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EDITORIAL

Business education has these days become a procurement exercise. In all significance, its main objective must be the moral and ethical adaption of our corporate system. Yet, if our business teaching does not integrate into our corporate culture and our business curriculum does not reach into the farthest concerns of our corporate society, the instruction and training in our business schools will remain an exercise for a lot more to desire. The enduring consequence of what we are practicing in our business schools and with such abundance say so much more than words can say.

The eleventh issue of the Journal of Business Strategies has two sections. The first section contains research articles and the second section has case studies. There are six research articles and two case studies in all.

The first paper “Sociological Implications of Technology on Social Change with Special Focus on Kangar, Malaysia” by **Dr Hammadullah Kakepoto** et al investigates the impact of modern technology in bringing about social changes in the society with special focus on Bintong, Kangar, Perlis, Malaysia.

The second paper on “Comparative Analysis of Performance & Efficiency of Allied & Muslim Commercial Banks Before and After Privatization Period” by **Asif Ali Shah** et al investigates the comparative analysis of the performance and efficiency of Allied and Muslim Commercial Banks, before and after privatization period.

The third paper “Brand Communication Management of Organic Products” by **Muhammad Zahir Hussain** et al discusses the significance of Brand Association and that if it is developed properly it enhances the profitability of the brand.

The fourth paper “Interest Free Banking – A Critical Analysis” authored by **Dr Farooq Aziz** et al discusses whether Islamic Banking is as an alternative of commercial banking or not.

The fifth paper “Decision Usefulness, Truth and Accounting: A Philosophical View” by **Muhammad Akmal** et al in his paper reflects on the relevancy of

Sociological Implications of Technology on Social Change with Special Focus on Kangar, Malaysia

*DrHamadullahKakepoto**

*Santosh Kumar***

*Lubna Ahsan****

Abstract

This study investigates the impact of modern technology in bringing social changes in the society with special focus on BintongKangar, Perlis. The study is based on field work conducted in Bintong, Kangar. Bintong is the biggest residential area of the Kangar. Kangar is the main town of the Perlis. Perlis is one of the fourteen states of Malaysia. It is also smallest of all the states. In this study a random sample of 190 respondents from around 2,375 total family households in Bintong area has been selected for the study purpose. The sample total selected stands eight percent of the total number of households in the area. For that purpose a well- structured close-ended questionnaire was intentionally developed for data collection. The present research has presented data on important variables. Modern technology has been used as the control variable. All other variables like social change, family life, economic life, community life, social life, and domestic life were exposed to the control variable and changes in other variables were noted and documented. To analyze the hypotheses, statistical methods including SPSS has been applied to the data mentioned in contingency tables. The chi-square test was applied to test the existence of the relationship between the two variables of hypothesis. Correlation co-efficient and p-value has been derived to check the nature of relationship.

Problem Statement

The world has witnessed a rapid change in the development sector in the recent years. As a result, the traditional societies got a direct impact of change. In its essence, the social change is the process of transferring the cultural values and social institutions to the next generation. It is inevitable but the rate of change varies between societies (Piotr, 1994). Sociology has a greater deal with studying and noting down the changes in social order. Therefore, a social change due to the technology is the most important subject matter of sociology in very recent times. As a result sociologists have rushed conducting the

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researches on the subject. It is because of the fact that technology has given new directions and dimensions to sociology as a discipline.

Technology has a direct link with social change. Technology and social change are closely intertwined with each other. Change in technology implies greater changes and societal values (Ralph, 1997). The obvious reason is that the technology provides a concrete base to know the basic nomenclature of knowing, using, and utilizing the available resources to seek a firm control over the natural and environmental problems. People sometimes feel handicapped due to natural and environmental problems. It is a continuous process of doing something and the available resources are used and twisted to make its best use for the well-being of the society (Robert, 1997). Technology has four features. In the first instance technology is used to unearth the technical skills and expertise with the intention of solving some basic problems of the society. The utmost effort is being initiated to meet the basic needs of the society. Secondly, technology has been perceived in the physical shape like machines, hardware, tools, and instruments used in combination with technical knowledge. The third aspect of technology consists of the techniques, and practices. The fourth one considers technology as an organization of knowledge where technology systems are organized, controlled and managed in networks (Pool, 1997).

Technology is considered as the main source of controlling and streamlining the basic available physical and environmental resources. It appears in various forms and manifestations. They are as follows.

Technology is used to attain the economic benefits. With the help and use of technology the goods are manufactured with less investment and in good quality and quantity. The manpower required is also in less number. As a result, the things and commodities are produced and managed on cheaper rates. Technology promotes the competition among manufacturers and retailers. Factories and companies strive hard to compete with each other. They try to maintain the quality, quantity, and control the prices. As a result, the prices of commodities come down. Technology is the main source of providing the best social betterment and development. This all has become possible with the help of technology which is widely used in the household, community, and workplace. Emergence of global village is considered as the key function and success of technology. Technology has kept people in close proximity to each other. The world has become a village where easy interaction takes place with the help of telephones, mobiles, and the internet. Technology is used to solve the social problems of the society on the whole. The frequent use of machines has made the life with lesser problems. Medical inventions have solved the health problems to greater extent. Cameras, cars and other vehicles have helped to control the law and order situation.

Objectives of The Study

The broad objective of the study is to understand the impact of modern technology in bringing the social changes with special focus on Bintong, Kangar. The specific objectives are:

1. To find out the relationship between modern technology and social change.
2. To analyze the impacts of modern technology in bringing the social changes in community life Bintong, Kangar.
3. To find out the relationship between the use of modern technology and social life Bintong, Kangar..
4. To examine the role of modern technology in changing family life Bintong, Kangar.
5. To analyze the role of modern technology in changing economic life in Bintong, Kangar.
6. To analyze the impacts of modern technology on domestic chores.

The Hypotheses formulated for the present study are as under:

- The use of modern technology is likely to be related with social change.
- The use of modern technology is likely to be related with community life.
- The use of modern technology is likely to be related with social life.
- Modern technology is likely to be related with changing family life.
- Modern technology is likely to be related with changing economic life.
- The use of modern technology is likely to be related with domestic chores.

About the Universe of Study

The selected universe for this study is Bintong, Kangar. Kangar is the main town of Perlis. Perlis is the smallest state of Malaysia. According to the 2009 census report provided by Department of Statistics Malaysia, the total population of Kangar is 15,761. Out of them 7, 865 are males and 7,896 are females. Bintong is the biggest area of Kangar. The total population of Bintong alone according to the 2009 census report is 9, 502 including 4, 555 males and 4, 947 females. According to a well calculated estimation about 2,375 family households are located in Bintong. The main occupation of people is 57.4% services; 18.4% manufacturing; 14.5% agriculture; 8.8% construction; 0.4% mining, and 0.5% utilities. Almost all of them enjoy basic facilities of life.

Findings of Statistical Analysis of Hypotheses

The analysis of data regarding the impact of modern technology in brining social change in the family system, community, social life, economy, and domestic life has been conducted. In the conduct of present study six hypotheses

were formulated and model of independence was used to know the association between the variables. P-value and correlation of co-efficient has also been derived to know the nature of relationship. The results are as follows:

The first hypothesis states that “Using modern technology is likely to be related with social change”. The value of chi-square calculated from the data of table 1 is 30.668 with 2 degree of freedom. As a result Ho is rejected and H1 is accepted. Therefore, it is concluded that the rapid social change in the society is due to the modern technology. The corresponding p- value is zero. It shows that the variables are strongly dependent or there is a significant association among the variables. The model of independence of variables is rejected by chi-square test.

