five portfolios based on their returns in the ranking period. Our strategies examine the twenty percent stocks with highest returns in ranking period (winner portfolio) and twenty percent stocks with lowest returns in ranking period (loser portfolio). Profit from momentum strategy is calculated as the equally-weighted return of the winner portfolio minus the equally-weighted return of the loser portfolios. Ranking of the stocks and portfolio formation in every month results in overlap of holding periods, which increases the power of the test and is consistent with literature (Jegadeesh and Titman, 1993).

To minimize the potential survivorship bias, the study does not require all stocks included in the sample to survive for the complete period. Moreover, to avoid including illiquid stocks in the investment portfolio in a particular month, stocks which are not traded in the past three months are dropped from the sample pool for that month. This ensures that the momentum portfolios do not include illiquid stocks which are difficult to be traded in time as per the requirement of investment approach. Hence, the number of stocks used for portfolios formation is different for each month. Table 1 reports the number of sample stocks for each country in January 2001 (the first month of the study period) and February 2018 (the last month of the study period).

\[\text{MSCI emerging markets index consists of indices from 23 emerging markets of which five are from America, eleven are from Europe, Middle East and Africa and nine are from Asia.}\]

\[\text{List of the four momentum strategies implemented in the study along with their explanation is provided in the appendix (Table A1).}\]
Table 1: Sample Stocks by Country

<table>
<thead>
<tr>
<th>Country</th>
<th>January 2001</th>
<th>February 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>582</td>
<td>1376</td>
</tr>
<tr>
<td>India</td>
<td>1390</td>
<td>2139</td>
</tr>
<tr>
<td>Indonesia</td>
<td>267</td>
<td>516</td>
</tr>
<tr>
<td>Korea</td>
<td>584</td>
<td>1253</td>
</tr>
<tr>
<td>Malaysia</td>
<td>712</td>
<td>794</td>
</tr>
<tr>
<td>Pakistan</td>
<td>337</td>
<td>238</td>
</tr>
<tr>
<td>Philippines</td>
<td>202</td>
<td>252</td>
</tr>
<tr>
<td>Taiwan</td>
<td>618</td>
<td>918</td>
</tr>
<tr>
<td>Thailand</td>
<td>330</td>
<td>723</td>
</tr>
<tr>
<td>Total</td>
<td>5022</td>
<td>8209</td>
</tr>
</tbody>
</table>

Results and Discussion

Summary Statistics

Table 2 provides the summary statistics for nine emerging Asian markets. These statistics are calculated using the leading equity index in each market. The local currency index for each country is converted to U.S. dollars using the exchange rates published by MSCI and available onDataStream. The table presents the average monthly returns (in U.S.D), monthly standard deviations and correlations between the country indices and the world equity index for the complete sample period as well as for the two sub-periods. For the complete period, monthly returns for all emerging countries are greater than the monthly return for the world index. Return is highest for Pakistan’s market (1.35 percent) and lowest for Chinese market (0.34 percent). Standard deviations for all emerging markets are also higher than the standard deviation of world index returns. The highest risk is reported for Indian market (8.57 percent) and the lowest risk is reported for Malaysian market (4.93 percent). The high returns and standard deviations of sample markets compared to the world portfolio confirm that emerging market investments carry high risk and offer higher returns (Conover, Jensen & Johnson, 2014).

The correlations for the individual emerging markets computed over the complete period falls between 0.25 and 0.77. Examining the correlations for the two sub-periods, there has been an increase in correlation for every country in the recent sub-period. The lowest correlation for the period 2001-2007 is 0.21 whereas the lowest correlation for the period 2010-2018 is 0.36. For some countries the increase in correlation is quite drastic, for example, for China the correlation increased from 0.21 for the period 2001-2007 to 0.47 for the period 2010-2018. As documented by Hsieh and Nieh (2010), Asian equity markets have been developing fast with introduction of new features, more capital inflows, enhanced service quality and market liquidity and these markets have successfully pulled up their economic weight in the global economy. The increasing correlation figures are, thus, consistent with the trend of increasing market integration of Asian countries in the recent years.

Momentum or Reversal in the Emerging Asian Markets?

Table 3 reports the average monthly returns of the momentum strategies implemented by countries. Results show that the return patterns vary across the Asian emerging markets. There are positive and significant momentum returns for Korea, Malaysia and Thailand, whereas for China, India, Pakistan and Philippines, there are significant reversal returns. For Indonesia and Taiwan, the momentum returns are insignificant. Moreover, the very short-run momentum strategy (with the

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17 The list of the equity market indices for the nine countries used in calculation of summary statistics is presented in the appendix (Table A2).

18 The MSCI world index is used as a proxy of world equity portfolio.
ranking and investment period of three months) earns significant returns (positive or negative) for most markets (seven out of nine), as compared to the medium-run momentum strategy (with the ranking and investment period of twelve months) which earns significant returns in only three markets. The highest momentum return is reported in Korea (2.63 percent per month) for 12-12 strategy and the highest reversal return is in India (2.16 percent per month) for 3-3 strategy. To avoid the microstructure biases, we also construct the momentum portfolios with a one-month lag between the ranking period and investment period. Our results do not change qualitatively if the momentum strategy is implemented with a one-month lag. We present these results in the appendix (Tables A3 and A4).

Our finding on the existence of significant momentum or reversal returns reported for many of the emerging Asian markets is in contrast to the evidence presented by Hameed and Kusandi (2002) who found insignificant returns when country-neutral momentum portfolios were formed. Based on the significant momentum returns for internationally diversified emerging market portfolios but insignificant momentum returns for individual emerging countries, Hameed and Kusandi (2002) concluded that country-specific momentum is difficult to detect because the emerging markets are characterized by high volatility. However, our results negate their view by providing evidence of significant momentum or reversal patterns in most of the emerging markets. Moreover, differing return patterns across the Asian markets reinforces the view presented by previous studies which observed that despite of the steps taken for regional and global integration, Asian emerging countries maintain their heterogeneity in terms of the attributes like maturity level of equity market, saving and investment behavior, imperfections in capital market, institutional quality, political risk, infrastructure, investor protection and investment restrictions (Moshirian, 2007; Severino, 2009).

We examine the momentum returns separately for the two sub-periods: January 2001 to December 2007 and January 2010 to February 2018. During the years 2008 and 2009, the equity markets of developed countries were hit extremely hard due to the global financial crisis. Because of the increasing participation of Asian countries in international financial markets, the impacts of crises were severe for these markets. Hence, we exclude these years from our analysis. In the post-crisis period, the emerging Asian markets have rebounded fast and have undergone many improvements and developments in their financial systems (Hsieh & Nieh, 2010). We report the momentum returns for the two sub-periods in Table 4. The price continuation and reversal patterns both are prevalent in the first sub-period; however, continuation pattern is more dominant in the second sub-period. Comparing the return patterns between the two periods for individual markets, we observe that the markets with significant positive momentum returns in the first sub-period (Korea, Malaysia and Thailand) continue to have significant positive momentum returns in the second sub-period. However, the markets with negative significant momentum returns in the first sub-period do not have the significant negative momentum returns in the second period (except for China). Our results suggest that price continuation phenomenon is becoming more prevalent in the Asian emerging markets in the post-crisis period when these markets have witnessed developments and have become less segmented.

**Conclusion**

This study investigates the price momentum and reversal patterns in nine emerging Asian equity markets over the period from January 2001 to February 2018. For the complete period, the momentum investment strategies yield significant positive returns in some countries and significant negative returns in others, implying that the return patterns vary across the Asian emerging markets. However, in the recent post-crisis period when the Asian emerging markets have undergone developments and are more integrated, the price continuation phenomenon has become more prevalent.
## Table 2: Summary Statistics of Sample Countries

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Return</td>
<td>Standard Deviation</td>
<td>Correlation</td>
</tr>
<tr>
<td>China</td>
<td>0.0034</td>
<td>0.0801</td>
<td>0.3791</td>
</tr>
<tr>
<td>India</td>
<td>0.0091</td>
<td>0.0857</td>
<td>0.6696</td>
</tr>
<tr>
<td>Indonesia</td>
<td>0.0112</td>
<td>0.0845</td>
<td>0.5641</td>
</tr>
<tr>
<td>Korea</td>
<td>0.0075</td>
<td>0.0768</td>
<td>0.7721</td>
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<tr>
<td>Malaysia</td>
<td>0.0045</td>
<td>0.0493</td>
<td>0.5876</td>
</tr>
<tr>
<td>Pakistan</td>
<td>0.0135</td>
<td>0.0787</td>
<td>0.2515</td>
</tr>
<tr>
<td>Philippines</td>
<td>0.0072</td>
<td>0.0639</td>
<td>0.5377</td>
</tr>
<tr>
<td>Taiwan</td>
<td>0.0096</td>
<td>0.0710</td>
<td>0.6182</td>
</tr>
<tr>
<td>Thailand</td>
<td>0.0035</td>
<td>0.0667</td>
<td>0.6682</td>
</tr>
<tr>
<td>World</td>
<td>0.0025</td>
<td>0.0443</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

Note: The table reports the monthly U.S. Dollar return, monthly standard deviation and the correlation for each market with the world portfolio. The leading market index for each country is used for calculation of these statistics. MSCI world index is used as proxy for world equity portfolio.
Table 3: Returns of Country-Neutral Momentum Portfolios

<table>
<thead>
<tr>
<th>Momentum Strategy</th>
<th>Portfolio</th>
<th>Country</th>
<th>China</th>
<th>India</th>
<th>Indones ia</th>
<th>Korea</th>
<th>Malays ia</th>
<th>Pakista n</th>
<th>Philippin es</th>
<th>Taiwa n</th>
<th>Thailan d</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Winner</td>
<td>-0.005</td>
<td>-0.0064</td>
<td>0.0090</td>
<td>-0.0176</td>
<td>0.0026</td>
<td>0.0038</td>
<td>0.0035</td>
<td>0.0012</td>
<td>0.0135</td>
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</tr>
<tr>
<td></td>
<td>Loser</td>
<td>0.6526</td>
<td>0.0152</td>
<td>0.0055</td>
<td>-0.0301</td>
<td>-0.0037</td>
<td>0.0195</td>
<td>0.0122</td>
<td>0.0006</td>
<td>-0.0017</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Winner-loser</td>
<td>-0.0096</td>
<td>-0.0216</td>
<td>0.0035</td>
<td>0.0125</td>
<td>0.0063</td>
<td>-0.0157</td>
<td>-0.0086</td>
<td>0.0006</td>
<td>0.0152</td>
<td></td>
</tr>
<tr>
<td>(t-statistic)</td>
<td>Winner</td>
<td>3.6788*</td>
<td>-</td>
<td>5.5453*</td>
<td>-</td>
<td>1.2184</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Loser</td>
<td>0.0017</td>
<td>0.0080</td>
<td>0.0048</td>
<td>-0.0370</td>
<td>-0.0044</td>
<td>0.0135</td>
<td>0.0116</td>
<td>0.0006</td>
<td>0.0021</td>
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<td>Winner-loser</td>
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<td>-0.0095</td>
<td>0.0017</td>
<td>0.0233</td>
<td>0.0080</td>
<td>-0.0044</td>
<td>-0.0083</td>
<td>0.0029</td>
<td>0.0069</td>
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<tr>
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<td>(t-statistic)</td>
<td>-0.7759</td>
<td>2.6658*</td>
<td>-</td>
<td>0.5422</td>
<td>6.1024</td>
<td>3.4091</td>
<td>-1.0988</td>
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<td>1.3662</td>
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</tr>
<tr>
<td></td>
<td>Winner</td>
<td>-0.0003</td>
<td>-0.0005</td>
<td>0.0066</td>
<td>-0.0098</td>
<td>0.0036</td>
<td>0.0113</td>
<td>0.0039</td>
<td>0.0041</td>
<td>0.0073</td>
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</tr>
<tr>
<td></td>
<td>Loser</td>
<td>0.0020</td>
<td>0.0084</td>
<td>0.0058</td>
<td>-0.0358</td>
<td>-0.0062</td>
<td>0.0120</td>
<td>0.0123</td>
<td>0.0024</td>
<td>0.0044</td>
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</tr>
<tr>
<td></td>
<td>Winner-loser</td>
<td>-0.0023</td>
<td>-0.0089</td>
<td>0.0008</td>
<td>0.0260</td>
<td>0.0098</td>
<td>-0.0008</td>
<td>-0.0084</td>
<td>0.0017</td>
<td>0.0028</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(t-statistic)</td>
<td>-0.8899</td>
<td>2.3480*</td>
<td>-</td>
<td>0.2641</td>
<td>6.5398</td>
<td>4.5587</td>
<td>-0.1906</td>
<td>-2.3031</td>
<td>0.5868</td>
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</tr>
<tr>
<td></td>
<td>Winner</td>
<td>-0.0006</td>
<td>-0.0001</td>
<td>0.0067</td>
<td>-0.0109</td>
<td>0.0031</td>
<td>0.0098</td>
<td>0.0034</td>
<td>0.0014</td>
<td>0.0058</td>
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</tr>
<tr>
<td></td>
<td>Loser</td>
<td>0.0030</td>
<td>0.0057</td>
<td>0.0075</td>
<td>-0.0372</td>
<td>-0.0067</td>
<td>0.0124</td>
<td>0.0127</td>
<td>0.0024</td>
<td>0.0041</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Winner-loser</td>
<td>-0.0035</td>
<td>-0.0058</td>
<td>-0.0008</td>
<td>0.0263</td>
<td>0.0098</td>
<td>-0.0027</td>
<td>-0.0094</td>
<td>-0.0010</td>
<td>0.0017</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(t-statistic)</td>
<td>-1.3594</td>
<td>-1.8631</td>
<td>-0.2852</td>
<td>6.5938*</td>
<td>4.4951</td>
<td>-0.6662</td>
<td>-2.6563</td>
<td>0.3532</td>
<td>0.8177</td>
<td></td>
</tr>
</tbody>
</table>

Note: At each month-end, we rank the sample stocks in ascending order of their prior period return (average return in the ranking period) with respect to other stocks from the same market. Twenty percent of stocks with highest prior period returns are allocated to winner portfolio and twenty percent of stocks with lowest prior period returns are allocated to loser portfolio. Equally weighted portfolios are formed and are held for the investment period. Average monthly returns on the portfolios over the period January 2001-February 2018 are reported in the table. The t-statistics is calculated as the average monthly return divided by monthly standard error. * and ** denote statistical significance at 5% and 1% levels, respectively.

Table 4: Returns of Country-Neutral Momentum Portfolios in Sub-periods

<table>
<thead>
<tr>
<th>Country</th>
<th>3-3</th>
<th>6-6</th>
<th>9-9</th>
<th>12-12</th>
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<tbody>
<tr>
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<td>0.0000</td>
</tr>
<tr>
<td>India</td>
<td>0.0064</td>
<td>0.0015</td>
<td>0.0005</td>
<td>0.0001</td>
</tr>
<tr>
<td>Indones ia</td>
<td>0.0090</td>
<td>0.0065</td>
<td>0.0066</td>
<td>0.0067</td>
</tr>
<tr>
<td>Korea</td>
<td>-0.0176</td>
<td>-0.0137</td>
<td>-0.0098</td>
<td>-0.0109</td>
</tr>
<tr>
<td>Malays ia</td>
<td>0.0026</td>
<td>0.0036</td>
<td>0.0036</td>
<td>0.0031</td>
</tr>
<tr>
<td>Pakista n</td>
<td>0.0038</td>
<td>0.0113</td>
<td>0.0098</td>
<td>0.0098</td>
</tr>
<tr>
<td>Philippin es</td>
<td>0.0035</td>
<td>0.0124</td>
<td>0.0127</td>
<td>0.0127</td>
</tr>
<tr>
<td>Taiwa n</td>
<td>0.0012</td>
<td>0.0039</td>
<td>0.0034</td>
<td>0.0034</td>
</tr>
<tr>
<td>Thailan d</td>
<td>0.0135</td>
<td>0.0123</td>
<td>0.0041</td>
<td>0.0041</td>
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### References


---

### Table: Momentum Strategy Performance

<table>
<thead>
<tr>
<th>Strategy</th>
<th>China</th>
<th>India</th>
<th>Indonesia</th>
<th>Korea</th>
<th>Malaysia</th>
<th>Pakistan</th>
<th>Philippines</th>
<th>Taiwan</th>
<th>Thailand</th>
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<tbody>
<tr>
<td><strong>Sub-period 1: January 2001 to December 2007</strong></td>
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<td></td>
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</tr>
<tr>
<td>3-3</td>
<td>-0.0074</td>
<td>-0.0523**</td>
<td>-0.0029</td>
<td>0.0077</td>
<td>0.0047</td>
<td>-0.0239**</td>
<td>-0.0161</td>
<td>-0.0033</td>
<td>0.0139**</td>
</tr>
<tr>
<td>6-6</td>
<td>0.0041</td>
<td>-0.0229**</td>
<td>0.0018</td>
<td>0.0216**</td>
<td>0.0073</td>
<td>-0.0091</td>
<td>-0.0166**</td>
<td>0.0043</td>
<td>0.0073</td>
</tr>
<tr>
<td>9-9</td>
<td>0.0054</td>
<td>-0.0211**</td>
<td>0.0032</td>
<td>0.0262**</td>
<td>0.0087**</td>
<td>-0.0057</td>
<td>-0.0154**</td>
<td>0.0022</td>
<td>0.0063</td>
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<tr>
<td>12-12</td>
<td>0.0043</td>
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<td>0.0004</td>
<td>0.0289**</td>
<td>0.0114**</td>
<td>-0.0047</td>
<td>-0.0120</td>
<td>-0.0006</td>
<td>0.0076*</td>
</tr>
<tr>
<td><strong>Sub-period 2: January 2010 to February 2018</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>3-3</td>
<td>-0.0104**</td>
<td>0.0022</td>
<td>0.0072*</td>
<td>0.0110*</td>
<td>0.0091**</td>
<td>-0.0058</td>
<td>-0.0004</td>
<td>0.0054</td>
<td>0.0148**</td>
</tr>
<tr>
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<td>0.0031</td>
<td>0.0066*</td>
<td>0.0178**</td>
<td>0.0107**</td>
<td>0.0014</td>
<td>0.0035</td>
<td>0.0038</td>
<td>0.0098**</td>
</tr>
<tr>
<td>9-9</td>
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<td>0.0023</td>
<td>0.0047</td>
<td>0.0174**</td>
<td>0.0117**</td>
<td>0.0057</td>
<td>0.0023</td>
<td>0.0043</td>
<td>0.0046</td>
</tr>
<tr>
<td>12-12</td>
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<td>0.0037</td>
<td>0.0156**</td>
<td>0.0124**</td>
<td>0.0017</td>
<td>-0.0017</td>
<td>0.0013</td>
<td>0.0018</td>
</tr>
</tbody>
</table>

Note: At each month-end, we rank the sample stocks in ascending order of their prior period return (average return in the ranking period) with respect to other stocks from the same market. Twenty percent of stocks with highest prior period returns are allocated to winner portfolio and twenty percent of stocks with lowest prior period returns are allocated to loser portfolio. Equally weighted portfolios are formed and are held for the investment period. Average monthly returns on the momentum portfolios (winner minus loser) for the two sub-periods: January 2001-December 2007 and January 2010-February 2018 are reported in the table. * and ** denote statistical significance at 5% and 1% levels, respectively.


EXCHANGE RATE AND MONETARY FUNDAMENTALS: A PANEL DATA ANALYSIS OF EMERGING AND DEVELOPING ASIAN COUNTRIES

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ABSTRACT
The present research estimated the exchange rate relationship between monetary fundamentals for long term by using annual balanced panel data of eight selected emerging and developing Asian countries: Pakistan, China Mainland, Sri Lanka, Thailand, Indonesia, Malaysia, Philippines & India for the period 1998-2016. We employ panel co-integration methodology and conclude that the exchange rate has a cointegration connection with macroeconomic variables. Further, the results of Granger Causality test supported the monetary model, that is, the exchange rate of emerging and developing currencies converges towards long-run equilibrium. Hence, we conclude that in emerging and developing countries the performance of nominal exchange rate comparatively better is explained by the monetary model.

Key words: Uncovered interest parity, purchasing power parity, International monetary fund, Fully Modified ordinary least square method.

Introduction
Generally, the exchange rate denoted the one domestic currency price relative to the price of foreign currency (Gandolfo, 2016; Tera, 2015; Mankiw, 2014). There are many number channels, through which the macroeconomic variables playing a very important and crucial role in the global economy including trade balance, level of price, restrictions on international debt and the value of currency credibility. Hence, due to these causes, on exchange rate economic agents bear different loses and gains (Richard, 2013). Assets price under the purchasing power parity (PPP) the important determinant of inflation is the exchange rate through the cost side and it has a huge and great impact on the effective demand in the short run and long run. A longstanding riddle in worldwide financial markets is the trouble in binding the floating exchange rate to large macroeconomic essentials e.g., cash supplies, output and the exchange rate which presenting the cost of the loan.

The following paper takes into consideration who’s estimates in the line of panel data the exchange rate has an empirical relationship with nominal exchange rate and macroeconomic fundamentals (Giorgianni & Berkowitz, 1997; Berben & Dijk, 1998). The following studies result reveal that exchange rate has no co-integration connection with monetary fundamentals and extract explanatory variables in the regression analysis non-stationary. Therefore, the statistical hypothesis testing procedure gives the incorrect inferences and there is a dire need to be changed.

In the following paper, we consider that is it possible in selected developing Asian countries the monetary model able to offer a realistic context for exchange rate movement.

Objective of the study
This research main objective is to examine the nominal exchange rate co-integration relationship among macroeconomic fundamentals in emerging & developing Asian countries.

Literature Review
Exchange rate is the most important variable, its role is significant in relative price, that leads to many number transactions from an economic point of view, (Obstfeld & Rogoff, 2005). Moreover, the exchange rate is the important variable in the development of economic modelling with new tools of econometrics. (Groen, 2005; Hakkio & Rush, 1991) have observed that nominal exchange rate has no cointegration connection with monetary fundamental hypothesis accepted based on the data span which were comparatively short and low power of standardized tests.
The best remedy was used for panel data to overcome the above problem. (Cerra & Sexena, 2010; Dabrowski et al., 2013) observed that in advanced and emerging economies the research which were based on the method of panel cointegration were comparatively more successful the exchange rate reconnection with its fundamentals.

The nominal exchange rate has a long-term relationship exist among macroeconomic fundamentals were strongly proposed by the following studies which employ that the non-linear techniques of exchange were described that dependency on the non-linear exchange rate upon economic fundamentals (Hsieh,1989; Baille & Mcmahon, 1989). The relationship between the macroeconomic fundamentals and currency price were uncorrelated suggested by Hong, Lee, and Swaminathan (2003)

Klein (1990) investigated the effect of bilateral exports of nine types of items on exchange rate volatility from USA, founded that response of exports value is significantly affected by volatility of exchange rate. The response was to increase the real exchange rate volatility in connection with increased in the demand of electricity supply export.

The asset pricing model of exchange rate was broadly consistent with exchange rate and its fundamentals which were suggested by Engel et al., (2004).

Bacchetta and Van Wincoop (2013) found that the exchange rate connection with macroeconomic fundamental was unstable due to unknown structural parameters. The main reason of the reduced form exchange rate connection with macroeconomic fundamentals was not only driven by structural parameters themselves but also from the parameters expectations.

Data and Methodology

Data Collection procedure

This study was employed the balanced panel Annual data from 1998 - 2016 for eight emerging and developing Asian countries: Pakistan, China Mainland, Sri Lanka, Thailand, Indonesia, Malaysia, Philippine, and India. A comprehensive detail given in table no 1. Nominal Exchange rate (National Currency /US$) end of period observation obtained from the IMF. So, as it increases means the depreciation of national currency. Money stock (Aggregate M2), GDP Real Index, GDP Deflator, Producer Price Index (price of tradeable variable adopted as a proxy) all data collected from the international monetary fund (IMF) and the following variables are used as indices by taking base year is 2010 being equal to 100.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Variable’s Name</th>
<th>Variables Clarification</th>
<th>Data Sources</th>
</tr>
</thead>
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<tr>
<td>S</td>
<td>Nominal Exchange Rate</td>
<td>End of period 2010 taking as a base year</td>
<td>IMF</td>
</tr>
<tr>
<td>M</td>
<td>Monetary Aggregate</td>
<td>$M_2$, 2010=100</td>
<td>IMF</td>
</tr>
<tr>
<td>Y</td>
<td>GDP Real Index</td>
<td>2010=100</td>
<td>IMF</td>
</tr>
<tr>
<td>P</td>
<td>GDP Deflator</td>
<td>2010=100</td>
<td>IMF</td>
</tr>
<tr>
<td>$P^T$</td>
<td>Price of tradeable taking as a proxy</td>
<td>Producer Price Index(PPI) 2010=100</td>
<td>IMF</td>
</tr>
</tbody>
</table>

Methodology

To determine the monetary model of exchange rate is an important intellectual instrument for explaining the overtime exchange rate variations (Rapach & Wohar, 2002). Moreover, it has been used in literature broadly to describe the exchange rate variations in advanced economies as well as emerging and developing market economies (Dabrowski et al, 2013; Mark & Soul, 2001; Engel et al., 2004).
According to Sarno and Taylor (2002) the monetary model consists of three main blocks: the money market equilibrium at domestic and foreign country, the absolute purchasing power parity, and the UIP conditions. Following these, we may write down:

\[ S_{it} = (1 - b) v_{it} + b E_t S_{it+1} \]  \hspace{1cm} (1)

where \( S_{it} \) shows the log of nominal exchange rate, stated as the price of home currency price relative to foreign currency. Where \( i = 1, 2, \ldots \), \( N \) denotes the no of cross sectional units, \( t = 1, 2, \ldots , T \) denote the no of time period. 

\( b = \lambda (1 - \lambda)^{-1} \) this is the increasing function of interest rate and \( \lambda \) parameter shows the partial elasticity of demand for money, \( E_t \) is the expectation operative which is designed on the set of available information at time period \( t \).

\[ V_{it} = -(m_{it} - m_{it}^*) + K(Y_{it} - y_{it}^*) + [(P_{it} - P_{it}^*) - (P_{it}^t - P_e^t)] \]  \hspace{1cm} (2)

where \( m_{it} \) shows the log of home country money supply, \( y_{it} \) log of home country income, \( P_{it} \) is the log of domestic price level, \( P_{it}^t \) is the log of the price of tradable, \( k \) is an income elasticity parameter of money demand. Asterisk sign represented the foreign variables. Squared brackets terms denote the non-tradeables price proportional change.

Through applying 'no-bubbles' restriction, i.e. is \( b E_t S_{it+1} \) converges to 0 as \( t \) move towards \( \infty \). Hence, we can write the nominal exchange rate solution is:

\[ S_{it} = (1 - b) \sum_{j=0}^{\infty} b E_t V_{it+j} \]  \hspace{1cm} (3)

By subtracting \( v_{it} \) from left and right-hand side of equation (3), and by doing same operation, it is likely to demonstrate that (Sarno and Taylor, 2002; pg. 127)

\[ S_{it} - V_{it} = \sum_{j=0}^{\infty} b E_t \Delta V_{it+j} \]  \hspace{1cm} (4)

If fundamentals are not stationary under integrated of order 1(l) procedure than third equation indicates that the dependent variable \( S_{it} \) is also non-stationary. Similarly, equation no 4 indicates that both \( S_{it} \) and \( V_{it} \) are the vector of cointegration (1, -1). Therefore, in the line with monetary model, which stated that nominal exchange rate converges towards the equilibrium value, \( V_{it} \) in the long run.

By implying the description of \( v_{it} \) and Eq. (4), in the empirical analysis, the exchange rate relationship among monetary fundamentals in the long run can be analyzed. we can be defined as:

\[ S_{it} = \beta_1 (m_{it} - m_{it}^*) + \beta_2 (y_{it} - y_{it}^*) + \beta_3 [(P_{it} - P_{it}^*) - (P_{it}^t - P_e^t)] + \epsilon_{it} \]  \hspace{1cm} (5)

Where \( \epsilon_{it} \) is the error term. The significant values of coefficients are: \( b_1 = -1, b_2 = K > 0, b_3 = 1 \).

**Empirical Analysis**

The present research estimated the nominal exchange rate cointegration relationship among monetary fundamentals. Model is adopted from M.A. Dabrowski et al., (2014) which is written as given below:

\[ S_{it} = \beta_1 m_{it}^r + \beta_2 y_{it}^r + \beta_3 x_{it}^* + \epsilon_{it} \]  \hspace{1cm} (6)

where the variables \( S_{it} \),

\[ m_{it}^r = (m_{it} - m_{it}^*), y_{it}^r = (y_{it} - y_{it}^*), x_{it}^r = [(P_{it} - P_{it}^*) - (P_{it}^t - P_e^t)] \]

All variables are expressed in logarithmic form for each selected country \( i \), correspondingly. A superscript \( r \) demonstrates that the difference of the variable between the domestic and foreign level. Moreover, assumed that for each selected country \( i \) of the panel all selected variables are stationary in l(1).

The parameters \( \beta_1, \beta_2 \) and \( \beta_3 \) Show the long run elasticity coefficients of the nominal exchange rate in relation to explanatory variables of the model.

Moreover, the following study to test the nominal exchange rate long-term relationships among monetary fundamentals panel cointegration technique were employed in four stages and Eviews 9 version were used for estimation purposes.

**Cross-sectional dependence**

Cross-section independence weak axioms appear to be insufficient under cointegration analysis and causality analysis (Pesaran, 2008). When economic relations among countries are quite strong cross-sectional dependence becoming appear. Therefore, to test the existence of cross-sectional dependence in our analysis, we have employed four types of statistical tests of cross-sectional dependence with the null hypothesis that no cross-sectional dependence exists in our data set.
Panel unit root test

In the early stage of Co-integration process, all variables stationarity investigated by employing unit root test. Moreover, property of non-stationary data, investigated by applying the first-generation test which is developed by I'm et al., (2003).

Panel Cointegration test

In the second step, we assume that all the selected variables are stationary integrated of order one, denoted I (1) for each country i of the panel. After that, to check the co-integration relationship among variables researcher were applied the panel cointegration test which was proposed by Pedroni (2000).

Panel Cointegration estimation equation

When co-integration relationship among variables were justified, we employed the panel fully modified ordinary least square method (FMOLS) which was proposed by Pedroni (2000). The FMOLS measures the heterogeneity which are mostly exists in the cointegrating relationships among variables. Moreover, FMOLS estimates are comparatively more elastic than dynamic OLS (DOLS) for alternate hypothesis and as compare to within the group estimator and it is very little affected by small sample size discrepancies (Pedro, 2000).

Data Analysis

Table 1: Descriptive statistics Period: 1998-2016

<table>
<thead>
<tr>
<th>Countries</th>
<th>S</th>
<th>STD</th>
<th>M</th>
<th>STD</th>
<th>Y</th>
<th>STD</th>
<th>P</th>
<th>STD</th>
<th>P'</th>
<th>STD</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>7.35</td>
<td>0.8823</td>
<td>24.83</td>
<td>2.4533</td>
<td>84.33</td>
<td>45.40</td>
<td>86.72</td>
<td>17.06</td>
<td>98.40</td>
<td>5.6120</td>
</tr>
<tr>
<td>India</td>
<td>50.23</td>
<td>8.58</td>
<td>21.53</td>
<td>2.57</td>
<td>83.97</td>
<td>33.30</td>
<td>86.30</td>
<td>26.76</td>
<td>88.63</td>
<td>27.01</td>
</tr>
<tr>
<td>Indonesia</td>
<td>10000.42</td>
<td>1798.83</td>
<td>20.87</td>
<td>3.56</td>
<td>89.27</td>
<td>26.30</td>
<td>74.94</td>
<td>37.15</td>
<td>82.37</td>
<td>39.65</td>
</tr>
<tr>
<td>Malaysia</td>
<td>3.63</td>
<td>0.3764</td>
<td>8.09</td>
<td>90.51</td>
<td>90.51</td>
<td>24.60</td>
<td>88.12</td>
<td>17.74</td>
<td>89.12</td>
<td>16.44</td>
</tr>
<tr>
<td>Philippine</td>
<td>47.27</td>
<td>5.15</td>
<td>19.73</td>
<td>3.85</td>
<td>90.86</td>
<td>25.82</td>
<td>87.26</td>
<td>19.14</td>
<td>85.50</td>
<td>18.05</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>108.84</td>
<td>21.84</td>
<td>17.61</td>
<td>4.08</td>
<td>89.50</td>
<td>28.74</td>
<td>74.20</td>
<td>36.39</td>
<td>73.34</td>
<td>31.48</td>
</tr>
<tr>
<td>Thailand</td>
<td>36.45</td>
<td>4.30</td>
<td>9.67</td>
<td>0.65</td>
<td>89.53</td>
<td>18.95</td>
<td>93.17</td>
<td>16.58</td>
<td>84.22</td>
<td>18.78</td>
</tr>
<tr>
<td>Pakistan</td>
<td>75.02</td>
<td>20.59</td>
<td>31.60</td>
<td>2.0</td>
<td>91.02</td>
<td>20.70</td>
<td>81.30</td>
<td>44.61</td>
<td>80.20</td>
<td>41.91</td>
</tr>
</tbody>
</table>

Table 2 results shows the descriptive statistics for the period 1998-2016 of eight selected countries. Mean and standard deviation of each variables: S, M, Y, P, P' represented against each country are presented in the above table. The table result reveals that on the average nominal exchange rate of Indonesia is high which means that it is the largest devalue currency relative to the dollar. On the other hand, average money stock (M), average income(Y) and average price of tradeable was highest in Pakistan as compare to other selected countries in the selected years. Moreover, on average GDP deflator was highest in Thailand.

Table 2. Cross Section Dependence Test:

<table>
<thead>
<tr>
<th>Method</th>
<th>s</th>
<th>m'</th>
<th>y'</th>
<th>x'</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breusch-Pagan LM</td>
<td>114.6393***</td>
<td>84.17576***</td>
<td>260.7790***</td>
<td>322.5950***</td>
</tr>
<tr>
<td>Pesaran scaled LM</td>
<td>13.36873***</td>
<td>8.66810***</td>
<td>35.91857***</td>
<td>45.45699***</td>
</tr>
<tr>
<td>Bias-corrected scaled LM</td>
<td>13.17428***</td>
<td>8.473663***</td>
<td>35.72413***</td>
<td>45.26255***</td>
</tr>
<tr>
<td>Pesaran CD</td>
<td>3.457148***</td>
<td>9.901888***</td>
<td>10.80815***</td>
<td>17.88244***</td>
</tr>
</tbody>
</table>

* 10% level significant  
** 5% level significant  
*** 1% level significant
Four different tests we were employed to ensure the cross-sectional dependence existence in our panel data set.

All the above test-statistics results strongly rejected $H_0$ of non-existence of cross-sectional dependence because all the above variables less than 1% in our framework. Therefore, we concluded that in our data set cross-sectional dependence exist.

### Table 3. Panel unit root test I’m, Pesaran and Shin (2003)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Test-Statistic (W-Stat)</th>
<th>P-Value</th>
<th>Outcomes</th>
<th>Test-Statistic (W-Stat)</th>
<th>P-Value</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>$S$</td>
<td>0.29641</td>
<td>0.6165</td>
<td>Non-Stationary</td>
<td>5.70327***</td>
<td>0.0000</td>
<td>Stationary I(1)</td>
</tr>
<tr>
<td>$m'$</td>
<td>-1.0091</td>
<td>0.5668</td>
<td>Non-Stationary</td>
<td>-3.9985***</td>
<td>0.0000</td>
<td>Stationary I(1)</td>
</tr>
<tr>
<td>$Y'$</td>
<td>1.43962</td>
<td>0.9250</td>
<td>Non-Stationary</td>
<td>-5.26072***</td>
<td>0.0000</td>
<td>Stationary I(1)</td>
</tr>
<tr>
<td>$X'$</td>
<td>1.77035</td>
<td>0.9617</td>
<td>Non-Stationary</td>
<td>-10.1726***</td>
<td>0.0000</td>
<td>Stationary I(1)</td>
</tr>
</tbody>
</table>

* 10% level significant  
** 5% level significant  
***1% level significant

The above table result reveal that at level stage all the selected variables are non-stationary. Moreover, all the selected variables are stationary in order one which is denoted by I (1) justified the cointegration test.

### Table 4. Panel cointegration test statistics (null hypothesis: no cointegration).


<table>
<thead>
<tr>
<th>Null Hypothesis:</th>
</tr>
</thead>
<tbody>
<tr>
<td>No cointegration relationship exist among variables</td>
</tr>
<tr>
<td>Trend assumption: No deterministic trend</td>
</tr>
</tbody>
</table>

Alternative hypothesis: common AR coefs. (within-dimension)

<table>
<thead>
<tr>
<th>Weighted Statistic</th>
<th>Prob.</th>
<th>Weighted Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panel v-Statistic</td>
<td>0.943299</td>
<td>0.1728</td>
<td>0.274237</td>
</tr>
<tr>
<td>Panel rho-Statistic</td>
<td>-4.376050</td>
<td>0.0007</td>
<td>-3.199555</td>
</tr>
<tr>
<td>Panel PP-Statistic</td>
<td>-3.143041</td>
<td>0.0008</td>
<td>-6.048329</td>
</tr>
<tr>
<td>Panel ADF-Statistic</td>
<td>-3.374390</td>
<td>0.0004</td>
<td>-6.048278</td>
</tr>
</tbody>
</table>

Alternative hypothesis: individual AR coefs. (between-dimension)
Group rho-Statistic -5.421527 0.0067
Group PP-Statistic -11.90028 0.0000
Group ADF-Statistic -7.438863 0.0000

To investigating the co-integration relationship among selected variables Pedroni engel granger-based Co-integration test were employed which is developed by Pedroni (2000). The table results concluded that out of 11 statistics values 9 statistics value significantly rejected the Ho of nonexistence of cointegration relationship exist among the variables at 1% level. Hence, the results concluded that exchange rate has a co-integration relationship exist with monetary fundamentals.

When variables co-integration connection was justified, then we estimated the cointegration vector. For this purpose, we employed (FMOLS) methods which were proposed by Pedroni (2000). The FMOLS estimates of equations are:

\[
S_{it} = 0.2994 m'_{it} + 0.0939 y'_{it} + 0.1850 X'_{it} \\
(0.0076)*** (0.4726)** (0.0160)**
\]

where P-Values presented in parentheses.

In the meantime, all the selected variables were taken as in logarithmic forms. Hence, the estimated coefficients show long-run elasticities. The statistical results show that at 1% level the statistically significant long-run elasticities of monetary fundamentals. This result are consistent with the perception of the monetary model. Specifically, our results show that in the long run as 1% increase in the money supply (relative to the dollar) causes a reduction of home currency value contrary to the dollar by around (0.29 %).

The coefficient of \( \beta_1 \) of relative money stock is less than one as proposed by the monetary model and this result supported by other studies like Beckmann et al., (2012) found \( \beta_1 \) value 0.20 for eighteen selected OECD countries. However, estimated coefficient of CEE countries which were provided by Crespo- Cuaresma et al., (2005) have their range from 0.30 to 0.975 its depends on the application of method.

The sign of relative income is insignificant. Our result is consistent with Uz and Ketenci, (2008) having their results is insignificant excepting the ordinary least square term. Thus, one might suppose that the estimated coefficient of income elasticity is less than one in a typical background in relation to money stock and income only.

The study results demonstrate that the elasticity of income is lower than the money supply elasticity. These results are consistent with the result available for CEE economies by Crespo-Cuaresma et al., (2005) having range from 0.01 to 1.11.

The exchange rate long run elasticity as compare to the change in the relative price of non-tradable is significant at the 5 % level, and less than one. As 1% increase in relative price of non-tradable result in a decrease in the value of home currency relative to the dollar by 0.18%. There were mixed results available in the literature about this variable. The estimates obtained by Crespo-Cuaresma et al., (2005) having range from 0.2 to 1.8, but Uz and Ketenci, (2008) found incorrect sign of this coefficient which range from ~0.93 to ~0.36.

After finding the relation among the selected variables are long run, then employed next important step is to find out the causal relationship between the variables. Hence, Pairwise Dumitrescu Hurlin Panel Causality test were applied to estimate the results.

**Table 5. Granger Causality test**

<table>
<thead>
<tr>
<th>Ho: There is no homogenous causal relationship between variables.</th>
<th>Z-Statistic [independent variables]</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent Variables</strong></td>
<td><strong>s</strong></td>
</tr>
<tr>
<td><strong>s</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>m'</strong></td>
<td>1.57948</td>
</tr>
<tr>
<td><strong>y'</strong></td>
<td>1.59304</td>
</tr>
<tr>
<td><strong>x'</strong></td>
<td>0.34944</td>
</tr>
</tbody>
</table>

* 10% level significant
Ho: No homogenous causal relationship between variables

Table 5 result reveals that money stock does not homogenous cause to nominal exchange rate is significantly rejected at 1% level. Thus, the result shows that money supply homogenously causes to nominal exchange rate. Further, the income variable does not homogenous cause to nominal exchange rate is strongly rejected at 10% level. Thus, the estimates found that the variables income and difference in the relative price of non-tradeable homogenously cause to nominal exchange rate. Moreover, change in the relative price of non-tradeable does not homogenous cause to money stock is significantly rejected at the 1% level. On the other hand, test result reveals that differences in relative prices of tradeable homogeneously cause to money supply.

Conclusion:

According to Obstfeld and Rogoff, (2001) in a small open economy exchange rate is an important relative price and it is a key that better explain the variations for supporting the macroeconomic sustainability i.e. the developing and emerging countries lie in this group.

This study investigated whether the monetary model suggested a realistic outline for the movement of exchange rate towards emerging and developing Asian countries.

By estimating the panel co-integration test, the results found positive answers to these questions. Moreover, we have found evidence that the cross-sectional dependence exist among developing and emerging Asian countries and the results concluded that the exchange rate has a co-integration relationship with monetary fundamentals. Further, the variables found a significant long-run elasticities of money stock and relative price of non-tradeables which were consistent with the prediction of the monetary model.

Furthermore, monetary model also supported the Granger Causality analysis: the exchange rate of emerging and developing countries’ currencies move towards the long-term equilibrium relationship which is indicated by the monetary model.

In general, our analysis reveals that in emerging and developing countries exchange rate are not separated from monetary fundamentals. Hence, we can say that the monetary model briefly describes us the nominal exchange rates’ behaviour in emerging and developing Asian countries.

References


Abstract

Corporate Governance is a mechanism that describes how effectively and strategically the corporate entities were controlled and managed. The impact & adoption of Corporate Governance (CG) Mechanism, Rules & Regulations on financial performance is at the core of research agenda in today's fast-paced corporate world. The major collapse of certain corporate entities e.g. Enron, Tyco, and WorldCom and the resulting implications of certain country level reforms such as Sarbanes Oxley Act (SOX) 2002 & Corporate Governance Regulations 2002 in various countries force the firm strategic level management to take policy actions to improve their governance & financial reporting. This study endeavours to analyse & evaluate the effect & adoption of various corporate governance practices on firm's strategic financial performance (comparative analysis) between USA (Developed Economy) and Pakistan (Emerging Economy). The organizational governance quality is measured through Corporate Governance Index (CGI) comprising of more than 30 parameters covering Shareholders, BOD, Auditor & Auditors Report, Financial Reporting, Employees & Society through Principle Component Analysis (PCA). The study used the sample of 50 listed firms from both Pakistan & USA. The CGI index were then compared with the leading and relative financial performance indicators such as Return on Total Asset, (ROA) Return on Shareholders' Equity (ROE), Market value per share (MPS) to Book value per share ratio and Market Price per share to Earnings per share Ratio (P/E). The Regression results of this study shows that the adoption of corporate governance & its various reforms significantly improve the performance of corporate entities which ultimately contributes in the economic development of country.

Keywords: Corporate Governance Mechanism, Financial Performance, Corporate Governance Index (CGI), Principle Component Analysis (PCA) Return on Total Assets (ROA), Return on shareholders' Equity (ROE), Market Price per share to Book value per share Ratio (P/B ratio).

Introduction & Background of Study

"Corporate Governance" alludes to the component endorsed by private and open establishments, together with rules, statutes, controls and acknowledged business procedures, which together represent the connection, in a market economy, between corporate managers ("corporate insiders") from one viewpoint, and the individuals who put assets in partnerships, on the other. Financial specialists can incorporate providers of value fund (investors), providers of obligation back (lenders), providers of generally firm human capital (representatives) and providers of other substantial and immaterial resources that enterprises may use to work and develop. (Charles Oman, OECD DC Paris, 2003). Meaning of corporate governance has innumerable points of view. The definition may fluctuate from a restricted concentration to a wide one. For instance, some characterize corporate governance as far as a formal framework where the administration is accountable just to the investors. Others draw a comprehensive limit and talk about the obligation of the administration to the whole society. Anglo-American arrangement of corporate administration tends to center around investors and different classes of loan losses (Mohanty, 2003).

After real outrage of association mammoths Enron & WorldCom corporate scams, the contemplation in the direction of the corporate governance regulations and adoption of its agenda at corporate level began to develop. Idea of corporate governance mechanism was there be that as it may. It was not executed to its center motivation because of which these sorts of corporate outrage rose. After such corporate outrage, requirement for corporate governance as mandatory regulation for corporate entities emerges as the investor and administration are isolated and likewise their advantage, so an arbitrator was required keeping in mind the end goal to satisfy this hole and turns into a scaffold between these key partners. Consequently, the leading group of the administration was a definitive answer for this which not just ensures the offer of enthusiasm of investors already in addition to control the management of the association.

Historically in Pakistan, after the introduction of the "Code of Corporate Governance" in the year 2002 by SECP for openly recorded organizations, it has turned into an essential zone of research for the corporate division. Presently the emerging research on corporate governance implementation concerns chiefly the connections among different classifications speaking to association's execution and the factors depicting the administration
level, for example, the size and synthesis of load up, bookkeeping gauges and laws concern budgetary divulgence, to official pay.

The corporate governance phenomena was first highlighted in scholastics by Richard Eells in 1960 in his research study "the structure and working of corporate nation" where he uncovers how office cost impact the association's money related assets and by what means would this be able to be limited. Comprehensively, CG is a connection between the organization's board, administration, investors and different partners. Talking more particularly and limit its idea, a description gave by Shleifer and Vishny (1997), corporate administration manages the manners by which providers of funding to partnerships guarantee themselves by getting sensible profit for their venture. From the above definition, plainly the primary target of CG is to ensure the enthusiasm of investors and partners of the organization.

In the created markets, the idea of corporate governance is demonstrated by the examinations led by the controllers against which they have detailed that affected the significance of corporate administration. These statements are issued first time by the Cadbury Committee (1992), Greenbury Committee (1995), Hampel Committee (1998) and Turnbull Committee (2003). These reports become yardstick for whatever remains of the world and they take after these reports. These reports have progressed toward becoming reason for codes for CG for whatever remains of the world. The significance of corporate governance is currently at the fundamental state of corporate substances since it specifically impacts the monetary execution of the two elements and economies. Use of Corporate Governance changes everywhere the enthusiasm of different partners and acquires positive change execution of the association which not just guarantees assurance of aggregate enthusiasm of all partners however offset the individual enthusiasm of every partner. These changes at that point rejuvenates the power and key administration of corporate elements.

Numerous observational investigation has been directed which demonstrates the presence of a connection between corporate governance and company money related execution. Looking at creating and created advertise, the meaning of corporate governance phenomena in its principle canotation is diverse for various nations. Likewise, the impact of corporate administration on association's money related execution additionally fluctuates from nations to nations. Be that as it may, corporate governance is more imperative for developing markets and less created showcase as in created nations. Corporate Governance and its different changes were taken after thoroughly.

**Aim of Study**

The corporate entities are primarily formed for the protection of the interest of all the stakeholders. The corporate Governance reforms ensures that all the stakeholders get benefited from the corporate acts and decision of the management of these entities, this doesn’t mean the deterioration in the profits. The adoption of good corporate governance practices will actually lead toward the better financial performance of the company and in doing so serving all the stakeholders in the best interest through just & equity.

The main purpose of this research study is to evaluate & analyse the impact of corporate governance best practices of various corporate firms on the leading financial indicators of performance. The study empirically tests the connexion between Corporate Governance Practices (CGP) and economic performance of Firms from Developing & Developed Economies. Corporate Governance in its philosophical context is subjective phenomena and difficult to quantify but significantly impacts the performance of entities in financial & economical contexts. Corporate Governance is continuing process, new reforms, regulations & models are continually evolving over the time period the adoption of these models not only ensures the effective management of corporate entities nonetheless can also improve their performance.

**Significance of the study**

The findings of the investigation will be valuable in enhancing the comprehension of approach producers as well as speculators in regard to the significance of corporate governance (CG) in keeping the part of Industrialized and Emerging Economies. The investigation contributes in the current writing for the pursuers, specialists and corporate professionals. The investigation has been done far reaching by fusing diverse part of business both from Developing and Emerging Countries.

**Literature Review**
The world has confronted awesome debacles of numerous mammoth firms in the previous decade and real humiliations were raised which brings about these debacles. On intensive examinations of these debacles, this has been uncovered that these outrages rise because of absence of corporate administration hones. This shook the world’s economic and financial specialists and investors began to go for prudent steps which are executing corporate administration in the organizations. They were forced to recognize the way that corporate administration is a best cure in such manner which decreases the danger of investors so it requires unique considerations for actualizing it into the organizations El Mehdi (2007). Henceforth this perspective has likewise propelled the specialists to lead the exploration on this theme i.e. corporate governance to execute in that way with the goal that it might expand the execution of the firm.

In an observational examination by creators of the business colleges of 'Harvard' and 'Wharton', 24 corporate administration criteria for 1500 organizations were dissected amid a time of 10 years until 1999. Organizations with incredible administration performed by and large 8.5% p.a. superior organizations with poor administration. A far-reaching study by Brown and Caylor (2004) in United States relates Governance Score to working execution, valuation, and investor payout for 2,327 firms, and they locate that better-represented firms are generally more gainful, more significant, and pay out more money to their investors.

Shlifer and Vishney (1997) portray the corporate administration as it guarantees the investors that they will get return on their venture. They stressed as the corporate administration decides the organization angle as how investors inspire the directors to give their arrival to them. Like they pay them additional rewards and give distinctive offices just to protect their speculation and its arrival. Confirmation from past investigations have uncovered that corporate administration enhances the company’s money related execution it is possible that it is in the created world or immature nation. Study aftereffects of Demsitz (1983), Demsitz and Lehn (1985), and Shlifer and Vishiny (1989) demonstrate that those organizations were outside chiefs are available. They indicate unusual profit for the speculation.

Hecht, Benson and Finegold (2007) directed the examination on the connection between the corporate advisory board and association’s monetary execution and discovered that the making up corporate board rules prompts the better execution of the organization. Sen (2001) led a similar report with a target to make a variable to gauge the corporate administration and found that the board system does effect on the execution. A portion of investigations demonstrate that with frail corporate administration, they likewise don’t perform well, Core, Guay and Rusticus (2004). ZA Shah (2009) directed a similar investigation of public administration on company’s money related execution between US (Developed-Country) and Pakistan (Emerging Country) and finished up a positive connection between them.

CG in its principle context gives a route as how to manage the management & monitoring cost and organizational issues. At the end of the day, the principle goal of corporate administration is met by managing organizational issues (Jensen and Meckling 1976). It considers that the target of administration and board is not comparative rather it relies on how much pay the administration gets from the board and the organization with the goal that the enthusiasm of investors is met. This giving the pay draws out the answer for an issue emerging between the administration and investors and along these lines the investors get the certainty on the administration and furthermore administration protects the enthusiasm of investors. The nearness of the board lessens the office cost (Kee et al (2003) and Hutchinson and Gul (2003).

Autonomous executives additionally administer the chain of corporate entities of the administration in a superior and unprejudiced way. If the quantity of free executives is higher on the board than ward board individuals then the execution of the organization improves, Yonica Ertimura, Fabrizio Ferrib (2010).

Duality of CEO implies that one individual is getting the two obligations in the organization i.e. Chief and Chairman of the Board. This prompt the profoundly one-sided choice and imposing business model of a solitary individual emerges which tends to have the absence of certainty of other board individuals and additionally the execution of the organization likewise diminishes. This makes an irregularity of the power inside the firm and the impact of one individual in all issues of the corporate entity bring about exceedingly one-sided and incapable choices.

There is deep conflict of interest to see on the board’s understanding and association’s money related execution as those individuals will have higher experience who is of seniority so at that age the hostility increments and this outcome in unsafe choices. Likewise, high matured individuals are not refreshed with the most recent advancement along these lines this tends to absence of better choices for the association, Child (1975). Although there remains an in over the board’s understanding however an adequate board involvement and refreshed part
can take better choices to the greatest advantage of the association, Wegge et al (2008).

By corporate entities budgetary execution, it is alluded to as measure the productivity and viability of association inward too outside activities/tasks. Currently, the execution of the association is considered as the body of the association on the grounds that if the execution of a firm is all around ok just than its development would be upgraded. The execution of the firm can be seen from its money related proclamations which are accounted for by the organization. Herly and Sisuhadi (2011) expressed that if the organization is performing great it will bolster the administration for quality revelation of their activities. Keeping in mind the end goal to get the development in the association, it should be measure as what the association is performing as of now which will draw out the hole should have been filled to accomplish the destinations of the association.

**Research Design & Methodology**

Sample of 50 firms listed from Pakistan Stock Exchange (PSX)\(^{19}\) and 50 listed firms from New York Stock Exchange (NYC) was randomly selected. The data on Corporate-Governance indicators and leading Economic Performance indicators for the period of seven years i.e. 2011-2017 was selected. Representative Listed company’s annual financial reports were used to find financial and corporate governance models & mechanism information & variables from SBP BSA-Pakistan and NYSE listing Directory (Annual Reports). In Pakistan SECP\(^{20}\) Code of Corporate Governance rule was framed into implementation in 2002 and afterword changes are continuously instigated to ensure the transparent working of corporate sector. In USA after the corporate scandals of Enron & WorldCom the Sarbanes Oxley Act 2002 and other Corporate Governance reform from SEC USA was revived and ensured to be strictly adopted by all public listed companies that ensures the protection of rights of all stakeholders. The listed firms in Pakistan & USA are continuously taking various initiatives to improve their governance structure to maximize the wealth of stakeholders at large. The sample firms in the study are selected randomly without any industry or firm specific bias. However, the in order to control the size effect, the firm size is being used as control variable.

**Development of Corporate Governance Index**

The main purpose of this research paper was to investigate the empirical evidence on the adoption of best Corporate Governance practices and its impact on firm financial performance. The measurement of financial performance is comparatively easy through the accounting & financial reports of various listed firms; the Corporate Governance is qualitative phenomena. The real challenge was how to quantify the eminence of corporate governance in various firms and what criteria or criteria’s are used to decide one firms as good governed and other bad governed? There are no specific define characteristics for good or bad governance. However, the firms having good governance system in its corporate agenda reflect certain positive and favourable outcomes. The study is mainly constructed on these manifestations to measure the good corporate governance system of selected firms through resulted outcomes. The approach used was similar to Mohanty, (2003) & Butt (2008) that if this strategic process is in streamline, then certain desirable outcomes can be achieved. This study adopted PCA technique to select certain components of CG which contributes more in the performance of various entities.

In order to find the solution of targeted problem that how to differentiate between the good governed firms & bad governed firms, Corporate Governance Index (CGI) was developed for targeted sample firms. The index was developed by considering that if the processes are in order then certain outcomes will reflect the eventual fact. In developing the CG index, the following definition of good governance was adopted i.e the central purpose of corporate governance is the maximization of shareholder’s wealth while keeping in view the interest of all other stakeholders. The Primary stakeholder of any firm are shareholders, debtholders, employees, suppliers, government & society.

Thirty different parameters related to Board of Directors (BOD), shareholders/investors, auditors, debtholders, employees & society were used to develop CG index on the basis of Principle Component Analysis. The Selection of these parameters was in accordance with provisions of SECP code of Corporate Governance & SEC\(^{21}\) USA bylaws of Corporate Governance i.e what law/code should be practiced by firms to be considered as good governed firms. The study used

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\(^{19}\) Islamabad, Lahore & Karachi Stock Exchange  
\(^{20}\) Securities & Exchange Commission of Pakistan Corporate Governance Rules  
\(^{21}\) Securities & Exchange Commission USA
• 9 parameters for Board of Directors (BOD)
• 3 parameters for Shareholders & Investors
• 5 parameters for Auditors
• 8 parameters for Financial Reporting
• 2 parameters for Debtholders
• 1 parameter for employees
• 2 parameters for society

The selection of these parameters is done through Principle Component Analysis (PCA). The data relating to these variables are taken from the published annual reports of listed firms from Pakistan & USA.

Index Scoring Criteria

Each one of these parameters was delegated score against a scale going from zero to 5. Zero means most exceedingly terrible and 5 suggest best. For example, if an affiliation’s board contains 8 people and 6 of them are non-official administrators. This suggests 75% of people are of non-official administrator thusly experts doled out a score of 5 against this parameter. The scoring measure was acquired after the discussion with various experts. Furthermore, on status of audit report researcher consigned a score of 5 if the report from the inspectors is unfit, 3 for a qualified survey report, 1 for disagreeable survey report and 0 for a disclaimer compose an audit report. By then, every one of these parameters was consigned weight on a size of 1 to 5 as little out of every odd one of the measures is equal in hugeness. Irrefutably there are few which are more fundamental than others and thusly pass on more weight than others. For instance, investigator doled out a weight of 5 out of 5 for the status of the audit report and 3 out of 5 for the truth whether they were changed or turned after seven years. In like manner, we consign a weight of 4 to the level of self-sufficiency and non-official boss on the board and 2 to the depiction of minority financial specialists on the board. The proximity of self-governing officials on the board is more imperative than immaterial depiction of minority financial specialists on the board.

Limitation of Corporate Governance Index

The score used for different parameters in this study are not entirely objective. Many of the parameters like board representation, size etc. are very subjective in nature though score can be assigned hypothetically. One may get different score according to his or her perception. If the weights of different criteria are changed then result will also differ according to allocated weights. The weights given in this study are consistent according to the objectives of this study which can affect the resultant conclusion for various stakeholders. The structure and dynamics of corporate governance models is somehow different in Pakistan & USA but one can get desired outcome from the criteria develop consistently according to available sources or reports.

Study findings are based primarily on published annual reports of various firms so researcher has to believe and built conclusion according to results instead of actual position.

Measuring Firm’s Financial Performance

The accomplishment of the firm is estimated through its execution which is investigated through various instruments and strategies. Numerous expert uses distinctive systems for estimating the money related execution however a large portion of the speculators concentrated on the apparatus like Return on Equity (ROE) and Return on Asset (ROA) so as to discover the budgetary execution of the organization, John H, S. Dark colored and L. Davison (2010). In this examination we will gauge the monetary execution of Pakistani and US firms through ROA and ROE, and market execution through Price to Book (P/B) and Price to Earning (P/E).

Since M/B proportion regularly surpasses 1.00, this suggests that the financial expert will pay more for the stock as compare to what book value estimates. The book value as taken from the historical financial statements is a record of the past, representing the combined total value that investors have contributed. Stimulatingly, the market value indicator is prospective figure, consolidating financial specialist’s desires of future return or long term return on their investment. Accordingly, within the sight of more trained component the association will benefit from the accessible openings and this reality gets reflected in the Market to Book proportion

<table>
<thead>
<tr>
<th>Variable Name</th>
<th>Symbol</th>
<th>Variable Definition</th>
<th>Source</th>
</tr>
</thead>
</table>

Definitions of Variables
Market price for the purpose of calculation can be taken as end of the year closing prices. The firms are from different sectors and from different countries the year end for firms as well as for two countries are not same. Using the same date price for all firms will not serve the purpose or can affect the findings. If the firm financial years end on June 30 we used share price at that particular date if of another firm on December 31 we used December 31st closing price for calculation.

### Statistical Model: Regression

Regression analysis is run to find out the evidence that whether the corporate governance and its adoption of good practices impacts the financial performance of sample firms. The selected hypothesis is based on the premise that if the firm adopted the good corporate governance practices or having good governance system it is likely to be reflected in financial performance. Thus, study is eventually based on following hypothesis;

- **Ho:** The leading corporate governance practices and corporate financial performance is independent of each other.
- **H1:** The leading corporate governance practices have significant impact on corporate financial performance.

The regression equations for statistical tests are as follows:

- Return on Total Assets = \( a_1 + b_1CGI + b_2 \ln(T.A) \) ........... I
- Return on Shareholders’ Equity = \( a_1 + b_1CGI + b_2 \ln(T.A) \) ........... II
- Market Price/Book Value = \( a_1 + b_1CGI + b_2 \ln(T.A) \) ........... III
- Market Price/Earnings per share = \( a_1 + b_1CGI + b_2 \ln(T.A) \) ........... IV

### Analysis of Results

**Descriptive Statistics Results**

Table 1.1-Pakistan presents the result of Pakistani firms & 1.1-USA the US firms result. The mean value of CGI score of Pakistani Firms is 3.34 out of 5 which means 66.8% and that of US firms is 4.42 out of 5 means 88.4%. If we set the average at 2.50 as acceptable score this means that our targeted firms perform better with respect to quality of corporate governance. Comparatively US firms are performing better then Pakistani firms because of strict regulation & regulatory authorities’ reforms to improve performance. At 5% confidence level our targeted firms are performing above average so we can reject null hypothesis & accept alternate hypothesis. The possible
reasons of performing above average for both Pakistani & US firm is the parameters/indicators of good corporate governance were derived from the SEC rules & regulation the compliance of which is necessary for these listed firms.

Table 1.1 Pakistan

<table>
<thead>
<tr>
<th>Stat</th>
<th>CGI</th>
<th>ROA</th>
<th>ROE</th>
<th>P/B</th>
<th>P/E</th>
<th>Ln TA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>3.34</td>
<td>7.48</td>
<td>14.81</td>
<td>1.61</td>
<td>8.41</td>
<td>21.12</td>
</tr>
<tr>
<td>Standard Error</td>
<td>0.06</td>
<td>1.31</td>
<td>2.53</td>
<td>0.24</td>
<td>3.04</td>
<td>0.21</td>
</tr>
<tr>
<td>Median</td>
<td>3.31</td>
<td>6.11</td>
<td>11.79</td>
<td>1.12</td>
<td>8.19</td>
<td>20.95</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>0.5</td>
<td>9.44</td>
<td>17.81</td>
<td>1.73</td>
<td>21.54</td>
<td>1.64</td>
</tr>
<tr>
<td>Minimum</td>
<td>2.05</td>
<td>-23.81</td>
<td>-23.41</td>
<td>-0.38</td>
<td>-64.81</td>
<td>16.95</td>
</tr>
<tr>
<td>Maximum</td>
<td>4.43</td>
<td>31.79</td>
<td>82.15</td>
<td>10.5</td>
<td>67.49</td>
<td>25.63</td>
</tr>
</tbody>
</table>

Table 1.1 USA

<table>
<thead>
<tr>
<th>Stat</th>
<th>CGI</th>
<th>ROA</th>
<th>ROE</th>
<th>P/B</th>
<th>P/E</th>
<th>Ln TA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>4.42</td>
<td>9.52</td>
<td>16.65</td>
<td>3.44</td>
<td>10.23</td>
<td>25.58</td>
</tr>
<tr>
<td>Standard Error</td>
<td>0.09</td>
<td>2.21</td>
<td>4.45</td>
<td>1.24</td>
<td>6.04</td>
<td>0.31</td>
</tr>
<tr>
<td>Median</td>
<td>6.34</td>
<td>8.97</td>
<td>15.67</td>
<td>3.14</td>
<td>10.19</td>
<td>25.67</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>0.91</td>
<td>15.65</td>
<td>21.54</td>
<td>2.23</td>
<td>20.65</td>
<td>4.51</td>
</tr>
<tr>
<td>Minimum</td>
<td>3.32</td>
<td>-5.78</td>
<td>-12.34</td>
<td>2.35</td>
<td>-20.45</td>
<td>10.95</td>
</tr>
<tr>
<td>Maximum</td>
<td>8.34</td>
<td>45.56</td>
<td>45.56</td>
<td>12.45</td>
<td>70.56</td>
<td>90.76</td>
</tr>
</tbody>
</table>

The financial measure also reflects the better of Position for US firms then Pakistani Firms. The average value of ROA is 7.48% & ROE is 14.81% for Pakistani firms. For US firms the ROA & ROE has the average value of 9.52% & 16.65%. The range of minimum and maximum value for both US & Pakistani firms is quite large which might have distorted end results to some extent. The P/E has the largest deviation between the minimum & maximum value also shown by standard deviation.

Table 2.1 Correlation Matrix (Pakistan)

<table>
<thead>
<tr>
<th>Variable</th>
<th>CGI</th>
<th>ROA</th>
<th>ROE</th>
<th>EPS</th>
<th>P/B</th>
<th>P/E</th>
<th>Ln TA</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>0.61*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROE</td>
<td>0.47</td>
<td>0.72</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPS</td>
<td>0.39</td>
<td>0.51</td>
<td>0.71</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P/B</td>
<td>0.59</td>
<td>0.66</td>
<td>0.88</td>
<td>0.76</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>P/E</td>
<td>0.18</td>
<td>0.17</td>
<td>0.19</td>
<td>0.09</td>
<td>0.13</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Ln TA</td>
<td>0.64</td>
<td>0.49</td>
<td>0.39</td>
<td>0.35</td>
<td>0.49</td>
<td>0.15</td>
<td>1</td>
</tr>
</tbody>
</table>

* Significant at 5% level

Table 2.2 Correlation Matrix (USA)

<table>
<thead>
<tr>
<th>Variable</th>
<th>CGI</th>
<th>ROA</th>
<th>ROE</th>
<th>EPS</th>
<th>P/B</th>
<th>P/E</th>
<th>Ln TA</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>0.92*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROE</td>
<td>0.78</td>
<td>0.89</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPS</td>
<td>0.79</td>
<td>0.76</td>
<td>0.89</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P/B</td>
<td>0.98</td>
<td>0.87</td>
<td>0.88</td>
<td>0.81</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>P/E</td>
<td>0.67</td>
<td>0.56</td>
<td>0.56</td>
<td>0.39</td>
<td>0.51</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Ln TA</td>
<td>0.87</td>
<td>0.69</td>
<td>0.78</td>
<td>0.65</td>
<td>0.76</td>
<td>0.47</td>
<td>1</td>
</tr>
</tbody>
</table>

Correlation Matrix 2.1 (Pakistan) & 2.2 (USA) reports the correlation among the CGI score & financial performance indicators. In case of Pakistani firms CGI is moderately correlated with various financial performance indicators and comparatively high correlation with natural log of total assets, which means size has an impact on
the quality of corporate governance. In case of US firms CGI score is highly correlated with the financial performance indicators as well as with firm size. This means US firms are strictly adopting the corporate governance rules in order to improve their financial performance and to maximize the value of owners & firm.

In Correlation Matrix the P/E ratio shows very week correlation with CGI as compare to P/B ratio in case of Pakistan. P/E ratio is a very important indicator because it shows how much investor is willing to pay against the earnings. P/E ratio is high for high growth companies if other things held constant but lower for riskier firms. If investor is not satisfied with the governance structure or practices they consider it risky which leads to lower P/E ratio as in the case of Pakistan. In US case the P/E ratio is highly correlated with CGI which reflects the investor confidence on firms because of the adoption of good governance practices. The correlation matrix substantiates our former justification that if the firms adopt good corporate governance practices will positively improve financial performance.

Table 3.1 (Pakistan): CGI and Mean return comparison for five categories

<table>
<thead>
<tr>
<th>Category</th>
<th>CGI Score</th>
<th>No of Companies</th>
<th>Mean ROA</th>
<th>Mean ROE</th>
<th>Mean P/E</th>
<th>Price to Book</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>90% &amp; above</td>
<td>2</td>
<td>15.67</td>
<td>23.41</td>
<td>14.56</td>
<td>3.12</td>
</tr>
<tr>
<td>2</td>
<td>80 to 89%</td>
<td>7</td>
<td>9.87</td>
<td>18.17</td>
<td>9.89</td>
<td>3.89</td>
</tr>
<tr>
<td>3</td>
<td>69 to 79%</td>
<td>16</td>
<td>13.59</td>
<td>29.71</td>
<td>9.23</td>
<td>4.11</td>
</tr>
<tr>
<td>4</td>
<td>60 to 68%</td>
<td>18</td>
<td>5.67</td>
<td>9.78</td>
<td>14.21</td>
<td>1.13</td>
</tr>
<tr>
<td>5</td>
<td>below 60%</td>
<td>7</td>
<td>-0.04</td>
<td>0.19</td>
<td>-2.12</td>
<td>0.98</td>
</tr>
</tbody>
</table>

Table 3.1 (USA): CGI and Mean return comparison for five categories

<table>
<thead>
<tr>
<th>Category</th>
<th>CGI Score</th>
<th>No of Companies</th>
<th>Mean ROA</th>
<th>Mean ROE</th>
<th>Mean P/E</th>
<th>Price to Book</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>90% &amp; above</td>
<td>9</td>
<td>22.12</td>
<td>25.17</td>
<td>18.13</td>
<td>8.76</td>
</tr>
<tr>
<td>2</td>
<td>80 to 89%</td>
<td>16</td>
<td>14.71</td>
<td>22.22</td>
<td>12.45</td>
<td>6.78</td>
</tr>
<tr>
<td>3</td>
<td>69 to 79%</td>
<td>15</td>
<td>16.76</td>
<td>30.12</td>
<td>10.9</td>
<td>8.98</td>
</tr>
<tr>
<td>4</td>
<td>60 to 68%</td>
<td>7</td>
<td>9.18</td>
<td>10.12</td>
<td>18.89</td>
<td>7.56</td>
</tr>
<tr>
<td>5</td>
<td>below 60%</td>
<td>3</td>
<td>2.3</td>
<td>1.56</td>
<td>4.45</td>
<td>4.35</td>
</tr>
</tbody>
</table>

Table 3.1-(Pakistan) & 3.1-(USA) reports some interesting & significant annotations. According to this table we divide the firms into five categories on the basis of CGI scores. The first category includes the firm with CGI score of 90% and above, second category includes firms with CGI score of 80 to 89% and similarly other three remaining categories with respective score groups. Form the table it will be seen that firms at the top level those in category 1 and firms at bottom level those in category 4 & 5 actually shows the difference between good & bad governance. In case of Pakistan more firms are in bottom category and in case of US less. This mean US firms are more at side of adoption of good governance practices to improve the financial performance. The mean ROA & ROE is comparatively high for 3 categories both in case of Pakistan & USA but for P/E it is more for 1 & 4 in case of both countries which means investor revealed more confidence for firms with good governance structure.

Regression Equations Results

In this section the four regression equations are empirically tested to see the impact of CGI on individual financial performance indicator.

Equation-I (CGI Score on ROA)

This equation regresses the CGI score impact on Return on Investment (ROI) for both Pakistani & USA listed firms. The first table contains the results for Pakistani Firms & the second for US Firms.
According to the results the value of R square shows that in case of Pakistani firms only 39% of the variations in ROA is explained by CG index score. In case of US firms 72% variations in ROA is explained by CG index score which is much higher & better as compare to Pakistan. The value of adjusted R square is 6 points below for in case of Pakistan & 14 points below in case of US. This value captures the multiple correlation among ROA, CGI & firm size.

<table>
<thead>
<tr>
<th>Pakistan</th>
<th>Multiple R</th>
<th>R-Square</th>
<th>Adjusted R²</th>
<th>F-Test</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.62</td>
<td>0.39</td>
<td>0.33</td>
<td>12.63</td>
<td>0.000042</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>Multiple R</td>
<td>R-Square</td>
<td>Adjusted R²</td>
<td>F-Test</td>
<td>P-Value</td>
</tr>
<tr>
<td>0.84</td>
<td>0.72</td>
<td>0.58</td>
<td>13.76</td>
<td>0.000062</td>
<td></td>
</tr>
</tbody>
</table>

According to these table value of F shows that regression model is significant at 5% targeted confidence level. The value of CGI coefficient and incepts are also significant at 5% CL. The coefficient for firm size is insignificant which means that firm’s size does not incorporate any bias in this analysis. Further it can be seen that if there is no governance in these firms then return will be negative for investors & other stakeholders.

<table>
<thead>
<tr>
<th>Regression Coefficient &amp; P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan</td>
</tr>
<tr>
<td>Coefficient</td>
</tr>
<tr>
<td>Intercept</td>
</tr>
<tr>
<td>CGI</td>
</tr>
<tr>
<td>Ln TA</td>
</tr>
<tr>
<td>USA</td>
</tr>
<tr>
<td>Coefficient</td>
</tr>
<tr>
<td>Intercept</td>
</tr>
<tr>
<td>CGI</td>
</tr>
<tr>
<td>Ln TA</td>
</tr>
</tbody>
</table>

The value of multiple shows the moderate positive correlation among ROE, CGI & firm size in case of Pakistan. In case of USA the strong positive correlation can be seen from the table results which means the develop countries not only consider the good governance beneficial for their financial performance but for the protection of the rights of all the stakeholders. The value of R-square the test of goodness of fit of regression model is 0.26 for Pakistan & .69 for US. This means in case of Pakistan only 26% of the variation in ROE is explained by CGI score in case of Pakistan. In case of USA it is 69% which is very significant evidence of relationship. The F statistics in the table also reveals the model used is significant at 5%.

<table>
<thead>
<tr>
<th>Regression Equation-II (CGI score on ROE) Pakistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple R</td>
</tr>
<tr>
<td>0.50</td>
</tr>
<tr>
<td>USA</td>
</tr>
<tr>
<td>0.83</td>
</tr>
</tbody>
</table>
The result of coefficients & P values for both countries are quite similar to first equation of ROA and are significant at 5% level. The CGI scores explains sufficient variation in ROA & ROE. The coefficient of firm size is although positively related but statistically insignificant for both countries.

Regression Equation III (CGI Score on Price to Book Value)

The two key measures of financial performance are ROA & ROE in this study. But, P/B & P/E are also analysed in order to obtain the evidence of relationship between CGI score and market performance. In Pakistan stock prices do not merely reflect the value of the firm because of certain market & fundamental factors so we do not use any risk adjusted market return as performance criterion. There are many factors in addition to risk & return that determine the value of stock. Therefore, taking stock return as performance index will not serve the purpose. In case of USA stock prices are the real determinant of value and incorporate all the factor in valuation.

According to table results the value of multiple R explain moderate positive relationship among the dependent & independent variables in case of Pakistan. In case of USA there is strong positive correlation among variables. The value of adjusted R square is below 3% from R square in case of Pakistan & 8% below in case of USA. The value of R square shows that only 30% variation in P/B ratio is explained by CGI score in case of Pakistan & 72% variation in P/B ratio is explained by CGI score in case of USA which is much stronger then Pakistan. The overall model is statistically significant as reflected by F statistic at 5% significance level.

<table>
<thead>
<tr>
<th>Country</th>
<th>Multiple R</th>
<th>R-Square</th>
<th>Adjusted R²</th>
<th>F-Test</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan</td>
<td>0.55</td>
<td>0.3</td>
<td>0.27</td>
<td>10.13</td>
<td>0.0002</td>
</tr>
<tr>
<td>USA</td>
<td>0.84</td>
<td>0.72</td>
<td>0.64</td>
<td>12.23</td>
<td>0.0019</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Coefficient</th>
<th>SE</th>
<th>t Stat</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan</td>
<td>Intercept</td>
<td>-7.61</td>
<td>2.77</td>
<td>-2.75</td>
</tr>
<tr>
<td></td>
<td>CGI</td>
<td>1.45</td>
<td>0.55</td>
<td>2.61</td>
</tr>
<tr>
<td></td>
<td>Ln TA</td>
<td>0.2</td>
<td>0.17</td>
<td>1.2</td>
</tr>
<tr>
<td>USA</td>
<td>Intercept</td>
<td>-45.23</td>
<td>23.23</td>
<td>-1.98</td>
</tr>
<tr>
<td></td>
<td>CGI</td>
<td>8.19</td>
<td>4.77</td>
<td>2.63</td>
</tr>
</tbody>
</table>
The regression coefficient for CGI score is 1.45 for Pakistan & 8.19 for USA and is significant 5% confidence level. The firm size is insignificant at 5% level.

Regression Equation-IV (CGI Score on Price to Earnings (P/E) Ratio)

<table>
<thead>
<tr>
<th>Pakistan</th>
<th>Multiple R</th>
<th>R-Square</th>
<th>Adjusted R²</th>
<th>F-Test</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.3</td>
<td>0.09</td>
<td>0.001</td>
<td>0.65</td>
<td>0.58</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>Multiple R</td>
<td>R-Square</td>
<td>Adjusted R²</td>
<td>F-Test</td>
<td>P-Value</td>
</tr>
<tr>
<td>0.64</td>
<td>0.41</td>
<td>0.72</td>
<td>10.98</td>
<td>0.0022</td>
<td></td>
</tr>
</tbody>
</table>

According to equation 4 table of CGI score to P/E the value of R is .30 in case of Pakistan reflecting the low positive correlation comparatively. Similarly, the value of R square suggests the low prediction power of model in this case. In case of USA the picture is opposite. The R value is .64 which means moderate positive correlation between CGI score & P/E ratio. This means that capital markets in develop countries are more efficient and incorporate every factor in determining the value of stocks. The model is also significant in case of USA.

Regression Coefficient & P Values

<table>
<thead>
<tr>
<th>Pakistan</th>
<th>Coefficient</th>
<th>SE</th>
<th>t Stat</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>-24.5</td>
<td>40.98</td>
<td>-0.58</td>
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<td>CGI</td>
<td>5.89</td>
<td>8.67</td>
<td>0.69</td>
<td>0.5123</td>
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<tr>
<td>Ln TA</td>
<td>0.61</td>
<td>2.43</td>
<td>0.28</td>
<td>0.8100</td>
</tr>
<tr>
<td>USA</td>
<td>Coefficient</td>
<td>SE</td>
<td>t Stat</td>
<td>P-value</td>
</tr>
<tr>
<td>Intercept</td>
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<td>-1.23</td>
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</tr>
<tr>
<td>CGI</td>
<td>14.35</td>
<td>15.67</td>
<td>1.98</td>
<td>0.0049</td>
</tr>
<tr>
<td>Ln TA</td>
<td>0.69</td>
<td>0.89</td>
<td>1.56</td>
<td>0.8701</td>
</tr>
</tbody>
</table>

The results of P/E are quite different from ROA, ROE & P/B ratios only in case of Pakistan. The regression model for P/E is insignificant and describes very low variations in P/E is explained by CGI score. Similarly, CGI score coefficients are also found insignificant though positively correlated. This means that data set on P/E ratios is much dispersed around mean value as can be seen from descriptive statistics in case of Pakistan. In case of USA the results are opposite.

In study it is already mention that P/E ratios shows the investor confidence on the earnings of the firms and how much investors are willing to pay against these earnings. P/E ratios are high for high growth firms and lower for lower growth or riskier firms. If investor is not satisfied with the governance practices of these firms, they consider it risky and will not invest in the stocks of these risky firms which results in low valuation. Low valuation/price means higher rate of return but in Pakistani Capital Market this phenomenon doesn’t not prevail because stock prices do not incorporate the fundamental risk factor which the capital of develop markets do such as USA and build strong investor confidence to value stocks & ultimately increase the value of firms.

Conclusion

The main objective of this study is to investigate the relationship between the quality of corporate
governance and financial performance of firms from emerging & developed economies such as Pakistan & USA. To measure the quality of corporate governance CG index was developed that incorporate 30 different parameters relating to the main stakeholders of firms such as shareholders, debtholders, employee & society at large.

The financial performance dimension of the sample firms is measured through ROA, ROE, P/B & P/E ratios. The study covers the time period from 2011 to 2017 (7 years). The data of these variables of the study are taken from the published annual reports of listed companies from various sectors randomly. In addition to descriptive statistics the linear regression model is applied to empirically test the results.

The results show that CGI scores are moderately correlated with ROA, ROE & P/B ratio, whereas, weekly correlated with P/E ratio. Among four (4) models, the first three (3) are statistically significant. This is case of emerging economy like Pakistan. In these countries lack of good governance reforms, weak governance structure, poor policy formation and family owned ownership structure of entities are the prime reasons of such deterioration in the performance of corporate entities. In comparison with emerging economies the developed economies are doing very well in the governance of corporate sector. The evidence of which are also empirically tested and proved in this study. In case of USA CGI scores are strongly correlated with all the financial performance indicators and are statistically significant at various confidence levels. The reasons of such success are the adoption of good governance models that benefits all stakeholders, more developed efficient capital markets, strict monitoring of regulatory authorities and good policy reforms for the development of corporate sector.

With study finding it should be claimed that firms & economies with good corporate governance models and system perform financially & economically well and contribute more for the betterment of all stakeholder domestically as well as over the globe in financial & economic terms. In recent times the role of corporate governance is considered strategically important for the development & growth of Capital Markets and for the integration of business economies.

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Vietnam Ministry of Finance (2012), “Circular No. 121/2012/TT-BTC dated on July 26, 2012 issuing the regulations on corporate governance which is applied to public companies”.


THE RELATIONSHIP AMONG LOCUS OF CONTROL, SELF-ESTEEM AND LEADERSHIP SKILLS

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Abstract

Locus of control and self-esteem are important requisites for today’s and tomorrow’s leaders. One of the most widely researched personality variables during the last nearly 30 years is locus of control. The generalized expectancy of reinforcement as either internal or external to the self. Internal locus of control is the expectation that reinforcement is the result of one's own effort, ability, characteristics, or behavior; external locus of control is the expectation that reinforcement is the result of chance, fate, luck, or powerful others. An individual does not have a clearly defined internal or external locus of control, since locus of control is accepted as a continuous variable, not a dichotomous one, and can vary situationally. Self-esteem is a broadly defined personality variable referring to the degree to which an individual values and accepts him- or herself. High self-esteem has been associated with positive characteristics such as initiative, strong coping skills, persistence in the face of challenges, happiness, and longevity. One of the studies on leadership uses four general categories by making sense of previous conceptualization of leadership skill requirements; cognitive skills, interpersonal skills, business skills, and strategic skills. It interacts the four categories at organizational level. This study that show relative importance of skill categories is different at different levels in the organization, will enable the model the leadership skill requirements according to the organizational level. The aim of this paper is; to try to draw a theoretical model where locus of control, self-esteem and leadership skills interacts and to make a framework study on the relationship among the three behavioral and personal traits in order to indicate the necessities of a leader at all level in our age.

Keywords : Locus of control, self-esteem, leadership, organization

THE CONCEPT OF LOCUS OF CONTROL

Individuals differ in perceiving the happenings in the environment initiated either by their own will or by out of their control (i.e. by chance, fate, or some powerful people). Locus of control as a personality construct represents an individual perceived degree of control in life. It is concerned with a person’s confidence in being able to control outcomes. Individuals with internal locus of control attribute success to their own effort and ability, whereas those with external locus of control believe that their success or life is controlled by luck, fate, chance or powerful others (Morshirnia, 2008, Akpan & Archibong, 2012). Julian Rotter established a theory assuming this type of situations named Locus Of Control. He believed that people couldn’t be divided as those with internal locus of control and those with external locus of control. Rotter(1966) suggested a "scale" which determines the degree of people’s internality. He believed that the reinforcement was perceived by people as following some action of them but not entirely contingent upon their action. The great complexity of the forces surrounding the person leads them to perceive it as the result of luck, chance, fate; as under the control of powerful people or as unpredictable occasions. People have labeled this a belief in external locus of control. In contrast, if the person perceives that the event is contingent upon his/her own behaviour or his/her own relatively permanent characteristics, this has been termed as a belief in internal control.

The concept of locus of control is very important in human resource management and strategic management in order to predict, understand and explain the employee’s work related attitudes (Spector 1988; Rotter 1966). Bringing a wide theroretical frame trying to explain human reactions to wide range of stimuli, Rotter soon gained followers scrutinizing the theory in different settings. Wallston and his colleagues (1976) designed a scale to measure health locus of control of patients. Levis and Lawrence-Patterson (1989) developed theories to explain children’s maladaptive behaviours at school by internality/externality. In 90’s the Prison Locus of Control Scale was introduced to the literature of this concept (Pugh 1992). Parkes argues that increasing the belief in one’s own control and initiating problem-focused strategies, internal locus of control lowers the feeling of stress. On the other hand, an external locus of control was cited as an aspect of psychological vulnerability and thus as a source of stress by Parkes and Razavi in their research (Parkes, 2004).

Rotter (1996) argues that LOC is not a totally innate feature but rather shaped by the experiences, especially by the ones of the early years of life. He tried to settle a theory in an effort to understand and explain
human behaviour and cognition across a wide range of settings, from school related problems of adolescence to attitudes toward politics (Phares, 1976).

According to Weiner (1974) the "attribution theory assumes that people try to determine why people do what they do, i.e., attribute causes to behavior." There is a three stage process which underlies an attribution. (1): Perceive or possibly observe the behavior. (2): Try and figure out if the behavior was intentional, and (3): Determine if the person was forced to perform that behavior. The latter occur after the fact, that is, they are explanations for events that have already happened. Expectancy, which concerns future events, is a critical aspect of locus of control. Locus of control is grounded in expectancy-value theory, which describes human behavior as determined by the perceived likelihood of an event or outcome occurring contingent upon the behavior in question, and the value placed on that event or outcome. More specifically, expectancy-value theory states that if (a) someone values a particular outcome and (b) that person believes that taking a particular action will produce that outcome, then (c) they are more likely to take that particular action.

Rotter's original (1966) LOC formulation classified generalized beliefs concerning who or what influences things along a bipolar dimension from internal to external control: "Internal control" is the term used to describe the belief that control of future outcomes resides primarily in oneself while "external control" refers to the expectancy that control is outside of oneself, either in the hands of powerful other people or due to fate/chance. Hannah Levenson (1973) offered an alternative model. Whereas Rotter's conceptualization viewed locus of control as unidimensional (internal to external), Levenson's model asserts that there are three independent dimensions: Internality, Chance, and Powerful Others. According to Levenson's model, one can endorse each of these dimensions of locus of control independently and at the same time. For example, A person might simultaneously believe that both oneself and powerful others influence outcomes, but that chance does not.

Since its introduction, the LOC construct has undergone considerable elaboration and several context-specific instruments have been developed. Health researchers in particular have embraced locus of control as a concept for explaining behavior. Among the most widely used health-specific measures is the Multidimensional Health Locus of Control Scales (Wallston, Wallston, & DeVellis, 1978). This instrument retains Levenson's three dimensions but concerns outcomes that are specifically related to health and illness, such as staying well or becoming ill.

Locus of control, according to Rotter's approach, can be divided into two separate sources of control: internal and external. People with an internal locus of control believe that they control their own destiny. They also believe that their own experiences are controlled by their own skill or efforts. An example would be "The more I study, the better grades I get" (Gershaw, 1989). On the other hand, people who tend to have an external locus of control tend to attribute their experiences to fate, chance, or luck. Since the people attribute both their successes and failures to luck or chance, they tend to lack persistence and not have very high levels of expectation.

Generally, the development of locus of control stems from family, culture, and past experiences leading to rewards. Most internals have been shown to come from families that focused on effort, education, and responsibility. On the other hand, most externals come from families of a low socioeconomic status where there is a lack of life control. (Levenson H, 1973)

THE CONCEPT OF SELF ESTEEM

"Self esteem" concept can be considered as the evaluative aspect of the "self" concept (Shaver 1977). Self is often considered to be individuals’ way of defining and categorizing themselves (Gergen and Gergen, 1986), or the totality of the answers to the question of “Who I am” (Shaver, 1977). Shaver defined self esteem as the ratio of one’s success to one’s pretentions. In this definition the important detail to notice is both in selection aspects and in the level of performance the person expects of those aspects from himself/herself.

Coopersmith (1967) defined self–esteem as the extent to which the individual believes himself/ herself to be capable, significant, successful and worthy. , Brown and Mankowski (1993) defined the concept as a person’s global orientation toward the self and suggest that it plays a central role in the psychological life and behavior of the person. The development of self-esteem is a process that can be affected by personal and situational factors such as socialization experiences and sex, among on the others.

Self-esteem is a broadly defined personality variable referring to the degree to which an individual values and accepts him- or herself. Low self-esteem has been associated with a host of negative life outcomes, including substance abuse, delinquency, unhappiness, depression, eating disorders, and worsened recovery after illnesses (Hoyle et al., 1999, Leary and Mc Donald, 2003). High self-esteem has been associated with positive
characteristics such as initiative, strong coping skills, persistence in the face of challenges, happiness, and longevity (Baumeister et al. 2003). In geriatric research, the suggestion has been made that a positive self-concept may play a key role in the model of successful aging, predicting independence, cognitive stability, and general health in old age (Baltes and Baltes, 1990, Markus and Herzog, 1991). An interactive model of self-esteem was proposed by Rosenberg in 1979 (Marsh 1986). According to the model, the positive or negative contribution will be larger when the level of specific self-concept is more important; when this level is low the positive or the negative contribution will be less. In parallel to his definition Gergen K. and Gergen M. (1986) stated that when positive affect was associated with a person’s conception of self, the person is considered to have high self-esteem, whereas when the self-concept was associated with negative affect, the individual’s self-esteem is considered to be low.

In the study of self-esteem, great emphasis has been placed on assessing people with high versus low self-esteem and examining the differences between them. Moreover, the sources and conditions that affect the self-esteem are also examined.

Coopersmith drew attention on the role of the significant others in the development of self-esteem. In addition to these external factors, physical characteristics that the individual has no control over such as gender, race or attractiveness could also have effects on their level of self-esteem.

Referring to Coopersmith (1967), we can say that there are two main factors affecting the development of self-esteem: One of them is being accepted and respected from the significant people in his / her life; the other is the individual’s successes and failures regarding his / her objectives.

Since recent times, self-esteem levels of individuals as high versus low were measured through unidimensional, global measures which were relatively content free (Marsh, 1988), such as Coopersmith’s Self-Esteem Inventory, or Rosemberg's Self-Esteem Scale. However, as James (1908) had earlier emphasized, an individual’s self-esteem should be based on what the individual considers to be important. The other, less important aspects would have a little effect on individual’s self perception of worth.

In recent times low self-esteem has been one of the most popular psychological explanations for behavioral and social problems. There is a widespread view that low self-esteem is a risk factor for a broad range of psychological, behavioral problems and business failures. And people aim to believe that racial prejudice, abuse of illegal drugs, illegal (under-age) tobacco use, alcohol abuse, risky sexual behavior and teenage pregnancy, child maltreatment, educational underachievement, economic circumstances, eating disorders, suicide and suicide attempts are the negative consequences of low self-esteem. (Burns, David, 1999)

Most of us have an image of what low self-esteem looks like, but it is not always so easy to recognize. Low self-esteem people act helpless and unable to cope with the world and waits for someone to come to the rescue. He / she use self-pity or indifference as a guard against fear of taking responsibility for changing his or her life. He / she looks constantly to others for guidance, which can lead to such problems as lacking assertiveness skills, under-achievement, and excessive reliance on others in relationships. This type of people is the most common frame of low-self esteem people. But there are also some people who act happy and successful, but are really terrified of failure. He / she lives with the constant fear that she or he will be "found out." He / she needs continuous successes to maintain the mask of positive self-esteem, which may lead to problems with perfectionism, procrastination, competition, and burn-out. And sometimes people known as rebels may be low self-esteem people. They act like the opinions of people who are important or powerful - don't matter. He / she lives with constant anger about not feeling "good enough." And this type of people continuously need to prove that others' judgments and criticisms don't hurt, which may lead to problems like blaming others excessively, breaking rules or laws, or fighting authority. (McKay, Matthew, Fanning, 2000)

High self-esteem is based on ability to assess ourselves accurately and still be able to accept and to value ourselves unconditionally. This means being able to realistically acknowledge our strengths and limitations (which is part of being human) and at the same time accepting ourselves as worthy and worthwhile without conditions or reservations. There is a wide range of evidence that high self-esteem has many positive effects for individuals. Research has linked high self-esteem to higher expectation to succeed; to higher task performance; and to being more independent and self-directed, and less tend depression.

While there are a number of reasons to promote high self-esteem in people, some psychologists take very different perspectives, according to which high self-esteem isn’t such a good thing. Roy Baumeister, a prominent social psychologist, defines high self-esteem as belief that one is superior. He maintains that gang leaders, racists, murderers, and rapists have high self-esteem. In a widely cited research, Lindblom (1996) concluded that
aggression is associated with high self-esteem. Lozano (2000) argued that groups known to have high self-esteem are also more aggressive than other groups; for instance, non-depressed individuals are more aggressive than depressed individuals. He also contended that because alcohol “enhances” self-esteem, aggressive individuals who have consumed alcohol provide further evidence linking high self-esteem and aggression. Examining empirical studies in which murderers and rapists respond to self-defining statements, Baumeister (1996) pointed out that these violent criminals consciously believe in their superiority. They also state that the idea that low self-esteem causes violence is wrong. People with low self-esteem are generally shy, humble, modest, self-effacing individuals. But people with very high self-esteem are more close to violence. Hitler, Hussein, and Amin are the examples of people with very high self-esteem.