The second hypothesis infers that “Using modern technology is likely to be related with changing community life”. The value of chi-square is 5.839 with 2 degree of freedom. Accordingly Ho is rejected and H1 is accepted. Consequently, it is concluded that modern technology helps the community life to flourish with flying colours. The new concept of community that is ‘world community’ has become possible due to the technological inventions of the modern age. The subsequent p- value is around zero. It shows that the variables are dependent or there is a considerable relationship among the variables. Given that the model of independence of variables is rejected by chi-square test.

The third hypothesis infers that “Using modern technology is likely to be related with the social life”. The value of chi-square is 6.978 with 2 degree of freedom. Thus Ho is rejected and H1 is accepted. Therefore, it is concluded that the social life has found the new directions. Social networks have moved and flourished at world level. Social circles have expanded crossing the various global boundaries. The subsequent p- value is almost zero. It shows that the variables are dependent or there is a considerable relationship between the variables because the model of independence of variables is rejected by chi-square test.

The fourth hypothesis declares that “Using modern technology is likely to be related with family life”. The chi-square test is applied to evaluate the independence of the two variables. The value of chi-square is 16.532 with 2 degree of freedom. Consequently, Ho is rejected and H1 is accepted. Therefore, it is concluded that family life has got a direct impact due to the modern technology. Gone are those days when family was confined into the four walls of the house. Family has become mobile in the present age. The functions of

family have got drastic changes. The consequent p- value is zero. It shows that the variables are dependent or there is a considerable relationship between the variables because the model of independence of variables is rejected by chi-square test.

The fifth hypothesis states that “Using modern technology is likely to be related with economic life”. The chi-square value is 8.396 with 2 degree of freedom. As a result, H_0 is rejected and H_1 is accepted. Therefore, it is concluded that technology has changed the basic concept of the economy. It has pushed the females into main economic streamline. Family economic system has got a new life. Technology has controlled somewhat economic recession. The consequent p- value is almost zero. It shows that the variables are dependent or there is a considerable relationship between the variables because the model of independence of variables is rejected by chi-square test.

The sixth hypothesis states that “Using modern technology is likely to be related with domestic life”. The value of chi-square is 12.020 with 2 degree of freedom. Thus, H_0 is rejected and H_1 is accepted. Therefore, it is concluded that technology has helped a lot in performing day-to-day domestic tasks. The resulting p- value is more or less zero. It shows that the variables are dependent or there is a significant association between the variables because the model of independence of variables is rejected by chi-square test.

Conclusions

This study identified the following as the most significant conclusions.

It is found that majority of the respondents had nuclear families. Nuclear family system is the outcome of modern technology. It has been found that majority of respondents had smaller families. In this age of industrialization, rapid medical inventions have provided the options for the spouses to keep the family size as short as they desire. Secondly, majority of females are also in the workforce or running small businesses, therefore, big size families with many children is never preferable in the present circumstances.

The data suggest that majority of respondents told that as compared to the past life they are happy because they have comparatively better facilities of life. The majority of respondents are of the view that modern technology has brought industrialization and urbanization, providing more job opportunities and the basic amenities of the life at their doorstep.

The results indicate that the respondents are using modern technological

equipments and home appliances. It shows that modern technological equipments are widely used in the offices, houses, shopping markets, banks, and everywhere in the present modern age. The huge majority of the respondents acknowledged that due to the technology their life has got improvement. They face ease in traveling in any part of the world. Physical health has got better condition due to the medical inventions. Educational opportunities are easily accessible to the wider population and life has got a new shape due to the technology.

The huge majority of the respondents reported that life in general has benefited due to the use of modern technology. Every facility is at hand due to the miracles of technology. Airplanes, motor vehicles, and trains have connected. The world has shrunken in a global village. Home appliances have helped especially the females to spare time from household chores to spend in offices. Internet and mobile phones have connected the society all together like they are sitting in one place.

It was found that the huge majority of respondents have supported the idea that social life itself has got a major reshuffle due to the introduction of modern technology. In olden days people were confined in villages, towns, societies, and communities only. They used to celebrate and share their life experiences at local community levels. Their social activities were limited to only some specific fields and places. Due to technology social life has been reshaped generally. The family life has got a positive change due to the use of modern technology. Electrical home appliances save the time and energy. Television provides the entertainment at home. Mobile phones have curtailed the distance between home and business point. Children are taught at home with the help of computers and internet. Family relations have also changed. Both males and females are working in the workforce due to the technology. Power is shared and reshaped between wife and husband because technology has helped females to work shoulder to shoulder with their male counterparts. Those are the miracles of modern technology.

It has been found that the technology has helped people in improving the economic conditions. Due to the industrialization the new lucrative jobs are available for the competent. Due to electrical appliances cooking has become easier. Agriculture has got a great boost-up due to the introduction of new pesticides. Crops are cropped in abundance. Rapid communication has given a new concept to business. Various commodities are imported and exported without any hindrance. As a result, a worldwide competition has eased the

people to purchase the commodities on lesser prices. The chances of earning more income are quite open to all. In this way people generally got direct economic benefits. That is the reason that the respondents think that technology has supported the economic life positively and more effectively.

Limitations of the Study

Some of these limitations are identified as follows.

In the literature on ‘social change’ there is definitional ambiguity, which creates a number of limitations. Inconsistent definitions make it difficult to compare findings and outcomes across studies. Another limitation of this research is relatively small size of the universe of study. Social change can be studied and analyzed at cross-sectional level comparing different states and regions of Malaysia. It was due to the shortage of time and the complexity of the problem.

The utmost effort has been taken to include the respondents from all socio-economic categories and groups. But, however, they are randomly selected. Therefore, there is no guarantee that the accurate ratio according to their number or socio-economic characteristics has been selected. It will be better to select the respondents on the basis of prescribed equal proportion as per age, socio-economic status, and technological possessions. A well-structured close-ended questionnaire was intentionally developed for the data collection. The reason for the close-ended questionnaire was that it was observed during the pre-testing phase that the respondents had different opinions and viewpoints regarding the social change and technology. The present study is designed as quantitative; therefore, there was less room for the personal detailed case studies. It is suggested that a study should be conducted with both qualitative and quantitative approaches with addition of some case studies and personal accounts of the respondents.

Recommendations for Further Research

Several suggestions have been offered for further research. Following are some of them.

It was noted that there is no consensus on the operational definition of ‘social change’. There should not be any ambiguity in the definition. Therefore, it is strongly recommended that some fixed parameters need to be invented and developed accordingly. This study is limited to a limited area. It is the desire of the researcher that there should be a comparative cross-sectional study with more data from different states and regions of the country. It will be more holistic study and its results will be more generalized and acceptable for all if some more areas are added and comparison among them can really make this

study a very useful and interesting one. Replication of this study using more than one or several different researchers is also very much helpful in attaining the desired goals. Some more researchers with economic and psychological degrees should be involved to assess those aspects thoroughly.

Replication of this study by using multivariable analysis is also strongly recommended. It was felt during the study that the social change does not stand in vacuum but imbibes many factors. Therefore, focusing on bivariate analysis alone can limit the effects and outcomes of this study. Economic, social, educational, and psychological factors are all intertwined in the process of modern technology and social change. No one can deny the effect of one variable on more than two variables at the same time. For example economic factor in single entity alone can change the social, psychological, educational, and physical standing of people.

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APPENDIX
CONTINGENCY TABLE 1

Ho : There is no relationship between using modern technology and social change.
H1 : Using modern technology is likely to be related with social change.