**IMPORTANCE OF LOC AND SELF-ESTEEM IN ORGANIZATIONS**

Locus of Control refers to the extent to which individuals believe that they can control events that affect them. Individuals with a high internal locus of control believe that events result primarily from their own behavior and actions. Those with a high external locus of control believe that powerful others, fate, or chance primarily determine events. Those with a high internal locus of control have better control of their behaviour and tend to exhibit more political behaviors than externals and are more likely to attempt to influence other people; they are more likely to assume that their efforts will be successful. They are more active in seeking information and knowledge concerning their situation than do externals. The propensity to engage in political behavior is stronger for individuals who have a high internal locus of control than for those who have a high external locus of control.

Self-esteem, which has also been an important psychological need, has become an urgent economic need to adapt the complex, challenging, and competitive world.

We now live in a global economy characterized by rapid change, accelerating scientific and technological breakthroughs, and a level of competitiveness. These developments create demands for higher levels of education and training than were required at previous generations. This is a known fact. What is not equally realized is that these developments also create new demands on our psychological resources. Specifically, these developments ask for a greater capacity for innovation, self-management, personal responsibility, and self-direction. This is not just asked at the top levels. It is asked at every level of a business enterprise, from senior management to first-line supervisor and even to entry-level personnel. (Mitchell, Agle, Wood 1997)

A modern organization can no longer be run by few people who think and many people who do what they are told. Today, organizations need not only a higher level of knowledge and skills, but also a higher level of independence, self-reliance, self-trust, and the capacity to take initiative - in a word, self-esteem. This means that people with a healthy level of LOC and self-esteem are now needed economically in large numbers.

Recent technological and economic dynamics are forcing us to rise to a higher level than our ancestors. And this should be accepted as one of the most important aspects of the twentieth century. This fact has significant effects on the future organizations and their values. Values that drive to autonomy, innovativeness, self-responsibility, self-esteem will be dominant in all organizations (in contrast to traditional values as obedience, conformity, and respect for authority).

**CONCLUSION**

Comparing low versus high self esteem, we can say that high self esteem people are advantageous in work life. But too much high self-esteem may cause aggression and sometimes violence. Also, people with very high self esteem view themselves unrealistically good which will lead to determining extremely high and unreachable goals. Therefore, we can say that high self-esteem should be kept at a healthy level in order to get positive benefits.

Companies which are aware of the importance of self-esteem should try to build a healthy high self-esteem. So what can the companies do to increase the self-esteem of its employees? Below there are some common methods:

- Easy access not only to the information employees need to do their job, but also about the wider context in which they work - the goals and progress of the organization - should be provided, so they can understand how their activities relate to the organization’s overall mission and agenda.
- Opportunity of continuous learning and upgrading of skills should be maintained.
- If someone does good work or gives a fine decision, the person can be invited to explore how and why it happened. And by asking appropriate questions, help to raise the person’s consciousness about what made the achievement possible. In reverse, if someone does unacceptable work or gives a bad decision, the same principle can be practiced and in addition corrective feedback can be given. Again by asking questions, let the employee find out what made error possible, so that he/she will avoid the repetition of the problem.
- Over directing, over observing, and over reporting should be avoided as excessive management is the enemy of autonomy and creativity.
- Budgets should be parallel to innovations; that mean if a company asks for innovative ideas and then announce there are no resources, then the creative enthusiasm might dry up and be replaced by demoralization.
- Tasks and projects slightly beyond their known capabilities should be assigned in order to improve them.
- Keep handing responsibility down.

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HOW WELL DO LINEAR AND NONLINEAR TIME SERIES MODELS’ FORECASTS COMPETE WITH INTERNATIONAL ECONOMIC ORGANIZATIONS?

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ABSTRACT
This paper evaluates the forecasting performance of linear and non-linear time series models of some macroeconomic variables viz a viz the forecasts outlook of these variables generated by professionals in international economic organizations i.e. the International Monetary Fund (IMF) and the Organization of Economic Cooperation and Development (OECD). Many time series and econometrics models are used to forecast financial and macroeconomic variables. The accuracy of such forecasts depends crucially on careful handling of nonlinearity present in the time series. The debate of forecasting ability of linear vs nonlinear models is far from settled. These models use the past patterns of the economic time series to infer the parameters of the underlying stochastic process and use it to make forecasts. In doing so these models use only the information contained in the past data. However the economists working in professional international economic organizations not only look at the past trends but use the condition of local and global economy prevailing at the time and expected future path of economies and use their professional expertise and judgment to arrive at forecasts of macroeconomic variables. However the specific underlying models and methodology used by the economists generating these forecast is usually not communicated to the public. In comparison to the forecasts of these organizations the time series models are well developed and accessible to researchers working anywhere around the globe. Thus it is an interesting task to compare the foresting ability of linear and nonlinear time series models. This paper aims at comparing the forecasts from these models to assess how well they compete with forecasts generated from the professional economists employed by international economic organizations. The nonlinear models employed in this study are quite well known namely the Self Exciting Threshold Autoregressive (SETAR) model and the Markov Switching Autoregressive (MSAR) model. The linear models employed are the AR and ARMA models. The paper have used annual data of three macroeconomic time series variables GDP growth, consumer price inflation and exchange rate of G7 countries i.e. Canada, France, Germany, Italy, Japan, United Kingdom (UK) and United States of America (USA). Three forecast accuracy criteria i.e. Root Mean Square Error (RMSE), Mean Absolute Error (MAE) and Mean Absolute Percentage Error (MAPE) are employed and the statistical significance of difference in forecasts is assessed using the Diebold-Marino test. The results show that the forecasting ability of nonlinear Regime Switching models SETAR and MSAR is superior to the linear models. Further, although the point forecasts of linear and nonlinear models are not superior to that of economic organizations but in more than 60 percent of the cases considered the forecasting accuracy of these forecast is not statistically significantly different.

Keywords: Nonlinear models, Self-exciting threshold Autoregressive model, Markov-Regime Switching model, IMF, OECD.

INTRODUCTION
Forecasting of relevant economic and financial variables is a key tool to facilitate decision makers in many fields such as finance, economics, business, investment and government. It is a fact that successful planning and decision making needs accurate modeling and forecasting of relevant macroeconomic and financial time series variables. The linear models predict the symmetric impact of positive and negative shocks which is inconsistent with some observed asymmetric response e.g. downward sticky prices. Anderson and Vahid (1998) point out that in some cases linear expectation models do not accommodate the stylized facts of data, e.g., linear VAR models do not account for a well-known phenomenon, that is many business cycles indicates that the recessions are sharp and short lived but expansions are mild and long lasting. Success in forecasting the macroeconomic variables is therefore, dependent on careful modeling of nonlinearity present in the data. The Box-Jenkins modeling strategy is the most influential in the forecasting research in linear time series models (Barbulescu and Bautu 2012. However the Box-Jenkins models do not possess the ability to identify the non-linearity in the data. From the literature, it is found in most cases that the important reason for the failure of the forecasting models is to ignore the parametric nonlinearity inherent in many economic variables. The regime-switching models have been used extensively and enjoyed some success in catching the attention of researchers as described in Franses and Dijk (2000). But neither out of sample nor in-sample fit of these models provide improvement as compared to the linear AR models.
(Clements and Smith, 1997). Diebold and Nason (1990), and De Gooijer and Kumar (1992) also discussed the forecasting performance of non-linear models and conclude that forecasting from the nonlinear models does not always yield up to mark performance against the linear AR models.

The literature on comparing performance of forecasts generated by economic organizations with time series models is quite limited especially with the non-linear models. In this paper we fill this gap in the literature by providing empirical evidence of forecasting performance of two of the most important international organizations namely International Monetary Fund (IMF), the Organization for Economic Co-operation and Development (OECD) viz a viz linear and non-linear time series models. The international economic organizations report forecasts of many macroeconomic variables of different developed countries based on the expertise of their staff who have access to expectation of future path of economies in addition to historical time series data. Thus it is interesting to examine the forecasting accuracy of macroeconomic variable generated by these organizations with the time series models. The later models employ only the historical pattern embodied in the macroeconomic variables. The predictions of the economic and financial variables of different developed countries from the IMF and OECD are published twice a year. The forecasts of different economic and financial variables from the IMF are published in the World Economic Outlook (WEO) in May and October in the same year while the forecasts from the OECD published in Economic Outlook in June and December in the same year. The forecasts are also reviewed with the political representatives of different countries present as members in organizations. According to Batchelor (2000), this long consultation process not only slows down the procedure of the forecast but also results in biasedness due to the influence of political pressures. The IMF and OECD continuously monitor the accuracy of their forecasts. The forecasting performance of these organizations evaluated in many studies i.e. Kenen and Schwartz (1986), Artis (1988) and Artis (1996), Barrionuevo (1993), Loungani (2000) and [Ash and Smyth (1991)]. Batchelor (2000) concluded that the OECD forecasts are not as accurate as compared to the IMF. Also, the forecasts from the OECD are more biased as compared to IMF. According to Artis (1988), it is observed that the forecast from the OECD is not unbiased and also it is not much accurate as compare to the forecast from the IMF despite that they publish their forecast in different timings. Nearly all the studies in literature focus on the comparison of the official forecasts to forecast of some naive models. Usually, these comparisons are not valid as most of the predictions from the naive models are not reliable. In general, therefore, almost all the forecasts from the IMF and OECD outperform naive models. Several studies have been done to compare the forecasting performance of different worldwide and international organizations during recent years. These studies were focused on the forecasting of macroeconomic variables such as GDP and inflation of some of the countries using simple linear models such as, ARIMA, random walk models, ARCH, GARCH, VAR models etc. The macroeconomic variables considered in this study include gross domestic product growth rate (GDP growth), inflation and exchange rate for the G-7 countries. These are the most important variables which are used to gauge the economic the stability and development of a country.

Following, this introduction section 2 presents literature review, linear and non-linear models are reviewed in section 3. Model estimation and forecasting performance are studied in section 4. Results and discussions on these forecasts are covered in section 5. Section 6 describe the data and their time series behaviors. Section 7 provides conclusion.

LITERATURE REVIEW

The extensive literature review indicates that there is unending dispute regarding the importance of the appropriate forecasting models for the macroeconomic time series (Swanson and White, 1994). Generally, the nonlinear models are considered better as compared to the linear models i.e. linear autoregressive (AR), autoregressive moving average (ARMA), and autoregressive integrated moving average (ARIMA) models but the literature does not provide conclusive evidence in this regard. See for example Clements and Krolzig (1997).

Clements and Krolzig (1997) compared the regime switching models and a linear model on the quarterly GNP data one from 1982 prices for the period 1948:1 to 1990:4, and second data from 1959:1–1996:2 at 1992 prices. They found that the Markov switching autoregressive model (MS-AR) and self-exciting threshold autoregressive model (SETAR) were more accurate as compared to the famous linear models. Furthermore, they disagree that the nonlinear models have a superior forecasting power. Similarly, Feng and Liu (2003) also compared the forecasting performance of nonlinear SETAR model and standard linear ARIMA model. They used Canadian real GDP data from the first quarter of 1961 to the last quarter of 2000. They reveal that the SETAR model gives better forecast as compared to ARIMA model in the case of within-sample fit. Additionally, they also
proved that the predictive power of SETAR model in case of out of sample forecasting is much superior to the linear ARIMA model. After this, Kostaer and Mosler (2006) investigates the forecasting performance of linear AR model and nonlinear autoregressive Markov Switching Models. They used German time series electricity spot prices taken from European Energy Exchange in Leipzig, Germany. Their results are lopsided towards the MS-AR model. Their study suggests that Markov regime-switching models have better forecasting power as compared to the linear AR model. However, at the same time, the forecast performance of international organization also investigated. Batchelor (2000) compared the macroeconomic forecasts for G7 countries between the private sector economists with the OECD and IMF which were made in 1990. Their findings illustrate on the basis of two forecast accuracy criteria’s namely MAE and RMSE that the forecasts from the private sector are much unbiased and more accurate as compare to the OECD and IMF. He used real GDP growth rates, expenditure of consumers, business investment and industrial production, the consumer price inflation rate and the unemployment rate from 1990 to 1999. He found that the OECD and IMF contain very little information which is not enough to reduce the forecast error from the private sector using some formal comparison tests. On same year, Kreinin (2000) compared the two big giants of economic forecast, OECD and the IMF by means of the accuracy of annual forecasts. He used real GDP growth rate, the GDP deflator, unemployment, and the trade balance. Kreinin used twenty-five years of sample data approximately. He publicized that, none of the organization successfully gives accurate forecasting especially in the cases of cyclical turning points. Moreover, he was disagreed with the Batchelor (2000). Afterwards, Loungani (2001) and Blix et al. (2001) compare the forecast performance of IMF and OECD with private forecast. Loungani (2001) worked on the performance of forecasting from different private and official organization like OECD and IMF. He used the GDP growth for both the industrialized and developing countries. The sample data were used on monthly basis from 1989 to 1998 for 63 different countries. According to his findings, the forecasters does not predict recessions accurately. In more than seventy percent cases, the predictions made in October in the year is miscalculated the recession. Meanwhile, Blix et al. (2001) compared the forecasting performance of 250 institutions using the real GDP and inflation data sets from period 1991 to 2001. They picked developed countries i.e. US, Japan, France, Germany, Italy, and Sweden. According to them, many pieces of evidence are there which show that the forecasters have been unable to understand the growth rate pattern in many countries. Also, there are many cases which proved that the forecasters follow the herd behavior. They agreed with the Blix et al. (2001) that the forecasting from not much-renowned forecasters is much better as compared to the well-established economic organizations such as the IMF and the OECD. Later on, Keck et al. (2009) analyze the forecasting performance using two well-known time series models namely ARIMA and ADL models. They developed a model with additional predictor using GARCH approach which gives better forecasting for long run horizon. According to them, the forecasting ability of the both models ARIMA and ADL based on quarterly data from 1960 to 2009 are much better than the OECD forecasted data. They used the imports and GDP data. Abreu (2011) compared the forecasting performance of three international organizations namely the IMF, the European Commission and the OECD with the mean forecasts of two private analyst’s institutions namely the Consensus Economics and The Economist. He used the yearly data of real GDP growth and inflation projections for nine main advanced economies namely Germany, France, Italy, Spain, Netherlands, Belgium, the United Kingdom, the United States and Japan, over the period from 1991 to 2009. He found that the forecasting performance of the international organizations is approximately similar to private analysts. By examining the literature on the comparison of linear and nonlinear models and comparison of forecasts of organizations e.g. IMF and OECD, it is observed that the number of studies which compare the forecast of non-linear models with that of the economic organizations are very rare. The present paper aims at providing a contribution in the literature in this regards.

LINEAR AND NON-LINEAR REGIME-SWITCHING MODELS

Autoregressive AR (p) models

The linear models are used for the modeling and forecasting for most of the time series. Generally, there are three kinds of linear models which are usually used: the linear autoregressive (AR), moving average (MA), and ARMA models. In this study, we considered the linear AR model which belongs to a class of Box and Jenkins (1970) modelling approach.
Autoregressive Moving Average ARMA (p,q) Models

The Auto regressive moving average model (ARMA) is a mixture of AR and MA models. The ARMA model offers the basic tool in time series modeling. Makridakis and Hisonif (1997) revealed that if alternative approaches are utilized to remove and extrapolate the trend in the data, ARMA models outperform the corresponding methods involved in the great majority of cases.

Autoregressive Integrated Moving Average ARIMA (p,d,q) Models

The ARIMA process contains with a characteristic root on unit circle. (i.e. a non-stationary process). A differenced $d$ times on variable in a ARMA ($p,q$) model represents an ARIMA($p,d,q$) model. The Box-Jenkins methodology regarding the ARIMA models are one of the most popular models for the forecasting since the 1970.

Self-exciting threshold autoregressive models (SETAR)

The Threshold Auto Regression (TAR) model is the simplest nonlinear regression model that contains piecewise linear specifications and regime switching that occurs when an observed variable crosses an unknown thresholds. Threshold autoregressive methods were firstly studied by Tong (1978) (cited by Tong and Lim, 1980). Self-Exciting Threshold Auto Regressive is a special case arises when the threshold variable is taken to be a lagged value of the time series itself.

Markov Regime Switching Models

In the economics, the Regime Switching is always the idea concerning non-linear models. The property of a switching variable is that it is a visible and continuous variable but it may also be an unobservable variable that obtains a restricted number of discrete values. It also independent at all lags (Terasvirta, 2006). A kind of this model is a Markov Regime Switching Autoregressive Model (MS-AR).

THE DATA AND THEIR SOURCES

In this study, we used the Gross Domestic Product growth (GDP growth), inflation and exchange rate for the G7 countries i.e. Canada, France, Italy, Japan, Germany, United Kingdom (UK) and United States of America (USA). The database of forecasts of economic and financial variables of G7 countries is well maintained by the economic organizations. These are the most developed among the world’s largest economies. We used the yearly data of the above macroeconomic and financial variables. The frequency of the data depends on the availability of time period of the individual variable. But all the data covers the time period till 2015 for each and every variable. For the GDP growth, the data frequency is from 1961 to 2015 except for only USA which starts from 1948 and UK which starts from 1956. For inflation, the data frequency starts from 1956 except Canada which starts from 1950 till 2015. For the exchange rate investigation, we only pick three G7 countries named Canada, Japan, and UK due to the exchange rate in US dollar. Also, German, French, and Italy currency transformed into Euro in 2001, therefore, we ignore these countries. The main source for most of the data is International Monetary Fund (IMF) and Organization for Economic Cooperation and Development (OECD). All macroeconomic time series in this study reveal that in general, these are quite erratic pattern with breaks and non-linear behavior especially in the exchange rate and inflation data.

MODEL ESTIMATION AND FORECASTING PERFORMANCE

The out of sample forecasting is the evaluation technique which is employed in this study to compare the relative forecast performances of the models. We divided the sample into two parts. In-sample and out-of-sample respectively. After estimating a model, we compare the forecasted value with the observed data. For one year ahead forecast, we used the data from 1970 to 2000 for the specification and estimation of the model and the forecast evaluation is conducted for the last fifteen observations i.e. 2001 to 2015.

Recursive Method

The recursive method is a popular time series forecast computation technique because of being computationally proficient. It can also takes into account any time variation in parameters. The recursive method has an advantage that they can handle the high fluctuations of a time series better than the classical models having the constant parameters. By using this recursive method, we find out the one step ahead forecast.

Forecast Accuracy Criteria

According to Brooks (2014), the forecasted values produced by out-of-sample period, would be compared with the actual values so that the errors can be accumulate. That is why, the errors which are actually the differences between the observed and fitted values, are evaluated using more than one criterion for robustness.
Thus we examined forecast accuracy by calculating three evaluation criteria’s i.e. Mean Absolute Error (MAE), Mean Absolute Percentage Error (MAPE) and Root Mean Square Error (RMSE).

The Diebold-Mariano (DM) Test

The Diebold-Mariano (DM) test is used to test whether forecast accuracy from two forecasting models is significantly different. According to Diebold (2013), the DM test is very useful test to check the significant difference between two or more forecast. Mark (1995) used DM test for the comparison purpose of the forecast of nominal exchange rate data. Swanson and White (1997) also used DM test for comparing the forecasting ability of some flexible and fixed specification, linear and nonlinear models of some macroeconomic time series variables.

Break point unit root test

Perron (1989) described that when the time series have some kind of structural breaks, the common unit root tests are not capable to identify the unit root or non-stationarity. The results of these tests may be biased. Therefore, we used the breakpoint unit root test which is useful when the time series contains structural breaks using two criterion namely Akaike criterion (AIC) and Schwarz criterion (BIC).

RESULTS AND DISCUSSION

Table 2: Break point unit root evidence

<table>
<thead>
<tr>
<th>GDP Growth</th>
<th>Breakpoint unit root</th>
<th>1st diff</th>
<th>1st diff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Schwarz Level</td>
<td></td>
<td>Akaike Level</td>
</tr>
<tr>
<td>Canada</td>
<td>-6.498</td>
<td>-</td>
<td>-6.286</td>
</tr>
<tr>
<td>France</td>
<td>-6.128</td>
<td>-</td>
<td>-6.128</td>
</tr>
<tr>
<td>Germany</td>
<td>-7.123</td>
<td>-</td>
<td>-7.111</td>
</tr>
<tr>
<td>Italy</td>
<td>-7.272</td>
<td>-</td>
<td>-7.271</td>
</tr>
<tr>
<td>Japan</td>
<td>-5.928</td>
<td>-</td>
<td>-5.982</td>
</tr>
<tr>
<td>UK</td>
<td>-6.917</td>
<td>-</td>
<td>-6.917</td>
</tr>
<tr>
<td>USA</td>
<td>-7.800</td>
<td>-</td>
<td>-7.704</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exchange rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
</tr>
<tr>
<td>Japan</td>
</tr>
<tr>
<td>UK</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
</tr>
<tr>
<td>France</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Italy</td>
</tr>
<tr>
<td>Japan</td>
</tr>
<tr>
<td>UK</td>
</tr>
<tr>
<td>USA</td>
</tr>
</tbody>
</table>

Note: * Significant at 1%  ** Significant at 5%  *** Significant at 10%

Out-of-sample forecast evaluation

Firstly, our aim was to check the nonlinear regime-switching models MSAR and SETAR gives better forecast as compare to the forecast from linear models (AR, ARMA and ARIMA models) and finally, to compare the estimated forecasts with the forecasts from the IMF and OECD. The results (Table 3 through Table 5) present the forecast comparison on the basis of information criterions i.e. RMSE, MSE and MAPE for the one step ahead forecast from all the linear and nonlinear models. Also, the forecasts from the IMF and OECD are present. Generally, the two general global financial and economic organizations dominate the forecast made from the both linear and nonlinear models for all the time series variables of all the G-7 countries. The IMF yields the lowest forecast errors among all the forecasts from the linear and nonlinear models for the macroeconomic variables Inflation and GDP growth. While the OECD yields the lowest forecast errors for the exchange rates for Japan and UK. According to our findings, only the forecast from a linear model i.e. ARMA is better as compared to the OECD
for Canada on the basis of RMSE, MSE, and MAPE. Overall, the nonlinear SETAR and MSAR models showed better forecast performance as compared to the linear AR, ARMA and ARIMA models.

Table 3: RMSE, MAE and MAPE for one year ahead forecast of GDP growth.

<table>
<thead>
<tr>
<th>Forecast</th>
<th>RMSE</th>
<th>MAE</th>
<th>MAPE</th>
<th>Forecast</th>
<th>RMSE</th>
<th>MAE</th>
<th>MAPE</th>
<th>Forecast</th>
<th>RMSE</th>
<th>MAE</th>
<th>MAPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td></td>
<td></td>
<td></td>
<td>Japan</td>
<td></td>
<td></td>
<td></td>
<td>Italy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AR</td>
<td>1.956</td>
<td>1.378</td>
<td>74.513</td>
<td>AR</td>
<td>2.678</td>
<td>1.817</td>
<td>290.986</td>
<td>AR</td>
<td>2.431</td>
<td>1.793</td>
<td>253.037</td>
</tr>
<tr>
<td>ARMA</td>
<td>1.969</td>
<td>1.42</td>
<td>76.146</td>
<td>ARMA</td>
<td>2.605</td>
<td>1.71</td>
<td>251.901</td>
<td>ARMA</td>
<td>2.304</td>
<td>1.636</td>
<td>263.621</td>
</tr>
<tr>
<td>SETAR</td>
<td>2.195</td>
<td>1.488</td>
<td>76.775</td>
<td>SETAR</td>
<td>2.731</td>
<td>1.859</td>
<td>257.63</td>
<td>SETAR</td>
<td>3.364</td>
<td>2.447</td>
<td>261.641</td>
</tr>
<tr>
<td>MSAR</td>
<td>1.931</td>
<td>1.359</td>
<td>74.954</td>
<td>MSAR</td>
<td>2.917</td>
<td>1.913</td>
<td>260.795</td>
<td>MSAR</td>
<td>2.534</td>
<td>1.838</td>
<td>272.923</td>
</tr>
<tr>
<td>IMF</td>
<td>0.452</td>
<td>0.359</td>
<td>15.451</td>
<td>IMF</td>
<td>0.984</td>
<td>0.778</td>
<td>118.556</td>
<td>IMF</td>
<td>0.478</td>
<td>0.372</td>
<td>64.786</td>
</tr>
<tr>
<td>France</td>
<td></td>
<td></td>
<td></td>
<td>UK</td>
<td></td>
<td></td>
<td></td>
<td>Germany</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AR</td>
<td>1.818</td>
<td>1.402</td>
<td>233.671</td>
<td>AR</td>
<td>2.029</td>
<td>1.275</td>
<td>79.783</td>
<td>AR</td>
<td>2.802</td>
<td>1.898</td>
<td>6223.13</td>
</tr>
<tr>
<td>ARMA</td>
<td>1.801</td>
<td>1.393</td>
<td>213.163</td>
<td>ARMA</td>
<td>2.036</td>
<td>1.302</td>
<td>79.092</td>
<td>ARMA</td>
<td>2.882</td>
<td>2.057</td>
<td>5569.58</td>
</tr>
<tr>
<td>SETAR</td>
<td>1.777</td>
<td>1.27</td>
<td>178.608</td>
<td>SETAR</td>
<td>2.215</td>
<td>1.505</td>
<td>94.26</td>
<td>SETAR</td>
<td>3.68</td>
<td>2.521</td>
<td>4066.47</td>
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<tr>
<td>MSAR</td>
<td>1.613</td>
<td>1.315</td>
<td>257.677</td>
<td>MSAR</td>
<td>2.27</td>
<td>1.41</td>
<td>89.463</td>
<td>MSAR</td>
<td>2.17</td>
<td>1.554</td>
<td>7779.22</td>
</tr>
<tr>
<td>IMF</td>
<td>0.337</td>
<td>0.274</td>
<td>41.58</td>
<td>IMF</td>
<td>0.908</td>
<td>0.716</td>
<td>44.845</td>
<td>IMF</td>
<td>0.743</td>
<td>0.616</td>
<td>1282.51</td>
</tr>
</tbody>
</table>

| USA      |      |      |       | OECD     |      |      |       |         |      |      |       |
| AR       | 2.146 | 1.516 | 152.147 | AR       | 2.14  | 1.514 | 151.255 | OECD     | 2.465 | 1.691 | 103.951 |
| ARMA     | 2.465 | 1.691 | 103.951 | ARMA     | 2.465 | 1.691 | 103.951 | ARMA     | 2.465 | 1.691 | 103.951 |
| SETAR    | 2.465 | 1.691 | 103.951 | SETAR    | 2.465 | 1.691 | 103.951 | SETAR    | 2.465 | 1.691 | 103.951 |
| MSAR     | 2.239 | 1.465 | 144.693 | MSAR     | 2.239 | 1.465 | 144.693 | MSAR     | 2.239 | 1.465 | 144.693 |
| IMF      | 0.561 | 0.332 | 52.366  | IMF      | 0.561 | 0.332 | 52.366  | IMF      | 0.561 | 0.332 | 52.366  |

*Note: The table summarizes the results of the comparison of the one step ahead forecast of macroeconomic variables of G7 countries from the linear models i.e. Autoregressive (AR) model, Autoregressive moving average (ARMA) model, nonlinear models i.e. Self-exciting Threshold Autoregressive (SETAR) model, Markov Regime Switching Autoregressive model and international organizations i.e. International Monetary Fund (IMF) and Organization for Economic Co-operation and Development (OECD). The estimated sample frequency covers the time period till 2000 (yearly). The one step ahead forecast covers the time period from 2001 to 2015. For this, the recursive method is used. This method has an advantage that it can handle the high fluctuations of a time series better than the classical models having the constant parameters. Forecast accuracy is examined by calculating three evaluation criteria’s. Mean Absolute Error (MAE), Mean Absolute Percentage Error (MAPE) and Root Mean Square Error (RMSE)].

Comparison of linear and non-linear models

SETAR vs. linear models

Table 3 shows that the SETAR model outperforms linear AR and ARMA models only in the GDP growth for France only. While the forecasts from linear models i.e. AR and ARMA models dominates SETAR model in all remaining countries for GDP growth.

Table 4: RMSE, MAE and MAPE for one year ahead forecast of Exchange rate.

<table>
<thead>
<tr>
<th>Forecast</th>
<th>RMSE</th>
<th>MAE</th>
<th>MAPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AR</td>
<td>0.080</td>
<td>0.060</td>
<td>5.012</td>
</tr>
<tr>
<td>ARMA</td>
<td>0.072</td>
<td>0.052</td>
<td>4.354</td>
</tr>
<tr>
<td>SETAR</td>
<td>0.091</td>
<td>0.069</td>
<td>5.625</td>
</tr>
<tr>
<td>MSAR</td>
<td>0.084</td>
<td>0.060</td>
<td>5.055</td>
</tr>
<tr>
<td>OECD</td>
<td>0.081</td>
<td>0.065</td>
<td>5.529</td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AR</td>
<td>11.446</td>
<td>8.761</td>
<td>7.905</td>
</tr>
</tbody>
</table>
Table 5: RMSE, MAE and MAPE for one year ahead forecast of Inflation.

<table>
<thead>
<tr>
<th>Country</th>
<th>AR</th>
<th>ARMA</th>
<th>SETAR</th>
<th>MSAR</th>
<th>IMF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>12.147</td>
<td>9.956</td>
<td>9.003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>18.177</td>
<td>14.274</td>
<td>13.316</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>11.013</td>
<td>9.537</td>
<td>8.823</td>
<td></td>
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</tr>
<tr>
<td>OECD</td>
<td>7.482</td>
<td>5.938</td>
<td>5.616</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>0.041</td>
<td>0.035</td>
<td>5.790</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>0.042</td>
<td>0.035</td>
<td>5.822</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>0.036</td>
<td>0.032</td>
<td>5.317</td>
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</tr>
<tr>
<td></td>
<td>0.039</td>
<td>0.033</td>
<td>5.510</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.029</td>
<td>0.024</td>
<td>4.072</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Hence, for the GDP growth of the G7 countries, the forecasting accuracy of linear models surpasses the SETAR models on the basis of RMSE, MSE and MAPE forecast evaluation criteria. The comparison of forecasting performance for the macroeconomic variable namely exchange rate is presented in Table 4. According to the results, the forecasting performance of SETAR model is better as compared to linear models for the United Kingdom. While for the Canada and Japan, both linear models AR, ARMA, and ARIMA outperform the SETAR model.

The forecasting ability of SETAR and linear models of the Inflation of G7 countries can be seen in Table 5. The results show that the forecasting performance of SETAR models are better than the linear models. As the forecast from SETAR model contains the lowest forecasting errors in five out of seven countries i.e. Canada, Germany, Italy, UK and USA for the Inflation, therefore, SETAR models have the better forecasting performance than linear models for the Inflation data.

MSAR vs. linear models

The comparison of forecasting performance between the MSAR and linear models of the macroeconomic variable GDP growth are presented in Table 3. The MSAR model outperforms the linear AR and ARMA models for Canada, France, and Germany. Even the forecasting power of MSAR model is also superior for the remaining G7 countries. The comparison of forecasting performance for the macroeconomic variable namely exchange rate is presented in Table 4. The results suggest that the forecasting performance of MSAR model is better as compared to linear models for all three countries i.e. Canada, Japan and the United Kingdom. Finally, the forecasting ability of MSAR and linear models of the Inflation can be seen in Table 5. According to the results, the forecasting performance of MSAR models is superior to the linear models. As the forecast from MSAR model has the lowest
forecasting errors in five out of seven countries i.e. Canada, Germany, Italy, UK, and USA for the inflation, therefore, the MSAR model appears to be the best forecasting performance for inflation data.

**SETAR vs. MSAR**

The comparison of forecasting performance for both the nonlinear models for the time series macroeconomic variable GDP growth are shown in Table 3. The MSAR model outperforms the SETAR models by means of forecasting performance for Canada, Germany, Italy, UK and USA. Therefore, the forecasting performance of MSAR models is the best for the GDP growth as compared to the SETAR models. Table 4 presents the forecasting performance comparison for the macroeconomic variable named exchange rate data. The results suggest that the forecasting performance of MSAR model is better than the SETAR model for all the three countries i.e. Canada, Japan and United Kingdom. Lastly, the forecasting ability of MSAR and SETAR models of the inflation of G7 countries can be seen in Table 5. According to the results, the forecasting performance of MSAR models is superior to the SETAR model. As the forecast from MSAR model has the lowest forecasting errors in four out of seven countries i.e. France, Germany, Italy and Japan for the inflation, therefore, MSAR model is better forecasting technique for inflation data.

**Forecast comparison with the IMF and the OECD**

The IMF and OECD’s forecasts are based on a forecast entry system. This system allows any country professionals to assess the data, any information and also revise their predictions. Moreover, they contain the individual forecast for many macroeconomic variables so that the local and international researchers can view the forecast and use them for their research work. The data are maintained and updated on a regular basis due to which the forecast from these two organizations becomes more reliable and trustworthy for the researchers. The OECD use the macro-econometric model namely the National Institute Global Econometric Model (NIGEM) model of the British National Institute of Economic and Social Research for the estimation and forecasting of different economic variables. The IMF’s estimations and forecasts depend on forecasting models which have some link with the World Economic Outlook (WEO), namely as Global Projection Model (GPM). The GPM is a combination of different economic model i.e. principally the Quarterly Projection Model (QPM) and the Dynamic Stochastic General Equilibrium (DSGE) model.

**Linear models vs. IMF/OECD**

According to our findings, presented in Table 3 to Table 5, using the multi-comparison criteria i.e. RMSE, MAE, and MAPE, the international forecast organization namely IMF and OECD outperform the forecast from the linear and nonlinear models for all the macroeconomic time series variables in this study. Furthermore, the forecast from linear ARMA model is better as compared to the IMF forecast for the exchange rate data of Canada only. Furthermore, this is the only forecast included in this study, which gives the better forecast as compared to any International organization.

**Nonlinear models vs. IMF/OECD**

Our findings do not support the forecasting accuracy of the nonlinear models. The IMF and OECD totally dominant the forecasting performance of nonlinear models. The results are shown in Table 3 to Table 5.

**DM test**

The results of Diebold-Mariano (DM) test are presented through Table 6 which presents the results for the inflation. The IMF forecast outperforms the linear and nonlinear regime switching models for some G7 countries. Meanwhile, the IMF forecast has the same forecasting ability in all the models for Germany, USA, and nonlinear models for Canada on the basis of MSE criteria.
### Table 6: DM test result for inflation

<table>
<thead>
<tr>
<th>Country</th>
<th>MAE criteria</th>
<th>MSE criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IMF vs AR</td>
<td>IMF vs ARMA</td>
</tr>
<tr>
<td>Canada</td>
<td>DM-Test</td>
<td>2.424</td>
</tr>
<tr>
<td>p-value</td>
<td></td>
<td>0.03</td>
</tr>
<tr>
<td>France</td>
<td>DM-Test</td>
<td>3.599</td>
</tr>
<tr>
<td>p-value</td>
<td></td>
<td>0.003</td>
</tr>
<tr>
<td>Germany</td>
<td>DM-Test</td>
<td>2.062</td>
</tr>
<tr>
<td>p-value</td>
<td></td>
<td>0.058</td>
</tr>
<tr>
<td>Italy</td>
<td>DM-Test</td>
<td>2.942</td>
</tr>
<tr>
<td>p-value</td>
<td></td>
<td>0.011</td>
</tr>
<tr>
<td>Japan</td>
<td>DM-Test</td>
<td>1.361</td>
</tr>
<tr>
<td>p-value</td>
<td></td>
<td>0.195</td>
</tr>
<tr>
<td>UK</td>
<td>DM-Test</td>
<td>0.969</td>
</tr>
<tr>
<td>p-value</td>
<td></td>
<td>0.349</td>
</tr>
<tr>
<td>USA</td>
<td>DM-Test</td>
<td>2.889</td>
</tr>
<tr>
<td>p-value</td>
<td></td>
<td>0.012</td>
</tr>
</tbody>
</table>

*Note: IMF indicates the International Monetary Fund, AR indicates the Auto Regressive, ARMA indicates the Auto Regressive Moving Average, SETAR Self-Exciting Threshold Auto Regressive and MSAR indicates the Markov Switching Auto Regressive model.

### Table 7: DM test result for exchange rate

<table>
<thead>
<tr>
<th>Country</th>
<th>MAE Criteria</th>
<th>MSE Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OECD vs AR</td>
<td>OECD vs ARMA</td>
</tr>
<tr>
<td>Canada</td>
<td>DM-Test</td>
<td>-0.47</td>
</tr>
<tr>
<td>p-value</td>
<td></td>
<td>0.646</td>
</tr>
<tr>
<td>Japan</td>
<td>DM-Test</td>
<td>1.869</td>
</tr>
<tr>
<td>p-value</td>
<td></td>
<td>0.083</td>
</tr>
<tr>
<td>UK</td>
<td>DM-Test</td>
<td>2.017</td>
</tr>
<tr>
<td>p-value</td>
<td></td>
<td>0.063</td>
</tr>
</tbody>
</table>

*Note: OECD indicates the Organization for Economic Co-operation and Development, AR indicates the Auto Regressive, ARMA indicates the Auto Regressive Moving Average, SETAR Self-Exciting Threshold Auto Regressive and MSAR indicates the Markov Switching Auto Regressive model.

The IMF forecast outperforms all the models for Japan and UK. For the exchange rate data, the predictive power of OECD and econometric time series models included in this study are same for the Canada and UK. Also, the predictive power of linear models for Japan is same as compared to the OECD. The results are shown in Table 7. For the GDP growth data, the forecasting accuracy linear AR model for Germany is equivalent to the IMF on basis of MAE criteria. Moreover, the forecasting ability is same for all models against the IMF for the Japan and USA on the basis of MAE criteria. While remarkably, the predictive power is same as the IMF forecast and all the linear and nonlinear models are same and identical for all the G7 countries i.e., Canada, Germany, France, Italy, Japan, UK, and USA on the basis of MSE criteria. Results are displayed in Table 8.
The accuracy of linear models using the Box and Jenkins approach (1970) is often evaluated by the forecasting performance. However, many economic and financial time series are characterized by breaks and non-linearity for traditional linear time series models are not suitable. We evaluated the forecasting performance of two important nonlinear regime switching models namely Self-Exciting Threshold Autoregressive (SETAR) models and Markov Switching Autoregressive (MSAR) models using one-step-ahead forecasting technique. The forecasting comparison is made for these nonlinear models with the linear AR model and ARMA models. There are many studies present in literature which are totally against the superior forecasting performance of nonlinear models due to the complications in nonlinear models and supports the linear models for forecasting purpose on the basis of comparison of forecasting accuracy. On the basis of three forecasting accuracy evaluation measures namely MAE, MAPE, and RMSE, the forecasting performance is evaluated. Overall, the forecasting accuracy of Markov Switching Autoregressive (MSAR) model is superior as compared to other nonlinear models e.g. SETAR as well as two linear models i.e. AR and ARMA models. Furthermore, the forecasting performance of all these models included in this study is also compared with international organizations which report a forecast on the yearly basis i.e. IMF and OECD. Only the forecasting ability of ARMA model for the exchange rate of Canada is better as compared to the predictive power of international organizations. While none of the nonlinear regime switching models gave better forecast than the forecasts of IMF and OECD. Approximately in 72% cases in GDP growth data, the forecasting power of MSAR model is better than the other linear and nonlinear models. The G7 countries in which the forecast from MSAR is better are Canada, France, Germany, France, and the USA. Hence, it can be said that the non-linear Markov Switching Autoregressive model forecast is superior to the linear models i.e. the AR and the ARMA models. For the exchange rate, the forecast performance of only nonlinear SETAR model is superior to the forecast performance of linear models in case of UK. Approximately in more than 60% cases, the linear AR and ARMA models forecast are better than the nonlinear regime switching models. The G7 countries in which the forecast from the AR and the ARMA is superior are Canada and Japan respectively. Hence, it can be said that the results are a mix regarding the forecasting ability of the linear and nonlinear models for the exchange rate. Approximately 70% cases in inflation data shows the forecasting power of the SETAR and MSAR models are better than the linear models due to the small forecast errors. The forecast from MSAR is more accurate for Italy and Germany while for SETAR model, the predictive ability is superior for the Canada, UK, and USA. Hence, it can be said that the nonlinear regime-switching models forecasts are superior to the linear models. Finally, forecasting performance of all estimated linear and nonlinear time series models is also compared with the forecast of two well-known macroeconomic international organizations namely International Monetary Fund (IMF) and Organization for Economic Co-operation and Development (OECD). The predictive ability of the linear ARMA model

**Table 8: DM test result for GDP growth**

<table>
<thead>
<tr>
<th>Country</th>
<th>MAE criteria</th>
<th>MSE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IMF vs AR</td>
<td>IMF vs ARMA</td>
</tr>
<tr>
<td>Canada</td>
<td>2.424</td>
<td>2.546</td>
</tr>
<tr>
<td>p-value</td>
<td>0.039</td>
<td>0.032</td>
</tr>
<tr>
<td>France</td>
<td>3.599</td>
<td>3.267</td>
</tr>
<tr>
<td>p-value</td>
<td>0.003</td>
<td>0.008</td>
</tr>
<tr>
<td>Germany</td>
<td>2.062</td>
<td>2.477</td>
</tr>
<tr>
<td>p-value</td>
<td>0.058</td>
<td>0.027</td>
</tr>
<tr>
<td>Italy</td>
<td>2.942</td>
<td>2.888</td>
</tr>
<tr>
<td>p-value</td>
<td>0.111</td>
<td>0.012</td>
</tr>
<tr>
<td>Japan</td>
<td>1.361</td>
<td>1.356</td>
</tr>
<tr>
<td>p-value</td>
<td>0.195</td>
<td>0.197</td>
</tr>
<tr>
<td>UK</td>
<td>0.969</td>
<td>1.021</td>
</tr>
<tr>
<td>p-value</td>
<td>0.349</td>
<td>0.324</td>
</tr>
<tr>
<td>USA</td>
<td>2.889</td>
<td>2.887</td>
</tr>
<tr>
<td>p-value</td>
<td>0.012</td>
<td>0.012</td>
</tr>
</tbody>
</table>

*See Note on Table 6.*

**Conclusion**

The accuracy of linear models using the Box and Jenkins approach (1970) is often evaluated by the forecasting performance. However, many economic and financial time series are characterized by breaks and non-linearity for traditional linear time series models are not suitable. We evaluated the forecasting performance of two important nonlinear regime switching models namely Self-Exciting Threshold Autoregressive (SETAR) models and Markov Switching Autoregressive (MSAR) models using one-step-ahead forecasting technique. The forecasting comparison is made for these nonlinear models with the linear AR model and ARMA models. There are many studies present in literature which are totally against the superior forecasting performance of nonlinear models due to the complications in nonlinear models and supports the linear models for forecasting purpose on the basis of comparison of forecasting accuracy. On the basis of three forecasting accuracy evaluation measures namely MAE, MAPE, and RMSE, the forecasting performance is evaluated. Overall, the forecasting accuracy of Markov Switching Autoregressive (MSAR) model is superior as compared to other nonlinear models e.g. SETAR as well as two linear models i.e. AR and ARMA models. Furthermore, the forecasting performance of all these models included in this study is also compared with international organizations which report a forecast on the yearly basis i.e. IMF and OECD. Only the forecasting ability of ARMA models for the exchange rate of Canada is better as compared to the predictive power of international organizations. While none of the nonlinear regime switching models gave better forecast than the forecasts of IMF and OECD. Approximately in 72% cases in GDP growth data, the forecasting power of MSAR model is better than the other linear and nonlinear models. The G7 countries in which the forecast from MSAR is better are Canada, France, Germany, France, and the USA. Hence, it can be said that the non-linear Markov Switching Autoregressive model forecast is superior to the linear models i.e. the AR and the ARMA models. For the exchange rate, the forecast performance of only nonlinear SETAR model is superior to the forecast performance of linear models in case of UK. Approximately in more than 60% cases, the linear AR and ARMA models forecast are better than the nonlinear regime switching models. The G7 countries in which the forecast from the AR and the ARMA is superior are Canada and Japan respectively. Hence, it can be said that the results are a mix regarding the forecasting ability of the linear and nonlinear models for the exchange rate. Approximately 70% cases in inflation data shows the forecasting power of the SETAR and MSAR models are better than the linear models due to the small forecast errors. The forecast from MSAR is more accurate for Italy and Germany while for SETAR model, the predictive ability is superior for the Canada, UK, and USA. Hence, it can be said that the nonlinear regime-switching models forecasts are superior to the linear models. Finally, forecasting performance of all estimated linear and nonlinear time series models is also compared with the forecast of two well-known macroeconomic international organizations namely International Monetary Fund (IMF) and Organization for Economic Co-operation and Development (OECD). The predictive ability of the linear ARMA model...
for the exchange rate data of Canada is superior to the OECD. Overall, the forecasting performance of IMF for GDP growth and inflation for all the G7 countries is superior to the forecasting performance of linear and nonlinear models in this study on the basis of the low forecast errors. While for the exchange rate time series data, the predictive power of OECD is superior only for the Japan and UK. The forecast from the linear ARMA model superior to the forecast from OECD for the G7 and country named Canada. Since the forecasting performance of OECD and IMF are often slightly better than the linear and nonlinear regime switching models, therefore, the Diebold and Mariano (1995) DM test is used to examine whether the forecast from the models are statistically same. For all three GDP growth, inflation and exchange rate, the IMF and OECD outperforms the linear and nonlinear regime switching models but the predictive power of OECD and IMF are identical in most of the cases. Especially for the non-linear MSAR and SETAR models, in more than 60% cases the forecasting performance of non-linear model is similar to that of IMF and OECD. Thus, econometricians and statisticians who use these models in forecast have confidence in that their models which are based on only the past behavior of time series data are as good as that of professional economists who have much better exposure to research and also have expectations of future as per the ongoing economic condition of different economies.

References


EFFECTS OF PSYCHOLOGICAL FACTORS OF BRAND IN ATTAINING CONSUMER’S BRAND LOYALTY IN PAKISTAN

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Abstract
Since 90’s research on brands are highly developed and notified as the major part of literature. Among them, the brand loyalty has been worldly under discussion. Since the emotions are the most memorable elements of psychology, so it is important to include the emotional factors while the development of brand loyalty. Most of the literature on brand was not available in context of Pakistan, where brands are new born and consumers are newly brand conscious. In this study the brand psychological factors i.e. brand love, brand respect, brand trust, brand image and brand reputation have been investigated and figured out their impact on consumer behavior towards brand loyalty of smartphone users in Pakistan. Correlation and Logit model was used to analyze the data. It is found that the brand love, brand respect, brand trust, brand image and brand reputation positively and significantly affect the brand loyalty of the consumers. In perspective of managerial implication, this study intends to positively infer some truth in the domain of marketing where marketers develop more innovative strategies from development of brands to building long run relationship with consumers.