Count

| | | Modern Technology and Social Change | | | Total |
|-------------------------|-----|-------------------------------------|-----------|--------------|-------|
| | | Very Satisfied | Satisfied | Dissatisfied | |
| Using modern technology | Yes | 20 | 95 | 11 | 126 |
| | No | 16 | 24 | 24 | 64 |
| Total | | 36 | 119 | 35 | 190 |

Chi-Square Tests

| | Value | df | Asymp. Sig. (2-sided) |
|------------------------------|-----------|----|-----------------------|
| Pearson Chi-Square | 30.668(a) | 2 | .000 |
| Likelihood Ratio | 30.106 | 2 | .000 |
| Linear-by-Linear Association | 11.065 | 1 | .001 |
| N of Valid Cases | 190 | | |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 11.79.

Symmetric Measures

| | | Value | Asymp. Std. Error(a) | Approx. T(b) | Approx. Sig. |
|----------------------|-------------------------|-------|----------------------|--------------|--------------|
| Nominal by Nominal | Contingency Coefficient | .373 | | | .000 |
| Interval by Interval | Pearson's R | .242 | .079 | 3.419 | .001(c) |
| Ordinal by Ordinal | Spearman Correlation | .151 | .086 | 2.093 | .038(c) |
| N of Valid Cases | | 190 | | | |

- a Not assuming the null hypothesis.
- b Using the asymptotic standard error assuming the null hypothesis.
- c Based on normal approximation.

CONTINGENCY TABLE 2

Ho : There is no relationship between using modern technology and changing community life.

H1 : Using modern technology is likely to be related with changing community life.

Count

| | | Technology and Community | | | Total |
|-------------------------|-----|--------------------------|----------------|----|-------|
| | | Yes | To some extent | No | |
| Using modern technology | Yes | 102 | 21 | 3 | 126 |
| | No | 60 | 4 | 0 | 64 |
| Total | | 162 | 25 | 3 | 190 |

Chi-Square Tests

| | Value | df | Asymp. Sig. (2-sided) |
|------------------------------|----------|-----|-----------------------|
| Pearson Chi-Square | 5.839(a) | 2 | .054 |
| Likelihood Ratio | 7.240 | 2 | .027 |
| Linear-by-Linear Association | 5.786 | 1 | .016 |
| N of Valid Cases | | 190 | |

- a 2 cells (33.3%) have expected count less than 5. The minimum expected count is 1.01.

Symmetric Measures

| | | Value | Asymp. Std. Error(a) | Approx. T(b) | Approx. Sig. |
|----------------------|-------------------------|-------|----------------------|--------------|--------------|
| Nominal by Nominal | Contingency Coefficient | .173 | | | .054 |
| Interval by Interval | Pearson's R | -.175 | .051 | -2.437 | .016(c) |
| Ordinal by Ordinal | Spearman Correlation | -.172 | .057 | -2.400 | .017(c) |
| N of Valid Cases | | 190 | | | |

a Not assuming the null hypothesis.

b Using the asymptotic standard error assuming the null hypothesis.

c Based on normal approximation.

CONTINGENCY TABLE 3

Ho : There is no relationship between using modern technology and social life.

H1 : Using modern technology is likely to be related with the social life.

Count

| | | Technology and Social Life | | | Total |
|-------------------------|-----|----------------------------|----------------|----|-------|
| | | Yes | To some extent | No | |
| Using modern technology | Yes | 79 | 20 | 27 | 126 |
| | No | 52 | 6 | 6 | 64 |
| Total | | 131 | 26 | 33 | 190 |

Chi-Square Tests

| | Value | df | Asymp. Sig. (2-sided) |
|------------------------------|----------|-----|-----------------------|
| Pearson Chi-Square | 6.978(a) | 2 | .031 |
| Likelihood Ratio | 7.406 | 2 | .025 |
| Linear-by-Linear Association | 6.623 | 1 | .010 |
| N of Valid Cases | | 190 | |

a 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.76.

Symmetric Measures

| | | Value | Asymp. Std. Error(a) | Approx. T(b) | Approx. Sig. |
|----------------------|-------------------------|-------|----------------------|--------------|--------------|
| Nominal by Nominal | Contingency Coefficient | .188 | | | .031 |
| Interval by Interval | Pearson's R | -.187 | .064 | -2.613 | .010(c) |
| Ordinal by Ordinal | Spearman Correlation | -.192 | .065 | -2.676 | .008(c) |
| N of Valid Cases | | 190 | | | |

a Not assuming the null hypothesis.

b Using the asymptotic standard error assuming the null hypothesis.

c Based on normal approximation.

CONTINGENCY TABLE 4

Ho : There is no relationship between using modern technology and family life.

H1 : Using modern technology is likely to be related with family life.

Count

| | | Technology and Family Life | | | Total |
|-------------------------|-----|----------------------------|----------------|----|-------|
| | | Yes | To some extent | No | |
| Using modern technology | Yes | 79 | 35 | 12 | 126 |
| | No | 58 | 4 | 2 | 64 |
| Total | | 137 | 39 | 14 | 190 |

Chi-Square Tests

| | Value | df | Asymp. Sig. (2-sided) |
|------------------------------|-----------|-----|-----------------------|
| Pearson Chi-Square | 16.532(a) | 2 | .000 |
| Likelihood Ratio | 18.822 | 2 | .000 |
| Linear-by-Linear Association | 13.242 | 1 | .000 |
| N of Valid Cases | | 190 | |

a 1 cell (16.7%) have expected count less than 5. The minimum expected count is 4.72.

Symmetric Measures

| | | Value | Asymp. Std. Error(a) | Approx. T(b) | Approx. Sig. |
|----------------------|-------------------------|-------|----------------------|--------------|--------------|
| Nominal by Nominal | Contingency Coefficient | .283 | | | .000 |
| Interval by Interval | Pearson's R | -.265 | .058 | -3.764 | .000(c) |
| Ordinal by Ordinal | Spearman Correlation | -.288 | .057 | -4.130 | .000(c) |
| N of Valid Cases | | 190 | | | |

a Not assuming the null hypothesis.

b Using the asymptotic standard error assuming the null hypothesis.

c Based on normal approximation.

CONTINGENCY TABLE 5

Ho : There is no relationship between using modern technology and economic life.

H1 : Using modern technology is likely to be related with economic life.

Count

| | | Technology and Economic Life | | | Total |
|-------------------------|-----|------------------------------|----------------|----|-------|
| | | Yes | To some extent | No | |
| Using modern technology | Yes | 96 | 27 | 3 | 126 |
| | No | 56 | 4 | 4 | 64 |
| Total | | 152 | 31 | 7 | 190 |

Chi-Square Tests

| | Value | df | Asymp. Sig. (2-sided) |
|------------------------------|----------|-----|-----------------------|
| Pearson Chi-Square | 8.396(a) | 2 | .015 |
| Likelihood Ratio | 9.321 | 2 | .009 |
| Linear-by-Linear Association | .919 | 1 | .338 |
| N of Valid Cases | | 190 | |

a 2 cells (33.3%) have expected count less than 5. The minimum expected count is 2.36.

Symmetric Measures

| | | Value | Asymp. Std. Error(a) | Approx. T(b) | Approx. Sig. |
|----------------------|-------------------------|-------|----------------------|--------------|--------------|
| Nominal by Nominal | Contingency Coefficient | .206 | | | .015 |
| Interval by Interval | Pearson's R | -.070 | .076 | -.958 | .339(c) |
| Ordinal by Ordinal | Spearman Correlation | -.119 | .068 | -1.645 | .102(c) |
| N of Valid Cases | | 190 | | | |

a Not assuming the null hypothesis.

b Using the asymptotic standard error assuming the null hypothesis.

c Based on normal approximation.