Keywords: Brand Love, brand respect, brand trust, brand image, brand reputation, brand loyalty, strategies, smartphones brands, Pakistan.

Introduction
In the era in which everyone wants to look different from others and for this purpose consumers looks for the brands. Now it is so complex for the brands to do be different on extreme end because mostly brands of same category have very similar features. The only way to compete for the companies is to emphases on the consumers’ psychology and emotions. There are plentiful brands in universe; on the other hand, but the prior literatures say that strong brands are those who made their customers loyal to the brand. ‘Brands are a complex mixture of functional benefits and emotional connections, but they are also identifiable entities that make specific promises of value’ (Keller, 2007). A consistent brand concept is how consumers will remember what the brand stands for in the midst of their competitors. For developing long term relation between consumers and brand it is compulsory for companies to understand consumer psychology and develop the feeling of the feeling of love of consumers towards the brand and develop brand image, brand respect, brand trust, brand reputation. For that reason, companies should starts making the emotional marketing strategies that ties the customers with the brand (Roberts, 2004).

Literature discuss the various factors that affect the brand loyalty. Mostly the quantifiable factors are discussed in the literature very widely whereas the other factors which are qualitative in nature unfortunately did not get discussed much. However the psychological factors which are the emotional factors as well are discussed as the antecedents of brand loyalty in this study.

All the psychological factors of brands of qualitative nature related to consumers are not taken together in previous studies. This study will sort out empirically that how the psychological factors influence the brand loyalty of the consumers and influence the consumers to generate positive word-of-mouth and long rum commitment. The operationalization of these variables are not taken entirely in previous studies.

This study has its own significance as there are no studies found in the region on psychological factor especially brand love. In the Pakistan the relationship of the psychological factors of consumers and brand loyalty are strongly associated and significant as the economy of Pakistan is significantly increasing. Geography of the
Pakistan plays the vital role in the emergence of business activities in Pakistan as it holds the central space in the Asia and soon becoming the largest economy corridor in the Asian economy.

The mobile phone industry is one of the fastest growing industries in the world. Currently the mobile phones are not only the necessity but it is also seen as the status symbol and fashion in society (Sultan, 2005; Peng, B. L. L., et.al, 2016). Nevertheless the accomplishment now mobile phones are beyond the technological features and extensions but also other external and social factors like the brand, price, social status (Ahsan, 2011; Chung, S., & Park, J. 2017). This research study is helpful in understanding the behavior of Pakistani smart phone brand users’ and relationship between the psychological factors of consumers and brand loyalty.

Substantial number of empirical research work particularly in past two decades has concentrated on consumer behavior towards brands. However mostly present studies generally focuses on the psychological factors of brands individually and scarcely recognize the qualitative nature of the brand factors. Previous studies had not taken the brand factors as the psychological and emotional building of consumers toward their long term commitment for brand. Additionally most of the literature found on brand is not in Asian context especially in Pakistan where brands are new born and consumers are newly brand conscious. In this study the brand psychological factors i.e. brand love, brand respect, brand trust, brand image and brand reputation who are qualitative in nature will be investigate together and figure out their impact on consumer behavior towards brand loyalty. This study will be conducted on the newly flourished market of smart phones brand as the trend of using smart phones are vigorously increasing day by day.

Research Question

The ambition of this research study was to investigate ‘How the psychological factors of the brand i.e., brand love, brand respect, brand trust, brand image and brand reputation effects the consumer’s behavior towards the brand loyalty?’

Objective of the study

Through the review of vast previous literature this proposed study will try to fill the gaps identified on the effect of psychological factors of the brand on brand loyalty of consumers. The main objectives of the study are following:

1. To study the impact of brand love on consumers’ brand loyalty.
2. To examine the relation of brand respect and consumers’ brand loyalty.
3. To investigate the relatedness of brand trust and consumers’ brand loyalty.
4. To inspect the linkage between of brand image and consumers’ brand loyalty.
5. To study the impact of brand reputation on consumers’ brand loyalty.

Literature Review

As it is seen that every brand around the globe is competing on the features, it is necessary to understand the psychological factors of the consumers that develops the brand loyalty through which brands can lead. The literature revolves around the variables of psychological factors of consumers i.e., brand love, brand respect, brand image, brand trust, brand reputation and brand love.

Brand Love and Brand Loyalty

In 90’s market studies started tilting more towards consumer behavior. While finding the likes and dislikes of customer on the basis of satisfaction researchers found that the world was going beyond the satisfaction for the brand and they are falling in love with the brand so the new concept aroused that is famously known as Brand Love (Bruns, D., Langner, T., & Fischer, A.,2017). After assess different research studies on love, it is found that there is no conventional or established definition of love on which all the researchers are be of the same mind across the world, it is the outcome of attraction between two persons which is very much challenging for the researchers to study. But when the researchers tried to figure out the feeling of love between the person and object then it is founded less challenging because of its unidirectional factor. So it seems easier to study the love with the product than the interpersonal love. Despite the fact that unidirectional love is comparatively easy to study still the study on love towards brands/product is not as much studied as much it is required because of its unique subject. It can be summarized by the definition that target of love is not only the interpersonal relation, it can be with other things (Branden’s 1980; Drennan, J., 2015).

Love for the brand is followed now-a-days by researchers as it is the new concept in the area of consumer behaviour. A triangular theory of brand love by Sternberg (1986, 1997a, 1998a) plays a vital role in the study of brand love. Sternberg (1986) proposed that brand love can be understood by the three components which combined to formulate the brand love and taken metaphorically rather than a strict geometrical model. Those
components are passion, intimacy and commitment. Intimacy refers to feelings of closeness, connectedness, and bonded-ness in loving relationships. Passion refers to the drives that lead to physical attraction and excitement. Brand love terminology is the blend of the passion, affection, intimacy, emotional attachment and love towards the brand (Thomson, MacInnis, and Park’s 2005, Carroll and Ahuvia’s 2006; Rossmann, A., & Wilke, T., 2017).

In last decade marketing researchers started investigation the brand love. Soon after Ahuvia (2005) contrasts interpersonal love and the feeling of love towards an object. Literature supports that the concept of brand love has emerged from the concept of interpersonal love and attachment (Shimp and Madden, 1988; Carroll and Ahuvia, 2006; Keh et al., 2007; Kruger, L.-M. K. 2013). When consumers feel love towards a particular brand, there are more chances that they will highly emotionally attach with the brand (Fournier, 1998; Swanson, K., 2017). Carroll and Ahuvia (2006) define love for a brand as ‘The degree of passionate emotional attachment that a person has for a particular trade name’. Ahuvia (2006) empirically proves that brand love and brand loyalty are two different concepts by conducting maximum likelihood factor analysis in which brand love and brand loyalty measured with different factors and result shows the presence of discriminant validity. So brand loyalty contain commitment and brand love do not contain commitment (Carroll and Ahuvia, 2006; Whang et al., 2004). So the brand love is ideally conceptualized that it includes passion and intimacy which leads to the commitment with the brand over the time and makes customer brand loyal. Carroll and Ahuvia’s (2006) study empirically shows it that emotional and passionate love with a brand is a predictor of brand loyalty. Carroll and Ahuvia, (2006) found that brand love is an antecedent to brand loyalty and satisfaction is an antecedent to brand love. It is seen by many researchers that the brand love does impact on the behaviour of the customers towards the brand in term of loyalty and word of mouth (Barbara A. Carroll · Aaron C. Ahuvia 2006, Noel Albert, Cerag and Wesford 2010; Langner, T., et.al, 2016).

**H₂:** There is positive relationship between brand love and brand loyalty.

**Brand Respect and Brand Loyalty**

Respect is the essential element for the individuals, societies and organizations to flourish. Respect is universally the vital of ethical value that grounds other moral and ethical ideologies. (Downie & Telfer, 1970; Sharma, V. 2017; Browne, 1993). Respect is equally important for the success of business perhaps the literature somehow avoid the theorization and conceptualization of respect factor in business. Whereas the respect is important for both in the customer relations and the prosperous business (Berry, 1996; Duncan, 1997; Reilly, 2002; Roberts, 2004; Sears, 1990). For the study of consumer behaviour it is essential to discuss the respect as it makes the feeling of customer delighted and faithful and if it is not then there is no relation of consumer and company’s business (Berry, 1996; Reilly, 2002; Sharma, V. 2017).

As the respect is not much discussed in literature as it is hard to define, brand respect refers to the optimistic opinion of the consumers towards the specific brand which is dependent upon the performance of the brand (Roberts, 2004). Brand respect consist of the beliefs and opinions of quality, reliability, trustworthiness, honesty, security, and willingness to depend upon (Taylor, et.al., 2004; Chaudhuri & Holbrook, 2001). Studies shows that brand respect may influence and lead to brand loyalty (Taylor, et.al., 2004; Pawle & Cooper, 2006; Chaudhuri & Holbrook, 2001). As it is considered in various studies that the consumer buying behavior is highly influenced by the brand association, respect and trust, it is found that the highest impact on the consumers buying behaviors refer to brand loyalty (Firoozeh et.al., 2013). Development of the respect for a brand is highly important for the long term intimate relationship (Sharma, V. 2017).

**H₂:** There is positive relationship between brand respect and brand loyalty.

**Brand Trust and Brand Loyalty**

Trust defined as “the willingness of one party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trust or, irrespective of the ability to monitor or control that other party”. In the same way the consumer’s expectation from the particular brand is brand trust (Mayer et.al., 1995). Brand trust is defined as the “tendency towards an exchange partner whom you rely on” (Moorman et.al., 1992). Studies shows that the trust is not only the content of interpersonal relationship as brand is sign incompetent of inducing and reacting to retention of the consumers (Doney & Cannon, 1997; Huang, C. C., 2017). So the brand trust is essential for execution of developing brand attachment as the consumers are looking for specific brand (Jason et.al., 2007; Alhaddad, A. 2015).

Various researches shows that the brand trust is the antecedent of the brand loyalty as it is the psychological factor of the consumers so that consumers buy the brand without consideration to the price and paybacks (Mahbubeh, et.al, 2013). In this aggressive marketing era it is important as the first marketing principle
to develop the trust to sustain and exist in the market and then as second principle develop the loyalty for the brand so that customers remain committed with the brand for the long time (Ball et.al., 2004; Dwyer et.al., 1987; Kassim, N., & Abdullah, N. A., 2010). Studies shows that brand trust put positive significant effect on brand loyalty (Chaudhuri & Holbrook, 2001; Pawle & Cooper, 2006; Taylor et al., 2004) Brand trust lead the consumers to pay more for the brand and retain the consumers in long run to develop brand loyalty. (Jacoby & Chestnut, 1978; Pessemier, 1995; Reichheld, 1996; Chinomona, R. 2016; Huang, C. C., 2017).

H2: There is positive relationship between brand trust and brand loyalty.

**Brand Image and Brand Loyalty**

A brand is more than a name and symbol that is commonly recognized. According to Keller (1993) people have associations in their minds with brands, which lead to perceptions about that brand. These perceptions can be defined as the brand image (Rahi, S., et.al, 2017).

Brand is defined as “a name, term, sign, symbol, or design or combination of these that identifies the maker or seller of a product or services. Consumers view a brand as an important part of the product, and branding can add value to a product (Kotler and Amstrong, 2005). Brand image is perceptions about a brand as reflected by the brand association held in consumer memory (Keller, 1993; Parvez, 2005; Shabbir, M. Q., 2017). According to Hsieh, et.al., (2004) "a successful brand image enables consumers to identify the needs that the brand satisfies and to differentiate the brand from its competitors, and consequently increases the likelihood that consumers will purchase the brand" (p. 252).

Conveyed that developing a powerful brand is a top difficult and vital task of company’s brand and product team. By the confirmation of the experimental study the brand image impacts absolutely to brand reliability and repurchase proposition of the consumers. It is likewise discovered that brand image which incorporates the certainty, trust, particular conduct and social support has the immediate effect on the customers’ loyalty (Vasquez-Carrasco & Foxall, 2006; Nyadzayo, M. W., & Khajehzadeh, S., 2016). In addition, several empirical findings have confirmed that a favorable image (i.e. brand, store/retail) will lead to loyalty (Kandampully & Suhartanto, 2000; Nguyen & LeBlanc, 2001; Koo, 2003; Rahi, S., et.al, 2017).

H3: There is positive relationship between brand image and brand loyalty.

**Brand Reputation and Brand Loyalty**

For the success of any business, the reputation of the brand is highly important. In the field of consumer behavior various researchers use the brand image and brand reputation interchangeably whereas these both constructs are different (Chun, 2005). In a study it is evidently differentiate between brand reputation and brand image, demonstrated that Brand reputation depends upon the experience with the brand whereas brand image depends opinion which is not based on the actual experience (Davies, et.al., 2004; Nguyen & Leblanc, 2001). In a study brand reputation is defined as “the opinion of others that the brand is good and reliable” (Lau & Lee, 1999).

Being an intangible attribute, brand reputation is able to communicate with the essential values of the consumers relating to brand. Various studies demonstrate that the brand reputation is the key determinant for the consumers to opt among the related brands and strong reputation leads to the loyalty, success, desired and appealing for the brand. (Ahearne et.al.,2010; De Chernatony, 1999; Ettenson & Knowles, 2008; Gounaris & Stathakopoulos, 2004; Nandan & Shiva, 2004).

In taking decision between the similar products the brand name and its reputation is highly useful therefore it is found that the strong and good brand reputation simplify and easygoing the buying decision process and behavior of the consumers (Jacoby et.al.,1977; Chun, 2005). A study demonstrate that brand reputation enrich the brand and positively correlated with the brand loyalty and customer satisfaction (Andreassen, 1994). Brand reputation is significantly related to the brand loyalty and its type studied in particular study i.e. premium loyalty & covetous loyalty (Gounaris & Stathakopoulos, 2004). Recent studies shows that the consumers said it is important for them to associate themselves and buy the brand with good brand reputation additionally good and strong brand reputation leads to brand loyalty (Argenti and Drunkenmiller, 2004; Caroline & Brosdahl , 2014).

H2: There is positive relationship between brand reputation and brand loyalty.

**Theoretical Model**

On the basis of broad literature review it is portrayed that the brand loyalty can be achieved from the consumers by working on the psychological and emotional factors. In this research, six variables are considered for investigation purpose. Out of these, one is dependent and five is independent variable. Independent variables are brand love, brand respect, brand trust, brand image & brand reputation. Dependent variable is
brand loyalty. The studies showed that brand love, brand respect, brand trust, brand image and brand reputation does impact on brand loyalty.

Figure 2. Schematic diagram: Influence of brand love, brand respect, brand trust, brand image & brand reputation on brand loyalty

Methodology
Research Strategy
This research study has the deductive approach because it is linked with the positivist paradigm and the deductive approach helped in explaining the relationship between the psychological factors of the brand i.e. brand love, brand respect, brand trust, brand image & brand reputation and consumers’ brand loyalty. The strategy of ‘Survey’ was conducted to carry out the research as it was likely appropriate strategy to conduct this research. Survey was conducted from the adult brand users ages 18 or up to increase the possibility of getting rational response. Suitable targeted population for this study was people of Pakistan and sample was the smart phones brand users of Islamabad region. Convenience sampling technique was used for this study. In convenience sampling, on the basis of proximity, accessibility and willingness for participation the respondents are selected. Researchers do not strict their study to specific sample size usually. Study showed that the sample size between 30 and 500 are the suitable for research methods. Sample size for the study was 310.

Measuring instrument and Measurement of variables
As the research is cross sectional in nature, so to measure the variables incorporated in the theoretical model, a questionnaire is particularly designed. Questionnaire is a well-organized manner of gathering responses from an enormous number of individuals as all respondent is requested to respond to the similar set of questions (Lewis, 2007). For measuring the variables questionnaire was divided in two parts. First part was about the general information about the customer; gender, age, highest qualification, occupation and monthly income.

Second part of the questionnaire was about the assessment of brand love, brand image and brand loyalty is consist of 28 questions. 7 questions are on the brand love Carroll and Ahuvia’s (2006). 4 questions are on brand respect from Frei & Shaver (2002). 3 questions are on brand trust from Chaudhuri & Holbrook, (2001). 5 on brand image approved by Gill and Dawra (2010) & Salcivieni, Ghauri, Mockaitis and De Mattos, (2009) 3 questions are on brand reputation from Halliday & Kuenzel, (2010). 6 questions on brand loyalty from Kim, Han, & Park, (2001), Chaudhuri & Holbrook (2001) & Keller (2001). In the second part of the questionnaire likert scale is used rating 1 to 5. 1 for strongly disagree, 2 for disagree, 3 for neutral, 4 for agree and five for strongly agree. This part is for finding the influence of psychological factors of consumers (i.e., brand love, brand respect, brand trust, brand image and brand reputation) on brand loyalty.

Research Findings
Confirmatory Factor Analysis

Confirmatory factor analysis are used for determining the reliability of scale. Confirmatory factor analysis also supports the results of Cronbach’s alpha. All the values are above than 0.5 which shows all of the scales for variables i.e., brand love, brand respect, brand trust, brand image, brand reputation and brand loyalty are reliable.

Correlation

Mobile Phone brands were defined on the same parameters as a brand. Afterwards every psychological factor (brand love, brand respect, brand trust, brand image, brand reputation) and brand loyalty were analyzed.

Table 1. Relationship of Psychological factors with brand loyalty

<table>
<thead>
<tr>
<th>Variables</th>
<th>Correlation Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Love &amp; Brand Loyalty</td>
<td>.755**</td>
</tr>
<tr>
<td>Brand Respect &amp; Brand Loyalty</td>
<td>.704**</td>
</tr>
<tr>
<td>Brand Trust &amp; Brand Loyalty</td>
<td>.706**</td>
</tr>
<tr>
<td>Brand Image &amp; Brand Loyalty</td>
<td>.743**</td>
</tr>
<tr>
<td>Brand Reputation &amp; Brand Loyalty</td>
<td>.614**</td>
</tr>
</tbody>
</table>

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

All the psychological factors shows the positive correlation with brand loyalty at 1% level of significance. Table 1 shows that the relationship between the brand love and brand loyalty is strongly positive at 76%, brand respect and brand loyalty is strongly positive at 70%, brand trust and brand loyalty is strongly positive at 71%, brand image and brand loyalty is strongly positive at 74%, brand reputation and brand loyalty is strongly positive at 61%.

Brand love, brand respect, brand trust, brand image and brand loyalty has the positive relationship. Both independent and dependent variables moves in the same direction in brands (Carroll and Ahuvia, 2006; Chun, 2005; Boeckmann & Tyler, 2002; Frei & Shaver, 2002; Jason & Jeffery, 2007; Sirdeshmukh & Sabol 2002; Chaudhuri & Holbrook, 2001). Studies demonstrates that brand love, brand respect, brand trust, brand image and brand reputation is entirely the psychological and emotional relation of consumers with the brand and it does not effect by the other external factors (Waheed, Sattar, Imran & Hasan, 2011; Barreto, & Ellemers, 2002; Ball et.al, 2004; Argenti and Drunkenmiller, 2004; Browne, 1993; Caroline & Deborah, 2014; Nandan and Shiva, 2004; Kay, 2006; Chandrashekaran, et.al, 2007). Psychologically both are related to each other. But brand love is the intimacy and passion for the brand and brand loyalty is the commitment with the brand in long run (Whang, et.al, 2004).

Regression Results of Logit Model

Binary Logit model is used for regression because the dependent variable of the study is qualitative nature. For running the Logit model, every variable was converted into binary number. Maximum likelihood method also ensures values of the estimated dependent variable to fall within the 0 and 1 limit creating cumulative density function (CDF) (Gujarati, 2003).
Table 2. Logit Regression Model

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>z-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-3.001330</td>
<td>-6.922130**</td>
<td>0.0000</td>
</tr>
<tr>
<td>D_IMAGE</td>
<td>0.972719</td>
<td>2.168596**</td>
<td>0.0301</td>
</tr>
<tr>
<td>D_LOVE</td>
<td>2.040749</td>
<td>5.033077**</td>
<td>0.0000</td>
</tr>
<tr>
<td>D_RESPECT</td>
<td>0.476435</td>
<td>1.078765</td>
<td>0.2807</td>
</tr>
<tr>
<td>D_REPU</td>
<td>0.403427</td>
<td>0.829707</td>
<td>0.4067</td>
</tr>
<tr>
<td>D_TRUST</td>
<td>1.648398</td>
<td>3.504070**</td>
<td>0.0005</td>
</tr>
</tbody>
</table>

McFadden R-squared 0.474822
LR statistic 192.5769
Prob(LR statistic) 0.000000

Table shows that brand image has positive significant relationship with brand loyalty. The coefficient of brand image is 0.973, brand love is 2.04, and brand trust is 1.668 with max probability (p value = 0.05) which means there is significant chance of brand image, brand love and brand trust in generating brand loyalty. So the alternative hypothesis for brand image, brand love and brand trust are accepted. However brand respect and brand reputation has more likely positive but insignificant relation with brand loyalty, p value > 0.05. Nevertheless statistical theory doesn’t support that with the increase in brand reputation and brand respect results increase in brand loyalty. But theory said that there is relationship of brand respect and brand reputation with brand loyalty. Thus there is no guarantee that brand reputation and brand respect does not influence the increase in brand loyalty.

McFadden R squared is 0.475 which means these psychological factors model explains around 48% of brand loyalty. LR statistics is 192.57 and p value =0.000 which indicates overall significance of the model. As LR statistics is the alternative of F statistics.

All the results indicates that psychological factors generate and enhance brand loyalty significantly. It is necessary to study the psychological side of consumer behavior for the advancement of consumers’ attitude and behavior to develop the brand loyalty (Hwang, 2012). So this is concluded by the study that psychological factors are the important factors in order to generate the brand loyalty in the consumers.

Discussion

As multiple brands are in the market therefore the brands are going beyond the need of consumers as every brand is fulfilling the basic requirements. The impression of brands on consumers are under study since last...
decade. Nevertheless, there is less particular study found in Pakistan which addresses the psychological factors of brand that lead to consumers' brand loyalty. This research study's objectives were to figure out how the psychological factors of the brands are leaving their mark in the minds of consumers and develop the consumers' brand loyalty. This research study has its particular significance as it is rare to find studies in Pakistan that specifically address psychological factors such as brand love. Moreover, it's a unique study that empirically tests these variables, which are qualitative in nature. Additionally, in Pakistan, there is no grounded study on the base of which it can be said that which particular brands are followed by consumers.

In results, by applying various tests, it is seen that the psychological factors of brands do impact on consumers' brand loyalty of smart phone brands in Pakistan. There is often a belief that non-parametric methods, i.e., methods which do not make distributional assumptions about the data, are appropriate for analyzing qualitative data such as ranks. Sample collected showed a nonlinear nature due to which non-parametric tests were applied. Nonparametric tests are used to test hypotheses of the research studies. The reason behind applying nonparametric tests was the data was nonlinear additionally by the median value the data is more accurately explained. Moreover, nonparametric tests are more suitable for analyzing the data's qualitative nature variable.

Smart phone brands considered in this study were iPhone, Samsung, Nokia, Sony, HTC, Q Mobile, and others. Most of the responses were percentage-wise obtained from Samsung users and iPhone users. It is found that the major responses for agreement with all the questions of brand loyalty were observed in Samsung and iPhone. Logit model is used for regression because the dependent variable of the study is qualitative nature. The results show that the brand love, brand image, and brand trust significantly impact on the brand loyalty of the consumers whereas brand respect and brand reputation also affect but it is not statistically proven in the study of Pakistan. After the analysis of results it is seen that the all the psychological factors studied in this research show that they explain 48% of the brand loyalty while rest 52% are unexplainable due to unknown factors. So it is not statistically proven but theoretically it is proved that all the psychological factors enhance the consumers' brand loyalty. It is necessary to study the psychological side of consumer behavior for the advancement of consumers' attitude and behavior to develop the brand loyalty.

Conclusion

Now the era is of technology, things are getting change with the blink of eyes. Markets are now like a race court of brands where every single brand wants to capture more market. For this reason, companies must focus on the strategies to grab more customers and likely more market share. Companies' marketing personnel should create strategies for the advertisement and promotion of brands which would be full of sentiments and more valued than competitors, abruptly the strategies that tie the customers with the brand and make them loyal and enhance the factor of positive word of mouth like money back guarantees, discount sales, coupons, loyalty cards, etc.

Another very basic factor that is ignored in the study by the researchers is the brand-customer relationship. Brand-customer relationship is the trust of the customers on the brand, reputation of the brand and the image of the brand which makes them stick to the brand in any condition and made them willing to pay a premium price for the brand.

Consumer psychology is very complex. Thus it is extremely important to recognize the complex psychological factors which influence a consumer’s sentiments for a brand. When a brand is trusted, desired, understood and valued by the consumers then in return gives increased market share, unlock new sales channels and increase profitable sales & increased margins. Brand love, brand image, brand respect, brand trust, brand reputation all are the psychological factors and are creation of strategic thinking, creative innovation and clear communications of brands with the consumers.

Brand should be indifferent; companies should wear the lens of consumer psychology then align their brand and ensure the right place to position. Consumer psychology must be followed and brands should be like more consumers centric and unique so the pure emotional sentiments towards brand develops. A company has to understand that consumer psychology is a backbone to deliver the ideal experience and it ensure the power to attract and retain the best for brand (Bauer, et.al., 2007; Peng, B. L. L., et.al, 2016). Consumer and brand are one; Brand people are the spokesmen of brand who spread the brand virtues. This all depends on how the marketing executives formulate the strategies and apply to target market and enhance the brand loyalty of the consumers.

This study sort out empirically that how the psychological factors of consumers influenced the brand loyalty. It is found by the study that the brand love, brand respect, brand trust, brand image and brand reputation
significantly effects the brand loyalty of the consumers. It is essential to study the psychological factors of consumers because it is found by the study that the consumers’ psyche for brand leads the consumers towards long term commitment for the brand.

Significance of study

Theoretical contribution

Literature has extensively been talking about the increasing growth of the field of consumer behavior, where specifically the impact of psychological factors of brand on brand loyalty. But it is inherently being seen that most of studies being conducted are based along the lines of qualitative research philosophy. The academic purpose of study is to gaze this concept in the light of positivist paradigm. This intends to look at the quantity or scope to which the psychological factors i.e. brand love, brand respect, brand trust, brand image and brand reputation has an influence on the brand loyalty of the customers.

Practical implication

This study intends to positively infer some truth in the domain of marketing. It is so essential for the companies to understand the importance psychological factor of brand. It will help and guide the marketing personnel while developing marketing strategies to develop such effective emotional strategies of promotion and advertisements and build customer- relationship strategies so that customers admire the brand and show loyalty for the brand in long run.

Limitation

The study has its limitation which is discussed in theoretical and methodological and sampling limitations heads below.

Theoretical Limitations:

This study is based on Sternberg theory of triangular love which made the research area limited, there would be more causes of brand love other than passion and intimacy; there would be more aspects in researching brand love, same goes for brand image, brand trust, brand reputation and brand respect. The study can be extended by the contribution of more variables which could be influence brand loyalty.

Methodological Limitation:

Methodological limitation or weakness of this study was on scale base. Scales for measuring variables were adopted only from the Carroll & Ahuvia, A. C., (2006), Chaudhuri and Holbrook (2001), Frei & Shaver, (2002) Gill and Dawra, (2010), Salciuviene, Ghauri, Mockaitis and De Mattos, (2009), Halliday & Kuenzel, (2010), Kim, Han & Park, (2001) & Keller (2001). Other researchers scales could be used if other dimensions of all the variables comes under study and time limitation barrier for study would be ignore.

Sampling Limitation:

Due to the time constraint and limited availability of resources, this study would cover small population so that the sample size of the study would be smaller. The sample size is limited to 310. As well as the respondents were somehow reluctant to share the information.

Managerial Implications

This study intends to positively infer some truth in the domain of marketing. It would be help and guide the marketing personnel while developing marketing strategies to develop such effective emotional strategies of promotion and advertisements and build customer- relationship strategies so that customers admire the brand and show loyalty for the brand in long run.

Future Recommendations

The limitations of this study provide room for future researchers to study the impacts of psychological factors of brands on consumers’ brand loyalty. The researchers can take different variables of psychological factors of brand to study this effect as from the results it was found out that only 48% of the variation is because of psychological factors of brand i.e. brand love, brand respect, brand trust, brand image and brand reputation on
consumers' brand loyalty. Researchers might be interested in those determinants which this study is not measuring due to lack of resources and time. 52% unknown variation may be because of other unstudied rational factors rather psychological factors so those factors could be explored by researchers. Additionally other industry can also be selected for research. This will result in further exploration and better understanding of the variables along with the extension in the present body of knowledge.

References


AFFECTIVE MODELING OF INFORMATION TECHNOLOGY (IT) PRACTICES TOWARDS BUSINESS ENVIRONMENT COMPETITIVENESS IN SMALL AND MEDIUM ENTERPRISES (SMES)

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Abstract
For business expansion and globalization, most of the organizations and enterprises are relying on information technology. The entrepreneurship concepts led to many startups in our country which are developing because of their positive impact on economy. There is no satisfactory research on use of IT for business environment competitiveness of SMEs in Pakistan. The objectives of this research were to determine the level of IT usage that effect business environment competitiveness, the factors effecting IT usage in SMEs, which factor effect business environment competitiveness and its divisions the most and to develop a model for affective use of IT to enhance business environment competitiveness.

SMEs from manufacturing and services sector were taken as target population for the study. The data was collected from 181 managers serving in different SMEs of Islamabad and surrounding. Stratified random sampling was done to select participating organizations. SPSS 23 and AMOS 22 were used to do data analysis. Descriptive analysis, ANOVA, Correlation, Regression and Structural equation modeling were used to analyze data. The results revealed that IT usage has a significant relationship with business environment competitiveness. The major factors of IT usage effecting business environment competitiveness of SMEs are the drivers of current IT investment and competitive strategy.

Keywords: Information technology, Small and medium enterprises, use of IT, IT implementation, Business Competitiveness, Model for IT usage

Introduction
Globalization is one of the most intricate terms used in international business. It influences the economic, political, socio-cultural and financial processes around the world. (Savrul, Incekara & Sener, 2014). Just like all the international brands provide their products or services to all the world, all the local businesses are trying to move to global market too. (Hakanen, Helander, & Valkokari, 2017). The benefits of globalization include lower prices of product or services for customers, larger choice of products, a greater export market for local manufacturers, ability to specialize in specific product/service, improved efficiency to deliver goods and better customer services. (Kiel, Arnold, & Voigt, 2017)

Information technology (IT) and internet is the only thing that is binding the global market. (Krotov, 2017). The adoption of IT requires an encouraging business environment in developing countries. Business environment should be flexible to go through the adoption process. (Ugur, & Mitra, 2017). For business expansion, all the current businesses are installing digital systems. At first, people used to save files on their computers, then on personal computer and laptops. Now they use applications that save their documents over the internet. Like Dropbox, put a file in your Dropbox folder and it will synchronize itself using the internet and can be accessed using your other devices. (Quick, & Choo, 2013). IT adoption can enhance the growth rate of an economy especially in developing countries. So, Pakistan needs to enrich its financial, human and information resources to make progress among the developing countries. (Ongori, Migiro, 2010) (Ghobakhloo, Hong, Sabouri, & Zulkifli, 2012)

There is a discrete institution “Small and Medium Enterprises Development Authority” (SMEDA) in Pakistan. It works under the Ministry of Industries & Production. SMEDA was established to take on the challenge of developing Small & Medium Enterprises (SMEs) in Pakistan. (Smeda.Org. 2017). The current population of Pakistan is 193.6 Million, GDP 284.2 billion US$, GDP per capita 1,468.2 US$ and GDP (PPP) 0.82% world GDP. Pakistan stands on 115th rank on competitiveness landscape of 137 economies. (Global Competitiveness Index, 2017)

Stable political environment, good governance, modern business administration, less formalities and simplified legal procedures encourages the entrepreneurs. (Klapper, Lewin, & Quesada, 2009). Economic growth is stimulated by a sound business environment. It directly affects innovation, employment and poverty. Small ventures start with an innovative idea which lead to more employment opportunities that reduce net poverty and improve the economic growth. (Thorsten & Demirgüç-Kunt, 2004). To improve any business environment, one
need the knowledge of business and ability to make best use of provided information. (Hamplová & Provazníková, 2014)

The effect of competition is extravagant when firms are exposed to bigger financing risk. (Frésard & Valt, 2012). Innovation, promotion, flexibility and quality of products are the few factors of competitiveness. The concept of Total Quality Management (TQM) is often used to enhance competitiveness of an organization. (Skoludova & Kozena, 2015)

“IT” refers to the information technology i.e. includes all type of computerized product and services. The most commonly used IT products are desktop computers, laptops, intranet, wired and wireless network of the company (Sartal, Llach, Vázquez, & Castro, 2017). As per SMEDA, SME of Pakistan has 250 employees, paid-up capital should be up to 25 million rupees and its annual sales turnover should reach 250 million rupees. The range of employees for small enterprises is 10 to 20 and for Medium enterprises it is 21 to 250 employees. (Javaid & Iqbal, 2017). The internal business environment includes value system, mission and objective, organization structure, corporate culture, quality of human resources, labor unions, physical resources and technological capabilities of a company. External business environment is further divided into Macro and micro external environment. External macro environment comprises of economic, political-legal, technological, global, socio-cultural, demographic, natural and ecological environment of an organization. External micro environment covers supplies of input, customers, marketing intermediaries, competitors and public. (Lawal, 2000)

Due to their less budget and fewer resources, SMEs strengthen infrastructure for better economy and its development. The focus of SMEs is innovation, public procurement and job creation which influence economic outcomes. (Sarter, Sack & Fuchs, 2014). About 90% of all the companies are registered as micro, small and medium enterprises. The GDP of Pakistan was worth 304.3 billion US dollars in 2016-17 with a growth rate of 5.28%. which represents 0.46 percent of the world economy (highest GDP of Pakistan since 1960). (Ahmed, Shahzad, Umar & Khilji, 2010), (Smallbone, 2001)

The five basic properties of small firms specified by literature are more organic organizational structure, higher flexibility in their processes, strategic orientation and operations, economic growth, risk takers because of their limited resources and they are small and new. (Kotelnikov, 2007). Information literacy and digital skills have moderator effects on IT adoption (Yu, Lin, & Liao, 2017). Realizing the opportunities IT can offer, industries are up for IT adoption. (Stewart & Mohamed, 2002)

The SMEs providing services have shown more interest in IT adoption as compared to manufacturing industry. (Tan, Siong, Lin & Eze, 2010). The basic model for IT adoption is “Adoption Ladder Approach”. This model states that SMEs adopt IT going through different sequential strategic stages i.e. from basic (emails and broadband) to advanced (e-commerce and information systems). (Martin & Matlay, 2001)

E-commerce is one of the basic forms of IT usage for globalization. (Ghobakhloo, Arias-Aranda, & Benitez-Amado, 2011). The steps in re-engineering procedures to use IT to enhance efficiency are developing a business vision and goals according to the technology, identifying processes that can be re-engineered, measuring the extent of advancement needed for existing processes, identifying the IT that can be used and build a prototype of new methods to be followed. (Alam & Noor, 2009) (Betts, 1999)

The root cause of failure to adopt IT is the lack of technological knowledge, lack of qualified and trained education staff, and the resistance to change. (Azim, Ali & Sattar, 2011). Small industries are unable to install IT systems due to financial restrictions and lack of resources. (Ghobakhloo, Arias-Aranda, & Benitez-Amado, 2011). The external factors affecting IT adoption are SMEs are the available IT products in the market, the external competitive pressure on the company, external IT consultants and vendors, and the government. The internal factors include manager’s characteristics, organizational behavior and characteristics, firm’s resources and IT users of the firm. (Pan & Jang)

A SME only need a website to access vendors and customers locally and globally. They can reduce their operational cost effectively using IT (Acar, Kocak, Yildiz, & David, 2005). IT aids inflow and outflow of information (Venkatraman, 1994). IT applications increase the vertical collaboration between the trading partners and the firm (Clemons, & Row, 1991). Extranet enhances the firm's ability of finding new partners and maintaining alliance with current partners (Nieto, & Fernández, 2005). Communication can remove geographical boundaries and smooth the process of making new alliance (Ozer, 2004). With advanced communication systems and IT, SMEs offer high quality services. These services can lead to trust development, satisfaction and commitment of the user to the firm (Levy, Powell, & Yetton, 2001).
Business excellence means making the company’s environment better and organize it to lead people to a better future. Better quality can be achieved from the development of Total Quality Management (TQM) techniques being used (Vartiak, & Jankalova, 2017).

**Objective of study**
- To find out the proactive factors affecting the usage of IT in SMEs
- To examine relationship between IT usage (including its factors) and Business Environment Competitiveness

**Hypotheses**
This hypothesis was developed which was tested in this study

H0: IT has no significant impact on the business environment competitiveness of SMEs
H1: IT has a significant impact on the business environment competitiveness of SMEs

**Model**

**Research Design**
Exploratory, Quantitative, Descriptive research design was used to find out the relationship between (factors affecting) IT usage and Business Environment Competitiveness.

**Sample**
The sample comprised of 178 lower to middle and top managers of the SMEs in Public and Private sectors working in manufacturing and services sector from Islamabad, Rawalpindi and Wah Cantonment. 140 out of 178 were Male and 38 were female respondents. 130 of them were between 20 to 30 years of age, 36 were between 31 to 40, 9 were between 41 to 50 and only 3 were above 50. 106 had done their BS and 72 had an MS degree in different fields of study. 128 out of 178 respondents have experience of 1-5 years. 30 of them have the experience of 6-10 years. 12 had experience of working in SMEs for 11-20 years and only 8 of them had working experience of more than 20 years. 14 respondents were Top Manager, 136 Middle Managers and 28 Lower Managers. Only 14 respondents were from government sector while 164 were working in private sector. 73 were working in manufacturing SMEs and 105 were from services sector.

**Assessment Measure**
SPSS 23 is used for data analysis. Analysis of Variance (ANOVA) and correlation were done for control variable identification. Regression results were used for model determination. The overall research model was determined for best fit for given data by Structural Equation Modeling (SEM) through AMOS 22.

![Hypothesis Research Model](image)

**Figure 3- Hypothetical Research Model**

**Results**
The mean values are more than 2.5 which indicates that the respondents agree to all the statements on average. The skewness value of the data is less than ± 0.5, which indicates that data is symmetric and shows normality. For the current sample size, the acceptable for Chronbach’s Alpha is > 0.6. Whereas the two main variables IT usage and Business Environment Competitiveness are highly reliable scales. The bivariate Pearson Correlation’s calculated value is between -1 and +1. The variables are computed first by taking mean that gives respondent’s score for that specific scale.

The statistical equations from regression analysis give the overall idea about the possible impact of variables on dependent and independent variables. The equations for accepted hypothesis are given below to show their relationship

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Regression IV</th>
<th>Regression DV</th>
<th>Linear Regression Equation</th>
<th>T Test Results</th>
<th>F Test Results</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>ITusage</td>
<td>BussEnv</td>
<td>DV = 0.926 x IV</td>
<td>( t_{calc} &gt; t_{tab} )</td>
<td>( f_{calc} &gt; f_{tab} )</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3, H4</td>
<td>ITinv (IV-I)</td>
<td>BussEnv</td>
<td>DV = 1.364 + 0.358 (IV-I) + 0.214 (IV-II)</td>
<td>( t_{calc} &gt; t_{tab} )</td>
<td>( f_{calc} &gt; f_{tab} )</td>
<td>Accepted</td>
</tr>
<tr>
<td>H11, H14</td>
<td>ITinv (IV-I)</td>
<td>IE</td>
<td>DV = 1.206 + 0.329 (IV-I) + 0.292 (IV-II)</td>
<td>( t_{calc} &gt; t_{tab} )</td>
<td>( f_{calc} &gt; f_{tab} )</td>
<td>Accepted</td>
</tr>
<tr>
<td>H12, H15</td>
<td>ITinv (IV-I)</td>
<td>MiE</td>
<td>DV = 2.03 + 0.235 (IV-I) + 0.198 (IV-II)</td>
<td>( t_{calc} &gt; t_{tab} )</td>
<td>( f_{calc} &gt; f_{tab} )</td>
<td>Accepted</td>
</tr>
<tr>
<td>H13, H22</td>
<td>ITinv (IV-I)</td>
<td>MaE</td>
<td>DV = 0.473 (IV-I) + 0.263 (IV-II)</td>
<td>( t_{calc} &gt; t_{tab} )</td>
<td>( f_{calc} &gt; f_{tab} )</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Using the correlation and regression results, the sub-variables affecting the independent and dependent variables are identified. AMOS 22 was used for SEM and the indices are as below

<table>
<thead>
<tr>
<th>Chi-Square</th>
<th>p</th>
<th>df</th>
<th>NFI</th>
<th>CFI</th>
<th>RMSEA</th>
<th>GFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.192</td>
<td>0.513</td>
<td>11</td>
<td>0.973</td>
<td>1.000</td>
<td>0.000</td>
<td>0.985</td>
</tr>
</tbody>
</table>

The model formed after modifications in research model is

From the fit model, we see that two sub variables, do not affect the overall model which are barriers in investment for IT and IT implementation. Structural Equation Modeling (SEM) has rejected the two weak relationships and the final fit model is here.

Results of this study are one of their kind and as there is no previous model like this one, this is the final fit model for the effects of IT usage on Business Environment Competitiveness.

**Conclusion**

This study was aimed to develop a model to determine the factors of IT usage effecting the business environment competitiveness of any small and medium enterprise (SME). It was also aimed to identify the factors affecting IT usage and the business environment competitiveness of any organization.
From this study, we can say that the managers are satisfied with current diffusion of IT and its usage in terms of infrastructure and human resource. Also, they think this technology is sufficient for their use (for now). The investment in IT is a factor of prime importance and this study reveals that the current investment in IT is remarkable. The competitive strategy plays an important role in IT usage and the upgradation of technology is also an important factor that affect business environment competitiveness. Due to the current trend of technology usage and use of IT in business from the start, the small and medium enterprises face minor barriers in investment that do not affect the overall business environment competitiveness. Most of the SMEs realize the benefits of IT usage and therefore they are using the basic to advance level of available information technology. They mostly use internal resources and do not tend to outsource their IT activities. This is because of the lack of financial resources that they cannot afford to outsource their activities and must rely on their internal resources. The divisions of business environments (internal and external) both effect the overall business environment and therefore they have been studied in detail. Most of the managers face issues in internal business environment but they all are highly satisfied with their external business environment. The reason behind this satisfaction is the more involvement of internal business environment in small and medium enterprises (SME) while the external environment does not affect small business.

After running all the test, the results give the model that fairly describe the effect of IT usage factors on business environment competitiveness. This model shows that the IT usage is affected by IT infrastructure in an SME, realization of IT benefits, competitive strategy includes IT upgradation and current investment in IT. The barrier in IT investment and outsourcing of IT have no significant effect on IT usage and overall business environment competitiveness so they are not included in final model.

The study also revealed that the government sector SMEs do not have issues regarding resource allocation and budgeting/investment in IT. Because of their resource dependence on government funds, they do not face ant barrier in IT investment and thus they do not outsource their activities. They are just an application of Information And Communication Technologies By Small And Medium Enterprises (SME), realization of IT benefits, competitive strategy includes IT upgradation and current investment in IT. The reason behind this satisfaction is the more involvement of internal business environment in small and medium enterprises (SME) while the external environment does not affect small business.

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ECONOMIC PERSPECTIVE AND THE ELECTION YEAR AHEAD – PREDICTION, REALITY AND CHALLENGES FOR NEW UPCOMING GOVERNANCE

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ABSTRACT

The Governments of nations mostly rely on the democratic system and the system is devised though election system. In a way, the election system determines the destiny of the nations. As election of many states are going to be held in these two years in 2017-18, the regional circumstance is likely to be change with these elections. The present research is the prediction in nature and reality for stated years elections is essential for the future to come. This research found that if the new parties are succeeded in making governments, then the situation of South Asia Region might be altered and shaped differently. The study analyzes the scenario on various reasons how and why the environment and circumstances may change based on the elections of 2017-18 in various nations.

Keywords: Election, Regional circumstance, South Asia Region, Prediction and Reality.

Introduction

An election is considered as a formal process to elect individuals to hold the public office. The ongoing and upcoming years (2017-18) can be considered as the election years, which may change the circumstances of the different regions of the world, especially the South Asia and Middle East regions. These elections may bring the drastic changes in these regions or may bring transactional variations. In 2017-18, some notable elections may be considered as; Indian general and presidential election, Pakistan general elections, Iranian presidential election, Japan and Russia election are seems to be held and that may exert the effect in these regions.

A presidential election and general elections of India are likely to be held 2017 and 2018-19 respectively. In presidential election, the officeholders may be qualified for re-election, as no term limits exist in India. The current ruling party BJP Prime Minister Modi’s regime is going to complete his tenure. If we see the strong points, in Uttar Pradesh a massive victory of BJP shows a strong position in that area. Modi tried to develop close relations with Iran and Afghanistan but enigmatically enmity oriented relations and strategies towards Pakistan.

The South Asia region is the form which includes; Nepal, Pakistan, India, Bhutan, Bangladesh, Maldives and Afghanistan etc. The region is consisted of Sub-Himalayan SAARC and other countries, and this region is linked with the world from East and West sides. The recent significance of this region is that China developed the strategically important project of One Belt One Road (OBOR). This is exceptionally significance for that region and Pakistan lies at the mid of that region where it can access all sides and can link the countries to allows to pass it through Middle East Regions.

Background

In 2017-18 the years are likely to be the election years, as many nations are going to carry out elections in these two years. The study focuses on only those countries’ elections that have impact on South Asian Region. The Indian presidential and general election, the Iran presidential elections Japan, Russia and Pakistan, are going to conduct their elections in 2017 and 2018. South Asian Region is having significant importance and thus almost every country wants to trade in this region. In Asia, China is the emerging economically powerful country and extending its market using different routes to trade with Middle East. For this, the election in the Asia and in Middle East and other powers of the world seem to be of great focus on economy, security, and relationships among countries and in other aspects of this region. From economic point of view, one recognizes that there may be no significant impact of elections of local leaders on financial development in Indonesia but the outcome implies that neither a beneficial effect nor a negative impact on development is found by utilizing distinction in-contrast estimation (Moritz, 2012). Pepinsky and Wihardja (2010) argue that the heterogeneity in impacts of neighborhood popular government, inside the visitor system of decentralization, is reliant on beginning socio conditions and prompts either a high minded or endless loop in each area.