CONTINGENCY TABLE 6

Ho : There is no relationship between using modern technology and domestic life.

H1 : Using modern technology is likely to be related with domestic life.

Count

| | | Technology and Domestic Life | | | Total |
|-------------------------|-----|------------------------------|----------------|----|-------|
| | | Yes | To some extent | No | |
| Using modern technology | Yes | 74 | 40 | 12 | 126 |
| | No | 52 | 6 | 6 | 64 |
| Total | | 126 | 46 | 18 | 190 |

Chi-Square Tests

| | Value | df | Asymp. Sig. (2-sided) |
|------------------------------|-----------|-----|-----------------------|
| Pearson Chi-Square | 12.020(a) | 2 | .002 |
| Likelihood Ratio | 13.439 | 2 | .001 |
| Linear-by-Linear Association | 4.990 | 1 | .025 |
| N of Valid Cases | | 190 | |

a 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.06.

Symmetric Measures

| | | Value | Asymp. Std. Error(a) | Approx. T(b) | Approx. Sig. |
|----------------------|-------------------------|-------|----------------------|--------------|--------------|
| Nominal by Nominal | Contingency Coefficient | .244 | | | .002 |
| Interval by Interval | Pearson's R | -.162 | .071 | -2.258 | .025(c) |
| Ordinal by Ordinal | Spearman Correlation | -.201 | .068 | -2.812 | .005(c) |
| N of Valid Cases | | 190 | | | |

- a Not assuming the null hypothesis.
- b Using the asymptotic standard error assuming the null hypothesis.
- c Based on normal approximation.

Comparative Analysis of Performance Efficiency of Allied & Muslim Commercial Banks Before and After the Privatization Period

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Syed Abir Hussain Naqvi**

F.M.Shaikh***

Abstract

This research investigates the Comparative Analysis of Pperformance Efficiency of Allied & Muslim Commercial Banks before and after Privatization period. The primary resource of data for empirical analysis is the balance sheets of target years collected from the different branches of Allied Bank and Muslim Commercial Bank in Khairpur and Sukkur. The balance sheets along with the income statements of those banks were also collected. For secondary source, year wise reports from various library sources were collected and studied. The reports from the State Bank of Pakistan were also brought to the analysis to see the comparison and impact of privatization and role of the Central Bank in the process of privatization. The comparative analysis and efficiency levels were measured by using nonparametric statistical tests, regression analysis, and the Reliability model. The reliability model used for the first time in management sciences research has unique features. The model predicted the life of components of the banking business. The expected success and failure of the indicators before and after privatization are assessed by using the reliability model. In nonparametric statistical tests applied were the Chi-square, Sign Test, Sign rank test and Wilcoxon and Hotelling's T tests. Means were compared by using t-test.

Introduction

During 1974 the Australasia Bank was nationalized and the name was changed. The new name was Allied Bank of Pakistan. In the first year of nationalization the Allied Bank proved to be an extraordinary triumph. The profits surpassed one billion rupees and the accumulation of deposits increased by 50 % and crossed Rs. 1460 million. Likewise the investment increased to 72 %. This change was experienced by the country for first time in the sector of banks. In 1974 alone the new 116 branches throughout the country were started. The ABL involved in most of Government's

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earning programs especially Agriculture. The progress in 17 years had been remarkable. The number of branches increased to 748 before 1991. The deposits, investments and advances ascended to billions of the business. Three branches in United Kingdom were started before 1991. After 1991 the ABL was privatized and the shares were purchased by their own employees. This was the first instance of purchasing any financial institution by its own employees world over. Few years of privatization made up the bank as the leading financial body of the country. Within few years, the reserves and capital of the Bank crossed 1.53 billion rupees and 87.54 billion rupees in assets. The deposits equaled some 76.04 billion rupees. For many years ABL was viewed and acknowledged as privileged bank of Pakistan and among the best foremost banks of the country. In the year 2004 a policy reform was introduced for capital. In the wake of this policy reform the bank was relocated to a group of companies.

The primary resource of data for empirical analysis is the balance sheets of target years collected from the different branches of Allied Bank and Muslim Commercial Bank in Khairpur and Sukkur. The balance sheets along with the income statements of those banks were also collected. For secondary source, year wise reports from various library sources were collected and studied. The reports from the State Bank of Pakistan were also brought to the analysis to see the comparison and impact of privatization and role of the central bank in the process of privatization. The comparative analysis and efficiency levels were measured by using nonparametric statistical tests, regression analysis, and the reliability model. The reliability model that was used for the first time in Management Sciences research had unique features. The model predicted the life of components of the banking business. The expected success and failure of the indicators before and after privatization are assessed by using the reliability model. Nonparametric statistical tests applied were the Chi-square, Sign Test, Sign rank test and Wilcoxon and Hotelling's T tests. Means were compared by using t-test. A time series model is also used to determine the sequential trend of the components. The computation for analysis is done by the package SPSS version 17.0.

Table 4.1 Performance of Allied Bank before Privatization

| Variables | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | Total |
|----------------|------|------|------|------|------|------|-------|-------|-------|-------|-------|
| Deposit | 4365 | 4574 | 5604 | 6875 | 7183 | 8204 | 10058 | 12337 | 14571 | 16637 | 90408 |
| Investment | 1374 | 1536 | 1619 | 1851 | 1978 | 2680 | 3102 | 5191 | 7238 | 6425 | 32994 |
| Pre-Tax Profit | 23 | 18 | 23 | 27 | 29 | 30 | 38 | 46 | 50 | 53 | 337 |
| Expenditure | 416 | 517 | 609 | 699 | 793 | 950 | 971 | 1126 | 1255 | 1525 | 8861 |
| Income | 439 | 535 | 632 | 726 | 822 | 980 | 1009 | 1172 | 1305 | 1578 | 9198 |

Table 4.2 Performance of Allied Bank after Privatization

| Variable | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | Total |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|
| Deposit | 23319 | 28342 | 37937 | 41759 | 47390 | 58480 | 63439 | 72404 | 89358 | 106926 | 569354 |
| Investment | 2646 | 2646 | 2646 | 2646 | 2646 | 2646 | 2646 | 28766 | 169592 | 71098 | 269456 |
| Pre-Tax Profit | 1983 | 2249 | 3080 | 4038 | 4665 | 5571 | 6822 | 8368 | 8814 | 10854 | 56444 |
| Expenditure | 2044 | 2349 | 3435 | 4453 | 5010 | 6102 | 7056 | 8397 | 8984 | 10925 | 58755 |
| Income | 2044 | 2349 | 3435 | 4453 | 5010 | 6102 | 7056 | 8397 | 8984 | 10925 | 497288 |