Guo & Liu (2012) found that the relationship among the three fundamental outside systems bolsters the curvilinear impact for social affair raising money commitments for the election. In today’s world, the social media
plays a vital role in creating awareness regarding politics. In the current years, the web entrance, online networking generation and utilization have expanded significantly everywhere throughout the world. This expansion has influenced the governmental issues in many parts of the world from various perspectives. Online networking turned into an apparatus for government officials to do their political battles and for activists to make mindfulness on political issues and prepare dissents. Today nearly in every single social development in the nations with high rate of web get to, the part of web-based social networking is being talked about. Social media has turned into a costless and to a great degree powerful instrument in contacting mass groups of onlookers with political purposes. The youthful era is to a great degree inspired by joining on the web informal communities. These interpersonal organizations set up associations between individuals that are connected with frail ties. These associations empower political data to stream on these systems virally, costless and quickly. Data can be on political news or contemplations to make political mindfulness and furthermore to assemble political challenges (Yunus, 2013).

<table>
<thead>
<tr>
<th>Election in 2017-18 in the world- continent wise</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asia</strong></td>
</tr>
<tr>
<td>– Japanese General Election, 2018</td>
</tr>
<tr>
<td>– Pakistani General Election, 2018</td>
</tr>
<tr>
<td>– Indian Presidential Election, 2017</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
</tr>
<tr>
<td>– Russian Presidential Election, 2018</td>
</tr>
<tr>
<td><strong>Middle East</strong></td>
</tr>
<tr>
<td>– Iranian Presidential Election, 2017</td>
</tr>
<tr>
<td>– Bahrain Parliamentary Election, 2018</td>
</tr>
</tbody>
</table>

**Overall elections in 2017/18 in the world**

The years 2017/18 are generally called the election years. Elections are of most significance in any Democratic Nation. For Democracy, it is defined as the government of people, for the people and by the people. In 2017 the majority of countries are going to conduct the election process. The important election is Indian elections, South Korean election, Iran presidential election, US elections, Pakistan general election, Japan; Russia election could be the part of 2018. In India, which is considered the so-called biggest democracy on the planet as far as boundlessness and populace, governments both at the middle and in the constituent states are chosen for five-year terms. The electorate of such a large number of individuals in this sub-landmass partake in the race, hung on the premise of all inclusive grown-up establishment, and send their representative to both the Parliament and the state councils, expecting that these delegates will protect their interests and work to achieve the objective of advance, thriving, solidarity and respectability of India as likewise to guarantee rights and opportunity of the general population. In this aberrant democracy, the elections assume the most vital part in molding the fate of the general population, while practicing their establishment, constitutes the genuine wellspring of energy in the elections as they settle on their decision and choose just those in whom they have confidence (Mitra, 2014). A majoritarian appointive framework is one in which the hopefuls or gatherings that get the most votes win. Albeit some majoritarian frameworks require the triumphant applicant or gathering to get a flat out greater part of the votes (outright larger part frameworks), others require just that the competitor or gathering win a bigger number of votes than any other individual (majority or relative lion’s share frameworks). Most majority frameworks can be recognized regarding the quantity of votes per voter and seats per region. Elections give the essential intends to guarantee that administrations stay responsive and responsible to their subjects (Bormann and Golder, 2012). In this study, we have focused on the importance of the elections on the south Asia region especially for Pakistan.

**Geographically and Strategically Importance of Asia**

South Asia or Southern Asia is a term used to address the southern area of the Asian terrain, which includes the Sub-Himalayan SAARC countries and, for a couple of specialists, bordering nation toward the west and East. Geographically, the Indian plates overwhelm it, which transcends ocean level as Nepal and northern parts of
India ranged south of the Himalayas and the Hindukash. South Asia is obliged on the South by Indian Ocean and land by West Asia, Central Asia, East Asia, and Southeast Asia.

The current location on the South Asia map includes; Nepal, Pakistan, India, Sri Lanka, Bhutan, Maldives and Afghanistan. The South Asian Association for Regional Cooperation (SAARC) is a money related investment relationship in the zone which was developed in 1985 and fuses each one of the eight nations containing South Asia.

**Geographically and Strategically Importance of Pakistan**

Deliberately, Pakistan is strategically located in a region which has unprecedented financial, political and security criticalness exist. Pakistan lie between two economic and established considerably financial power states i.e. China and the Russian Federation. Additionally, six Muslim Central Asian States are linked with Pakistan through Afghanistan. And these states have blocked land states and therefore take a cover interface between the Gulf countries, Central Asian, African and European states. Similarly, when it comes to weather and environment, due to direct temperature, adjacent sea course of Pakistan remains open amid the time, which provides a greater opportunity for economic activities throughout the year. Pakistan has a significant position as it establishes relationship in this way from Atlantic Ocean to the Arabian Sea with all Muslim countries. On these bases, Pakistan’s strategic position can influence the region politically as well.

**Geographically and Strategically Importance of India**

India lies on the Indian Plate, the northern segment of the Indo-Australian Plate, whose mainland covering frames the Indian subcontinent. Indian wanders in the south into and blocked by Indian Ocean —specifically, on the southwest by the Arabian Sea, in South by the Lakshadweep, and on the South by the Bay of Bengal. This makes India’s position more strategic. The Radcliffe Line separates India’s border with Pakistan and Bangladesh, in 1947 during Partition of India. As per India’s landscape position, it can easily influence its neighboring countries and the region very easily. Therefore, it is really significant to be aware who is in power in India and what would be the policies towards the region.

**Pakistan Election**

Pakistan General Elections seem to be held after 5 June 2018 in whenever within 90 days. Furthermore, around 342 individuals from the National Assembly would be chosen by three processes; 272 of aggregate are in single part electorates by first past the post voting; 60 are held for female and 10 for ethnic and religious minority gathering; both arrangements of hold seats utilize corresponding portrayal with a 5% appointive edge. Therefore, it can be expected that in 2018, there may be a very strong Govt in Paktsian or a very weak coalition based Govt (what we call the hung parliament). Anyhow, whatever it would be, there is expected to be a big impact. Its therefore, that there are many projects going on, including the mega project called CPEC, which is considered as game changer for Pakistan.

**India Election**

**India election and Selection process**

Elections in India are potentially scheduled in 2018/19. The Lok Saba elections are scheduled in 2019. Based on an unofficial survey, it’s predicted that the winner would be the Congress. BJP may fall as second, with better tally than last time. India with an asymmetric federal government, state and neighborhood levels, elects officials through a lengthy process, and the head of government, the Prime Minister, is chosen by the voters from the Lok Sabha; and Parliament as the lower house of India. As usual, the Election Commission of India conducts election. From the Lok Sabha all voters, with the exception of two who can be assigned by the President of India, are elected directly through general election after specific period, in ordinary condition. Every individual form the upper house of Indian parliament, are chosen from the authoritative congregations of the states and the Electoral school for the Union Territories of India. Another opinion supports that on the basis of some professional predictions, it may be said that that 2019 would be a hung house for India with BJP being as largest party with around 175+ seats and leading a hotchpotch coalition government as it did in 1998 and 1999 or as Congress did in 2009 but in this way there would a great impact on not only inside India (on the policies of Modi Govt.) but also on the adjacent region.
Iran

As Hassan Rouhani was re-elected for a second term. His rivals were the conservatives' top candidate Ebrahim Raisi, the Islamic Coalition Party's Mostafa Mir-Salim and Mostafa Hashemitaba who ran with no partisan support. Presidential decisions are planned to be held in Iran on 19 May 2017, however, they may be held before under outstanding conditions, for example, the affidavit, renunciation or passing of the President. The recent election would be the twelfth presidential race in Iran. Iran has coexisted in tense relations with the U.S., European Union and other developed economies since the Iranian Islamic revolution in 1979. In 2015 under the leadership of moderate reformist President Hassan Rouhani, Iran successfully negotiated the removal of sanctions in exchange for the revision of its nuclear program. It also gained the prospect of more peaceful relations with major world powers and neighboring countries in Central Asia and the Middle East. Similarly, the policies would continue as per previous tenure. Iran is investing in Afghanistan considerable by developing infrastructure and other resources.

Japan

The 48th general decision of individuals form the House of Representatives which is going to happen around December 2018, a notwithstanding by Constitution of Japan. Voting is likely to occur in all Representatives supporters of Japan - 295 single-part regions and eleven relative squares, keeping in mind the end goal to select every one of the 475 individuals from the House of Representatives, the lower place of the 717-part bicameral National Diet of Japan.

Russia

The next presidential elections in Russia will take place in March 2018. The first round will be held on Sunday 11 or 18 March 2018. If in the first round no candidate attains absolute majority of the votes (more than half), then according to the law, a second round will have to go through exactly three weeks later on 1 or 8 April 2018. President Vladimir Putin is eligible to seek re-election.

Current political situation and prediction for 2018 election in Pakistan

The current ruling party of Pakistan by the ousted former Prime Minister Nawaz Sharif conveys the free from threat, administration and the financial rehabilitation. The significant improvement has recently been seen by Pakistan in the infrastructure and energy sectors, and the trend toward decrease in oil prices. The state completed the International Monetary Fund Facility program in August last year of which gives $6.4 billion in financial aid the country undertaken over three years on the condition of the country, and takes several rehabilitation including privatization and fiscal rigor. Under Sharif, the decision Pakistan Muslim League (Nawaz) party, and now Shahid Khaqan Abbasi, or PML-N has concentrated on building foundation and open transportation frameworks. It has additionally gained certain ground, for the most part in its fortress of Punjab, creating horticultural territories and tending to unemployment. The big changes are seen in the financial and free from threaten sides. The democracy is also looking towards positive point “Arif Habib (Nikkei, 2017).

The next election of Pakistan general election is just in distance of 1 year or less. The political parties have been started their election campaign. The national prominent parties are Pakistan Muslim league Nawaz (PML-N), Pakistan people party (PPP) and Pakistan Tehreek-e-Insaf PTI and others. For as far back as one year, no other issue has increased more conspicuousness in the political scene of Pakistan than the Panama spills. The issue is honestly minor and not worth this much fixation, but rather because of Pakistan Tehreek-e-Insaf (PTI) and our electronic media, a technicality has changed into a national fixation. The administration has been occupied and is in some kind of a survival mode; all the more problems that need to be addressed in the nation have been consigned to unimportance as the Panama case has turned into the focal point of everything.

Supreme Court of Pakistan announced the decision of panama case which was entitled against PM Nawaz Sharif and his two sons by Chairmen political party PTI Imran Khan. The 5 member bench announced the 2-3 decision. The two judges decided that the PM Nawaz Sharif who is the chairmen of Political party of PML-N is not “Sadiq” and “Ameen”. The remaining three decided to investigate further as the available evidence is not enough to remove after the choice and for further examination the PML-N will lose the trust and authenticity in individuals. As per Gallup study in exceptional public statement (April 19, 2017) found that the 57 % of individuals trusted that PML-N would be vanquished and PTI Imran Khan would lead by raising the panama debasement case and getting group of onlookers with Supreme Court. It means PTI would exceptionally advantage in next election as they are driving panama issue against PML-N. The official conclusion had arrived against Nawaz Sharif based on
Beside Panama the history of Pakistan general election no any party won the continuously twice election. From 1958 to 2013 the people of Pakistan chose a new incumbent party in every general election. From this point of view the PPP or PTI have more chances to win as second prominent parties in Pakistan. PTI may polish their prominence as they have worked more actively in the last 4 years.

RUSSIA ELECTIONS
The Presidential elections in Russia are going to be held in 2018. The current president Vladimir Putin has not yet reported whether he will run. With only one year to go before Russia's next presidential election, the appointive battle, in spite of the fact that not yet official reported, is as of now grabbing pace. Up until now, all arrangements for the election show up established in the introduce that Vladimir Putin will win. Besides, as per sources speaking to territorial elites, there will be high voter turnout, and Putin will win with more than 70 percent of the votes. At present, no other Russian government officials are set up to truly challenge Putin in the surveys, thus the presumption is that, even with different applicants in the race, Putin seems at present win, Sergey Markov, chief of the Institute of Political Studies, told RBTH. Markov said, "It has been emphatically censuring Putin's financial arrangement, however even the Communists in actuality bolster the possibility of his re-election, since they see him as the linchpin and image of contemporary Russian nationhood." According to Markov, none of the veteran Russian legislators, including Communist Party pioneer Gennady Zyuganov and pioneer of the Liberal Democratic Party of Russia Vladimir Zhirinovsky (both of whom are in their 70s), or Grigory Yavlinsky, 64, leader of the Yabloko party, stand a shot against Putin (Sinelschikova, RBTH, 2017). Vladimir may win again because of he weathered the financial tempest in Russia. As he decrease in oil costs in worldwide. Under President Putin administration, Russia has weathered this tempest as well as has done as such obviously better than Europe weathered the Great Recession of 2008,whose impact are still felt in many sides of the world, not slightest in Greece. The Putin cemented a Multi-polar world request. After 1991, George H.W. Shrubbery talked about 'another world request', which truly implied dominion for the US and their partners in worldwide fund and organization driven world government (e.g. EU, NAFTA, TTIP, TPP). That new world request has come smashing down and more than whatever other nation, Russia under President Putin's initiative has been the geopolitical pioneer of another multi-polar development which has seen Russia, China, India, South Africa and Brazil (The BRICS nations), frame another alliance of persuasive and financially relentless forces. The expanded importance of the Shanghai Cooperation Organization is another deed that the world owes in awesome part to President Putin. He reestablished calmly lost Russian domain as from the seventeenth to the twentieth century, Russia's domain had been extending. At that point in 1917, the Bolshevik's marked the Treaty of Breast-Latovsk with the Germany adversary, immediately surrendering swaths of Russian land. The unlawful battle of the USSR in 1991 made a still unsolved exile emergency, the greatest in contemporary history with a large number of Russians ending up in outside grounds overnight. President Putin has made a move to revise these abuses to the Russian individuals. In 2014, the Crimea and Sevastopol, districts who had for a considerable length of time needed to return home to Russia, led a just vote where the mind dominant part of the populace told the world 'we're getting back home'. President Putin encouraged the smooth return of the Crimean individuals to their country. For this by itself, his name will dependably be recalled emphatically in Russian history. People Still Remember the 1990s Individuals have not overlooked the 1990s and look to Putin as a reference point of dependability following a dull decade. In the event that it isn't broken, don't settle it. Putin settled the framework and individuals are glad for him to keep on staying the course. He has opposed western impact. After the Cold War, numerous in Russia were so inquisitive about the 'western way' that they innocently enabled western products to stream into their nation. Alongside the material articles came mentalities, which never sat easily with most in Russia. Today, with Burger King and Starbucks basically all over the place however North Korea, Russia is not going to kick such retailers out,
but rather the possibility that keeping in mind the end goal to "develop" Russia expected to embrace western neo-liberal/post-current dispositions, has gone out the window. Russians are by and by glad to be Russians, even after any semblance of Alexander Yakovlev (Gorbachev's correct hand man), made them embarrassed about their own particular history.

Putin has made Russians feel glad for their history, social legacy and their guaranteed put on the planet. He has made Russia awesome once more. On the off chance that exceptionally late American history has demonstrated the world anything; it is that such things win elections. Past guarantees, Putin has made this a reality which is the reason by far most of Russian voters would be upbeat to cast their votes in the 2018 election for Vladimir Putin (GARRIE, 2017).

Iranian 2017 Elections

Iran's President Hassan Rouhani has been re-chosen with an earnest triumph, official outcomes appear. Out of more than 40 million votes cast, he got 57%, vanquishing his primary opponent, a moderate minister. Mr. Rouhani, a direct who concurred an arrangement with world forces to farthest point Iran's atomic program, vowed to "stay valid" to his guarantees.

COMPARISON AND CONTRAST OF ELECTON

Elections are imperative for the general population of each majority rules system. Generally, For the most part, West is considered as law based and elections are assumed as reasonable and straightforward. In spite of the fact that few strategies and recreations of figures are played however in the cutoff points of normality.

The enrollment of voters is intentional and the duty to enlist lies with them in the US as against India and Pakistan where the voter's enlistment is finished by the EC. Accordingly around 95% of the general populations qualified for voting in India are enlisted as against 71% of them in the US starting at 2012 and in Pakistan 86.1 million voters’ altogether.

PROBLEM AND SOLUTION

Disregarding the way that the South Asia region is rich in resources however there are various issues stood up to by this region since flexibility and has encountered a variety of emergency. These issues could without a lot of an extend be settled yet as a result of the nonattendance of thought from our organization these issues are rising well ordered. Given below are some of the major problems faced by South Asia region.

1. Life Security

Today in South Asia, highly active of ISIS, Pakistan Taliban, Afghanistan Taliban, and the global rise of Non-state actors there is no security of our lives. We persistently live under the danger of getting executed in an impact or by an objective executioner. While going out, individuals don't know whether they will return securely or not.

2. Human Rights

Real parts of our region where a great many people are ignorant. These individuals don't have the foggiest idea about their rights. Particularly ladies are denied of their rights on account of absence of mindfulness. Living in a nation where not in any case essential rights are given to individual’s sucks. Our rulers ought to try endeavors to give the essential human rights to all individuals.

3. Vitality Crisis

Another significant issue in this region is utilization of natural resources. Due to lack of modern technologies we have not ability to convert and use 100% the natural resources in proper way.

4. Refuges

A colossal number of Afghan exiles are remaining in Pakistan. They live in ghettos and have no employments. Along these lines they are expanding destitution and unemployment rate in our nation. Government ought to furnish these individuals with the chance to work and to include in the improvement of the nation. Likewise the administration ought to assess its political ramifications.

5. Political parties;

The different political parties in the region are also a problem. The relations of different political parties’ ruler, which may not in favor of each other may also the problem of this region.

6. Religious Sectarianism

The different believes on issues have put the people in sectarianism. This would lead civil war within and among the countries.
7. War on Terror

The War against Terror has its epicenter in Afghanistan and Pakistan. These South Asian countries will turn out to be more fragile and human improvement and development is probably going to endure. The war is probably going to prompt more radicalization and destabilization. There will be more social issues for the tenants of these two countries. War will likewise prompt separate of establishments. This is as of now obvious in Pakistan; Afghanistan is presently country working sans preparation and it will take numerous years for the district to balance out. Administration and limit building is in this manner a territory for ceaseless help

Solutions

The solution to the above problem is awareness. And the solution to political parties and religious sectarianism is No political parties and no party flags, just one Party and one flag for the development of their countries, No Religious sectarianism should be there but only one Religious that is Islam. The below diagram represent the impact of upcoming elections of 2017-18 in the world and the regional circumstances and the prediction and reality

Analysis and Discussion

The Indian general election is in favor of BJP up till. The Iranian election won by Hassan Rouhani and if the general election of Pakistan in 2018 is to be conducted through free and fair process, then the situation of the South Asia region may automatically be changed. The ongoing dispute between the Golf countries is the issue, which may become the part of the Asia region in near future. The Iran and Turkey will automatically support to Qatar. The Saudi Arabia is likely to resist the support of Turkey and Iran to Qatar. The Saudi Arabia also banned the entrance of Qatari citizen on Makah Mukaramah and this issue is also seems to be dangerous for this region as the many Muslim countries are lies in South Asia region. If the Pakistan general election of 2018 win by the PML (N), it seems to be that the Pakistan would play the neutral role between these two countries dispute as the PML (N) are in good business relation with both countries. If the Pakistan general election of 2018 proved in favor of any other party then the decision would be taken against and in favor of one between these two countries. The BJP also in good relation with current Pakistani Ruler’s but the policies for Pakistan is not good. If in Pakistan the other parties like PPP and PTI would successes in making the government then the relation with India will turn in new situation. If in future if the Indian National Congress would succeed to make the government in India the situation of South Asia region will be entered in new progressive era.

Discussion

South Asia will essentially affect the worldwide improvement story. It has the world's biggest working age populace, ¼ of the world’s white-collar class purchasers, the biggest number of poor and undernourished on the planet, and a few delicate conditions of worldwide geopolitical significance. With its substantial youthful populace, South Asia will be a basic piece of the coming Asian century. South Asia will represent a huge offer of the world's work drive, particularly if more ladies take part profitably • The account around local participation is changing with
the developing acknowledgment of the open doors for making occupations, sharing vitality assets, relieving atmosphere and fiasco dangers, and lessening struggle through more prominent local collaboration (SAR, 2012).

The locale is in a geopolitically key position as a result of its much land and ocean joins with the Middle East, Central Asia and East Asia. Thus, South Asia is extremely powerful with respect to global governmental issues and monetary movement. Nations in this locale have numerous religions, ethnic gatherings, societies and dialects, making South Asia a district with wellsprings of precariousness that incorporate salary variations, religious clashes and different issues. Guaranteeing financial and social soundness and advance in South Asia is key to the security and headway of the whole Asian locale, including Japan.

Sneden (2016) concluded that certainly, if India wants to become a great power, it needs to remedy its relationship with its western neighbor, if only because China, Shifting Geo-politics in the Greater South Asia Region, adopting the maxim that “my enemy’s enemy is my friend,” clearly benefits from India-Pakistan. Pointedly, however, Pakistan and India need to be in peace to get themselves developed which may be not acceptable by some elements within both countries and without as well. And while India and Pakistan have developed since 1947 despite having hostile relations and being devoid of significant socio-economic relations, India would benefit.

Conclusion

The South Asia region for next decade seem depending on the Indian general election, Pakistan general election, Iran’s, Japanese and surely Russian elections. The upcoming and the winner rulers need to focus on their countries development with the support of neighborhood and thus by establishing good relations. With each other, especially the next Rulers of Pakistan and India should make the Historic relations with each other. This may create stronger countries economically as well as socially, and thus this actually can be the game, which may be called the game changer policies in the region. For future studies, it’s recommended to conduct further detailed analysis by adding other countries and the political powers in them. The gap is available to study more countries especially US senate election and their impact on the South Asia region. Hassan Rouhani and the strategic impact of the policies on Afghanistan and Pakisan win the Iranian elections. Lastly, Pakistani general election and Indian general elections which may change the game of this region.

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HOW INTELLECTUAL CAPITAL ENHANCES ORGANIZATIONAL PERFORMANCE?
ANALYZING THE ROLE OF KNOWLEDGE MANAGEMENT

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Abstract
This study was conducted primarily with the aim to study the relationship between intellectual capital and organizational performance in the construction sector of Pakistan. This study focused on main trends and important variables that favor the relationship of intellectual capital and organizational performance. The data from 100 sample is collected through simple random sampling from managers, middle managers, team leads and top management to empirically test the results. The results of study show that intellectual capital has positive impact on organizational performance. Moreover, knowledge management mediates relationship between intellectual capital and organizational performance.

Key Words: Intellectual capital, knowledge Management, Organizational Performance, Performance, Organizational Intellectual Capital

INTRODUCTION
Developing country are incessantly aiming towards the boost of the economy. Performance of working organizations are auxiliary vital role towards the economy growth and development. Construction sector in Pakistan is significantly contributing 40 – 60% in formation of fixed capital. For FDI and even for local investment construction sector of Pakistan is hot cake. Pakistan has seen phenomenal development and advancement because of one belt one road program and in particular China Pakistan Economic Corridor. Over the past 30 years the construction business has assumed a generous part in national advancement by making mega infrastructure including state of the arts high ways, linking roads, dams, power project, state of the art housing facilities and top of the line disaster tolerant facilities. The construction sector is not only contributing but also giving new direction to the economy.

Intellectual capital has become a critical issue in the determination of organization performance. In recent years, there has been an increase in competitive pressures on organizations to increase their budget and attention on creation and utilization of intellectual capital. Moreover, the structure of industry has changed in recent years, with an increase in the competition and globalization work challenges for organization increased drastically which are badly impacting the organizational performance. To handle the emerging issues many organization are working on their intellectual capital. In construction company’s employees has to work more and to achieve the goal in which they need organizational support in form of human capital, relational capital and procedural capital.

There has been increasing research attention on intellectual capital in the context of organization performance. The intellectual capital has become an important issue in current organizations because it’s becoming essentially important for enhance performance of organization in competitive market structure. This study is a significant contribution to the literature as well as the managerial practices because intellectual capital has been a prominent issue in the construction sector of Pakistan and the literature lacks the precise studies which have taken up this issue. Moreover, the study is also important considering the fact that the presence of knowledge management is expected to show different strength of relationships than mentioned in the literature. This study is going to help out top managers for better understanding the situation that what factors are affecting organizational performance.

In Pakistan the performance of organizations is going downwards specifically in construction sector. Motivation of employees is also very low; it needs special attention. Construction sector, which is providing basic amenities of life to people, are facing many problems due to poor performance of working organizations. It is therefore area of concern for researchers to find out the factors which are associated with organizational
performance. It is also important to find out factors which are helpful to the relationship of organizational performance with associated factors.

LITERATURE REVIEW

Intellectual capital represents knowledge-related intangible assets embedded in an organization. (Hsu and Fang, 2009) argue that IC is total culture, process, relational networks, capabilities, intellectual property, process, strategy of a company that create competitive advantage or create value and help organization in achieving its goals and objectives. Given the various assumptions and frameworks behind these views, the latter conception is additional attention in structure behavior literature. During this regard, we have a tendency to adopt the purpose of read data of information use and (Subramaniam, 2005) Youndt definition that describes the intellectual capital as "the added knowledge of all corporations use to achieve a competitive advantage." Scientists earlier. Sought-after to spot the size of intellectual capital, recognizing that differing types of information resources exist and area unit utilized by totally different approaches underneath

Intellectual Capital writing fundamentally looks at the sort of immaterial assets that drive development and add to esteem creation. To succeed, associations need a reasonable comprehension of which learning resources are critical to their prosperity and how these benefits are conveyed over various parts of the organization and among various parts and representatives. As indicated by Grant (1996), the assortment of acquaintance resources is normally resolute by an organisation’s tactical strategy.

Up to the present time, the most prevalent characterization of information resources (or IC) was anticipated by Sveiby and Edvinsson in 2002 (Sveiby, 2002; Edvinsson and Malone, 2006). It covers three parts: human, organizational and structural capital. As indicated by Molodchik et al. (2014), human capital (HC) incorporates the capacities of administration and human asset abilities. Structural capital (SC) insurances development and inner advancement abilities. At long last, Relational capital (RC) includes organizing capacities and client unwaveringness.

Organizational performance is actually the company’s long term endurance and growth. In a business context, the measurement of organizational performance has been discussed from a number of different perspectives, in the past. This includes accounting perspective, applying the cost accounting methods with cost efficiency being the point of focus.

The opponents of accounting perspective considered it being narrowly focused and suggested that it should be replaced by activity based view. Another perspective was the finance perspective, which suggested that for the measurement of organizational performance, firms rather than living in the present, should be future oriented. One of the widely applied models of this perspective is the balanced scorecard model. This model incorporates the financial goals, the customer’s goals, internal goals, innovation and learning.

During recent years another widely discussed perspective of organizational performance, has been the management perspective. The management perspective of organizational performance gave the idea of Total Quality Management. This entails that quality is a point of focus not only for the end product of the firm but for all the processes, procedures and policies. Another perspective is the marketing approach which measures the organizational performance in terms of market share. It suggests that a firm’s performance is a measure of its performance relative to its competitors playing in the same field. A greater market share suggests a better organizational performance. Vast researches on the concept of organizational performance have led the scholars to investigate it from stakeholder perspective. This approach suggests that for the organizations mere profits are not the symbol of growth. A company has to take into account, the interest of all those being affected by the organization and all those who affect the organization.

One of the recent models related to organizational performance is the relationship management. This model draws its roots both from stakeholder’s perspective and the marketing perspective. This suggest that to enhance the organizational performance, the firm has to manage its relation not only with customers but with all stakeholders including employees, suppliers, government, legal bodies, media, environmental groups etc.

H1: Intellectual capital is positively related to organizational performance

Organizations work in unsettled environments that hover their whole presence. Therefore, organizations have in progress to emphasize on means other than physical ones in order to daze the several challenges that they face (Obeidat et al., 2014). Talk about to the knowledge-based assessment, knowledge is measured one of the organization’s vital assets that is unfavourable to the survival of the firm (Delgado-Verde et al., 2011). Knowledge is demarcated as “a fluid mix of framed experience, value, circumstantial data, and professional vision that make
available a structure for weighing and integrating new experiences and statistics. It creates and is functional in the minds of the knower. In organizations, it often becomes entrenched not only in documents or sources but also in organizational procedures, progression, performs, and standards. Such knowledge that is implanted in the minds of people is established through their schedules and activities (Al-Alawi et al., 2007).

Given the prominence of knowledge to organizations, knowledge management has become an essential and significant surface of business policy. More precisely, the sharing of knowledge within organizations has become critical for leveraging and using knowledge assets correctly (Geiger and Schreyogg, 2012). Knowledge sharing, one of the methods of knowledge management, is well thought-out the first generation knowledge management and should be made observable in organizations by building a portion of their business approach, originating it indirectly on to alternative important business, routinizng, matching the organization’s style, and make parallel recompense (Vorakulpipat and Rezgui, 2008). This is because knowledge sharing can be seen as a crucial part of organizations as the knowledge created in organizations needs the transmission and allocation of that knowledge to create logic of it (Cao and Xiang, 2012). Additionally, knowledge sharing is reflected essential as it delivers organizations with numerous paybacks various of which consist of; better-quality organizational performance, upgraded absorptive and advanced capability that lead to continuous modest benefit (Cao and Xiang, 2012), upgraded quality of customer service, condensed fabrication sequences, improved assistance between dissimilar departments, and combined relationships with association partners.

Knowledge sharing can be well-defined as “the progression where persons jointly argument their (implicit and explicit) knowledge and mutually generate innovative knowledge”.

H2: Knowledge management is positively related to organizational performance
H3: Knowledge management mediates relationship among intellectual capital and organizational performance.

RESEARCH DESIGN
This research was based on quantitative analysis and could be characterized hypothesis testing. The research explored a new problem area which has never been explored in Pakistan, describing the problem with the context of previous researches, explaining further if there is a relationship found between the intellectual capital and organizational performance and the role of selected model on this relationship.

Sample and Population
The data for this study is collected through self-administered questionnaire from Pakistani construction industry. The data is collected from public and private construction organizations who are working on mega construction projects. The questionnaire was distributed to 135 middle to high level management professionals. Out of 135, 100 valid responses were received which are utilized for the analysis of this research study.

Reliability
Reliability test has been performed to check the consistency of the questionnaire. It was important to check the validity and reliability of the data before perform the test on the data. Cronbach’s Alpha measures internal consistency among items in a scale. If the Cronbach’s Alpha is determined to be 0.7 or further, the items are constant and reliable. The results are noted for each of the variable under take a look at. As according to the given figures in the desk, all the items were reliable as Cronbach’s alpha changed into discovered to be greater than 0.7. This suggests the tools used as scale to degree those variables had been dependable and consistent. We have performed this test through Cronbach’s Alpha test through SPSS

<table>
<thead>
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<th>S.No</th>
<th>Variables</th>
<th>Cronbach’s Alpha</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Intellectual Capital</td>
<td>0.798</td>
</tr>
<tr>
<td>2</td>
<td>Knowledge Management</td>
<td>0.850</td>
</tr>
<tr>
<td>3</td>
<td>Organizational Performance</td>
<td>0.748</td>
</tr>
</tbody>
</table>

To measure the intellectual capital, knowledge management and organizational performance questionnaire that was adapted and the value that we got after reliability test result is .798 of intellectual capital, .850 of knowledge management and organizational performance is having .748 which is satisfactory and reliable. I have used the Likert scale to measure the coordination impact with five responses 1 is Not Significant and 5 is Always Significant.
**Correlation Analysis**

Pearson correlation with two tail level of significance was applied. The correlation analysis is used to examine whether the relationship is consistent with the theory. Results are given in the next table and correlation are positive and negative significant (at 0.01). Moreover, analysis shows that all independent variables have significant and positive correlation with dependent variable.

<table>
<thead>
<tr>
<th></th>
<th>IC</th>
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<tr>
<td>IC</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.576**</td>
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<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
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<td>N</td>
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<tr>
<td>KM</td>
<td>Pearson Correlation</td>
<td>.576**</td>
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<td>OP</td>
<td>Pearson Correlation</td>
<td>.140</td>
<td>.498</td>
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<td>Sig. (2-tailed)</td>
<td>.087</td>
<td>.000</td>
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<td>N</td>
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Correlation between intellectual capital and organizational performance is positively weakly correlated which also support to our study hypothesis. Result shows strong correlation among intellectual capital and knowledge management and the value of \( r \) is 0.576/. the same is the case for knowledge management and organizational performance as strong positive correlation is found among them.

**Knowledge Management as Mediator between Intellectual Capital and Organizational Performance**

Outcome: OP

**Model Summary**

<table>
<thead>
<tr>
<th>R</th>
<th>R-sq.</th>
<th>MSE</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>.6970</td>
<td>.4858</td>
<td>.2916</td>
<td>187.9884</td>
<td>1.0000</td>
<td>199.0000</td>
<td>.0000</td>
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</table>

**Model**

<table>
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<tr>
<th>coeff</th>
<th>se</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>constant</td>
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<td>.1878</td>
<td>5.7912</td>
<td>.0000</td>
<td>.7171</td>
</tr>
<tr>
<td>IC</td>
<td>.6799</td>
<td>.0496</td>
<td>13.7109</td>
<td>.0000</td>
<td>.5821</td>
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**Outcome: OP**

**Model Summary**

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<th>R</th>
<th>R-sq.</th>
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<tbody>
<tr>
<td>.8101</td>
<td>.6563</td>
<td>.2493</td>
<td>189.0546</td>
<td>2.0000</td>
<td>198.0000</td>
<td>.0000</td>
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**Model**

<table>
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<tr>
<th>coeff</th>
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<th>LLCI</th>
<th>ULCI</th>
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</thead>
<tbody>
<tr>
<td>constant</td>
<td>-.0973</td>
<td>.1877</td>
<td>-.5187</td>
<td>.6046</td>
<td>-.4674</td>
</tr>
<tr>
<td>IC</td>
<td>.5590</td>
<td>.0655</td>
<td>8.5282</td>
<td>.0000</td>
<td>.4297</td>
</tr>
<tr>
<td>KM</td>
<td>.4212</td>
<td>.0639</td>
<td>6.5873</td>
<td>.0000</td>
<td>.2951</td>
</tr>
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**DIRECT AND INDIRECT EFFECTS**

**Direct effect of X on Y**

<table>
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<tr>
<th>Effect</th>
<th>SE</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
</table>

525
As per the results of the Preacher and Hayes (2013) analysis results, there is a positive significant (0.3801) mediation by Knowledge Management between intellectual capital and organizational performance, which is evident from the indirect effect of “0.3801” which is significant at 95% confidence interval as zero does not fall between the LLCI and ULCI (0.2951,0.5473) for the indirect effect.

In the direct effect of intellectual capital on Organizational Performance, the indirect effect is 0.42 which is significant as p-value is less than 0.001.

DISCUSSION AND CONCLUSION
This study empirically investigated the relationship of intellectual capital and organizational performance. A deductive approach is used to develop our research model. A survey response of 100 respondents were taken. The survey results show that Intellectual capital is influential to organizational performance when mediated with Knowledge Management. The study started with the focus on construction industry and organizations which are involve in mega construction projects in Pakistan. The organizations working in such industries are crucial as they involve high stakes and investments. Organizations working in this sector are critical because they know that their repute and business values lies in their performance. Results of this study have shown that intellectual capital has a significant role in performance of these organizations. It can be even stronger when mediated with Knowledge Management.

LIMITATION
Based on the findings of this research, it is suggested that future research should address the nature of the link between knowledge management and its different paradigms on organization performance in particular to their projects. The study has not used any moderator that can influence this relationship, however, there is need to further research as whether their relationship is effected by any kind of moderator.

REFERENCES


ABSTRACT

**Purpose:** In today’s modern era the shopping is becoming the leisure and the social activity and impulse buying is more prevalent phenomena all around the world. This paper develops the deeper understanding of consumer’s behaviors with respect to the phenomena of impulse buying.

**Design/methodology:** The self-administered questionnaires based on Stimulus-Organism-Response model were used to collect data from 301 female consumers of Attock, Wah, and Abottabad, and analysis was done using factor analysis to understand the effect of exogenous variables over endogenous variables, along with the effect of mediator between two constructs.

**Findings:** Results showed that environmental or marketing factors (Store environment, Promotional activities and Window display) have influence on impulse buying behavior of female consumers, as well as this influence are partially mediated by consumers positive emotional response.

**Research implications:** This study provides the knowledge about the consumer’s behavior and opens the new dimensions for future research in the field of impulse buying. Further the study implies that the marketers and retailers should design their strategies according to their targeted segment that have greater impact on the consumers and spark the impulsive desires.

**Key words:** Impulse buying, environmental factors, S-O-R model

INTRODUCTION

The Impulse buying more prevalent phenomena all around the world, as it is consider the important part of consumer’s behavior and retailing. Early researchers had defined impulse buying were defined as unplanned buying that the consumers make but do not planned in advance (Clover, 1950; Bellenger, 1978). Then the later studies depict that impulse buying is “sudden, compelling, hedonically complex purchasing behavior in which the rapidity of the purchase decision process excludes thoughtful, deliberate consideration of all information and choice” (Kacen & lee, 2002). Most of the studies in past focuses on the definitional issues of impulse buying without the consideration of reasons behind the impulse buying behavior of consumers (Hausman, 2000). Now the recent studies focuses the factors behind the impulsive purchasing and the literature suggested that there are basically two motivators that triggers the attention of consumers and involve them in impulse purchase process. First are internal motivators or shopper related factors and other are external motivators or shop related factors. Internal motivators are basically the individual related factors that involve them in impulse purchases rather than the
environmental factors like the sudden desire to buy something immediately (Rooks, 1987). As according to the Stimulus-Organism-Response model consumers emotions or individual factors mediate the relationship between impulse buying processes. Internal motivators are basically related to the consumer’s emotions which include the mood, joy, excitement etc (Youn & Faber, 2000), as well as related to personality characteristics which include the self control, stress reaction and absorption (Weinberg & Gottwald, 1982). According to the recent study of Chang et al (2011) shows that consumers with more positive emotions are more involved in impulse buying. The study of Youn and Faber (2000), also indicates that impulse buying is mostly related to consumer’s personality traits and have identified three personality traits including; stress reaction, absorption and lack of self control. External motivators are those marketing cues or factors that are basically in the control of marketers and retailers in order to attract the consumers or to gain the attention of consumers (Youn & Faber, 2000).The external factors play an important role as they are not in the control of consumers. External motivators include marketing and shopping environment related factors. Marketing environment includes the various sale promotion related activities; while the shopping environment are basically related to the store related factors like; store size, layout, design, format, display etc (Pirion, 1991). These factors consists of the socio-economic factors, retail environment (Woodruffe-burton at el., 2002) and atmosphere (Eroglu & Machleit, 1993) and demographics factors (Shapiro, 2001).

**Purpose**

The aim of the study is to analyze the impact of external factors (store environment, promotional activities and window display) on impulse buying behavior of female consumers. First the research provides the better understanding of the direct effect of the external factors on the impulse buying behaviors of female consumers. Secondly, the study analyzes how the external factors interact with consumer’s positive emotions and influencing the impulse buying behavior. Female consumers are chosen for the study as the females are more likely to make impulse purchases when it come to fashion and apparel products (Fitzmaurice, 2008). Isler and Atilla (2013) also argued that females are more inclined towards the shopping than men.

**Theoretical Frame Work**

The theoretical foundation for this research is derived from stimulus-organism-response (S-O-R) model (Mehrabian & Russell, 1974). **Stimulus:** is defined as those factors and phenomena that affect the individual’s internal states or process that stimulate the individuals (Eroglu, Machleit & Davis, 2001), and phenomena that promote the organism responses (Sherman et al., 1997). **Organism:** is defined as internal process or state that is mediated between the stimulus and the final response of individual and it consists of shoppers physiological, feeling, thinking and emotional activities of individual (Bagozzi, 1986). **Response:** are basically the final outcome and the final reaction of the individual such as purchasing decision.

In this research the stimulus refers to the external factors that influence on consumers positive emotion as the organism and the impulse buying as response.

![Conceptual Framework of the study](image-url)
The figure below indicates the proposed model of the impulse buying outline the hypothesized relationship.

**Store Environment:** Store environment is defined as, the conscious efforts made by the marketers and retailers in order to produce specific emotional effects in the consumers that ultimately enhance the purchase probability and profitability (Zhou & Wong, 2004). Researchers found that the store environment features like, physical attractiveness and store characteristics have significant influence on consumers about merchandise quality (Aliawadi & Keller, 2004). As literature had found that the pleasant environment creates the specific emotional effects in consumers that encourage them to spend longer time in selling environment and make more impulse purchases (Donovan et al., 1994). Pleasant store environment had influence the number of items purchased, time and money spent (Sherman et al., 1997) and also the satisfaction (Bitner, 1990) and store choices (Darden et al., 1983). According to Mohan et al., (2013) that store environmental characteristics like music and light had positive impact on consumers which in turn influences on impulse buying.

**H1:** Store environment has significant influence on impulse buying behavior.

**Window Display:** The window display is an important visual merchandising technique (Morgan, 2010) and an important tool to attract the consumers as it influences the consumers buying decision. According to the researcher that window display is an important communication strategy for marketers and retailers (Chain Store Age Executive, 1989). As it act as a mean to determine the consumer’s first impression of the brand, their liking of store and also influences their decision to enter in the store (Lague, 1989). The study conducted by Karbasivar and Yarahmadi (2011) showed that that the window display is an important determinant and marketing tool that encourage impulse buying.

**H2:** Window display has significant influence on impulse buying behavior.

**Promotional Activities:** Promotional activities is another important factor that influences on impulse buying and includes the number of determinants i.e. coupons, low prices, discounts, and special offers. It had been found that 70 percent of unplanned purchases made by consumers are due promotional activities which include point of sale, special display and offers (Abratt & Goodey, 1990, Rooks & Fishes, 1995, Liao et al., 2009). In other words the promotional activities for example the low prices and
discount reduces the sense of overspending and minimize the barriers against the impulse buying. Coupons may be the one cause that increasing the sales as well as the impulse buying (Stern, 1962, Tendai & Crispen, 2009).

**H3:** Promotional activities have significant influence on impulse buying behavior.

**Consumers Emotional Responses:** As according to the S-O-R model that the positive emotional response is considered as the intervening variable that ultimately has influence on impulse buying behavior (Mehrabian & Russell, 1974). Previous studies suggested that the consumer’s positive emotions or mood strongly influences on the impulse buying behavior (Rook, 1987; Rook & Gardner, 1993). Emotions are classified in two distinct dimensions; positive and negative (Isen, 1984). Consumers with positive emotional state take shorter decision time without involving or under going to complex decision (Isen, 1984) as well as shows more willing to spend more time and money in store (Donovan & Rossiter, 1982). Consumers having positive emotions are more likely to involve in impulse buying, as they wish to reward themselves and having high energy level (Rooks & Gardner, 1993). According to Beatty and Ferrell (1998) that consumers positive emotion are highly related to the consumers urge to buy impulsively, as it show the extent a person feel happy, active and pleasant engagement.

**H4:** Consumers positive emotions are related to impulse buying behavior of consumers.

**H5:** Consumers positive emotions mediate the relationship between the store environment and impulse buying behavior.

**H6:** Consumers positive emotions mediate the relationship between the window display and impulse buying behavior.

**H7:** Consumers positive emotions mediate the relationship between the promotional activities and impulse buying behavior.

**Research Method**

The data was collected from female consumers (students) of COMSATS campuses which includes Attock, Wah and Abottabad. The reason for selecting the students, because younger’s are considered more impulse buyer (Wood, 1998), as with increasing purchasing power of the younger’s consumers, to analyze the behavior of young consumers especially the students is worth to be research (Kim, 2003). According to Martin and Turley (2004) the students represents the substantial or major consumers group for fashion marketers, as well as make independent buying decision (Lee & Johnson, 2010). Student sample are more appropriate for theory testing studies due to the homogenous nature that helps to analyze the theoretical predictions and reduces the chance of false conclusion (Calder, Philips & Tybolt, 1981).Total 380 questionnaire were distributed, 315 were returned and out of these 301 questionnaires were usable.

**Instrument Development**

Table 1 shows, the buying impulsiveness scale was used to measure impulsiveness behavior, developed by Rook and Fisher (1995), and consists of 5 items. The scale developed by the Baker et al (1994), to measure the store environment characteristics. Their scale was modified, store environment characteristics were measured by 5 item scale and these items were adopted from the study Chang et al., (2014). Promotional activities were measured by 5 item scale used by the Hubrechts and Kokurk (2012), and some item are adopted from the study of Kim (2003).Window display was measured by 11 item scale used by the Bhatti and Latif (2013). The scale used to measure consumers positive emotions scale was developed by the Beatty and Ferrell (1998), and consist of 7 items and these items were adopted from Chang et al (2014).

<table>
<thead>
<tr>
<th>Table 1</th>
</tr>
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</table>
### Variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Factors loading</th>
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<tr>
<td><strong>Impulse buying</strong></td>
<td></td>
</tr>
<tr>
<td>IB1</td>
<td>0.795</td>
</tr>
<tr>
<td>IB2</td>
<td>0.768</td>
</tr>
<tr>
<td>IB3</td>
<td>0.882</td>
</tr>
<tr>
<td>IB4</td>
<td>0.795</td>
</tr>
<tr>
<td>IB5</td>
<td>0.809</td>
</tr>
<tr>
<td><strong>Store environment</strong></td>
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</tr>
<tr>
<td>SE1</td>
<td>0.845</td>
</tr>
<tr>
<td>SE2</td>
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<tr>
<td>SE3</td>
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<tr>
<td>SE4</td>
<td>0.817</td>
</tr>
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<td>SE5</td>
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<td><strong>Window display</strong></td>
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</tr>
<tr>
<td>WD1</td>
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</tr>
<tr>
<td>WD2</td>
<td>0.823</td>
</tr>
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</tr>
<tr>
<td>WD6</td>
<td>0.665</td>
</tr>
<tr>
<td>WD7</td>
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</tr>
<tr>
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<td>WD9</td>
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</tr>
<tr>
<td>WD10</td>
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</tr>
<tr>
<td>WD11</td>
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<td><strong>Promotional activities</strong></td>
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<td>PA2</td>
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<tr>
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<tr>
<td>PA5</td>
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<tr>
<td><strong>Consumers positive emotions</strong></td>
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<td>CPE1</td>
<td>0.861</td>
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<td>CPE2</td>
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<td>CPE6</td>
<td>0.820</td>
</tr>
<tr>
<td>CPE7</td>
<td>0.857</td>
</tr>
</tbody>
</table>

### Data analysis

The results of the study are divided into two parts; first the reliability and validity and in second portion the hypothesis testing are discussed. The hypotheses are tested using the Partial Least Square using Smart PLS 3.