Figure 4.1 Pre and Post- Privatization Comparison of ABL

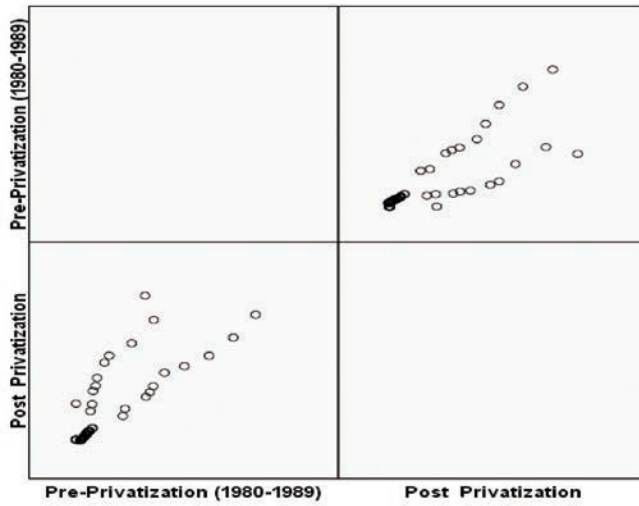


Figure 4.2 Box- Plot of Pre and Post Privatization of ABL

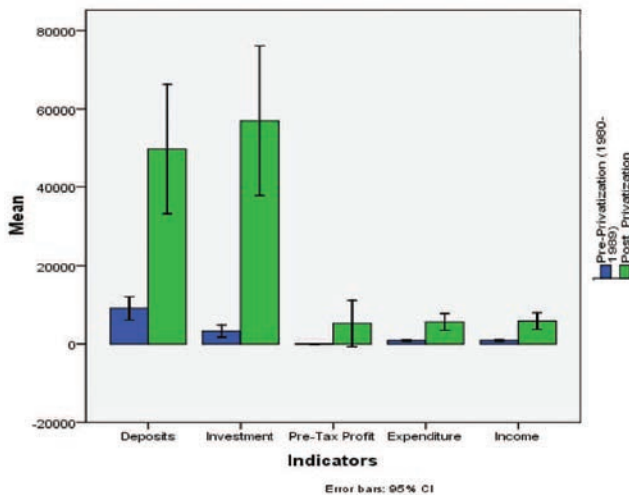
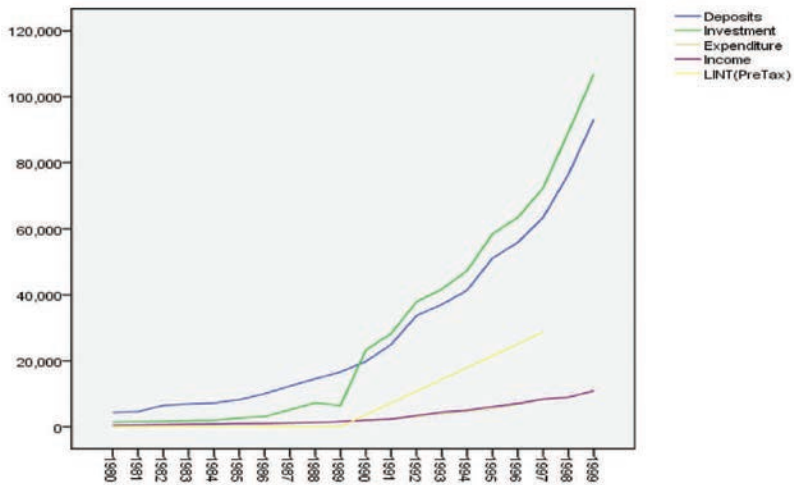


Table 4.3 Model Description of Pre and Post Privatization of ABL

DESCRIPTIVES

| | | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | Between-Component Variance |
|-------------------------------------|---------------|----------------|------------|----------------------------------|-------------|----------------------------|
| | | | | Lower Bound | Upper Bound | |
| Pre-Privatization Model (1980-1989) | Fixed Effects | 2119.866 | 299.794 | 2250.14 | 3457.78 | 1.334E7 |
| | Rndom Effects | | 1660.790 | -1757.13 | 7465.05 | |
| Post-Privatization Model | Fixed Effects | 16365.848 | 2314.480 | 20026.77 | 29349.97 | 6.635E8 |
| | Rndom Effects | | 11749.553 | -7933.62 | 57310.36 | |

Figure 4.3 Sequential trends of Pre and Post Privatization of ABL



4.2 The Muslim Commercial Bank Limited

The origin of the Muslim Commercial Bank is traced from Calcutta, India and it became operative for the first time on 9 July 1947, 35 days before the partition of India. After partition of India the bank was relocated in Bengal from where it was again moved to Karachi in 1956 due to partition of East Pakistan. The Muslim Commercial Bank is now functioning in three main areas i.e. corporate banking, Commercial system of banking and consumer banking. In its corporate business the bank covers enterprises supported by the government, national and multinational enterprises of the country. The bank also provides the facility of assets and other concerned products to common people and salaried persons. The MCB is the largest network of banking with the latest technological competence. The service is provided 24 hours at all the 233 online branches. The Bank is out

to satisfy its customers by introducing various schemes to facilitate them. The schemes include Rupee Traveller Cheque and Gift Cheques.

4.2.1 Confiscation of MCB

According to the Act of Nationalization 1974, The Muslim Commercial Bank (MCB) was confiscated by the then government of Pakistan. In the same year, another bank, namely the Premier Bank reached the level of bankruptcy and was integrated with the MCB. Key changes were made during banks in nationalization period. This caused the banks intrusion of labor and excessive employment spontaneously. This act of political government left a negative impact on the efficacy of the system of banks in Pakistan. During the year 1991, the financial institutions and other public enterprises were privatized. In the wake of this privatization process the MCB was also privatized. Some twenty six percent shares of a group of entrepreneurs was called the National Group. By acquiring twenty four percent more shares of the bank by the group, the National Group became the dominant stake holder of the MCB by acquiring fifty percent of the shares. Another share of twenty five percent was put on sale to general public business personals. The MCB showed a high level of performance and development after the bank was privatized and became one of the principal banks of Pakistan.

4.2.2 Causes of the Bank's Privatization

The government of Pakistan reviewed the economic and financial structure of country in year 1991. The bankruptcy of some of the financial institutions and tiresome progress of some public enterprises, the government intended to start the program of privatization on top priority. The major reforms were focused in financial sector especially banks. The functioning of MCB and some other banks was satisfactory and think tank suggested that already exuberant institutions in financial sector should be brought to the successful process of privatization. The MCB and the ABL were brought to the process of privatization initially.

Global monetary agencies persistently persuaded the governments of Pakistan to enhance the capital of nationalized banks whereas the nationalized banks were enduring in restricted environment of competency.

The then government of 1991 took measures to raise capital and bring the financial institutions into an open environment of competency. In the wake of financial reforms, the privatization program was launched which proved to be a mile stone in the development of economy of Pakistan in 1990s. The intensity of capital in hands of certain people or groups was dissociated by the act of privatization.

4.3 Performance Analysis before Privatization

Table 4.4 Performance Analysis of MCB before Privatization (Million Rs.)

| Years | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Authorized capital | 524 | 524 | 524 | 524 | 524 | 524 | 1,000 | 1,000 | 1,000 | 1,000 |
| Paid up share Capital | 262 | 262 | 262 | 262 | 262 | 262 | 576 | 576 | 576 | 576 |
| Reserves | 97 | 125 | 200 | 275 | 409 | 669 | 669 | 790 | 945 | 970 |
| Deposits | 10,881 | 12,735 | 15,705 | 16,934 | 19,922 | 21,590 | 22,592 | 21,899 | 25,325 | 27,691 |
| Advances | 7,576 | 9,782 | 18,898 | 11,184 | 11,875 | 13,803 | 13,110 | 13,096 | 15,548 | 18,987 |
| Investments | 3,273 | 3,458 | 3,825 | 4,204 | 4,789 | 6,151 | 9,837 | 9,552 | 10,991 | 10,688 |
| Net Assets | 13,139 | 15,607 | 17,867 | 19,203 | 22,845 | 25,630 | 28,639 | 28,373 | 32,499 | 36,294 |
| Pre-tax Profit | 95 | 125 | 130 | 133 | 133 | 144 | 199 | 227 | 250 | 159 |
| No. of Branches | 1,365 | 1,356 | 1,324 | 1,286 | 1,271 | 1,263 | 1,265 | 1,271 | 1,270 | 1,283 |
| No. of Employees | 12339 | 12397 | 12,567 | 12,684 | 12591 | 12,817 | 12,845 | 12,685 | 12890 | 12,904 |

Figure 4.4 Bar Chart showing Performance of MCB before Privatization

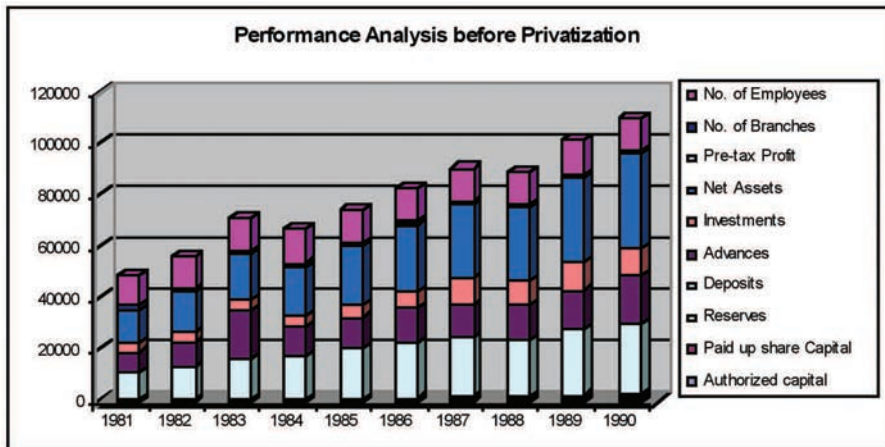


Table 4.5 Indicators selected for modeling MCB before Privatization

| | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Income | 2227 | 3210 | 12567 | 2903 | 2198 | 1980 | 1698 | 1531 | 1755 | 1745 |
| Assets | 13139 | 15607 | 17867 | 19203 | 22845 | 25630 | 28639 | 28373 | 32499 | 36294 |
| Deposits | 10881 | 12735 | 15705 | 16934 | 19922 | 21590 | 22592 | 21899 | 25325 | 27691 |
| Pre-tax Profit | 95 | 125 | 130 | 133 | 133 | 144 | 199 | 227 | 250 | 159 |
| Employees | 12339 | 12397 | 12567 | 12684 | 12591 | 12817 | 12845 | 12685 | 12890 | 12904 |
| Investment | 3273 | 3458 | 3825 | 4204 | 4789 | 6151 | 9837 | 9552 | 10991 | 10688 |

Figure 4.5 Trend of the indicators before privatization

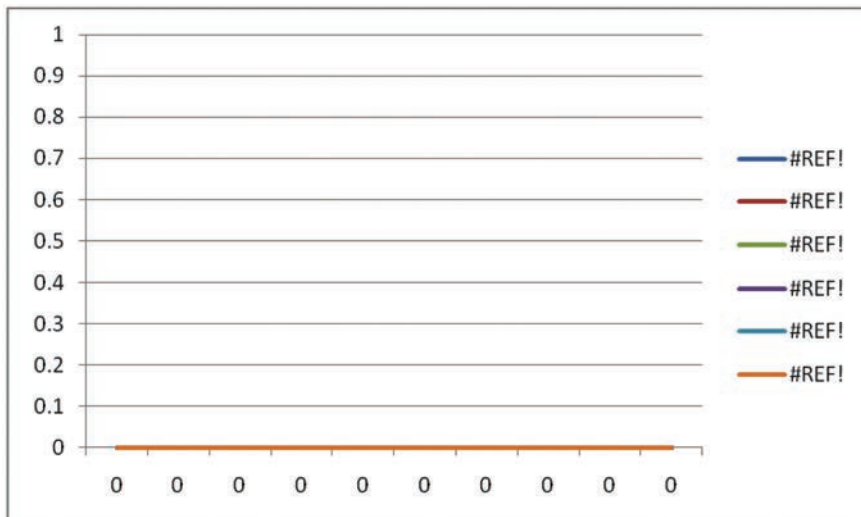


Table 4.6 MCB after Privatization

| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|----------------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|
| Income | 2034 | 2448 | 3023 | 4007 | 1951 | 1669 | 1717 | 1797 | 2092 | 2278 |
| Assets | 45201 | 62424 | 75427 | 98406 | 119713 | 135479 | 150095 | 149726 | 158585 | 174715 |
| Deposits | 35029 | 50013 | 62783 | 81452 | 99641 | 113005 | 124391 | 123822 | 130325 | 135990 |
| Pre-tax Profit | 213 | 265 | 346 | 708 | 929 | 268 | 1235 | 947 | 1211 | 1322 |
| Employees | 13031 | 12792 | 13768 | 13892 | 14522 | 14729 | 13610 | 12858 | 12557 | 12133 |
| Investment | 13047 | 24187 | 27864 | 36159 | 43952 | 47553 | 58095 | 55387 | 45609 | 36481 |

Figure 4.6 Trend of indicators of MCB after Privatization

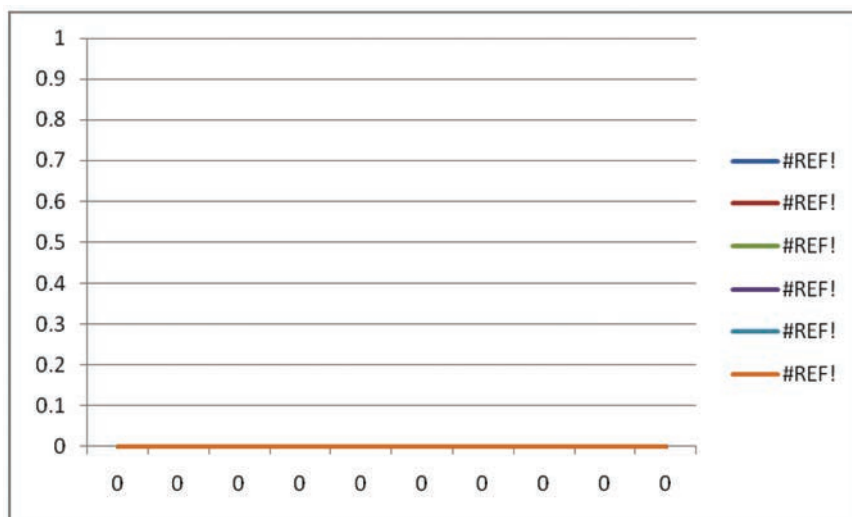
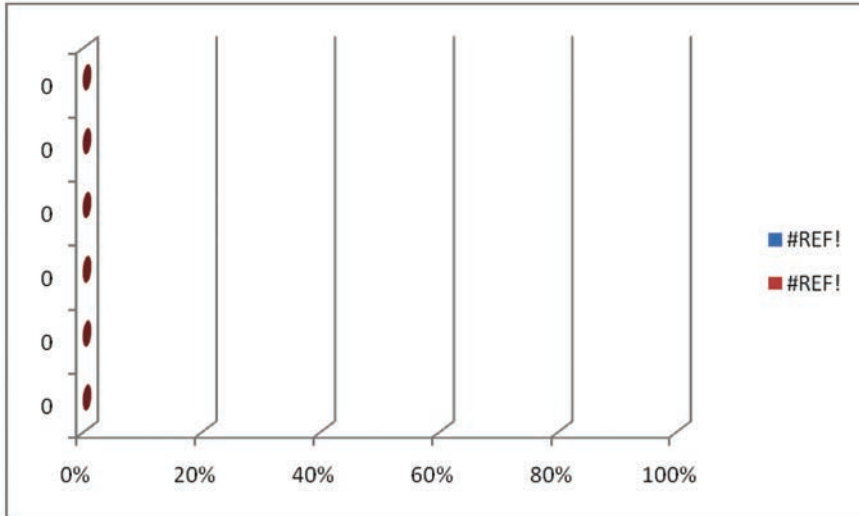


Figure 4.7 Overall performance of MCB pre and post privatization



The primary resource of data for empirical analysis is the balance sheets of target years collected from different branches of Allied Bank and Muslim Commercial Bank in Khairpur and Sukkur. The balance sheets along with the income statements of those banks were also collected. For secondary source, year wise reports from various library sources were collected and studied. The reports from the State Bank of Pakistan were also brought to the analysis to see the comparison and impact of privatization and role of the Central Bank in the process of privatization. The comparative analysis and efficiency levels were measured by using nonparametric statistical tests, regression analysis, and the reliability model. The reliability model used for the first time in Management Sciences research has unique features. The model predicted the life of components of the banking business. The expected success and failure of the indicators before and after privatization are assessed by using the reliability model. Nonparametric statistical tests applied were the Chi-square, Sign Test, Sign rank test and Wilcoxon and Hotelling's T tests. Means were compared by using t-test.