### Results

**Reliability Analysis:** As traditionally the Cronbach’s Alpha (CA) is used to measure the internal consistency of the constructs and the higher value of CA indicates that the measure is reliable (Cronbach’s, 1971). However in PLS (Partial Least Square), internal consistency of the constructs are measured through the (CR) Composite Reliability (Chin, 1998). Internal consistency is considered satisfactory having value at least 0.7, while the reliability ranged from 0.8 to 0.9 are considered good but the value below the 0.6, indicates lack of reliability (Nunnally & Bernstein, 1994). The internal consistency of this measurement model is satisfactory shown in the table 2 below.
Table 2

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach's alpha</th>
<th>Composite reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impulse buying</td>
<td>0.870</td>
<td>0.905</td>
</tr>
<tr>
<td>Store environment</td>
<td>0.858</td>
<td>0.898</td>
</tr>
<tr>
<td>Window display</td>
<td>0.954</td>
<td>0.960</td>
</tr>
<tr>
<td>Promotional activities</td>
<td>0.901</td>
<td>0.927</td>
</tr>
<tr>
<td>Consumers positive emotions</td>
<td>0.923</td>
<td>0.938</td>
</tr>
</tbody>
</table>

Validity Analysis: further the convergent and discriminant validity of measure is analyzed. For convergent validity AVE (average variance extracted) is used and their value must be at least 0.5, and discriminant validity is assessed through the square root of the AVE that diagonal elements must be greater than off the diagonal elements (Fornell & Larcker, 1981; Chin, 1998).

<table>
<thead>
<tr>
<th>Variables</th>
<th>VE</th>
<th>A</th>
<th>CPE</th>
<th>MP</th>
<th>A</th>
<th>E</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPE</td>
<td>.686</td>
<td>0</td>
<td>0.828</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IMP</td>
<td>.657</td>
<td>0</td>
<td>0.535</td>
<td>.811</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PA</td>
<td>.718</td>
<td>0</td>
<td>0.429</td>
<td>.536</td>
<td>.847</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SE</td>
<td>.639</td>
<td>0</td>
<td>0.422</td>
<td>.461</td>
<td>.421</td>
<td>.800</td>
<td></td>
</tr>
<tr>
<td>WD</td>
<td>.686</td>
<td>0</td>
<td>0.444</td>
<td>.449</td>
<td>.348</td>
<td>.336</td>
<td>.828</td>
</tr>
</tbody>
</table>

Hypothesis Testing: After the reliability and validity analysis the hypothesis were tested by examining the path coefficient the t-values are obtained through boost strapping technique (Henseler et al., 2009). We first examined the direct effect of store environment, promotional activities and window display on impulse buying and then evaluate whether it is mediated by consumers positive emotions.

The result indicates that the store environment is positively influence on impulse buying as $\beta$- value= 0.466 which indicates that unit change in store environment then impulse buying will increases 0.466 units, and t= 8.56 shows the significant relationship between the store environment and impulse buying. Also the Window display has positive influence on impulse buying as $\beta$- value 0.465 which indicates that if window displays increases by one unit then impulse buying will increases by 0.465 unit, and t= 8.802 shows the significant relationship between the window display and impulse buying. As well as the promotional activities positively influence impulse buying as $\beta = 0.547$ indicates that if promotional activities are increased or changed by one unit then impulse buying will increased by 0.547 units, and t= 9.991 shows the significant relationship between the promotional activities and impulse buying. The results also indicates that consumers positive emotions are positively related to impulse buying as; $\beta = 0.537$ which indicates that change in consumers positive emotions then impulse buying will increase by 0.537 units, and t = 9.997 indicated the significant relationship between the consumers positive emotions and impulse buying.
Summary of the results

Mediation analysis: Mediation effect is analyzed through Baron and Kenny (1986) approach. In first step total effect is examined and then the direct effect is analyzed.

H5: Result indicates that the store environment positively influence the impulse buying ($\beta= 0.466$ and $t= 8.566$) as shown in fig a.

To test the mediating effect, the consumer’s positive emotions (CPE) are introduced in to relationship between store environments (SE). The results shown below indicates that; consumer’s positive emotions positively influence the impulse buying ($\beta = 0.410$ and $t= 5.923$), as well as has been positively influenced by store environment ($\beta$- value = 0.422 and $t= 7.374$) as shown in fig b. As the identification of mediating variable reduces the coefficient value between store environment and impulse buying from 0.466 to 0.291, As c’< c, so according to Baron and Kenny (1986), CPE partially mediates the relationship between the store environment and the impulse buying, because mediating variable reduces the coefficient value.

H6: result indicates that window display is positively influence the impulse buying ($\beta= 0.465$ and $t= 8.802$) as shown in figure a.

To test the mediating effect, the consumer’s positive emotions (CPE) are introduced in to relationship between fashion orientation (WD), and impulse buying (IMP). The results shown below indicates that; consumer’s positive emotions positively influence the impulse buying ($\beta = 0.415$ and $t= 5.621$), as well as has been positively influenced by window display ($\beta$- value = 0.445 and $t= 7.602$) as shown in fig b. As the identification of mediating variable reduces the coefficient value between
window display and impulse buying from 0.465 to 0.272 as shown in fig , As c' < c, so according to Baron and Kenny (1986), CPE partially mediates the relationship between the window display and the impulse buying, because mediating variable reduces the coefficient value.

**H7:** result indicates that promotional activities is positively influence the impulse buying ($\beta= 0.547$ and $t= 9.911$) as shown in figure a.

To test the mediating effect, the consumer’s positive emotions (CPE) are introduced in to relationship between promotional activities (PA), and impulse buying (IMP). The results shown below indicates that; consumer’s positive emotions positively influence the impulse buying ($\beta = 0.369$ and $t= 4.900$), as well as has been positively influenced by promotional activities ($\beta- value = 0.431$ and $t= 7.486$) as shown in fig b. As the identification of mediating variable reduces the coefficient value between promotional activities and impulse buying from 0.547 to 0.383 , As c' < c, so according to Baron and Kenny (1986), CPE partially mediates the relationship between the promotional activities and the impulse buying, because mediating variable reduces the coefficient value.

**Discussion**

The impulse buying behavior of female consumers were analyzed using S-O-R frame work (Mehrabian & Russell, 1974), in which store environment, window display and promotional activities act as the stimuli, which effect on the consumers emotions (O) and then behaviorally respond (R). It had been found that store environment has direct influence on the impulse buying as well as through the positive emotional responses. This finding is also consistent with the previous researches, as according to Badgaiyan and Verma (2015) that store environment had significant impact on impulse buying, as well results of the another study indicates that consumers who rate the environment more, exhibit the positively towards impulse buying (Mattila & Wirtz, 2008). As study also shows that positive emotions partially mediates the relationship between the store environment and impulse buying. This finding is also consistent with the previous research studies that; according to Chang et al, (2014), that pleasant store environment had positive impact on the consumer’s emotions that lead them towards the impulse buying. The result indicates that window display had positive impact on the impulse buying behavior of the consumers. The finding of the study is consistent with the previous studies, as according to Karbasivar and Yarahmadi (2011) that window display plays an important role to attract the consumer a Bhatti and Latif (2013) study the behavior of Pakistani consumers and found that window display had significant influence on the impulse buying behavior of the consumer because prominent and eye catching displays not only attract the consumers but also differentiate the store from others. s well as considered the important determinant to make the consumers impulsive. According to the Jain et al., (2014) show window strongly influences the purchase intentions of the female consumers, as well as this influence are also mediated by the feel good factor. It had also been found that promotional activities or various sale promotions has significant impact on impulse buying and this finding is
consistent with the previous studies that sale promotion are related to impulse buying (Badgaiyan & Verma., 2015), as well the various studies depicts that various sale or product discounts are related to the impulse purchase (Laroche et al., 2003; Liao et al., 2009; Tinne, 2011; Virvilaite et al., 2009). As well as promotional factors had significantly impact on the consumer’s mood that will contribute to the impulse buying (Lee & Johnson, 2010).

Limitations and Future Recommendations

The current study is cross sectional in nature and quantitative in nature therefore using other technique to better predict the behavior.

The data were collected from three cities which can be further expanded. As there are many other marketing variables that might have impact on impulse buying only few were examined the future studies includes the other marketing variable as well as internal factors to better understand that how and to what extent the impulse buying behavior actually occurs.

The current study has done the mediation analysis so future study should explore the other mediating as well as moderating variables i.e. situational or personal characteristics to analyze the better outcome.

References

Chain Store Age Executive. (1989). “All the store’s a stage at Bloomingdale’s,” Chain Store Age Executive, 283-285.


ROLE OF DEMOGRAPHIC, ENVIRONMENTAL AND SITUATIONAL FACTORS ON IMPULSE BUYING BEHAVIOR OF FEMALE CONSUMERS

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ABSTRACT

Purpose: The impulse buying behavior is an interesting and important topic in the field of marketing. As in this competitive arena marketers and retailers are eager to maximize their profits and find the solution of failing sale. The purpose of this paper is to investigate the impact of demographic (Age, education and income), Environmental (Store environment, Sale persons, Promotion activities and Window display) and Situational factors (time and money availability) on impulse buying behavior of female consumers.

Design/ methodology: The study is based on quantitative survey method for data collection. Data was collected from 301 female consumers of Attock, Wah, and Abottabad that, and analysis was done using SPSS.
Findings: Results showed that demographic, environmental and situational factors have significant impact on impulse buying behavior of female consumers.

Research implications: This study provides the information to marketers and retailers about the consumer’s behavior as well helps marketers or retailers to adopt different strategies and procedures to enhance their sales and maximize their profit.

Key words: Impulse buying, Environmental factors, Situational factors, Demographic factors

INTRODUCTION
Impulse buying is prevalent phenomena that have attracted the attention of researchers all around the world over the decades, in different fields including the consumer’s behavior, psychology and economy (Virvilaite, Saladiene, and Bagdonaitе, 2009). The term “impulse purchase” was first defined in DuPont studies (1948), as it is an important phenomena in consumer’s behavior and retailing, initially it was defined as “unplanned” that consumer’s makes but do not planned in advance” (Ballenger et al., 1978; Stern, 1962; Baumeister, 2002). Many researchers attempt to explains the impulse buying behavior of consumers but the more often it is defined as; “impulse buying occurs when consumers feels a sudden, often, powerful and persistent desire to make an unintended, unreflective and immediate purchase after exposed to certain stimuli” (Rook, 1987). As the impulse buying phenomena was first identified in marketing literature over 60 years ago (Clover., 1950; Kollat & Willet, 1967). However the Applebaum (1951) characterized impulse buying as the absence of planning, while the lateral studies of different researchers explained that “impulse buying is unplanned, extraordinary and exciting experience and breaking normal buying pattern” (Kollat & Willet, 1967, 1969; Stern, 1962; West, 1951), and resulting “in a sudden, often powerful and persistent urge to buy something immediately” (Rook, 1987; Baumeister, 2002). Impulse buying is now more prevailing phenomena all around the world, as the early studies indicates that through impulse buying the sales of things like candy and magazines generates $4.2 billion (Mogelonsky, 1998), and also another study indicates that due to impulse buying $4 billion are generated in annual sales in USA (Kacen & Lee, 2002), along that 40 percent consumers considered themselves as the impulse buyer (Target group index, 1997). Previous studies characterized the Impulse products as those products that are at low cost, frequently or conveniently available and that also do not need much cognitive efforts (Rook & Hoch, 1985; Bucklin, 1963; Winzar, 1992). Literature had also identifies that mostly the younger are the impulse buyer (Liao et al., 2009), as they are becoming predominant in consumers force and gearing towards modern life style (Mai et al, 2003).

There are the certain factors responsible for the impulse buying that includes; the external, internal, situational, socio cultural and demographics factors. The external factor are defined as; those factors that are in the control of marketers or retailers in order to gain the attention of consumers and to attract the consumers through beautiful aromas, store design, promotional activities etc (Youn & Faber, 2000). The external factors are consists of the marketing and shopping environment whereas; the marketing environment is based on various sales promotion related activities, and shopping environment is based on the store design and format. The literature had suggested that retailer should focus on the store design, product packaging, in stores displays in order to increase the rate of impulse purchases as well as to enhance the profitability (Lee & Kacen, 2008). The internal factors are basically related to the individual factors that make them in the impulse buyer (Rook, 1987). Previous studies also highlights that the demographic factors also play an important role in impulse purchase process; as previous findings show that gender (Dittmar, 1996), age (Ballenger et al., 1978) and education (Mogelonsky, 1994) had significant impact on impulse buying. Also the socio-cultural factors had also related to impulse buying as with the passage of time the
consumption pattern has changed now and the consumers makes more impulse purchases to express their self identity (Dittmar et al., 1996).

Situational Factors

Situational factors, refer to “all those factors particular to a time and place of observation which do not follow from a knowledge of personal and stimulus attributes and which have a demonstrable and systematic effect on current behavior” (Belk, 1975). It include time availability, money availability, task definition etc.

Money Availability: Money availability is considered an important determinant in buying process as it act or plays a facilitator role in impulse buying process (Beatty & Elizabeth Ferrell, 1998, Mai et al, 2003). As money availability increases the purchasing power of the consumers (Foroughi et al., 2012). Many researchers argued that money availability has positive effect on impulse buying that mean more the money more the individual indulge in purchasing activities (Beatty & Ferrell, 1998). However the some researcher had found the inverse relationship that more availability of money leads the people to avoid the impulse buying (Heidarizade & Taherikia, 2010). Another study concludes that there exit a positive relationship between the adolescent’s pocket money and impulse buying, as consumers with more pocket money indicates that increase in impulse purchases (Lin & Lin 2005).

**H1a:** Money availability has significant influence on impulse buying behavior of female consumers.

Time Availability: Time availability is also considered the important factor that will increased the impulse buying activities. Many researcher had found that when the consumers have more time available they remain in the store for longer time period which increase their impulse purchasing and making shopping more efficient (Mesiranta, 2009; Foroughi et al., 2012; Jeffrey and Hodge, 2007). However some findings are against that time availability has no impact on impulse buying behavior of consumers (Pattipeilohy & Rofiaty, 2013; Maymand & Ahmadinejad, 2011).

**H1b:** Time availability has significant influence on impulse buying behavior of female consumers.

Proposed Model: The figure below indicates the proposed model of the impulse buying outline the hypothesized relationship.
The researchers had showed the younger’s are more impulse buyers (Wood, 1998; Verplanken and Herabadi, 2001). Literature also suggested that younger’s are more impulse buyer as compared to older who establish the loyalty about certain products and have greater control on emotions, while younger’s exhibited the less self control (Kacen & Lee, 2002). According to the Wood (1998) and Gutierrez (2004) that impulse buying is related to age factor. According to Mai et al (2003) that consumers having the high income level have less constraints against impulse buying. Similarly another study had found that there exists a positive relationship between the income levels of consumers and impulse buying as it is considered that consumers with more income exhibit the more impulsive behavior. Previous studies indicates that the gender (Dittmar, 1996), age (Ballenger et al., 1978) and education (Mogelonsky, 1994) had significant influence on the impulse buying. Ghani and Jan (2010) analyze the impulse buying behavior of Pakistani consumers and concludes that age has significant negative relationship with impulse buying and their results are consistent with previous studies (Ballenger et al., 1978; Wood, 1998), and also found that gender and income are not significantly related to impulse buying.

- $H_{2a}$: Age has significant influence on impulse buying behavior of female consumers.
- $H_{2b}$: Education has significant influence on impulse buying behavior of female consumers.
- $H_{2c}$: Income has significant influence on impulse buying behavior of female consumers.

**External Factors**

External motivators or factors are those marketing cues or factors that are basically in the control of marketers and retailers in order to attract the consumers or to gain the attention of consumers (Youn & Faber, 2000). The external factors play an important role as they are not in the control of consumers. External factors include marketing as well as shopping environment related factors. Marketing environment includes the various sale promotion related activities; while the shopping environment are basically related to the store related factors like; store size, layout, design, format, display etc.

**Store Environment**: The Store environment is number of the conscious efforts made by the marketers and retailers in order to produce specific emotional effects in the consumers that ultimately enhance the purchase probability and profitability (Zhou & Wong, 2004). Researchers had examined the impact of store environment on consumer’s behavior in three perspective that is ambient, design and social (Turley & Milliman, 2000). Ambient characteristics are basically the visual and non-visual conditions or back ground characteristics of retail environment, such as lighting, music and cleanliness (Baker et al., 1994) that significantly influences on consumers emotional response (Tai & Fung, 1997). Design characteristics are visual and physical elements of store environment which includes; color material, style etc that differentiate one retailer from another (Baker et al., 1994). Social characteristics are the interaction between the customer and sale personnel which include the density, type of customer and appearance of retail employee, employee attitude (Turley & Milliman, 2000).

- $H_{3a}$: Store environment has significant influence on impulse buying behavior of female consumers.

**Promotional Activities**: Recent studies on impulse buying indicate that not only in store stimuli promotes unplanned purchases (Stilley et al., 2010), as well as the promotional activities which includes the discounts, low prices, special offers are also critical
and important in promoting such purchases (Jain et al., 2014). As according to industry motto that “unseen are unsold” and the researchers believe that seeing the advertisement, help the consumers to recall about the products and encourage impulse purchases (Shapiro & Krishnan, 2001). According to the finding of Stilley et al., (2010) that in store promotion combines with other promotional activities and encourages the impulse buying. As the study of Gurau and Tinson (2003), on the shopper’s attitude towards charismas commercials campaign, shows that the charismas shoppers make more impulse purchase as they respond more positively toward the various promotional activities. The literature provides evidence that the promotional scheme generates the impulsive responses and has important role in encouraging impulse buying (Karbasivar & Yarahmadi, 2011).

**H3b:** Promotional activities have significant influence on the impulse buying behavior of female consumers.

**Window Display:** The window display is an important visual merchandising technique (Morgan, 2010) and an important tool to attract the consumers as it influences the consumers buying decision. Now marketers and retailers consider the show window as an important determinant that convey the brand image and store identity (Lague, 1989). According to Darden (1983), the; physical attractiveness and store impression must be created first, as it is an important marketing tool to attract or attain the attention of consumers and a mean to convert the buyers in to consumers (Diamond & Diamond, 1996). Now window display is considered a mean of giving an idea about products in the store (Diamond & Diamond, 2007). The main role of window display is to spark the consumer’s curiosity. It is based on several elements one main element is; color which creates positive affects or mood and triggers consumer’s attention (Morgan, 2010). The previous studies indicate that the window display is an important determinant and marketing tool that encourage impulse buying (Karbasivar & Yarahmadi, 2011; Minal et al., 2012).

**H3c:** Window display has significant influence on impulse buying behavior of female consumers.

**Store Employee:** Sales person play an important role in consumers purchasing process. The importance of store employee could not deny as, they provide the interpersonal service quality (Baker et al., 2002), and good relationship between the store employees and customers help and may support the marketing objectives in terms of satisfaction, loyalty and positive word of mouth among the consumers (Hu & Jasper, 2006). As according to the Mazursky and Jacoby (1986), that store environment factors are important as it impact on store image while, the sale persons role is important determinant as it determines the service quality. As the behavior of store employee predicts customer’s evaluation (Bitner, 1990; Kelly & Hoffman, 1997). The number of sales persons and availability of sales associates is considered an important variable as it influences on consumers responses toward the store. Previous work on this factor shows that the helpfulness and friendliness of sale persons influences on consumers willing to buy or their purchasing decisions (Baker et al., 1994). Ali and Hasnu (2013) investigate the impulse buying behavior of Pakistani consumers and concluded that supportive and friendly sale person is significant determinant of impulse buying as it acts an extra ordinary service to consumers. According to pervious researches that marketers and retailers enhance their sales volume by making good contact between the consumers and sale person. According to Mattila and Wirtz (2008), that social factor i.e., employee supportiveness and friendliness significantly influences on consumers unplanned purchases as well as reduce the negative impact of store crowding.

**H3d:** Store employee has significant influence on impulse buying behavior of female consumers.

**Research Method**

**Sample**

The data was collected from female consumers (students) of COMSATS campuses which includes Attock, Wah and Abottabad. The reason for selecting the students, because younger’s are considered more impulse buyer (Wood, 1998), as with increasing purchasing power of the younger’s consumers, to analyze the behavior of young consumers especially the students is
worth to be research (Kim, 2003). According to Martin and Turley (2004) the students represents the substantial or major consumers group for fashion marketers, as well as make independent buying decision (Lee & Johnson, 2010). Student sample are more appropriate for theory testing studies due to the homogenous nature that helps to analyze the theoretical predictions and reduces the chance of false conclusion (Calder, Philips & Tybolt, 1981). Total 380 questionnaire were distributed, 315 were returned and out of these 301 questionnaires were usable.

**Instrument Development**

The buying impulsiveness scale was used to measure impulsiveness behavior, developed by Rook and Fisher (1995), and consists of 5 items. The scale developed by the Baker et al (1994), to measure the store environment characteristics. Their scale was modified, store environment characteristics were measured by 5 item scale and these items were adopted from the study Chang et al., (2014). Promotional activities were measured by 5 item scale used by the Hubrechts and Kokurk (2012), and some item are adopted from the study of Kim (2003). Window display was measured by 11 item scale used by the Bhatti and Latif (2013). The scale used to measure the time and money availability were adopted from the study of Chang et al (2014). The overall reliability of the scale was found α = 0.74.

**Data Analysis**

The data were analyzed through SPSS (Statistical package for social sciences) by using the multiple regressions technique.

**Sample Characteristics**

Out of the total 301 respondents 37% (112), reported their age are 20 or less than 20 years. Respondents falling in the age group of 21-25 years are 50% (151), the age group of 26-30 years holds the 7% (21) of the whole sample, and lastly age group of 31-35 years there are 5.6% (17) respondents. This implies that the younger’s are more impulse buyers as mentioned in the literature. As far as the education level of the respondents (176), 58.5% respondent holds Bachelor degree, while (122), 40.5% respondent are Graduates or Master degree and (3), 1% respondent reports have higher studies. As income level (198), 65.8% reports having income 20,000 or less, (30), 10% respondents reports income level ranged from 21,000-30,000, (31), 10.3% having income level ranged from 31,000-40,000 while (42), 14% reported income 40,000 or above.

![Sales Chart](image-url)
Results and Analysis

The table 1 presented below the relationship between the situational factors i.e. (time and money availability) and impulse buying, and indicates that there exist a strong relationship between the situational variables and impulse buying. As it is shown in table that time and money availability has significant relationship with impulse buying behavior. As well as the value of $R^2$ is 0.34 which indicates that 34% variation in impulse buying is due to the situational factors.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Variables</th>
<th>Beta Value</th>
<th>t-value</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>TA</td>
<td>0.250</td>
<td>3.787</td>
<td>0.02</td>
</tr>
<tr>
<td>H1b</td>
<td>MA</td>
<td>0.420</td>
<td>5.042</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Table 2 presented below the relationship between the demographic characteristics of respondent and impulse buying, and indicates that among all the age has significant negative relationship with impulse buying, while education and income has positive insignificant relationship with impulse buying. As well as the value of $R^2$ is 0.023 which is also very low or in other words there is no relationship exist between the demographics characteristics and impulse buying behavior of consumers.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Variables</th>
<th>Beta Value</th>
<th>t-value</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2a</td>
<td>Age</td>
<td>-0.102</td>
<td>-0.988</td>
<td>0.03</td>
</tr>
<tr>
<td>H2b</td>
<td>Education</td>
<td>0.043</td>
<td>0.495</td>
<td>0.62</td>
</tr>
<tr>
<td>H2c</td>
<td>Income</td>
<td>0.124</td>
<td>0.044</td>
<td>0.42</td>
</tr>
</tbody>
</table>
The table 3 presented below the relationship between the external factors i.e. (store environment, store employee, window display and promotion activities) and impulse buying, and indicates that there exist a strong relationship between the external variables and impulse buying. As it is shown in table that all external factors has significant relationship with impulse buying behavior. As well as the value of $R^2$ is 0.48 which indicates that 48% variation in impulse buying is due to the external factors.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Variables</th>
<th>Beta value</th>
<th>t-value</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3a</td>
<td>SE</td>
<td>.136</td>
<td>2</td>
<td>.939</td>
</tr>
<tr>
<td>H3b</td>
<td>SEMP</td>
<td>.367</td>
<td>7</td>
<td>.279</td>
</tr>
<tr>
<td>H3c</td>
<td>WD</td>
<td>.152</td>
<td>3</td>
<td>.460</td>
</tr>
<tr>
<td>H3d</td>
<td>PA</td>
<td>.221</td>
<td>4</td>
<td>.977</td>
</tr>
</tbody>
</table>

Discussion

It had been found that situational factors have direct influence on the impulse buying behavior of consumers. This finding is also consistent with the previous researches, as according to Badgaiyan and Verma (2015) that situational variable (time and money availability) had significant impact on impulse buying. As well as findings are also consistent with the Babin et al. (1994), Beatty and Ferrell (1998) and also Mai et al. (2003) that money availability facilitate the impulse buying process. It had been found that demographic characteristics do not play important role in impulse buying, and this finding is also consistent with the previous findings as according to Ghani and Jan (2010) analyze the impulse buying behavior of Pakistani consumers and concludes that age has significant negative relationship with impulse buying and their results are consistent with previous studies (Ballenger et al., 1978; Wood, 1998) and also found that gender and income are not significantly related to impulse buying.

It had been found that store environment has direct influence on the impulse buying as well as through the positive emotional responses. This finding is also consistent with the previous researches, as according to Badgaiyan and Verma (2015) that store environment had significant impact on impulse buying. The finding of the study is also consistent with the previous studies, as according to Karbasivar and Yarahmadi (2011) that window display plays an important role to attract the consumer. Bhatti and Latif (2013) study the behavior of Pakistani consumers and found that window display had significant influence on the impulse buying behavior of the consumer because prominent and eye catching displays not only attract the consumers but also differentiate the store from others. As well as considered the important determinant to make the consumers impulsive. It had also been found that promotional activities or various sale promotions has significant impact on impulse buying and this finding is consistent with the previous studies that sale promotion are related to impulse buying (Badgaiyan & Verma., 2015), as well the various studies depicts that various sale or product discounts are related to the impulse purchase (Laroche et al., 2003; Liao et al., 2009; Tinne, 2011; Virvilaite et al., 2009). As study also shows that positive emotions partially mediates the relationship between the store environment and impulse buying. This finding is also consistent with the previous research studies that; according to Chang et al, (2014), that pleasant store environment had positive impact on the consumer’s emotions that lead them towards the impulse buying.

Limitation and Future Recommendations
As data were collected from university students future should examines the behavior of different consumers in different cultural context as well as examine the impulse purchases according to different product category. As every individual is different from other so their buying behavior is obviously different, as younger’s are considers more impulse buyer; so it might be useful to examine the age factor as the moderator between the marketing factors and impulse buying. Furthermore with the passage of time a lot of changes take place in shopping trend, and now shifting towards the online purchasing so the future study should also investigate the impulse buying behavior of consumers in the context of online.

References


A RESEARCH DETERMINING VOCATIONAL SATISFACTION LEVELS OF PUBLIC INTERNAL AUDITORS IN TURKEY

Mustafa GÜL
Abdulsamet DURAN

ABSTRACT

Both global companies and countries take great care to keep their financial measures up-to-date by giving importance to financial management and control, and making the necessary arrangements as a result of rapidly developing economic events that should be analyzed in order to indicate where to go every passing day, developing and transforming world markets.

In this study, an overview of the internal audit, one of the most important parts of the internal control system, has been made with the Public Financial Management and Control Law No. 5018 in order to comply with all these developments. Later on, it has been tried to determine the occupational satisfaction of the internal auditors-the most important actors of the internal audit system.

Job (Profession) Satisfaction Scale, developed by Kuzgun and used in many studies in this area, has been used in order to measure job (profession) satisfaction. 148 of the internal auditors who work in the public sector have participated in the survey. In the study, it has been aimed to make various proposals for taking measures to enable the profession group to work more efficiently by comparing such characteristics of public internal auditors as occupational satisfaction levels, gender, age, income levels and qualifications of public institutions.

According to the results of this survey, the level of the occupational satisfaction of public internal auditors seems to be good. Furthermore, it has been detected that such differences as internal auditors’ gender, institution worked, total time spent in the profession influence the level of the occupational satisfaction significantly. As a result of all the analyses in the survey, some suggestions have been made for better public internal auditing profession and public financial management. It has been thought that all these results and interpretations will contribute to institutions, organizations or people related to the subject.

Key Words: Internal Control, Internal Audit, Internal Auditor Profession, Job Satisfaction, Public Financial Management

INTRODUCTION

Rising in popularity in private companies, internal audit practices have become fairly common in the financial management of especially western countries in today’s world. This is because internal audit has been given a more active place in state administrations as a preventive inspection system since the inspection activities carried out through external audit before in the public sector cannot impede errors, mistakes and unproductive use of public resources and even result in irreversible situations. For this reason, Public Financial Management and Control Law No 5018 entered into force on 24.12.2003 in Turkey. The purpose of this Law is to “regulate structure and functioning of the public financial management, preparation and implementation of the public budgets, accounting and reporting of all financial transactions, and financial control in line with the politics and objectives covered in the development plans and programs, in order to ensure accountability, transparency and the effective, economic and efficient collection and utilization of public resources”.

With internal control – internal audit systems playing a critical role in fulfilling the purpose of the aforementioned law, it is aimed to minimize the errors that might occur in financial administrations via the effective and productive use of public resources. Thus, it is expected to increase the global competitive power and contribute to development and growth. In the concerning law, internal auditors who carry out the internal audit described as “an independent, objective assurance and consultancy activity performed to evaluate whether resources are managed according to the principles of economy, productivity and efficiency in order to contribute to and improve the operations of the public administration and to provide guidance” play a significant role.

In this regard, it is aimed in the present study to determine the job satisfaction levels of internal auditors who perform this important duty and accordingly, to specify what can be done to increase their job satisfaction levels further.

INTERNAL AUDIT

In general terms, internal audit is an objective assurance and consultancy activity that aims to add value to an organization by improving its functioning and performance. According to the definition of The Institute of...
Internal Auditors-IIA, an international internal auditors’ organization, internal audit is “an independent and objective information and consultancy activity carried out to improve and develop the activities of an organization”.

**INTERNAL AUDITOR**

In the today’s circumstances, the importance of the internal auditor has come to be understood better both in private and public sector. This is because it is acknowledged across the world that both private and public institutions have to be managed according to internationally accepted control and audit standards.

With the promotion of the audit system and naturally, the internal auditor, both public administrations and private companies in Turkey have begun to establish internal audit units and employed internal audits.

**VOCATIONAL SATISFACTION**

Defined as the attitude of a person or an employee towards his profession by Piyal et al. (cited by Çoştu, 2013: 3), vocational satisfaction plays an important role in shaping the attitude of individuals towards daily life. Vocational satisfaction involves positive or negative feelings about workplace. To Yelboğa (cited by Çoştu, 2013:3), vocational satisfaction is about one’s expectations from his profession and the satisfaction of these expectations. When expectations exceed reality, dissatisfaction comes out. To Mersin (cited by Çoştu, 2013:3), job satisfaction refers to the satisfaction of individuals who work in a certain profession about the job they do.

Satisfaction about a profession or a job can be achieved as long as a profession or a job responds to the needs of an individuals, beginning from the most crucial one, or as along as an individual’s order of demands is in accordance with the order of importance of the possibilities offered by his profession. For people to become satisfied with their job or profession, their expectations and the possibilities offered by their job or profession should be in accordance with one another in the following aspects (Kuzgun et al, 1999: 15):

Eren (2004: 202) associates job satisfaction with the happiness that an individual feels for working with his colleagues, besides financial interests and for creating a work, thus emphasizing factors such as colleagues and success in job satisfaction.

Job satisfaction is fairly important for institutions and organizations as it directly affects employees’ performance. Studies of critical importance on this matter date back to 1950s (Smith and Stone, 1992: 1-3).

Katzell et al. (1992: 1-20) analyzed the bilateral effect of job satisfaction and performance factors. In the study, researchers carried out modelling in the first place and focused on 3 main factors: job satisfaction, performance and effort. Here, the concept of ‘effort’ was not one of the factors in the model but it was shaped by factors such as employees’ physical condition and character.

There is another bilateral relationship between job satisfaction and motivation. Job satisfaction is generally achieved when the demands of an individual is in accordance with his impressions of the workplace. However, there is a difference between the satisfaction that a person feels while he is working and the satisfaction he feels after the work. The satisfaction felt after work can be named as external satisfaction whereas the pleasure that an individual has during the course of the work he does is named internal satisfaction. While external satisfaction provides moral or material rewards, internal satisfaction provides internal rewards. In conclusion, the motivation and performance of individuals increase according to their level of satisfaction (Şimşek, Çelik and Akgemci, 2014: 166).

**LITERATURE REVIEW**

In a study of critical importance carried out by Salehi et al. (2012) who compared the job satisfaction of internal auditors and external auditors in Iran, it was found out that internal auditors had a higher job satisfaction compared to external auditors.

In another study, the effects of certain factors on the personality and job satisfaction of individuals who work as accountants and on the accounting employment policies of institutions were investigated. In the study carried out by Dole and Shroeder (2001), the gender, ethnical origin, professional conditions, hierarchy and the decision-taking in the organization were determined as independent variables and accordingly, the personality, job satisfaction and the tendency of employees to change job in line with their career goals were investigated. It was concluded that ethnical origin and gender did not have a significant effect on personality, job satisfaction and the tendency to change job, as dependent variables. Also, the relationships between dependent variables were analyzed and a significant relationship was found between personality and job satisfaction; and personality and the
tendency to change job. Besides, a significant inverse relationship was encountered between job satisfaction and the tendency to change job. It was also concluded that the conditions specific to a profession, hierarchy and authority had a positive significant effect on job satisfaction.

In a study carried out in Turkey, it was aimed to determine the job satisfaction levels of public internal auditors, using the survey forms created by Çağlar (2005) based on several other studies including one carried out by the American Institute of Employment (Gerekan and Pehlivan, 2010: 8). Accordingly, 5 factors that affect the job satisfaction level were specified: “Relationships with the Institution and the Authorities”; Work Environment and the Quality of the Job, Salary, Fatigue – Stress and the Sufficiency of Possibilities, Attention to Colleagues” In the analysis of a significant relationship between the mentioned 5 factors and “Gender, Age, Marital Status, Professional Experience and Education Level”, a significant difference was found for the pairs of Gender – Salary and Age – Salary whereas no other significant result was obtained in other paired comparisons (Gerekan and Pehlivan, 2010: 22).

In a study carried out in the USA by Patten (2005), the effect of internal auditors’ self-control on their job performance and job satisfaction was investigated. In total, 50 auditors from 6 major audit organization took part in the study. It was concluded that the participants having a conflict between self-control and auditing approach had a low job satisfaction.

An important study in the literature carried out by Tiamiy and Disner (2009) was supported by “The St. Louis Chapter of the Institute of Internal Auditors Research Committee”. In the study, a significant inverse relationship was found between the job satisfaction levels of internal auditors and their tendency to change job. In other words, the tendency of internal auditors to change job increased as their job satisfaction level decreased (Tiamiyu and Disner, 2009: 29).

In the postgraduate thesis written by Özyürek (2009), the job satisfaction levels of accountants were measured, and their job satisfaction was compared with their personal-demographic characteristics. The scale was developed by the researchers and administered on a total of 110 accountants registered to the Chamber of Independent Public Accountants and Financial Advisors and the Chamber of Certified Public Accountant (CPA). According to the results of the study, the principal problem in the profession was determined as the failure to cover the amount that is supposed to be collected from clients in return for the service offered or a delay in this transaction. As for the findings obtained from Chi-Square Tests, a significant relationship was found between gender and commitment to the profession and following relevant publications. Also, the level of commitment of male participants was higher in comparison to that of female participants. Besides, there was a significant relationship between gender and being open to professional development. It was also concluded that male accountants had superior professional development and career plans in comparison to those of female accountants (Özyürek, 2009: 75-154).

In the postgraduate thesis written by Yücel (2013), the roles of ethical environment and ethical attitude in the relationship between the uncertainty of the role of accountants and their job satisfaction were investigated. According to the findings, the perception of ethical environment influenced all other variables positively and significantly. Whereas the perception of ethical environment had a direct and positive effect on job satisfaction, it affected other variables indirectly and positively (Yücel, 2013: 66-77).

Ultimately, the job satisfaction levels of accountants employed in enterprises operating in accommodation sector were investigated in the study carried out by Turpçu (2012) in Hatay province. In this postgraduate thesis, the Minnesota Job Satisfaction Scale of 20 questions was employed to collect data which were analyzed afterwards through U and H Tests. In the study where the job satisfaction of accountants was investigated in several aspects, it was concluded that accountants were generally satisfied with their profession (Turpçu, 2012: 86-97).

**Purpose Of The Research**

The present study aims to determine the job satisfaction levels of internal accountants working in public organizations; to find out whether their job satisfaction levels change according to different demographic variables and to contribute, based on the results obtained, to the management of an effective audit and control system in public organizations.

**Limitations**
The study was carried out with the participation of public internal auditors in Turkey. The study is limited to the returned surveys.

**Study Model**

In the present study, the job satisfaction levels of public internal auditors and the difference in their satisfaction levels according to several personal and demographic characteristics of the participants are investigated. The dependent variable is the job satisfaction level of public internal auditors whereas the independent variables are the organizations where the auditors are employed, age, gender, marital status, education level, average income, duration of service in the profession, duration of service in the organization, previous profession, certification level, the number of internal auditors employed in the same organization and the total number of units that the auditor is responsible for auditing.

**Research Questions**

Considering the subjects to be handled, the research questions were determined as follows:

1. What is the job satisfaction level of the public internal auditors in Turkey?
2. Is there a significant relationship between the job satisfaction levels and genders of the public internal auditors in Turkey?
3. Is there a significant relationship between the job satisfaction levels and marital status of the public internal auditors in Turkey?
4. Is there a significant relationship between the job satisfaction levels and the organizations that public internal auditors are employed at in Turkey?
5. Is there a significant relationship between the job satisfaction levels and ages of the public internal auditors in Turkey?
6. Is there a significant relationship between the job satisfaction levels and education levels of the public internal auditors in Turkey?
7. Is there a significant relationship between the job satisfaction levels and income levels of the public internal auditors in Turkey?
8. Is there a significant relationship between the job satisfaction levels of the public internal auditors in Turkey and the total duration that they spend in the profession?
9. Is there a significant relationship between the job satisfaction levels of the public internal auditors in Turkey and the total duration that they spend in the organization?
10. Is there a significant relationship between the job satisfaction levels and the internal audit certification of the public internal auditors in Turkey?
11. Is there a significant relationship between the job satisfaction levels of the public internal auditors in Turkey and the total number of units which they are responsible for auditing?

**Population and Sample of the Study**

The population of the study encompass all public internal auditors employed at public institutions in Turkey. Within the scope of the study, 833 surveys were distributed through telephone, e-mail or by hand whereas only 148 of the surveys were returned. In other words, 148 out of the total of 963 internal auditors filled out the survey form. That is, the survey was administered across approximately 15.37% of the total of internal auditors employed in the public sector.

**Data Collection Tools**

In order to determine the job satisfaction levels of internal auditors working in public sector, the “Job Satisfaction Scale” developed by Kuzgun was employed in the study. There are 20 statements in total about job satisfaction levels in the scale. A 5-point Likert scale was used in order to find out to what extent the internal auditors agreed to these statements (5 = Strongly Agree, 4 = Agree, 3 = Hesitant, 2 = Disagree, 1 = Strongly Disagree).

**FINDINGS**

Findings Regarding the Measurement of Job Satisfaction Level
The public internal auditors had a good job satisfaction level in general terms.

**T-test Results Regarding the Differentiation of Job Satisfaction Level According to Gender**

When the T-test results calculated according to the inequality of variances were taken into account, it was seen that the difference between the average job satisfaction level of female auditors and that of male auditors was not statistically significant. It was found out that the average job satisfaction level of female auditors was closer to that of male auditors.

**T-test Results Regarding the Differentiation of Job Satisfaction Level According to Marital Status**

There is no negative or positive significant relationship between the marital status and job satisfaction levels of public internal auditors.

**ANOVA Test Results Regarding the Differentiation of Job Satisfaction Level According to the type of Organization**

The type of the organization where public internal auditors are employed does not have an effect on their job satisfaction.

**ANOVA Test Results Regarding the Differentiation of Job Satisfaction Level According to Age Group**

There is no significant relationship between the job satisfaction averages (the dependent variable) and the age group (independent variable) of public internal auditors.

**ANOVA Test Results Regarding the Differentiation of Job Satisfaction Level According to Education Level**

The education level of public internal auditors does not have a positive or negative effect on their job satisfaction.

**ANOVA Test Results Regarding the Differentiation of Job Satisfaction Level According to Income Level**

The income level of public internal auditors does not have a positive or negative effect on their job satisfaction.

**ANOVA Test Results Regarding the Differentiation of Job Satisfaction Level According to the Duration Spent in the Profession**

The duration that public internal auditors spend in the profession have a significant effect on their job satisfaction levels.

**ANOVA Test Results Regarding the Differentiation of Job Satisfaction Level According to the Duration Spent in the Organization**

There is no significant relationship between the job satisfaction averages of public internal auditors and the duration that they work for in the organization.

**ANOVA Test Results Regarding the Differentiation of Job Satisfaction Level According to the Level of Internal Audit Certification**

There is no significant relationship between the job satisfaction averages of public internal auditors and their level of public internal audit certification.

**ANOVA Test Results Regarding the Differentiation of Job Satisfaction Level According to the Total Number of Units That Auditors Are Responsible for Auditing**

There is a significant relationship between the job satisfaction averages of public internal auditors and the number of units they are responsible for.

**CONCLUSION AND RECOMMENDATIONS**

The average job satisfaction of public internal auditors was found to be 3.81 out of 5 which means their job satisfaction is between “medium” and “good” though fairly closer to “good”. Thus, the job satisfaction of public internal auditors can be considered to have a good level in general terms.

According to the analysis results, the job satisfaction levels were generally high which can be explained with sufficient income levels considering the conditions of Turkey, the positions held in organizations and reputation of the title.

However, there are several actors in the internal audit system. One of the most important of them is the senior manager of an organization. The accession of senior managers to this position changes considerably according to the type of the organization. One of the principal differences is that they come to this position either through assignment or election. This situation is among the factors that might affect the internal audit systems in organizations and the implementation of the duties of internal auditors.

The perspective of senior managers on the internal audit system and the position of internal auditors is considered as a factor that directly affect the job satisfaction, the aspiration to perform their duties and
accordingly the effective and productive management of the internal audit system. Such disparities come out as a result of the difference of the number of internal auditors in organizations.

Besides changes that can be done in the legislation to eliminate potential setbacks, various activities might be carried out by the Internal Audit Coordination Board to inform senior managers and all other actors directly or indirectly of the importance of the internal audit system.

This is because internal auditors’ fulfilling their duties independently and objectively refers to the effective and productive management of the internal audit system and accordingly, the Public Finance Management. It can be said that the perspective of internal auditors of the job they perform ranging from the senior manager to whom they are affiliated to the lowest rank that they will audit.

It is also considered that there are gaps in matters of promotion and career planning according to objective criteria, for internal auditors. The level of certification, the only available criterion at the moment, does not bring along a difference in position, income or similar advantages. There is also no title or promotion to be received in the internal audit system apart from the Presidency of the Internal Audit Unit.

Taking all these facts into account, legislative regulations and similar actions can be introduced for incentives to provide an effective and productive functioning of the internal audit system and accordingly, the target public finance management by encouraging the efforts of internal auditors.

REFERENCES
EFFECT OF ISLAMIC WORK ETHICS ON ORGANIZATIONAL CITIZENSHIP BEHAVIOR: MODERATING ROLE OF TRANSFORMATIONAL LEADERSHIP AND MEDIATING ROLE OF ORGANIZATIONAL JUSTICE

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Mazhar Iqbal
Asma Iftikhar
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Abstract

The purpose of this paper is to explore the pertinent issues in the relationship between Islamic Work ethics and Islamic Financial Institutions performance. This paper also discusses the need for moderation in the relationship between Islamic Work Ethics and OCB, namely Transformational Leadership. The conceptual paper undertakes a thorough review of the relevant literature before developing propositions regarding practices of Islamic Work ethics, Transformational leadership, Organizational Citizenship Behavior and organizational justice. This article attempts to verify some assumptions evident in the Islamic Work Ethics with the role played by Organizational Justice. Results are discussed, limitations are identified and clarified, and conclusions are drawn with speculations and refinements for future research.

Future research should be conducted to carry out an empirical analysis to validate and/or modify the propositions presented in this paper.

Introduction

Research enthusiasm for work ethics has increased huge significance lately following the destruction of real partnerships like Enron, Arthur Anderson, and WorldCom. Be that as it may, most investigations around there, and additionally in the real branch of knowledge of business ethics, have originated from Western nations (Lim and Lay, 2003; Rizk, 2008). The greater part of these examinations analyzed the Protestant Work Ethic (PWE) as depicted by Max Weber (Yousef, 2001). Despite the effect of Protestantism and the PWE on financial advancement in the West (Weber, 1930/2002), the appropriateness of models that depend on these components might be restricted in non-Western social orders, especially those that hold fast to different religious convictions. Islam, for instance, has its own particular idea of ethics that is gotten from the Qur'an and Hadist. In a way like Weberian Protestantism, Islam gives the ideological establishment to an assortment of individual traits that advance financial improvement (Ali, 2005).

Similarly as PWE added to the financial advancement of Western social orders (Weber, 1930/2002), Islamic ethics extended the Islamic realm and took Muslim social orders to the brilliant ages in the eighth until the fourteenth century (Ali, 2005:50). Ali (1992) watches that Islam gives the ideological establishment to an assortment of individual properties that advance monetary improvement (Ali, 1992:507). The Islamic work ethic (IWE) guides Muslims' state of mind and conduct in the workplace and adds to the welfare of their social orders. The examination enthusiasm for IWE, be that as it may, has been exceptionally restricted. The couple of researchers who have led thinks about on IWE and related ideas incorporate Ali (1988, 1992), Yousef (2000, 2001), Rahman et al., (2006), Ali and Al-Kazemi, (2007), and Khalil and Abu-Saad (2009).