Table 6.43 Profitability of ABL and MCB in both periods

| | Allied Bank Limited | | Muslim Commercial Bank | |
|----------------|---------------------|--------------------|------------------------|--------------------|
| | Pre-Privatization | Post-Privatization | Pre-Privatization | Post-Privatization |
| Deposit | 90408 | 497288 | 195274 | 956451 |
| Income | 9198 | 58755 | 31814 | 23016 |
| Pre-Tax Profit | 337 | 269456 | 1595 | 7444 |
| Investment | 32994 | 569354 | 66768 | 388334 |

Figure 6.15 Comparative plot of ABL and MCB in both eras

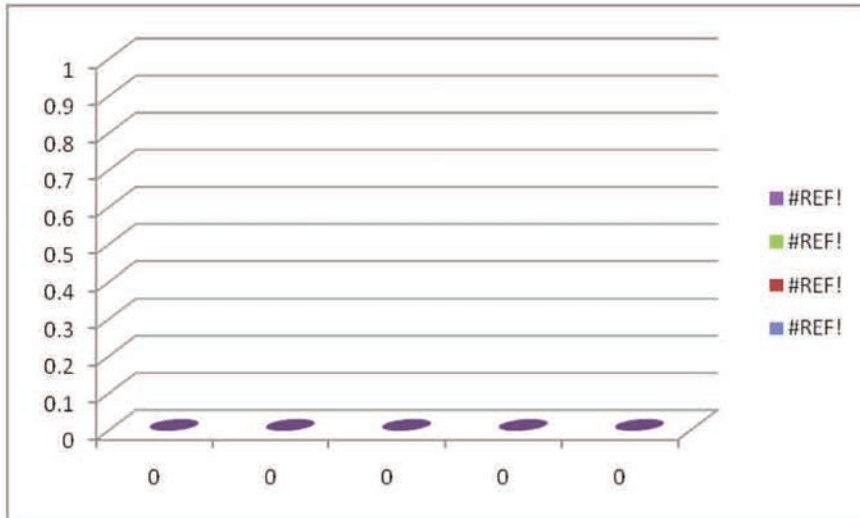


Table 6.44 M-Estimators for ABL and MCB in both eras

| Bank | Huber's M-Estimator ^a | Tukey's Biweight ^b | Hampel's M-Estimator ^c | Andrews' Wave ^d |
|--------------------------------|----------------------------------|-------------------------------|-----------------------------------|----------------------------|
| Pre-Privatization Allied Bank | 21460.94 | 13658.63 | 21989.05 | 13649.40 |
| Muslim Commercial Bank | 49291.00 | 33229.19 | 47835.43 | 33226.38 |
| Post-Privatization Allied Bank | 378584.42 | 366267.48 | 360621.75 | 366172.39 |
| Muslim Commercial Bank | 224579.16 | 136424.03 | 239762.52 | 127729.34 |

- a. The weighting constant is 1.339.
- b. The weighting constant is 4.685.
- c. The weighting constants are 1.700, 3.400, and 8.500
- d. The weighting constant is $1.340 \cdot \pi$.

Table 6.45 Tests of Normality of both periods of ABL and MCB

| Bank | | Kolmogorov-Smirnov ^a | | | Shapiro-Wilk | | |
|--------------------|------------------------|---------------------------------|----|------|--------------|----|------|
| | | Statistic | df | Sig. | Statistic | df | Sig. |
| Pre-Privatization | Allied Bank | .252 | 4 | . | .880 | 4 | .339 |
| | Muslim Commercial Bank | .283 | 4 | . | .886 | 4 | .365 |
| Post-Privatization | Allied Bank | .239 | 4 | . | .938 | 4 | .644 |
| | Muslim Commercial Bank | .265 | 4 | . | .857 | 4 | .249 |

- a. Lilliefors Significance Correction

The following figures show a comparative analysis of the progress of the components of both banks in both study periods. The box plots clearly illustrate the overall evolution of the banks. The efficacy of the MCB in general has been increased rapidly after the bank was privatized.