The part of the IWE in organizational justice has not gotten sufficient consideration in the writing, particularly with regards to Islamic money related establishments. Organizational ethics scientists contend that unethical organizational lead shows in an assortment of hurtful organizational practices, for example, lying and extortion (Trevino and Weaver 2001). The deficiency of observational investigations on the IWE and related develops, for example, interactional justice spurred the present examination. The examination was led to research the impact of the IWE on organizational justice and make sense of the directing part of transformational leadership on OCB.

LITERATURE REVIEW

Islamic work ethics

The Islamic work ethic might be characterized as the arrangement of good rules that recognize appropriate from wrong (Beekun, 1997) in the Islamic setting. The IWE depends on the Qur'an, on the grounds that the Qur'an is the gatekeeper of Muslims' conduct in all circles of life. The IWE stresses participation in work, and counsel is viewed as a method for beating deterrents and staying away from botches. It additionally pushes
innovative work as a wellspring of satisfaction and achievements. Diligent work is viewed as an excellence and the individuals who work hard are viewed as more inclined to prevail throughout everyday life. Both the IWE and protestant work ethics put impressive accentuation on diligent work, duty, and commitment to work, work inventiveness, shirking of unethical techniques for riches gathering, participation, and intensity in the workplace (see Yousef, 2001:153). Islam obviously counters Weber’s commence that Muslim social orders were not able build up their economy. Weber contends that Islam can’t create qualities, for example, Protestant ethics with respect to "the soul of private enterprise" as a result of three variables (Weber, 1930/2002). To begin with, Sufism is seen as a powerful character since it educates the evasion of common issues. Weber trusts that Sufism is an obstruction to the advancement of a free enterprise soul as it energizes a fatalistic lifestyle. Second, as indicated by Weber, Islam advances a warrior ethic, which is like the soul of success. Weber watches that the warrior ethic is the absolute opposite to the gainful free enterprise soul, since war is firmly identified with pulverization and death.

Third, Weber contends that most Islamic realms advance what he terms oriental dictatorship, as basically the greater part of them are oppressive; they limit property rights and the amassing of capital, empowering lethargy among its kin (In Arslan, 2000;321). Research directed by Arslan (2000, 2001) gave experimental confirmation that invalidates Weber’s proposition. Arslan (2000) thought about British and Turkish directors on Protestant work ethics. He found that Turkish chiefs acquired higher scores in all Protestant work ethic qualities than their British partners. In his decision, Arslan specified that the aftereffect of his exploration had a few effects: to begin with, the Weber’s feedback of Islamic terms in the financial conduct isn't legitimate, particularly on account of Turkish. Second, religious intentions importantly affect business. Ultimately, Turkish Sufi developments assumed an indistinguishable part from Calvinism in Northern Europe in the eighteenth century, and the IWE and legacy assumes a critical part in current business ethics (Arslan, 2000). The discoveries of Arslan’s (2000) examine are upheld by Ali (1992), who takes note of that Arabian administrators are more gainful than Western supervisors.

**The Islamic work ethic and organizational justice**

Organizational justice theory gives a helpful framework to understanding people’s dispositions towards work, work practices, and occupation execution, in light of representatives' impression of reasonableness (justice) in the workplace (Colquitt, Conlon, Wesson, Porter and Ng, 2001; Cropanzano, Bowen and Gilliland, 2007). The idea of justice has a long history as a key informative variable in a wide range of sociologies (Cropanzano et al., 2007:35). In the organizational setting, justice alludes to the decency of organizational practices in any angles which identified with assets distribution. Justice in associations has been of extraordinary worry to the two bosses and representatives (Folger and Cropanzano, 1998). A few investigations demonstrated that representatives' view of organizational justice is a critical factor affecting different work results, for example, organizational duty, work fulfillment, organizational citizenship conduct, and turnover goal (Colquitt et al., 2001, Hassan, 2002; Cropanzano et al., 2007). Be that as it may, look into on ethics and organizational justice has gotten little consideration from organizational conduct analysts. The ideas of ethics and organizational justice more often than not recognize process and result (Schminke, Ambrose and Noel, 1997). Activities are judged as ethical or unethical in view of the reasonableness appeared to those influenced which might be controlled by the procedure of choice made and the result got. Value theory (Adam, 1965) brings up that representatives will modify their conduct keeping in mind the end goal to deliver what they believe are an evenhanded harmony amongst advantages and weight at work (in Trevino and Weaver, 2001:653). A creating group of writing takes note of that examination on reasonableness has moved to an accentuation on procedural justice, which depends on the finding of Thibaut and Walker (1975). They found that people who get an ominous result will assess the result all the more decisively on the off chance that they see the procedure to decide the result as reasonable (Schminke et al., 1997).

According to Colquitt, Greenberg, and Zapata-Phelan (2005:4), there are three sub-domains in organizational justice, namely:

- **Distributive justice**, which is related to the fairness of the outcome the employee receives;
- **Procedural justice**, which describes the fairness in determining an outcome; and
- **Interactional justice**, which refers to the quality of the interpersonal interaction between the individuals in an organization

Ethics is firmly identified with justice. Ethics contemplates are centered on people and how their convictions impact their view of the association. Research on justice is additionally worried about the circumstance that impacts the person’s impression of the association (Schminke et al., 1997). The connection between a work ethic and justice has been talked about in past examinations (e.g. Greenberg 1990; Schminke et al. 1997).
Greenberg (1990) found that workers who have encountered a compensation slice would probably take from association. Schminke et al. (1997) contend that ethical formalists (who buy in to process-based ethics) are more delicate to procedural justice issues, and, then again, ethical utilitarians (who buy in to result based ethics) are touchier to issues of distributive justice. Trevino and Weaver (2001) likewise recommend that there is a solid connection between saw general reasonable treatment and ethics-related results. Their examination demonstrates that a wide range of unethical activities fundamentally diminishes if representatives trust that their association by and large treats individuals reasonably. Representatives who see injustice in the workplace search for chances to enhance their own welfare in their own particular manners, and can turn to unethical direct to adjust the injustice done to them (Trevino and Weaver, 2001). Justice in Islam is related with setting something in its perfect place. As per Muhammad (1993), there are three imperative parts of justice in the Islamic setting. They are: (1) to put workers in positions or capacity fitting to their abilities, (2) to settle on choices suitable to the circumstance or the individual who gets it, and (3) to allow riches or property to the individuals who appropriately merit it. Justice is a dynamic trademark that every Muslim must endeavor to create, regardless of whether he/she is a pioneer or an adherent (Beekun and Badawi, 1999). A Muslim pioneer who buys in to Islamic ethics will direct issues in an association with reasonableness. In this way, in view of the audit of the writing over, the accompanying theories were created:

H1: Islamic Work Ethics is positively related to Organizational Justice
H2: Islamic Work Ethics is positively related to OCB

Transformational leadership

Many definitions of leadership explain that it is the” interaction between the leader, the follower, and the situation”. Leadership style is a combination of leader’s personal traits, cognitive information and his/her understanding of operational situational variable (Toor & Ofori, 2006). Since the year 2000 many leadership styles have been proposed to capture important missing aspects beyond the dominant charismatic/transformational framework. (Anderson & Sun, 2015).

Supervisors who are transformational leaders tend be open with their followers in describing organizational decision-making processes and their outcomes for the organization (Bass & Avolio, 1993; Syrek, Apostel, & Antoni, 2013). Bass & Avolio in a common conceptualization suggest that transformational leadership is a combination of four dimensions: idealized influence, inspirational motivation, mental stimulation (mental persuasion) and individual considerations. When leader does «correct work», idealized influence occurs and it causes followers, trust and respect (Arnold & et al, 2007). Idealized features include: induction of vanity and pride on members in order to cooperate with leader, dispense with individual tendencies for the group, sacrifice the personal benefits due to the others, benefits and behaviors like: attention to the spiritual and ethical results of decisions, disputation about the importance of trust to each other and talking about the most important values and beliefs (Forouzandeh & et al, 2013). The inspirational motivation of leader stimulates high expectations and followers, courage for achieving whatever which is more than their imagination (Arnold & et al, 2007). This case is done by indicating empathy and optimism, involving the followers in presenting future perspectives and having many expectations (Right and Pendi, 2009). Mental persuasion is a combination of intellectual openness to the problem, the processes for evaluation of situation, formulization of insights and executive patterns (Bass, 1999). In fact, it includes encouragement of followers for facing with existing situation and responding to their questions. And finally, a leader with individual considerations behaves with each one of his followers as a human, spends time for guidance of employees and appreciate of their successes (Arnold & et al, 2007). These leaders about the value levels that should stimulate in followers have knowledge, because compared with followers they have better understanding to the values and fulfillment of predesigned results (Price, 2005). Transformational leadership emphasizes on this issue that leaders should be converted to the ethical patterns for their employees through doing what is ethical or correct rather than what is suitable (Barling & et al, 2002). Kanungo expressed that transformational leaders are involved in an ethical effect process while transactional leaders don’t have such role (Kanungo, 2001). Transformational and ethical leaders have overlapping at the time of concentration on characteristics of inferior persons. Transformational and ethical leaders valuate others, have stability in their behavior in relation with their ethical principles (like truth and honesty), consider the ethical consequences of their decisions and they are ethical patterns for others (Brown & Treviño, 2006).

H3: The positive relationship of Islamic Work Ethics and Organizational Justice is moderated by Transformational Leadership.
Organizational Citizenship Behavior

Past examinations have inspected the basic part of the IWE in impacting an assortment of attractive employment results. For instance, Abbasi et al. (2011) led an examination on supervisors working in the Pakistani telecom division and found that the IWE positively affected business execution. In another investigation, Rahman et al. (2006) found that people with a solid slant and mindfulness about the IWE have full of feeling commitment toward their association. Additionally, Yousef (2000) found a positive connection between the IWE and diverse measurements of state of mind toward organizational change and commitment. In another examination, Rokhman (2010) found that the IWE positively affects work fulfillment and organizational commitment. Thus, Yousef (2001) found that the IWE likewise directs the connection between work fulfillment and organizational commitment. Different researchers have proposed that the IWE positively affects the development capacity of representatives (Kumar and Rose 2010).

In Islam, people are required to rehearse voluntarism (Pomeranz 2004). The IWE underscores collaboration and discussion with others (Yousef 2000). Muslims are required to be respectful toward and helpful with other kindred creatures (see, Albashi and Ghazali 1994; Ali 2005). Also, the IWE stresses working for the advantage of kindred creatures and society. Islam dependably shows positive behaviors and great deeds. In an organizational setting, representatives who take after these ethical standards are relied upon to take part in helpful work behaviors. Prophet Muhammad's lessons focused on that best individuals are the individuals who are most useful and accommodating to their kindred people. Ali and Al-Kazemi (2007) led an investigation in Kuwait and analyzed the impact of the IWE on reliability. These creators found that the IWE was emphatically identified with workers' unwaveringness to their association, partners, and boss. In light of these past investigations, we expect that the IWE will positively affect citizenship behaviors. Since the IWE underlines collaboration, faithfulness, and caring deeds, people with a higher IWE may likewise exhibit larger amounts of OCBs than people with a low IWE.

H4: The positive relationship of Organizational Justice and OCB is moderated by Transformational Leadership.

Theoretical Frame Work
Methodology

Participants
The members were managers arbitrarily chosen from government and private areas in 2017. Six public organizations were arbitrarily chosen to be incorporated into the review. Moreover, ten organizations from the private sector were chosen haphazardly from those recorded on Pakistan Stock exchange. A customized letter was sent to the leader of every organization, incorporated into the review to familiarize him/her with the objective of the research and to pick up support for dissemination of the survey. Once the endorsement to disperse the overview was acquired from every organization, the questionnaires was conveyed to members. Members were guaranteed in an introductory letter of classification and obscurity. Associates to the analysts conveyed the questionnaires specifically to members in every organization. Members were made a request to drop the finished questionnaires in a container that was set in every organization. Of the 350 questionnaires circulated, 152 usable questionnaires were restored and the rate of response was 43%.

Instrument
The measures for the IWE and Loyalty Scale were received from Ali's Survey of Management and Organization in the Arab World. The concentration of the IWE scale is on the view that work empowers individuals to be autonomous and is a wellspring of self-respect, satisfaction, and fulfillment. Achievement and advance at work relies upon diligent work and commitment to one's occupation. The scale adopted in this study has 17 items and was observed to be reliable. The statements were evaluated on a five-point Likert scale, with one ranging from the least important to most important. OCB was measured with the 12 items developed by MacKenzie et al. (1993) to assess employees' displayed behaviors such as sportsmanship, civic virtue, conscientiousness, and altruism. Organizational justice was measured by using the scale developed by Niehoff and Moorman (1993). Transformational leadership was measured by using multifactor leadership questionnaire.

Results

Table 1: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.543&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.295</td>
<td>.276</td>
<td>.416</td>
</tr>
</tbody>
</table>

The above table shows the model summary of the variables which shows the value for R 0.543 and R square to be 0.295 which means 29.5 percent of the variation is explained by predictor variable i-e Islamic Work Ethics, Organizational justice and Transformational Leadership.

Table 2: ANOVA<sup>b</sup>

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>11.003</td>
<td>4</td>
<td>2.751</td>
<td>15.875</td>
<td>.000&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Residual</td>
<td>26.337</td>
<td>152</td>
<td>.173</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>37.339</td>
<td>156</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), Islamic work ethics, Organizational justice, Transformational leadership

<sup>b</sup> Dependent Variable: Organizational citizenship behavior

Interpretation
Table 2 shows the ANOVA results of the study. Overall model is significant and has F-value 15.875 which is acceptable.
Table 3: Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Sum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>203</td>
<td>1</td>
<td>2</td>
<td>266</td>
<td>1.31</td>
<td>.464</td>
</tr>
<tr>
<td>Age</td>
<td>203</td>
<td>1</td>
<td>5</td>
<td>671</td>
<td>3.31</td>
<td>1.237</td>
</tr>
<tr>
<td>Education</td>
<td>203</td>
<td>2</td>
<td>5</td>
<td>826</td>
<td>4.07</td>
<td>.700</td>
</tr>
<tr>
<td>Occupation</td>
<td>203</td>
<td>1</td>
<td>6</td>
<td>509</td>
<td>2.51</td>
<td>1.069</td>
</tr>
<tr>
<td>Income</td>
<td>203</td>
<td>1</td>
<td>5</td>
<td>631</td>
<td>3.11</td>
<td>1.345</td>
</tr>
</tbody>
</table>

Table 4: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.194</td>
<td>.230</td>
<td>.842</td>
</tr>
<tr>
<td></td>
<td>IWE</td>
<td>.126</td>
<td>.076</td>
<td>.128</td>
</tr>
<tr>
<td></td>
<td>OJ</td>
<td>.163</td>
<td>.085</td>
<td>.150</td>
</tr>
<tr>
<td></td>
<td>TL</td>
<td>.349</td>
<td>.083</td>
<td>.152</td>
</tr>
</tbody>
</table>

a. Dependent Variable: OCB

Interpretation

Table 4 shows the overall model. From the table, it is obvious that H1 is accepted which shows that Islamic work ethics has a positive relation with organizational justice. If an organization is practicing Islamic work ethics then there should be distributive, procedural and interactional justice among employees. The second hypothesis was that Organizational justice has a positive relationship with organizational citizenship behavior which is also accepted. It shows that organizations having justice among their employees and treating them equal enhances the citizenship behavior. The third hypothesis was that the relationship between IWE and OJ is moderated by Transformational leadership, which is also accepted depicting transformational leadership is key role-playing variable and has vital importance for enhancing the relationship. Fourth hypothesis is also accepted which shows transformational leadership also moderated the relationship of organizational justice and organizational citizenship behavior. Hence these results are in line with the previous researches.

Conclusion

In spite of a few meta-investigations, the discoveries for the impacts of Islamic hard working attitudes and organizational equity on an organizational citizenship behavior stay uncertain. Truth be told, examines uncover culturally diverse contrast in reactions to these factors like IWE and organizational citizenship behavior and equity. To give some more proof on the connection amongst IWE and equity with citizenship behavior, the present examination analyzed the impacts of Islamic Work Ethics on organizational citizenship behavior with the directing part of transformational leadership and intervening part of organizational equity. What’s more, we explored the effect of IWE on these results. In addition, in the wake of this conflicting proof for the connections of IWE with OJ and afterward OJ with OCB, we analyzed the directing part of TL in these connections. Our examination uncovers a few intriguing discoveries. Our outcomes demonstrate that high Islamic hard working attitudes can help upgrade the organizational equity among representatives (procedural, interactional and distributive) where high equity prompts enhance organizational commitment of the representatives of an association. Our discoveries likewise show that high IWE among the representatives can upgrade their commitment and the relationship is directed by transformational leadership. This means transformational leadership is impacting the relationship.
We in like manner found that individuals high on IWE were smallest at risk to leave their associations when procedural equity was high. Regardless, those low on IWE will presumably leave their associations when procedural equity was high. These disclosures exhibit that individuals low on IWE may leave their associations in face of high procedural equity. Conceivably, low IWE individual may be more wanton with little energy for work and execution and more interested in getting prizes through political or some unique means without working for them. Along these lines, such individuals may feel clumsy in conditions where procedures for spread of prizes are sensible and totally taken in the wake of binding their ability to get prizes through various means. Conceivably, in light of the fact that low IWE individuals don't prefer to lock in and they lean toward torpidity at workplace and thusly consider sensibility in the precepts and system to be damaging for their survival inciting their elevated desires to stop. In spite of what may be normal, individuals who have high IWE have a tendency to stay with their associations when organizational frameworks are sensible.

Chiefs of the multinational firms working in Islamic nations can create and actualize Islamic codes of morals to upgrade representatives' commitment and equity and citizenship behavior in an association. A few audits exhibit that morals can be told to managers (Jones 2009; Lau 2010; Waples et al. 2009). Islam is considered as the primary religion that gives a commonsense life program that offers orientation to each hover of life (Rice 1999). Through real trainings and addresses, levels of IWE can be redesigned among laborers. Since Muslims constitute 22.5 % of the aggregate masses (Johnson and Grim 2013) and address a segment of the genuine customers of the world (Saeed et al. 2001; Uddin 2003) such getting ready exercises may be more crucial for MNCs working in Islamic countries. Moreover, heads should be vigilant about the risky effects of distributive and procedural equity among delegates. Chairmen should recognize and address the issues that trigger foul play inside the work condition.

References


SOCIAL REGULATIONS IN THE TURKISH TAX SYSTEM

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Abstract

The direct and indirect taxation in the Turkish tax system is based directly or indirectly on the basis of the articles contained in the 1982 Constitution. Article 73 of the 1982 Constitution directly regulates tax liabilities under the heading "Duty to pay taxes". In addition, tax liabilities are regulated by making positive discrimination in the direction of the regulations contained in the various constituents of the present constitution.

Social regulations in the Turkish tax system, the system is carried out in two ways. These are direct social regulations and indirect social regulations.

Key words: 1982 Constitution of Turkey Republic, Turkish Tax System, Social Regulation, Tax Exemption

DIRECT SOCIAL REGULATION

Direct social arrangements aimed at the desired purpose are not made with indirect arrangements, direct regulation and taxation applications are tried to be concluded.

Direct Social Regulation For Incomeless and Retirees

Turkey, according to OECD data, between 2010 and 2016, about 17% of the population is poor. The fight against poverty in Turkey is located in tax measures between political instrumentals (OECD Data, 2017). In this respect, the tax regulations taken in the Turkish Tax System are as follows.

- The sub-article added to article 40 of the Turkish Personal Income Tax Law (by Law No. 5035) is that "Among the expenses that can be deducted from the costs of food, cleaning, clothing and home fuel materials donated to the associations and foundations engaged in food banking activities in the framework of the procedures and principles determined by the Ministry of Finance" (expenditure that can be deducted from income and corporation tax). This situation encourages people to make such assistance (VergiGündem, 2017).

- Secondly, the regulation of Turkish Income Tax Law (TITL) made by paragraph (2) of Article 17 of VAT Law is as follows; Delivery of foodstuffs donated within the framework of principles and procedures determined by the Ministry of Finance is exempted from Value Added Tax for associations and foundations engaged in food banking activities for the benefit of the poor (VergiGündem, 2017).

- Furthermore, retirement, widow and orphan pensions and related compensations given by the social security institution has exempted from income tax.

- In another regulation, real estate tax is encountered. this arrangement is zero rate real estate tax practice.

Figure 1: General and Special Conditions for the Application of the Zero Rate Real Estate Tax

<table>
<thead>
<tr>
<th>Zero Rate Real Estate Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Conditions</strong></td>
</tr>
<tr>
<td>Buildings</td>
</tr>
<tr>
<td>- Take place within the borders of Turkey,</td>
</tr>
<tr>
<td>- being a residence</td>
</tr>
<tr>
<td>- If a residence does not exceed 200 m²</td>
</tr>
<tr>
<td>- Having a single residence</td>
</tr>
<tr>
<td>- eathand disability pensions,</td>
</tr>
<tr>
<td><strong>Special Conditions</strong></td>
</tr>
<tr>
<td>non-income people,</td>
</tr>
<tr>
<td>retirement,</td>
</tr>
<tr>
<td>disabled people,</td>
</tr>
<tr>
<td>- veterans,</td>
</tr>
<tr>
<td>hose who receive widows,</td>
</tr>
<tr>
<td>Widows and orphans of martyrs</td>
</tr>
</tbody>
</table>
The general and special conditions given in figure 1 must be met together. the real estate taxpayers who provide both conditions together can benefit from zero rate real estate tax practice. In this application, the tax value tax base, is % 0.

Trade Exemption Application in Trade Profits and Efficiency Wages Application in Agricultural Revenues

The practice of trade exemption is for commercial gains. In the practice of trades, the protection of the tradesmen who are located under the tax-paying capacity is kept on the frontline. For example, regulation that added to TITL 9/8 with article 4 of Law No. 6322 in 2012 year, is as follows. Cultural, artistic, and disadvantaged professions will not be subject to any taxation, provided that certain conditions are met (Serkan ACUNER, 2015).

The following bonuses and remuneration given by the granting entity are exempt from Income Tax:
- Science,
- fine arts,
- agriculture, animal breeding,
- other useful work and activities
- bonuses and remunerations given for incentive.

Exemption for Education, Training and Copyright Earnings

Education and training earning exemption is used both in TITL and in Turkish Corporation Income Tax Law (TCITL). The earnings from the operation of pre-school education, primary education, special education and secondary schools, operated under the Law on Special Education Institutions No. 625 in the regulation are exempt for five taxation period income taxes. The exemption is implemented within the framework of the procedures and principles to be determined by the Ministry of Finance by taking the opinion of the relevant Ministry.

Another practice is to exclude copyright income from taxes. This exception, which is set out in article 18 of the TITL, is as follows “Author, translator, sculptor, calligrapher, painter, composer, computer programmer and inventors and their legal inheritors that earnings of sell, transfer or lease (poetry, story, novel, article, scientific research analysis, computer software etc.) are exempt from TITL” The law aims to encourage these gains by taking them into the scope of exception.

In addition, whatever the amount awarded to self-employed people in order to ensure the development of science, science and fine arts, the entirety is exempted from income tax (Mehmet Tosuner, Zeynep Arıkan,, 2018).

Compensation and Benefits Exempted from Income Tax

In the income tax, some benefits and compensation are not wage and excluded from taxation. This is in favor of help and compensation areas.

The definition of wage is as follows in Article 61 of the TITL “wages that provided to employees for service, subject to an employer and depending on a particular workplace are the benefits that can be represented by money.”

In Article 25 of the same Law, compensation and assistance exempted from income tax are listed (Koray Ateş, 2016). These social of compensations and benefits (those subject to social regulation) are listed as follows:
- The social of compensations and benefits granted by means of death, disability, illness and unemployment,
- The benefits to needy persons for a certain period of time or lifetime,
- A child allowance paid to employees,
- The benefits to employees due to marriage and birth,
- Alimony payment,

If we do not count the paid alimony payment, which is very close to the meaning of Article 364 of the Civil Code, divorce and alimony under the family law are basically two kinds:
- If the decision of divorce is finalized, the wife falling into poverty is paid “alimony”
- The other is the "child maintenance" paid by the person for whom the child does not receive custody (İlker Atamer, 2014).

It is helped both the female and the children who have no economic independence with alimony, therefore the absence of taxation has a social aspect.
The benefits made by reason of death, disability, birth, marriage etc. by provident fund, to the members, in accordance with their circumstances, are exempt from income tax. The absence of taxation from such assistance and compensation is essential to social justice (Adem Korkmaz, 2016).

**Protection of Family and Child Rights**

The protection of the family and the rights of children are regulated under the heading of Chapter 3 "Social and Economic Rights and Duties" of the 1982 Constitution. Article 41/2 of the Constitution is as follows: "The State shall take the necessary measures and establish the necessary organization to protect peace and welfare of the family, especially mother and children, and to ensure the instruction of family planning and its practice." Article 32 of the TITL, "Minimum Subsistence Reduction" is held which deals with children and their spouses. The minimum subsistence reduction implemented in the taxation of the wage earners serves to protect the family because the minimum subsistence reduction includes spouses and children other than the person himself.

**Affirmative Action for a Disabled and Tax Regulations**

The disability reduction in income tax is implemented in two ways. These;
1. Disabled discount,
2. Disabled person discount.

Who benefits from the disabled discount?
- Wage workers who have disabled and have disabled people in their family can benefit from the disabled discount.
- The freelancer who has disabled and has disabled people in their family can benefit from the disabled person discount.
- Disabled people who are engaged in manufacturing, repairs and small-art works without entering into the trader and wage status in the simple manner can benefit from the disabled person discount.

The people we refer to above can benefit from the tax reduction according to their disability rates. They have to apply to the relevant unit of the institution they are working with.

There is also an exemption for people with disabilities in real estate tax. People with disabilities from applying zero rate real estate tax can benefit when they meet the general conditions.

Disabled Exemption of Excise Tax and Motor Vehicle Tax: Excise duty exemption is applied for the vehicles that the disabled people receive from the country, which is documented by the health board report which has the class H driver's license and can use the special vehicles. Additionally, more than 90% and 90% disabled people are exempted from Excise Tax and Motor Vehicle Tax without special equipment requirements. However, there is no exemption for Value Added Tax.

Disability Exemption of Customs Duties: Vehicles with special arrangements for persons with disabilities to be imported from abroad are exempted from customs duties.

Disability Exemption of Value Added Tax: All kinds of tools and special computer programs specially produced for the use of disabled people in their education, profession and daily life are exempted from VAT (such as walking sticks, typewriters, embossed keyboards used by sight impairments, wheelchair used by orthopedic handicaps, tools such as orthotics).

**INDIRECT REGULATIONS**

In indirect arrangements, countries are indirectly deterring the consumption or production of demerit goods or services.

**Regulations Regarding Alcohol and Alcohol Products**

Alcohol and similar commodities are addictive and demerit goods with negative externalities in social aspect. Usage is not prohibited, but it is preferred to influence alcohol and its derivatives indirect routes, that are trying to reduce consumption with deterrent regulations (Deniz Turan, Ali Yurdakal, 2009). Article 58/2 of the Constitution is as follows: “The State shall take necessary measures to protect youth from addiction to alcohol and
drugs, crime, gambling, and similar vices, and ignorance.” This arrangement opens the way for measures from the taxation standpoint too (1982 Anayasası).

In the taxes paid on income; Advertisement and advertisement expenses of all kinds of alcohol and alcoholic beverages cannot be deducted. This regulation is regulated in Article 41 of the TITL and Article 11 of the TCITL. However, these powers are transferred to the Council of Ministers and The Council of Ministers has taken measures indirectly with this regulation (Zekiye Türkay, 2016).

VAT is not directly involved in the regulation of alcohol and alcohol products. However, it is administered from 18% alcohol and alcoholic beverages, the highest applied in Turkey. This rate is applied over the price with Excise Tax. The excise duty on alcohol and alcohol products are applied as specific tax. The aim is to reduce demand through the price mechanism (USLEGAL, 2016).

Regulations Regarding Tobacco and Tobacco Products

Article 58 of the 1982 Constitution establishes a constitutional basis for the regulation of tobacco and tobacco products, particularly among state duties for the protection of young people.

In the taxes paid on income; Advertisement and advertisement expenses of all kinds of tobacco and tobacco products cannot be deducted. This regulation is regulated in Article 41 of the TITL and Article 11 of the TCITL. However, these powers are transferred to the Council of Ministers and The Council of Ministers has taken measures indirectly with this regulation.

VAT is not directly involved in the regulation of tobacco and tobacco products. However, it is administered from %18 tobacco and tobacco products, the highest applied in Turkey. This rate is applied over the price with Excise Tax. The excise duty on tobacco and tobacco products are applied as fixed tax. The aim is to reduce demand through the price mechanism.

Excise Tax is applied both specific tax and ad valorem tax on tobacco and tobacco products.

<table>
<thead>
<tr>
<th>Product Name</th>
<th>Excise Tax Rate (%) (1package cigarettes)</th>
<th>Specific Excise tax (TL) (per 1 cigarettes)</th>
<th>VAT (%) (1package cigarettes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigarette</td>
<td>65,25</td>
<td>0,3246</td>
<td>15,25</td>
</tr>
<tr>
<td>Cigar</td>
<td>40</td>
<td>0,3246</td>
<td>15,25</td>
</tr>
</tbody>
</table>

Source: Revenue Administration Department, 2018

Table 1: Taxes on Tobacco and Tobacco Products (for 2018 year)

For example, the tax for cigarettes in one pack (20 pieces) with a retail price of TL 10 is calculated as follows:

\[
\begin{align*}
\text{Excise Tax Rate} & = 10 \text{ TL} \times 0,6525 = 6,5250 \text{ TL} \\
\text{Minimum Specific Excise Tax} & = 20 \times 0,2490 = 4,9800 \text{ TL} \\
\text{Specific Excise Tax} & = 1 \text{ package} \times 0,3246 = 0,3246 \text{ TL}
\end{align*}
\]

Since the calculated 6,52 TL as the ad valorem excise tax is greater than the minimum specific excise tax calculated as 4,98 TL, (6,52 TL + 0,32 TL =) which is the sum of the ad valorem excise tax amount and the specific excise tax amount is calculated as excise tax 6,84 TL. Additionally, VAT (15.5%) is applied on this price. Approximately 85% of a 10 TL package is taxable. The aim is to reduce demand through the price mechanism.

Regulations Regarding R&D (Research-Development)

Some possibilities are provided to promote R & D.
tax incentives
- Income tax withholding incentive
- Insurance premium support,
- Stamp tax exemption.

After the minimum subsistence reduction applied to the fees of R & D and support personnel;
- 90% of the doctoral staff,
- 80% for others
the tax is imposed on the tax return and is abandoned (A. Kemal Çelebi, Hamza Kahriman, 2011).
Three types of politics are commonly used to promote R & D activities. These;
- R & D activities (state or university),
- R & D activities by the private sector using state funds (these are called financial supports)
- Tax incentives.

The second and third option are called "financial incentives" in the literature. Tax incentives, which are a type of financial incentives and are expressed as "indirect financial supports", are practices based on a number of tax-related measures and supports that are used to direct firms to realize R & D investments (A. Kemal Çelebi, Hamza Kahriman, 2011). This is an important development both for the country's economy and for the well-being of the individual.

RESULTS

The social arrangements realized directly and indirectly in the Turkish tax system are quite diverse. Taxes with the highest income generating rate in the tax system are indirect taxes. The structure of indirect taxation (Expenditure / treatment taxes) is a tax evasion disturbance. Indirect taxation does not fully serve to achieve social justice-providing results in a true sense, even though social proportions are regulated at relative proportions. Even if it is used to create deterrence in the taxation of the products that fall under the scope of the excise tax, which is another indirect tax, it is gaining importance mainly in terms of the income from the excise tax in many countries applied in our country.

The area where direct taxation regulates is generally a reduction, exception and exemption practice. In particular, discounting is a significant avoidance method in that you do not gain much from the social side. In this state, it is not the individuals who need social regulation, but the beneficiaries who are responsible for this.

The utilization of disability reductions in both indirect and direct taxation is a good regulation in terms of obstacles to constitutionally positive discrimination in social arrangements. However, in this case, it is the fact that it is beneficial to people who are predominantly avoiding tax evasion.

REFERENCES


THE IMPACT OF FUZZY FAILURE MODE EFFECT CRITICALITY ANALYSIS (FMECA) ON SYSTEM RELIABILITY AND MAINTAINABILITY

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Abstract

In the actual context of an enormously increasing importance of risk assessment, the growing daily need for reliable systems, the incapability of developing countries in investing in new system acquisition and the harsh environmental working conditions. Systems have become incredibly complex and more difficult to maintain their reliability due to the intricacy of their design as well as the exposition to the high risk of continuous unexpected failures which very often represent countless damages to many organizations. It also remains obvious that it is not the number of available systems, which is lacking, but rather a tacky system implementation or an obsolete maintenance strategy. Given importance to system performance and making a decision, Failure Mode Effect Criticality Analysis (FMECA) could be an undoubtedly important probabilistic reliability model, an appropriate tool for future failures problem-solving and typical solution for systems and sub-systems reliability and maintainability. FMECA is a reliability evaluation approach and design “bottom-up” technique based on inductive logic to examine the unlikely failure modes of a component and determine the effects on the overall system functioning by modelling the system under alternatives failure modes. To complete FMCEA methodology, a combination of Fuzzy logic would be necessary to apply in order to improve the traditional shortcoming of risk priority number (RPN) index by transforming linguistic variables into fuzzy values and ameliorate the weight setting of risk factors such as; severity (S), occurrence (O) and detection (D). This paper proposes recent and applied techniques to replace the traditional methods of FMECA and solve the problem of the ambiguity by tackling the fuzzy set theory. Lastly, an illustrative example is shown to verify the proposed model.

Keywords: Reliability, Maintainability, FMECA, risk priority number RNP, Fuzzy logic.

Introduction

Obtaining efficient and effective support of a complex system during its lifespan or throughout its operating life cycle has always been an issue of a heated debate between the manager (logistician) and engineer (operator). Unfortunately, like most organizations, the logistical support of high complex systems in the developing world has continuously faced many problems in the past. Attention to systems costs, total operations and maintenance costs represent over 55% of the total systems cost. In particular, the financial constraints very often manipulate organizations capabilities to better participate in the economic growth. Perforce, they are obstructed in a stage where they have to fully spend the available budget to keep the pursuit of operational readiness. However, the overall objective and the strategy advantage within this paper exists to leverage a variety of analytical methods, integrate disciplines all together (management-logistics-engineering), adopt the most cost-cutting approaches to optimize maintenance strategies and support the methodology section with mathematical probabilistic techniques and models adequate for many industry fields including engineering, design mechanical, aerospace, chemical, medical and so on [1-2] by giving an illustrative example. The model will contribute significantly towards the shared knowledge in the logistical supportability which might be readily available to industry to ameliorate their asset base, optimize maintenance supports for complex systems, satisfy client with systems that meet the meant quality parameters at affordable costs and reach the outlined objectives and plans without making any undue compromises. The failure modes, effects, and criticality analysis (FMECA) is one of the most driven design tools and risk assessment alternative method used to provide these supportability engineering concepts with accurate data about the excessive failure rates and their effects on overall systems, which, in turn, define the projected whole life cycle costs of the system itself. On the other side, the availability and supportability concepts are significantly used throughout the operation phase. Considering system reliability and maintainability performance, the focus and the framework of this study is based on failures solving-problem by increasing the

system reliability & maintainability and reducing system failures. According to the most reliable and common definition of FMECA standard MIL-STD-1629A proposed by the U.S. Department of Defence, the factors such as severity, detection and occurrence are very often defined and deducted by experts opinion which overwhelmingly comprises ambiguity and fuzziness. This paper proposes recent and applied techniques to replace the traditional methods of FMECA and solve the problem of the ambiguity by tackling the fuzzy set theory [3-4].

The traditional application of FMECA

The MIL-STD-1629A proposed the traditional procedure of FMECA shown in figure 1 that is applicable throughout the early phases of all DoD complex systems and industrial entities. Technically, FMECA is divided into two main procedures: Failure Mode Effect Analysis (FMEA) and Criticality Analysis (CA). The major role of the first procedure is to identify the function of the whole system, analyse the potential failure modes and evaluate their effects and classify them according to severity evaluation. The major role of the second procedure is to analyse the obtained results from the previous analysis and compute their effects through failure mode ratio (α) and failure effect probability (β) [3].

![Figure 1. The traditional application of FMECA (MIL-STD-1629A)](image)

In the MIL-STD-1629A, the severity and criticality of failure modes are usually evaluated and determined by experts’ opinions and that are destined to include fuzziness and ambiguity as shown in the figure below.

![Figure 2. Criticality Matrix (MIL-STD-1629A)](image)

Preliminaries

Criticality analysis
The U.S. MIL-STD-1629A described the criticality as a methodology based on the compute of the criticality number \( CN_i \) for an entity failure mode \( i \) which could be modelled by:

\[
CN_i = \alpha_i \times \beta_i \times \lambda_i \times t
\]

Where:
- \( \alpha = \) The failure mode ratio
- \( \beta = \) The probability of failure effect
- \( \lambda = \) The failure rate of an entity
- \( t = \) Operating time

Unfortunately, many domain experts have tried to apply the FMECA in a real industrial situation and it brought numerous gaps and weakness concerning the rationality in term of criticality analysis.

**Risk Priority Number (RPN)**

RPN is the most common probabilistic method and the second approach for criticality assessment. Therefore, the calculation of RPN is based on linguistic variables to rank the three main risk factors and it is very often expressed as following [5-6]:

\[
RPN = O \times S \times D
\]

Where:
- \( O = \) The occurrence of a failure mode
- \( S = \) The severity of a failure effect
- \( D = \) The probability of the failure will not be detected

Due to the simplicity of RPN, many experts prefer to use it as a rational approach. In addition, the main risk factors are basically divided into 10 sub levels, in other words, numeric scale on a 1 to 10 as shown in Tables (1, 2, and 3). The RPN is based on 4 main steps: (1) At first, the experts separate an interesting number of system failure mode according to the nature of available information, the various structures and the used design techniques. (2) Next, the experts estimate the various failure modes and bring forward the results about the Occurrence frequency, Severity degree and Detection difficulty as expressed in the following tables. (3) Then, the final results of the failure modes brought by the experts are modelled by:

\[
T = y_O \times y_S \times y_D
\]

The high the value of \( T \), the more likely the failure occurs. Within this formula, the domain experts can sort out the high-risk failure mode. (4) At last, depending on the obtained frequency of risk, the domain decision makers can develop necessary preventive measures and appropriate plan for future failure modes.

**Table 1. The traditional probability level of Occurrence (O)**

<table>
<thead>
<tr>
<th>Probability of Failure</th>
<th>Ranking</th>
<th>Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely high</td>
<td>A</td>
<td>10</td>
</tr>
<tr>
<td>Very high</td>
<td>B</td>
<td>9</td>
</tr>
<tr>
<td>High</td>
<td>C</td>
<td>8</td>
</tr>
<tr>
<td>Moderately high</td>
<td>D</td>
<td>7</td>
</tr>
<tr>
<td>Moderate</td>
<td>E</td>
<td>6</td>
</tr>
<tr>
<td>Relatively low</td>
<td>F</td>
<td>5</td>
</tr>
<tr>
<td>Low</td>
<td>G</td>
<td>4</td>
</tr>
<tr>
<td>Remote</td>
<td>H</td>
<td>3</td>
</tr>
<tr>
<td>Very low</td>
<td>I</td>
<td>2</td>
</tr>
<tr>
<td>Nearly impossible</td>
<td>J</td>
<td>1</td>
</tr>
</tbody>
</table>

**Table 2. The traditional probability level of Severity (S)**

<table>
<thead>
<tr>
<th>Effect Severity</th>
<th>Criteria</th>
<th>Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fatal</td>
<td>I</td>
<td>10</td>
</tr>
<tr>
<td>Serious</td>
<td>II</td>
<td>9</td>
</tr>
<tr>
<td>Extreme</td>
<td>III</td>
<td>8</td>
</tr>
<tr>
<td>Appreciable</td>
<td>IV</td>
<td>7</td>
</tr>
<tr>
<td>Greater</td>
<td>V</td>
<td>6</td>
</tr>
<tr>
<td>Significant</td>
<td>VI</td>
<td>5</td>
</tr>
<tr>
<td>Slight</td>
<td>VII</td>
<td>4</td>
</tr>
<tr>
<td>Minimal</td>
<td>VIII</td>
<td>3</td>
</tr>
<tr>
<td>Very minor</td>
<td>IX</td>
<td>2</td>
</tr>
<tr>
<td>None</td>
<td>X</td>
<td>1</td>
</tr>
</tbody>
</table>
Table 3. The traditional probability level of Detection (D)

<table>
<thead>
<tr>
<th>Probability of Detection</th>
<th>Ranking</th>
<th>Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute uncertainty</td>
<td>A</td>
<td>10</td>
</tr>
<tr>
<td>Very remote</td>
<td>B</td>
<td>9</td>
</tr>
<tr>
<td>Remote</td>
<td>C</td>
<td>8</td>
</tr>
<tr>
<td>Very low</td>
<td>D</td>
<td>7</td>
</tr>
<tr>
<td>Low</td>
<td>E</td>
<td>6</td>
</tr>
<tr>
<td>Moderate</td>
<td>F</td>
<td>5</td>
</tr>
<tr>
<td>Moderately high</td>
<td>G</td>
<td>4</td>
</tr>
<tr>
<td>High</td>
<td>H</td>
<td>3</td>
</tr>
<tr>
<td>Very high</td>
<td>I</td>
<td>2</td>
</tr>
<tr>
<td>Almost certain</td>
<td>J</td>
<td>1</td>
</tr>
</tbody>
</table>

Methodology: The proposed Fuzzy FMECA model

Fuzzy Set Theory

The fuzzy set theory is an effective evaluation approach developed by Zadeh (1965) to resolve the ambiguity and fuzziness associated with the obtained information. This method is based on fuzzy mathematical theory [7]. Now, this approach has been widely used as well as applied by many experts and in numerous fields [8]. The fuzzy set theory has come up with many advantages over the classical set approach.

Fuzzy Arithmetic Operations

Within the fuzzy set theory, the arithmetic operations are typically used for the fuzzy numbers and crisp numbers. \( \tilde{A} = (a_l, a_m, a_u) \) and \( \tilde{B} = (b_l, b_m, b_u) \) represent the two positive triangular fuzzy numbers. More details are indicated as follows (Gani and Assarudeen, 2012) [9].

i. Addition: \( \tilde{A} + \tilde{B} = (a_l + b_l, a_m + b_m, a_u + b_u) \)

ii. Multiplication: \( \tilde{A} \times \tilde{B} = (\min (m^l u^l, m^l u^u, m^u u^l, m^u u^u), m^m u^m, \max (m^l u^l, m^l u^u, m^u u^l, m^u u^u)) \)

These fuzzy arithmetic operations are used in the proposed fuzzy model. The steps of the proposed fuzzy FMECA model are as following:

Step 1: The opinion of domain experts are aggregated by the following equation

\[
\tilde{y}_{OI} = \frac{1}{K} \sum_{k=1}^{K} \tilde{y}_{Oi}^k \quad (4)
\]

\[
\tilde{y}_{SI} = \frac{1}{K} \sum_{k=1}^{K} \tilde{y}_{Si}^k \quad (5)
\]

\[
\tilde{y}_{DI} = \frac{1}{K} \sum_{k=1}^{K} \tilde{y}_{Di}^k \quad (6)
\]

Step 2: The fuzzy Risk Priority Number for \( i \)th failure mode \( (\tilde{T}_i) \) is calculated by using equation (8)

\[
\tilde{T}_i = \tilde{y}_{OI} \times \tilde{y}_{SI} \times \tilde{y}_{DI} \quad (7)
\]

Step 3: The fuzzy Risk Priority Number for \( i \)th failure mode \( (\tilde{T}_i = (t_{il}^l, t_{im}^m, t_{iu}^u)) \) is converted into the crisp Risk Priority Number for \( i \)th failure mode \( (T_i) \) by using equation (9)

\[
T_i = \frac{t_{il}^l + t_{im}^m + t_{iu}^u}{3} \quad (8)
\]

An illustrative example

In this section, the proposed fuzzy method is applied in an illustrative example to prove its effectiveness.

Step 1: Converting the linguistic variables into detailed numerical values by fuzzy numbers.
Table 4. Fuzzy rating of the Occurrence probability of failure (O)

<table>
<thead>
<tr>
<th>Probability of Failure</th>
<th>Ranking</th>
<th>Fuzzy Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely high</td>
<td>(EH)</td>
<td>(9,10,10)</td>
</tr>
<tr>
<td>Very high</td>
<td>(VH)</td>
<td>(8,9,10)</td>
</tr>
<tr>
<td>High</td>
<td>(H)</td>
<td>(7,8,9)</td>
</tr>
<tr>
<td>Moderately high</td>
<td>(MD)</td>
<td>(6,7,8)</td>
</tr>
<tr>
<td>Moderate</td>
<td>(M)</td>
<td>(5,6,7)</td>
</tr>
<tr>
<td>Relatively low</td>
<td>(RL)</td>
<td>(4,5,6)</td>
</tr>
<tr>
<td>Low</td>
<td>(L)</td>
<td>(3,4,5)</td>
</tr>
<tr>
<td>Remote</td>
<td>(R)</td>
<td>(2,3,4)</td>
</tr>
<tr>
<td>Very low</td>
<td>(VR)</td>
<td>(1,2,3)</td>
</tr>
<tr>
<td>Nearly impossible</td>
<td>(NI)</td>
<td>(1,1,2)</td>
</tr>
</tbody>
</table>

Table 5. Fuzzy rating for Severity probability of failure (S)

<table>
<thead>
<tr>
<th>Effect</th>
<th>Ranking</th>
<th>Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hazardous</td>
<td>(H)</td>
<td>(9,10,10)</td>
</tr>
<tr>
<td>Serious</td>
<td>(SR)</td>
<td>(8,9,10)</td>
</tr>
<tr>
<td>Extreme</td>
<td>(E)</td>
<td>(7,8,9)</td>
</tr>
<tr>
<td>Major</td>
<td>(MJ)</td>
<td>(6,7,8)</td>
</tr>
<tr>
<td>Significant</td>
<td>(ST)</td>
<td>(5,6,7)</td>
</tr>
<tr>
<td>Moderate</td>
<td>(M)</td>
<td>(4,5,6)</td>
</tr>
<tr>
<td>Low</td>
<td>(L)</td>
<td>(3,4,5)</td>
</tr>
<tr>
<td>Minor</td>
<td>(MN)</td>
<td>(2,3,4)</td>
</tr>
<tr>
<td>Very minor</td>
<td>(VM)</td>
<td>(1,2,3)</td>
</tr>
<tr>
<td>None</td>
<td>(N)</td>
<td>(1,1,2)</td>
</tr>
</tbody>
</table>

Table 6. Fuzzy rating of Detection probability of failure (D)

<table>
<thead>
<tr>
<th>Probability of Detection</th>
<th>Ranking</th>
<th>Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute uncertainty</td>
<td>(AU)</td>
<td>(9,10,10)</td>
</tr>
<tr>
<td>Very remote</td>
<td>(VR)</td>
<td>(8,9,10)</td>
</tr>
<tr>
<td>Remote</td>
<td>(R)</td>
<td>(7,8,9)</td>
</tr>
<tr>
<td>Very low</td>
<td>(VL)</td>
<td>(6,7,8)</td>
</tr>
<tr>
<td>Low</td>
<td>(L)</td>
<td>(5,6,7)</td>
</tr>
<tr>
<td>Moderate</td>
<td>(M)</td>
<td>(4,5,6)</td>
</tr>
<tr>
<td>Moderately high</td>
<td>(MH)</td>
<td>(3,4,5)</td>
</tr>
<tr>
<td>High</td>
<td>(H)</td>
<td>(2,3,4)</td>
</tr>
<tr>
<td>Very high</td>
<td>(VH)</td>
<td>(1,2,3)</td>
</tr>
<tr>
<td>Almost certain</td>
<td>(AC)</td>
<td>(1,1,2)</td>
</tr>
</tbody>
</table>

Step 2: Aggregating the weight of risk factors and fuzzy rating of failure modes to obtain the fuzzy decision matrix of the three risk factors. The weights for each risk factor have been taken from three domain experts. The table 7 illustrates fuzzy aggregate matrix.

Table 7. Fuzzy aggregated matrix

<table>
<thead>
<tr>
<th>Failure Modes</th>
<th>Occurrence</th>
<th>Severity</th>
<th>Detection</th>
</tr>
</thead>
<tbody>
<tr>
<td>FM 1</td>
<td>(5,6,7)</td>
<td>(5,6,7)</td>
<td>(3,4,5)</td>
</tr>
<tr>
<td>FM 3</td>
<td>(7.333,8.333,9.333)</td>
<td>(6,7,8)</td>
<td>(3.667,4.667,5.667)</td>
</tr>
<tr>
<td>FM 4</td>
<td>(4.333,5.333,6.333)</td>
<td>(5.333,6.333,7.333)</td>
<td>(3,4,5)</td>
</tr>
</tbody>
</table>

Step 3: The aggregated weights are used to calculate Fuzzy Risk Priority Number. The table 8 shows the final results of the proposed model.
<table>
<thead>
<tr>
<th>Failure Modes</th>
<th>Fuzzy Risk Priority Number</th>
<th>Crisp Risk Priority Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>FM 1</td>
<td>(75,144,245)</td>
<td>154.667</td>
</tr>
<tr>
<td>FM 2</td>
<td>(130.38,226.606,360.166)</td>
<td>239.051</td>
</tr>
<tr>
<td>FM 3</td>
<td>(161.341,272.231,423.121)</td>
<td>285.567</td>
</tr>
<tr>
<td>FM 4</td>
<td>(69.324,135.096,232.2)</td>
<td>145.54</td>
</tr>
<tr>
<td>FM 5</td>
<td>(88.151,163.709,272.602)</td>
<td>174.821</td>
</tr>
</tbody>
</table>

According to the table 8, the final rank of failure modes is shown as following; FM3, FM2, FM5, FM1 and FM3.

**Conclusion**

In this study, the fuzzy model is proposed to determine Risk Priority Number of failure modes. The final results of numerical example show that the proposed model has proved that results are correct. In addition, the final results were obtained in a short period of time. Future studies may extend to proposed model to handle much more vagueness data.

**References**

FINANCING FOR POVERTY REDUCTION DETERMINANTS IN RURAL PAKISTAN

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Abstract

Micro financing has been playing a vital role for poverty reduction in the world. This study explores the major determinants of poverty along with the effective ways how to finance these determinants to reduce the poverty in rural Pakistan. The study achieve the objectives by collecting primary data through survey in the country. Forwarded conditional model is applied to data of households having the same socio economic in the region. The results reveals that the size of the household, education, institution, gender, age, employment, working male member, and working female member are important determinants of rural poverty. The Zakat institution has been focusing on human capital development and increasing the employment ratio is found to be contributing in reducing the poverty efficiently by enhancing the employment ratio. However, the Benazir Income Support Programs is only targeting the poor but not hitting any determinants. MFI shows positive sign for poverty reduction insignificantly. The study concludes that skill and trainings are very important elements to overcome the poverty in rural Pakistan

Keywords: Poverty determinants, efficiency, skill hand, human and financial capital,

Introduction

In last few decades, micro finance program has become an active participant of society by developing and making better status of poor individuals. Therefore, it is considered a valuable part of society specifically in developing countries context. This structure of program is working in two streams i-e (i) Serving poor by developing their standard of life (ii) making these peoples able to be self-sufficient or sustainable. So MFIs are playing a great role to strengthen the deprived people of society and helping to pull out the poor people from poverty trap.

For these objectives such institutes need excessive financial resources to deploy. But the pinching factors for these institutions are arrangement of funds or sources of money. Because most of these organizations are relying on donations, charities and funding provided by wealthy peoples in favor of intellectual trust. These resources are comparatively less in comparison to poverty in any context. Hence, it has become a serious issue that in this situation how micro finance institute can be productive, efficient in his target, progressive and profitable when there is lack of funds. Moreover, due to such shortage of funds in contrast to level of poverty how such institutes plan their own financing system to improving the poverty determinants in the society. In order to have true aspect of this issue it is also planned to study MFI’s sector because their clear objective is to serve poor part of society for their optimum betterment by having countable financing resources to reaching and improving important poverty reduction determinants.

Thus, there are numerous factors that reduces poverty and many others those causes reason of this social issue as deducted by thousands of prior researchers. Though, researchers [1] proved significantly that poverty can be alleviated by rich funding sources and supportive institutional working capital. Poverty is rich rooted and diversified social issue in our society having international identity with consequences on various grounds and is well defined in respect to individual’s welfare. It prevails there, where individuals have less chance to maintain their social survival extending to various other social crimes and degradation of ethics, bribery and other diseases, impacting their behavior negatively in various streams. Therefore, a study revealed that 1.6 billion social individuals are living below poverty line on global level [2].

Extending it, peoples about 800 million have less food for their own and family to keep well balance health of their self [3]. It is forecasted that in progressing nations peoples who have majority of issues are basically
poor specifically 51% in South Asia as alarming indicator for these nations [4]. A study concluded that majority of population in developing countries live in rural area as 55% of the population lives in rural areas in developing countries of Asia. The study also revealed that 90% of the population living in rural areas of Asian continent region are poor. It is also documented that high poverty rates are found in fragile and conflict affected countries of the world [5].

Thus, we aim to investigate rural area of south Punjab of Pakistan considered as joining hub of all provinces geographically on national level with impressing landscape comprising on rivers, green fields, soil sands and deserts. While; literature has supported to investigate various dimensions of poverty, has suggested and investigated various dimensions to it but less of the studies has worked on socio-economic factors for eradication of poverty on grass root level. Various studies have focused to assess role of micro finance to poverty but have lesser impact in their investigation with sustainable recommendations and the studies prevailing in this side are not fitting with contextual antecedents or reasons of developing nations [13-18]. Pakistan is agrarian country in nature and livestock is an essential subsector in this economy. Livestock provides food and nutrition directly and indirectly to household. Improvement in livestock sector is helpful in reducing the poverty [19].

It is like few of those recent studies conducted on efficiency management in comparison to strategies of the micro financing program adopted by different institutions. Moreover, it is an initial research evaluating households with performance by assessing poverty antecedents. It is also the first study to assess poverty reduction via financing the poverty determinants efficiency by selecting key elements for reduction of poverty in practice instead of theoretical way. Here we also aim to evaluate the impact on socio-economic poverty determinants of rural household of southern Punjab. Whereas, more than sufficient quantity of finances is punched in it to reduce poverty for the reason to maximize sustainability among poor’s life. Thus, it is prime survey measuring efficiency of micro financing programs adopted by local government in Pakistan against reduction of poverty.

**Micro Financing Programs in Pakistan**

Since many years, multiple program are operating Pakistan in order to reduce poverty by targeting the poor and by satisfying their needs but this stigma is unsure still in our country because of lack of procedures and census. So, to validate this system and ensure worth to these poverty alleviating scheme there is need to do a quantitative research for evaluation of such schemes in Pakistan. Moreover Pakistani Government has initiated various programs for objective to reduce poverty including Zakat Funds, Benazir Income Support Program and Micro Finance Institutions.

The first source to provide free cash are Zakat institutions covering, un-resourceful, poor, needy and destitute of local society in Pakistan Under 1980 Act of Zakat & Ushur. It is provided the huge amount cash by allocating from our local budget allocations in the country to reduce poverty.

Benazir Income Support Program (BISP) has been observed since last few years as an important social safety net in Pakistan as proposed by the federal government of Pakistan. BISP was established in July 2008 to provide the financial assistance to poor female household so that they may captivate the shocks due to rise in prices of food, fuel and other necessities of life. BISP is devoted to the completion of the dream of making Pakistan as an Islamic welfare state in the course of poverty reduction and women empowerment as a major tool. BISP has been providing the financial assistant in monitory term to deprived women and making plan to facilitate the skill and training to women for enhancement of skillful hand to earn something. This program also includes the policy to provide the microfinance for the deprived and needy productive people so that they may get employment or start their own business to earn the income.

Moreover, microfinance institutions are key part of our society contributing in poverty reduction by providing cash resources to peoples to fill the poverty gap. While, micro financing institutions also allocates short term funds to poor for betterment and fulfillment of their basic needs in order to empower them financially. Currently there are 35 MFIs working in the country. Both Islamic and conventional MFIs have been working to achieve the target of 10 million active borrowers and a Gross Loan Portfolio of PKR 250 billion by 2020. According to MIX, Pakistani MFIs have a gross loan portfolio of about USD 997 million in 2015 and there were 4.3 million active borrowers in the country during the year including active woman borrowers having no more than 2 million. It covers 99 out of 149 districts of the country with 3130 branches. Different NGOs, government agencies and other non-financial institutions have been proving the small loan to the poor people in the country. These organizations provide the finance having the objective to facilitate the poor to access physical inputs to start income generating activities for their earnings.
Zakat is provided to Muslims and provided by the Muslims in monetary term, education, health, shelter, improving skill, marriages. BISP only target the female household and provide only instantaneous cash. MFIs provide funds and get back earning through interest. Although Micro financing institutions (MFIs) have been started in Pakistan since 1980s but their efficiency performance in contribution of poverty alleviations is questionable and requires the quantification of its impacts.

Data and Methodology

The paper analyses primary data collected which is collected from Ronghan village Distt DG khan from the both the non-beneficiaries and beneficiaries of the micro financing programs. The questions were included to compare socio economic determinants of both groups and also to measure the indicators to evaluate the efficiency of micro finance programs on for hitting and improving the poverty determinants. These information were collected through a questionnaire and then a standard model is applied to identify the efficiency of these micro financing programs. For this purpose forwarded condition logistic regression is applied on data through SPSS. In this model automatic procedure is adopted to refine the significant determinants which are related to micro finance programs

The logit model used for two set of groups i.e beneficiaries and non-beneficiaries consisting of 400 households living in Southern Punjab. These two groups are sampled from the same rural of Ronghan Village same economic and social conditions. The difference is that one group is beneficial from the intervention of micro financing intervention and other is not beneficial from direct intervention. The difference in the attributes and characteristics of their lives will guide the whether micro financing and financial intervention are effected for income generating for household in this area through intervene.

As used by earlier studies, the forwarded conditional logit regression model is a fundamental technique for estimation the results from the raw data. To estimates the results and compare the efficiency, the study starts with binary logit model because the binary logistic regression model is very good choice when the response variable can be taken only one of two values, either 1 or 0 with the following representation:

\[ P(y = 1) = f(\beta X) \]

Where \( X \) is a matrix of independent variables, \( \beta \) is a vector of parameters and \( f(\cdot) \) can be regarded as the c.d.f of a standard logistic distribution.

The logit model concluded efficiency of the micro financing program running in Pakistan and programs are contributing to reaching the poverty determinants in alleviating the poverty in the country.

The logit model find the best fitting model that describes the relationship between binary characteristics of response and a set of various independent. The study assumed that probability of being poor is determined by socio economic factors which are actual status of household. In the case of binary logit poverty status (being a poor or non-poor), let the underlying response variable \( y^* \) be defined by regression relationship as:

\[ y^* = \Sigma x_i \cdot \beta + u \]

where \( \beta = [\beta_1, \beta_2, ..., \beta_k] \) and \( x_i = [x_{i1}, x_{i2}, ..., x_{ik}] \)

in above equation, \( y^* \) is not observable, as it is a latent variable. It is an event represented by dummy variable \( y \) defined by:

\[ y = 1 \text{ if } y^* > 0, \text{ and } y = 0 \text{ otherwise} \]

from the above two equation we can drive as:

\[ \text{Prob } (y=1) = \text{Prob}(u > -\Sigma x_i \cdot \beta) = 1 - F(-\Sigma x_i \cdot \beta) \]

Where F is commutative distribution function for \( u \) and \( \text{Prob } (y=0|\beta, x_i) = F(-\Sigma x_i \cdot \beta) \)

The observed values of \( y \) are the realization of the binomial with probabilities given by equation which varies with \( x_i \). Thus the likelihood function can be given by;

\[ L = \prod_{y_i=1} F(-\Sigma x_i \cdot \beta) \prod_{y_i=0} [1 - F(-\Sigma x_i \cdot \beta)] \]

Which can be written as under:

\[ L = \prod_{y_i=1} [F(-\Sigma x_i \cdot \beta)]^{y_i} [1-F(-\Sigma x_i \cdot \beta)]^{1-y_i} \]

The study specified the binary logit model by assuming a logistic cumulative distribution of \( u_i \) in F in equations 4 and 5. The relevant logit expressions are:

\[ 1-F(-\Sigma x_i \cdot \beta) = e^{-\Sigma x_i \cdot \beta} / (1+e^{-\Sigma x_i \cdot \beta}) \]

\[ F(-\Sigma x_i \cdot \beta) = 1 - e^{-\Sigma x_i \cdot \beta} / (1+e^{-\Sigma x_i \cdot \beta}) \]

As noted above \( x_i \) are characteristics of the household and \( \beta \), the coefficient for the respective
factor/variables in the logistics regression model. With maximum likelihood techniques as in equ 6, equation 7 gives us the probability of being poor (Prob(y=1)) and equation 8 the probability of being non poor (Prob(y=0)).

And in our study the equation will be as:

\[
\text{Logit}(P) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \cdots + \beta_k X_k + \mu_i \quad (9)
\]

This study uses the following variables:

- \( P = \text{Poverty Status (dummy variable, with Poor=1, non poor=0)} \)
- \( X_1 = \text{Gender (Female =0, Male=1)} \)
- \( X_2 = \text{Employment Status (unemployed=0, employed=1)} \)
- \( X_3 = \text{Business assets} \)
- \( X_4 = \text{Own Land (dummy variable, No=0, Yes=1)} \)
- \( X_5 = \text{Education (illiterate=0, Upto middle=1, SSC=2, HSSC=3, More than HSSC=4)} \)
- \( X_6 = \text{Age (Up to 20=1, 21-40=2, 41-60=3 more than 60=4)} \)
- \( X_7 = \text{The number of members of the household} \)
- \( X_8 = \text{Value of animal} \)
- \( X_9 = \text{Loan} \)
- \( X_10 = \text{Working member Female (working job on a permanent basis)} \)
- \( X_11 = \text{Working member Male (working job on a permanent basis)} \)

This study helps to measure the efficiency and the impact of micro financing programs to reach the determinants of poverty so that a model may develop to estimate the best fit of selected variables in order to control poverty in rural Pakistan.

**Results and Discussion**

The data examined in this paper came from household survey from rural area of Ronghan village of southern area of Punjab province. The members of household provided complete information according to their best knowledge and assessment about demographic, social and economic factors like age of head, gender, crop and value of livestock, business assets, income from all sources, consumption, own and cultivated land etc. The empirical results and estimation are discussed under below after applying the model to primary data.

**Determinants of poverty**

Before expanding the analysis further; binary logistic regression is used and applied to primary data to explore the basic determinants of poverty in rural Pakistan. For exploring the best estimator of poverty status, as explanatory variables. Table concluded the results that variables have a high level of significance at p=0.000 and model explains between 30.70% (Cox and Snell R²) and 50.50% (Nagelkerke R²) of the total variations. The Table also shows that the models correctly classify between 88.10% of the cases.

The results indicate the significance of the explanatory variables level at 5% and 10% level of significance.

<table>
<thead>
<tr>
<th>Table 1: Model Goodness of Fit</th>
</tr>
</thead>
<tbody>
<tr>
<td>-2 log likelihood</td>
</tr>
<tr>
<td>(Sig)</td>
</tr>
<tr>
<td>Cox and Snell</td>
</tr>
<tr>
<td>Nagelkerke</td>
</tr>
<tr>
<td>Overall percentage predicted</td>
</tr>
</tbody>
</table>

Table 2: Logit Model For Poverty Determinants

<table>
<thead>
<tr>
<th>Explanatory Variables</th>
<th>B</th>
<th>Sig.</th>
<th>Exp (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>-0.283</td>
<td>0.470</td>
<td>0.742</td>
</tr>
<tr>
<td>Employment Status</td>
<td>-1.006</td>
<td>0.000</td>
<td>0.177</td>
</tr>
<tr>
<td>Education</td>
<td>-0.652</td>
<td>0.000</td>
<td>0.489</td>
</tr>
<tr>
<td>Age</td>
<td>-0.261</td>
<td>0.156</td>
<td>0.756</td>
</tr>
<tr>
<td>Total number of HH Members</td>
<td>1.343</td>
<td>0.000</td>
<td>3.925</td>
</tr>
<tr>
<td>Working Members Females</td>
<td>-1.656</td>
<td>0.000</td>
<td>0.186</td>
</tr>
<tr>
<td>Working Members Males</td>
<td>-1.678</td>
<td>0.000</td>
<td>0.189</td>
</tr>
</tbody>
</table>
It is concluded that employment status, education, total number of household working male members, working female members and loan are statistically significant at 1% level of confidence. The sign in beta coefficients shows that total number of house members are positively correlated to poverty whereas employment status, education, female working member, male working member, own land and loan have negatively correlated with probability of being poor.

Employment is also negatively associated with probability of being poor a p-value of .000 which show that employed person earn money having less chance to be poor. Employment has negative correlation with probability of being poor so male and female workers in household have great impact in economic situation of household. So it is need of time to provide the training and silt to household workers to earn money and raise their income to live a good and healthy life. It is also observed from the table that male household a less chance to fall in poverty trap as compare to female head of household in rural areas of the country.

Education plays a vital role to know how to earn the money. During the evaluating the descriptive data it is also observed that graduate head pull out the household from poverty trap. Education and poverty level are negatively correlated at p-value of .000. Education is an important determinant which influences earning and poverty level. Education is considered best strategy to enhance the human capital in the society. It is evaluated that an educated person has more potential for optimal usage of resources and technology for smooth earning to pull out the household members from the poverty trap.

The results revealed that the likelihood of being poor is higher if the household has more members in the house. Size of household must be controlled for optimal utilization of scare resources. Govt also has planned to give awareness to general public about the problem faced due to over population in the country.

Loan is used for productive purpose and increasing the income of household. So MFIs are playing well their role for engaging the people in income generating activities and alleviating the poverty. It is concluded from the data that microfinance institution can play an important role to reduce the poverty in the society. Microfinance is provided for livestock, agricultural input and to start the new business. For this purpose it is also recommended that productive poor must be facilitated for training to get knowledge how to utilize the loans effectively.

Comparison among Micro Financing programs

The study used the forwarded conditional method of logit regression to measure the efficiency of micro financing programs. Choice of independent variable is carried out by an automatic procedure in this mode. This model is developed to expose the best stingy set of predictors. This model does not include the variables that do not contribute to explaining the differences in the dependent variable. It may be that no variables will be included by applying the model. It is also possible to include the all variable or some of variables to explain the result. Interpretation of included variable in the stepwise forwarded condition method is the same as logit mode describes the included variables.

### Table 3: Forward Conditional Method of Logit Regression for Zakat Institutions

<table>
<thead>
<tr>
<th>Explanatory Variables</th>
<th>B</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Status</td>
<td>-1.533</td>
<td>0.054</td>
<td>0.212</td>
</tr>
<tr>
<td>Total Number HH Members</td>
<td>1.676</td>
<td>0.000</td>
<td>5.370</td>
</tr>
<tr>
<td>Working Members Females</td>
<td>-2.136</td>
<td>0.000</td>
<td>0.111</td>
</tr>
<tr>
<td>Working Members Males</td>
<td>-2.007</td>
<td>0.000</td>
<td>0.135</td>
</tr>
<tr>
<td>Constant</td>
<td>0.676</td>
<td>0.546</td>
<td>1.976</td>
</tr>
</tbody>
</table>

It is concluded by applying the model to data that employment, working male and working female in household are negatively correlated significantly. Higher numbers in household leads to more chances to be poor.
and small size of household have less probability to be poor. Zakat Institutions in Punjab provide funds to Vocational Training Institutes to provide the free training to rural people of the province to enhance the human capital to fight against the poverty. VTIs provides professional skill to deprived but productive rural male and female individuals so the chances earning must be increased for them to reduce the poverty.

Table 4: Stepwise Forward Conditional of Logit Regression for BISP

<table>
<thead>
<tr>
<th>Explanatory Variables</th>
<th>B</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>4.568</td>
<td>0.000</td>
<td>98.99</td>
</tr>
</tbody>
</table>

BISP provides financial assistance in cash to deprived, needy and poor women in the society. Not a single variable may be deleted from or added to the model by applying to beneficiaries of BISP as indicated in Table 4 above. This program intervene financial assistance by providing only Rs. 1000 per month to female member of household. This amount is so small to contribute in any determinants of poverty. The study shows that small intervene is not effective tool against the poverty alleviation.

Table 5: Logit Regression: Stepwise Forward Conditional for MFI

<table>
<thead>
<tr>
<th>Explanatory Variables</th>
<th>B</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>-1.887</td>
<td>0.000</td>
<td>0.169</td>
</tr>
<tr>
<td>Total number HH Members</td>
<td>5.225</td>
<td>0.000</td>
<td>160.419</td>
</tr>
<tr>
<td>Working Members Males</td>
<td>-22.908</td>
<td>1.001</td>
<td>0.119</td>
</tr>
<tr>
<td>Own Land</td>
<td>-1.509</td>
<td>0.001</td>
<td>0.228</td>
</tr>
<tr>
<td>Constant</td>
<td>-3.290</td>
<td>0.055</td>
<td>0.030</td>
</tr>
</tbody>
</table>

The model reveals that the education, the total number of household members, and own land are statistically significant at the 1% of level of confidence. Education and own land are negatively correlated with poverty which shows that having higher education and having more own land has less chance to be poor. The results also reveal that total number of household member is positively correlated with poverty in rural Pakistan. MFI has been financing since a long for business assets and agricultural inputs. MFIs must be focused to provide productive loans for agricultural input in rural areas so that farmer may utilize these loan properly to buy the agricultural inputs, better seed and for use of technology for higher productivity and income.

Conclusion

It is concluded that employment, higher family size, education and worker are main determinant of poverty in the study areas. It is concluded that education, employment and workers are negatively correlated with probability of being poor in the study area of rural Pakistan. So policy makers must focus on education, training and skill development so that chances of income and earning must be enhanced to alleviate the poverty in the rural area. Policy maker must provide awareness to general public about the problems of overpopulations and guide them how to control the population for the betterment of the society. This study also suggests that policy makers should make sure to provide training and awareness to deprive and needy productive poor before financing for optimal usage of loan to earn higher income. It is also suggested that all the stakeholders must coordinate with each other before making and implementing the policies for best results. If different micro financing program coordinate with each other, it will be very effective to reduce to poverty in society and will lead positive outcome. ZI has been providing training since a long and MFIs are proving loan to the people for poverty alleviation. These trained people are best target for financing from MFIs to engage them in income generating activities to reduce the poverty in the society. Govt has to play the role and make the channels to provide the platform for micro financing programs to coordinate with each other for best result and outcome to eliminate the poverty in rural Pakistan.

References


THE INDISSOLUBLE TRIVET: ELECTORAL CYCLES, STOCK MARKET VOLATILITY AND EXCHANGE RATE.

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ABSTRACT
This paper seeks to unravel the connectivity between stock market volatility and exchange rate within the political cycles of sovereign states using the dynamic system GMM estimation and VECH technique. A significant positive relationship between market volatility and exchange rate manifests in the studied countries, more in Nigeria and South Africa. A significant shift in conditional correlation of the variances of most markets exist except for Kenya, Japan and Hong Kong. This perhaps is indicative of weak institutional and democratic culture within the financial system, hence independence of public institutions would guarantee non-interference that ensures policy consistency.


Introduction
Variability in economic activities originating from external interference of political actors seeking to be re-elected is termed political business cycle theory. These unpredictability in activities could penetrate the financial market indicators as a result of monetary and fiscal policy interplay within an election cycle. The concept is underpinned by the assumption that there exist a short term trade-off between level of manpower and resources utilization as well as employment and inflation in the aggregate economy. Since political officeholders are rational actors who ranks their political objectives, therefore the desire to study the effect of their action is imperative to financial economists, researchers and investors.

These cycles result from friction in the economic system outside the context of real shocks. A frictionless financial market denotes transparency where asymmetric information that drives adverse selection and moral hazard is absent. Business cycles are better explained by the traditional real business cycle theory (RBCT) which sees business cycles as reflection of the most efficient operation of the economy not market failure. This is consistent with competitive market equilibrium were economic agents are rational and behaviourally biased to their investment options. The theory is further shored up by these three conventions. First, it is driven by enormous and rapid changes in productive strength. Secondly, unemployment level reveals the amount employees are willing to accept for a specific job and thirdly, monetary policy is inextricably linked with economic performances. Business cycles are either triggered by exogenous productivity distortions or shocks inflated by fundamental factors like substitution of factors of production, changes in the supply of labour, consumption smoothing, and investment delay. Though real business cycles occur not instantaneous but takes time and have same effect on dissimilar industries at the same time. This is called market efficient response to external alterations.

As individual have preferences so also does governments actors. Sometimes such preference may not be consistent with the need of economy. These incongruences reveals electorates’ low rating after the elections. Therefore, politicians and their parties should not be trusted with market-oriented macroeconomic policies. This is due to their determination to alter institutional capacities for economic policies and structures with a view to realizing their short term aim of winning elections.

The transmission of devaluation risk and alteration of interest rate and money supply due to events that are time-bound and other exogenous factors to economic developments is disastrous. According to Fratzscher and Stracca, (2009), Stein, Streb and Ghezzi, (2005) and Cermeno, Grier and Grier, (2010), the events of essence includes state elections, inauguration of new administration, resignations, politically-related suicides, referenda, and politically-inspired terrorism. They aver that post-election exchange rates are unpredictable and less volatile which disappears after the events. Nevertheless, these aforementioned assertions did not go unopposed as (Stein and Streb 2004; Stein, Streb and Ghezzi, 2005) find no trace of election-induced appreciation in their test for political budget cycle in nominal exchange rates and other economic indicators. In the light of these aforesaid,
attempt to establish that connectivity between stock returns volatility and exchange rate within the political cycle exist underpinned this study.

Review of Related Literature
The failure of the dollar standard of the Bretton Woods of 1944 led to a change in exchange rate policy from fixed regime to floating regime. With managed float regime, individual states are at liberty to intervene in the management of her foreign exchange rates through the instrumentality of the monetary policies whenever it deems appropriate. This politico-economic freedom confronts governments with trade-off between gains from economic efficiency occasioned by monetary policy credibility and the attainment of politicians set goals on winning elections. On the other hand, monetary policy autonomy is giving to politician to manipulate spells disaster for the nation. There is a consensus therefore that the quality of the political system and its institutions are fundamental for a country's prosperity. Sammo, Yunjong and Yoon (2002), Frankel, Schmukler and Serven (2002) show that the adoption of free floating exchange rate will not insulate economy from external currency and exchange rate volatility shock. This could sometimes reduce interdependence entrenched in monetary independence of the various national regulators. Economy disorderliness such as a shift in global demand resulting from politico-economic interactions of expansionary and contractionary monetary policy will be at the mercy of trading partners' absorptive capacities. International openness in form of trade and capital flows promotes business cycle harmonization across countries without recourse to the political structure. This harmony is enhanced by the interplay of trade and capital markets among countries nurtured by foreign portfolios investments as well as global or regional economic blocs' common shocks occasioned by foreign exchange rate disparity.

Therefore, it is a truism to say that the co-movements of the business and electoral cycles fostered by transmission of country-specific shocks to other countries reveal the absence of absolute independence of national monetary regulatory agencies. This further reinforces the chances of the opportunistic and partisanship effect on the capital market development and the various cycles within the economy (Kawai & Takagi, 2001). Evidently, trade integration thus lead to business cycle synchronization amongst trading partners. Hence, a high financial asset price correlation could lead to increasing real economic activities across countries (Dalsgaard, Elmeskov & Park, 2002). Researchers allude to the fact that local currency devaluation is one of the monetary policy tools most unlikely to be implemented in the pre-electoral period but proximately effected at post-electoral period for the incumbent administration. Therefore, investors' knowledge of these regulatory nexus with politics is off essence. This consequently suggests that such expectation of post-election devaluations will certainly induce pre-election declines in investment which will result in the infractions of key economic indices (Rogoff, 1990; Leblang 2003; Stein & Streb 2004). Stein and Streb, (2004), Stein et al. (2005) submit that electoral events in Italy increase short-term interest rates, reduces equity returns and run down currency exchange rate significantly. This they aver further leads to structural disruption in the macroeconomic variables before the emergence of European Central Bank (ECB). They therefore opine that ECB has insulated general economy by severance of the monetary units from various independent domestic regulators which are subservience to political manipulations.

Also worthy of note is that the choice of a stable and growth enhancing exchange rate regime premised on the desire to fight inflation rather than political consideration, institutional strength as well as partisanship preferences of the key players (Clark 2002; Clark & Hallerberg 2002). Exchange rates and money supply components of the monetary policies ought to be predictable and credible for sustained economic growth and development. This is consistent with Stasavage, 2003; Shambaugh, 2004; Genberg, & Swoboda, 2005; Von Hagen & Zhou, (2005).

Also of essence is the direction of the various international interventionist schemes like Aid and Grants from donor agencies within the electoral cycles. Premised on these convolutions, we hypothesized therefore that:

There is a significant positive relationship between Exchange rate and capital market volatility within an electoral cycles.

Methodology, Econometric Fundamentals and Model Specification
The transmission of volatility from exchange rate to stock market within political business cycles has been verified using information flows through a number of financial variables transmission (Simmons & Hainmueller, 2008; Sayce, 2013). The Engle (1982) and Bollerslev (1986) ARCH model as most commonly used methods for demonstrating volatility of financial time series and panel data of this type of study was adopted (see Woodridge, 2001; Opare, 2012; Savita & Ramesh, 2015 and Riaz, Gholzar & Robbani, 2015). Hays, Freeman and Nesseth 2003, Bialkowoki et al 2008) approach to the Bi-Variate GARCH model was applied in estimating the interdependence of
the conditional changes, volatility and connections amongst these variables. This also dovetailed nicely with the VECH model of Bollerslev, Baillie and DeGennaro, (1990) where relationship between systems shock presumed to be constant is adopted for ease and robustness of analysis. The equation of the Bi-Variate GARCH (1, 1) is as decomposed below:

\[ Y_t = \epsilon_t + \Theta X_{t-1} + \epsilon_t \]  

(1)

\[ \epsilon_t = h_t^{1/2} \eta_t \]  

(2)

Where: \( Y_t = (EXRTV, SMV_t) \), in which EXRTV represents exchange rate volatility and SMV is stock market volatility defined in time \( t \).

\[ \epsilon_t = (\epsilon_t^{exrtv}, \epsilon_t^{smv}) \], where \( \epsilon_t^{exrtv} \) and \( \epsilon_t^{smv} \) are the residual of the average equations for real exchange rate and oil price volatility respectively.

\[ \eta_t = (\eta_t^{exrtv}, \eta_t^{smv}) \] = refers to the innovation that is independent, identically distributed random vector (see Mensi, et al 2013).

\( h_t \) is a diagonal matrix containing the conditional adjustments of \( exrtv \), and \( smv \) in that order, which can be symbolised as \((h_t^{exrtv}, h_t^{smv})\). Therefore as a result of VECH analysis, the connected adjustment equations for these variables are:

\[ h_t^{exrtv} = C_{exrtv} + \alpha_{exrtv} (\epsilon_{t-1}^{exrtv})^2 + \beta_{exrtv} h_{t-1}^{exrtv} + \alpha_{smv}(\epsilon_{t-1}^{smv})^2 + \beta_{smv} h_{t-1}^{smv} \]  

(3)

\[ h_t^{smv} = C_{smv} + \alpha_{smv}(\epsilon_{t-1}^{smv})^2 + \beta_{smv} h_{t-1}^{smv} + \alpha_{exrtv}(\epsilon_{t-1}^{exrtv})^2 + \beta_{exrtv} h_{t-1}^{exrtv} \]  

(4)

Equations: (3) and (4) shows how volatility diffused across exchange rate and stock market instability over time. The cross value of these error terms \((\epsilon_{t-1}^{smv})^2\) and \((\epsilon_{t-1}^{exrtv})^2\) denotes the volatility of the stock market across the currency exchange rate at time \((t-1)\). And this also represents the ARCH effect of previous shocks that captures the direct impact of shocks diffusion. The existence of \( h_t^{exrtv} \) and \( h_t^{smv} \) detects the instability and interrelatedness between exchange rate and the stock market. Based on the above decomposed model, previous shock and exchange rate volatility impact the future volatilities of the stock market. The dynamic system GMM estimation technique becomes relevant to easily address the problem of heterogeneity and simultaneity that may exist between policy instrument and variables over time. Data obtained from Morgan Stanley Capital International (MSCI) designed to measure equity market performance, World Bank and Trading Economics for the various presidential elections within 2000-2016.

United Kingdom, United States of America, Japan, China, Hong Kong, Egypt, Republic of South Africa, Nigeria, Kenya, France and Germany were our sampled states. A look at the list reveals that the countries have stable democratic culture, leaders in their respective economic and sub-regional groupings and are also among the first forty largest economy as at date of this study.

Presentation of results and Discussion of Findings

Following the nature of the investigation carried out in this section, the first step of the analysis is to check for stationarity properties of the panel data by means of homogenous panel unit root tests [Levin, Lin & Chu (LLC)] and heterogeneous panel unit root tests [Im, Pesaran and Shin (IPS), Augumented-Dickey Fuller Fisher test (ADF), and the Phillips-Perron test (PP)] (Wooldridge, 2001).

Table 1: Unit Roots Tests Results

<table>
<thead>
<tr>
<th>UK</th>
<th>US</th>
<th>RSA</th>
<th>Nigeria</th>
<th>H-K</th>
<th>China</th>
<th>Kenya</th>
<th>Japan</th>
<th>France</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>LLC</td>
<td>1.02</td>
<td>0.64</td>
<td>1.62</td>
<td>0.27</td>
<td>-2.77*</td>
<td>0.84</td>
<td>0.09</td>
<td>-0.32</td>
<td>-0.27</td>
</tr>
<tr>
<td>IPS</td>
<td>0.47</td>
<td>0.96</td>
<td>1.56</td>
<td>-0.57</td>
<td>-1.95*</td>
<td>0.72</td>
<td>0.27</td>
<td>-0.49</td>
<td>-0.23</td>
</tr>
<tr>
<td>ADF</td>
<td>2.49</td>
<td>1.00</td>
<td>0.96</td>
<td>5.65</td>
<td>10.5*</td>
<td>2.11</td>
<td>3.94</td>
<td>4.05</td>
<td>3.25</td>
</tr>
<tr>
<td>PP</td>
<td>2.69</td>
<td>1.19</td>
<td>1.42</td>
<td>6.25</td>
<td>11.1*</td>
<td>2.70</td>
<td>4.34</td>
<td>4.39</td>
<td>3.25</td>
</tr>
</tbody>
</table>

**Null: Unit root (assumes common unit root process) Levels test**

| LLC | -14.1** | -16.3** | -17.1** | -11.2** | -18.6** | -12.7** | -12.36 | -18.3** | -16.7** | -10.6** |
| IPS | -16.4** | -15.9** | -16.9** | -9.5** | -16.3* | -11.1** | -13.0** | -16.7** | -16.3** | -12.8** |
| ADF | 118.2** | 162.3** | 170.6** | 79.6** | 167.3** | 97.5** | 119.2** | 171.1** | 166.2** | 103.2** |
| PP | 146.1** | 164.4** | 170.4** | 114.7** | 174.2** | 98.0** | 123.4** | 172.1** | 166.8** | 122.2** |

LLC = Levin, Lin & Chu; IPS = Im, Pesaran and Shin; ADF = Augmented Dickey-Fuller –Fisher; PP=Phillip-Perron
Source: Authors’ computation 2018

From the results in table 1, it can be deduced that the null hypothesis of the unit roots for the combined system of the variables cannot be rejected when variables are taken in level (except for Hong Kong). However, we reject this hypothesis when series are in first differences since the test coefficients are significant for all the countries. These results strongly indicate that the variables are non-stationary in level and stationary in first differences. This finding is supported by both the homogenous and heterogeneous unit root tests. Since the variables became stationary after first difference, we then proceed to establish their long run relationship below.

**Multivariate Analysis of Volatility Transmission**

The Bi-variate GARCH model using the Vector Conditional Heteroskedasticity (VECH) technique is stated in Table 2. Volatility transmission from one variable to another is measured by considering the second moment of each of the variables. The VECH estimates report both the within-sample volatility and between variable volatility. From the results, persistence and cross effects connexion is reported for the variables. The z-value for the coefficient of the ARCH terms for EXRT and SPV are significant for most of the countries. This point to the fact that information from prior period tends to upset the pattern of volatility of stock prices and exchange rates for each of the countries. The ARCH term for the cross variable is significant (since the z-value of -2.40 is greater than the 5 percent critical value of 1.96 in absolute terms) and shows that news from previous periods tend to affect the pattern of interactions between the real exchange rate and stock price volatility.

The GARCH show persistence in volatility transmission of individual variables across the various markets with spillovers effect passing the significance test at 5 and 1 percent level having the z-value of 7.5. This is greater than the one percent critical value of 2.57. The results show that stock prices and exchange rates for the countries studied are inextricably linked. Thus, while stock price volatility has a direct negative impact on real exchange rate, the volatility also has a stimulating impact on real exchange rate fluctuations for the countries.
Table 2: Volatility Transmission Results

<table>
<thead>
<tr>
<th>Factor</th>
<th>UK</th>
<th>US</th>
<th>RSA</th>
<th>Nigeria</th>
<th>H. Kong</th>
<th>China</th>
<th>Kenya</th>
<th>Japan</th>
<th>France</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mean Equation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-0.01</td>
<td>0.00</td>
<td>0.01</td>
<td>-0.03**</td>
<td>-0.09**</td>
<td>0.02</td>
<td>-0.04</td>
<td>0.03</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>lag exchange rate</td>
<td>0.98**</td>
<td>1.00**</td>
<td>1.00**</td>
<td>1.04**</td>
<td>0.99**</td>
<td>1.01**</td>
<td><strong>0.99</strong></td>
<td><strong>0.99</strong></td>
<td>0.99**</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>6.49**</td>
<td>0.05</td>
<td>0.05</td>
<td>0.24</td>
<td>0.88**</td>
<td>0.14</td>
<td>0.32**</td>
<td>0.23</td>
<td>0.29</td>
<td><strong>0.27</strong></td>
</tr>
<tr>
<td>lag stock price</td>
<td>-1.19**</td>
<td>0.99**</td>
<td>0.99**</td>
<td>0.96**</td>
<td>0.96**</td>
<td>0.96**</td>
<td><strong>0.97</strong></td>
<td><strong>0.96</strong></td>
<td><strong>0.96</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Relationships</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange rate constant</td>
<td>0.001*</td>
<td>0.001*</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td><strong>0.001</strong></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Stock price volatility constant</td>
<td><strong>0.00</strong></td>
<td>0.00</td>
<td>0.01**</td>
<td>0.00</td>
<td>0.00</td>
<td><strong>0.001</strong></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>EXRT ARCH term</td>
<td>0.34**</td>
<td><strong>0.32</strong></td>
<td>0.02</td>
<td>4.37**</td>
<td>1.68**</td>
<td><strong>0.23</strong></td>
<td>0.54**</td>
<td>0.09</td>
<td>0.07</td>
<td>0.06</td>
</tr>
<tr>
<td>Cross ARCH term</td>
<td>0.29**</td>
<td>0.12</td>
<td>0.01</td>
<td>0.26**</td>
<td>0.18</td>
<td><strong>0.16</strong></td>
<td>0.25</td>
<td><strong>0.16</strong></td>
<td>0.10**</td>
<td>0.12**</td>
</tr>
<tr>
<td>SPV ARCH term</td>
<td>0.89**</td>
<td><strong>0.18</strong></td>
<td><strong>0.19</strong></td>
<td><strong>0.37</strong></td>
<td><strong>0.16</strong></td>
<td><strong>0.27</strong></td>
<td><strong>0.43</strong></td>
<td>0.15</td>
<td><strong>0.18</strong></td>
<td>0.19**</td>
</tr>
<tr>
<td>Persistence in exchange rate</td>
<td>0.04</td>
<td>-0.10</td>
<td>0.86**</td>
<td>0.32</td>
<td>0.29**</td>
<td>0.76**</td>
<td>0.48**</td>
<td>0.51</td>
<td>0.84**</td>
<td>0.83**</td>
</tr>
<tr>
<td>Spillovers of stock price volatility into exchange rate</td>
<td>0.39**</td>
<td><strong>0.60</strong></td>
<td>1.0**</td>
<td>0.35**</td>
<td><strong>0.55</strong></td>
<td>0.73**</td>
<td>0.58</td>
<td>-0.03</td>
<td><strong>0.85</strong></td>
<td><strong>0.81</strong></td>
</tr>
<tr>
<td>Persistence in stock price volatility</td>
<td>0.04</td>
<td>0.78**</td>
<td>0.03</td>
<td>0.81**</td>
<td>0.70**</td>
<td>0.57**</td>
<td>0.50**</td>
<td>0.70**</td>
<td>0.77**</td>
<td><strong>0.76</strong></td>
</tr>
<tr>
<td>R-sq.</td>
<td>0.95</td>
<td>0.95</td>
<td>0.97</td>
<td>0.92</td>
<td>0.82</td>
<td>0.99</td>
<td>0.95</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
</tr>
<tr>
<td>Adj. R-sq.</td>
<td>0.95</td>
<td>0.95</td>
<td>0.97</td>
<td>0.92</td>
<td>0.82</td>
<td>0.99</td>
<td>0.95</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
</tr>
<tr>
<td>D.W. stat.</td>
<td>1.39</td>
<td>1.74</td>
<td>1.97</td>
<td>1.67</td>
<td>1.63</td>
<td>1.75</td>
<td>1.67</td>
<td>1.70</td>
<td>1.77</td>
<td>1.75</td>
</tr>
</tbody>
</table>

Source: Author’s computations 2018
In order to further evaluate the transmission of volatility, the study considers the conditional correlations between stock prices and exchange rates for each of the countries. Table 3, shows the F statistic test that examines the shift in the conditional correlations between the variables arising from the periods of higher volatility. The results show that a significant shift occurred in the conditional correlations of the variances of all the markets except for Kenya, Japan and Hong Kong where the F-value failed the test at 5% level. This result indicates that higher volatility in stock prices result a significant structural break and a change in the pattern of movements in the respective exchange rates.

Table 3: Test of Conditional Correlation Shifts between Exchange rate and Stock Prices

<table>
<thead>
<tr>
<th>Conditional Correlation</th>
<th>F-value</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>14.45</td>
<td>0.00</td>
</tr>
<tr>
<td>US</td>
<td>6.07</td>
<td>0.02</td>
</tr>
<tr>
<td>SA</td>
<td>27.33</td>
<td>0.00</td>
</tr>
<tr>
<td>Nigeria</td>
<td>124.5</td>
<td>0.00</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>3.70</td>
<td>0.06</td>
</tr>
<tr>
<td>China</td>
<td>14.71</td>
<td>0.01</td>
</tr>
<tr>
<td>Kenya</td>
<td>3.73</td>
<td>0.54</td>
</tr>
<tr>
<td>Japan</td>
<td>0.01</td>
<td>0.94</td>
</tr>
<tr>
<td>France</td>
<td>365.1</td>
<td>0.00</td>
</tr>
<tr>
<td>Germany</td>
<td>185.9</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Source: Author’s computations 2018

Conclusion, Policy Implications and Recommendations

The overall implication from the empirical analysis is that politics actually has effects on both the stock market and key macroeconomic indicators such as exchange rate movement. The transmission of stock market volatility to exchange rate instability during the political cycles was more pronounced for the sub-Saharan Africa countries of Nigeria and South Africa. This perhaps is indicative of weak institutional framework within the financial system.

The study revealed a significant opportunistic business cycle effect manifesting in significant shift in the conditional correlations of the variances of all the markets except for Kenya, Japan and Hong Kong. Apparently, strong central banks would not only guarantee political non-interference, but also will ensure policy consistency (Eboigbe, 2016). The combination of highly developed markets (USA, UK, Germany, France -EU members), Hong Kong, etc. with less developed markets...
(Kenya, Nigeria, Egypt and RSA-emerging market) for financial analysis present a strong evidence for stakeholders. The undue linkage between the exchange rate market and the stock market fluctuations could sometimes be catastrophic. Any festering linkages between the markets to the extent of easy transmission of the frequent volatilities in the stock market into exchange rates appears very disastrous. This study has justify why some known investment decision theories and rules are not sufficient for the present day global business. Therefore financial and economic barometers needs to integrate the local and international political development for effective and result driven investment.

Bibliography
Fratzscher, M., & Stracca, L. (2009). Does it pay to have the Euro? Italy’s politics and financial markets under the Lira and Euro. ECB working paper series 1064.