Figure 6.16 Histograms showing pre-privatization comparison of performance

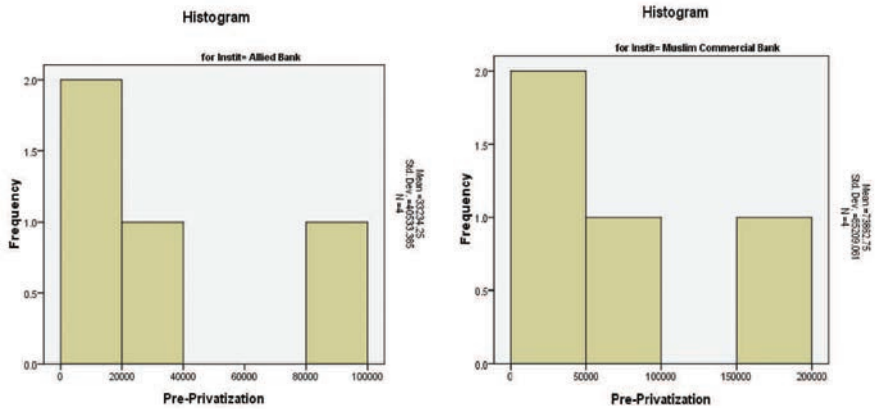


Figure 6.17 Normal Q-Q Plot of pre-privatization of ABL and MCB

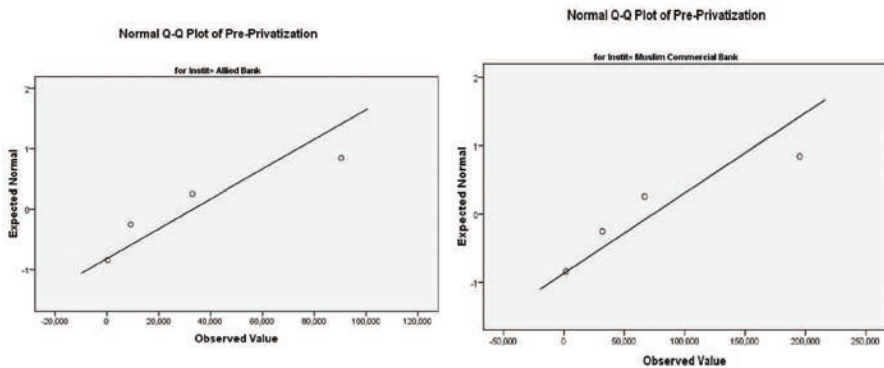


Figure 6.17 Box plot of ABL and MCB performance before privatization

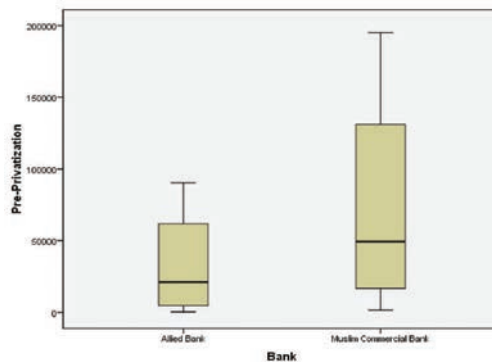


Figure 6.19 Histograms showing post privatization performance of ABL and MCB

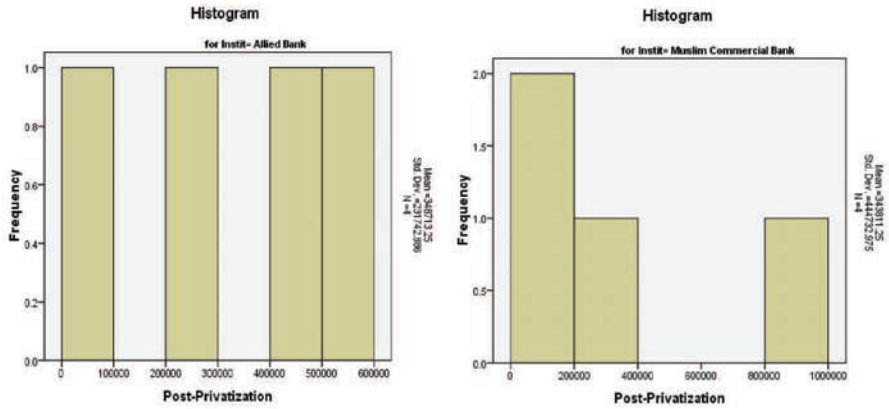


Figure 6.20 Normal Q-Q plot of ABL and MCB performance in post-privatization era

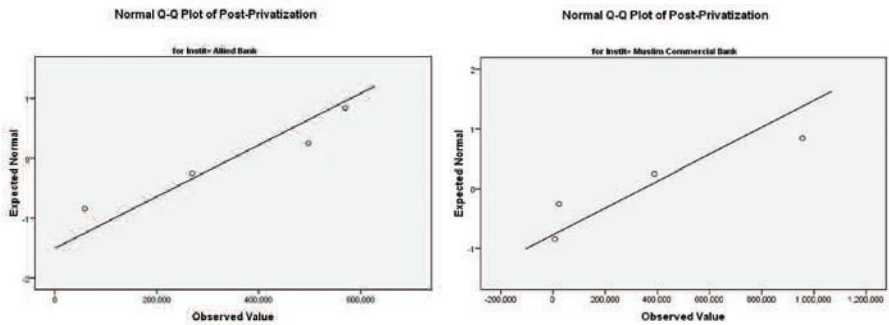


Figure 6.21 Box plots of ABL and MCB during post-privatization period

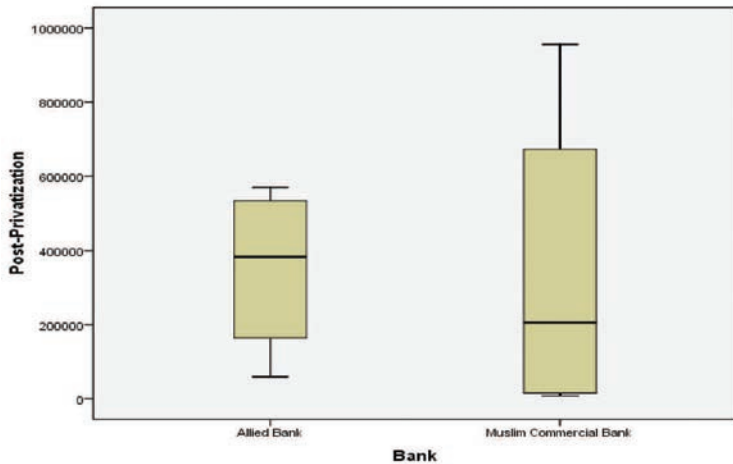


Table 6.46 Paired Samples Statistics of Pre and Post-Privatization of Indicators and Banks

| | Mean | N | Std. Deviation | Std. Error Mean |
|---|-----------------------|--------|-------------------------|-------------------------|
| Pair 1 Pre-Privatization Indicators | 53548.50 2.50 | 8 8 | 65478.424 1.195 | 23150.119 .423 |
| Pair 2 Post-Privatization Indicators | 346262.25 2.50 | 8 8 | 328312.702 1.195 | 116076.069 .423 |
| Pair 3 Pre-Privatization Bank | 53548.50 1.50 | 8 8 | 65478.424 .535 | 23150.119 .189 |
| Pair 4 Post-Privatization Bank | 346262.25 1.50 | 8 8 | 328312.702 .535 | 116076.069 .189 |
| Pair 5 Pre-Privatization Post-Privatization | 53548.50 346262.25 | 8 8 | 65478.424 328312.702 | 23150.119 116076.069 |

Table 6.47 Paired Samples Correlations of Indicators and Banks

| | N | Correlation | Sig. |
|---|---|-------------|------|
| Pair 1 Pre-Privatization & Indicators | 8 | -.545 | .163 |
| Pair 2 Post-Privatization & Indicators | 8 | -.235 | .575 |
| Pair 3 Pre-Privatization & Bank | 8 | .332 | .422 |
| Pair 4 Post-Privatization & Bank | 8 | -.008 | .985 |
| Pair 5 Pre-Privatization & Post-Privatization | 8 | .860 | .006 |

Table 6.48 Paired Samples Test Indicators and Banks in Pre and Post-Privatization Periods

| | Paired Differences | | | | | t | df | Sig. (2-tailed) |
|---|--------------------|----------------|-----------------|---|------------|--------|----|-----------------|
| | | | | 95% Confidence Interval of the Difference | | | | |
| | Mean | Std. Deviation | Std. Error Mean | Lower | Upper | | | |
| Pair 1 Pre-Privatization – Indicators | 53546.000 | 65479.075 | 23150.349 | -1195.877 | 108287.877 | 2.313 | 7 | .054 |
| Pair 2 Post-Privatization – Indicators | 346259.750 | 328312.983 | 116076.168 | 71783.227 | 620736.273 | 2.983 | 7 | .020 |
| Pair 3 Pre-Privatization – Bank | 53547.000 | 65478.247 | 23150.056 | -1194.184 | 108288.184 | 2.313 | 7 | .054 |
| Pair 4 Post-Privatization – Bank | 346260.750 | 328312.706 | 116076.070 | 71784.459 | 620737.041 | 2.983 | 7 | .020 |
| Pair 5 Pre-Privatization – Post-Privatization | -292713.750 | 274009.993 | 96877.162 | -521791.837 | -63635.663 | -3.021 | 7 | .019 |

A comparative analysis was made by taking two banks i.e. Allied Bank Limited and Muslim Commercial Bank. The focus was given on the impact

assessment of privatization. The study period was taken from 1980 to 2000. The results have been mixed. The indicators analyzed individually at first instance to examine their validity, reliability, efficacy and growth in both the periods of nationalization and privatization. Thereafter, the components of the bank performance were compared from bank to bank and era to era. In the end the overall progress of two banks were taken and measured their stability, reliability, development and efficacy in both, pre-privatization and post-privatization periods. The analysis has been explained as under:

- Both the banks i.e. Allied Bank and Muslim Commercial Bank had their own competitive environment before privatization. The banks improved regularly the deposits, investment, pre-tax profit and assets.
- Some indicators like employment rate and the income were progressing slowly and remained unchanged even after the privatization process. That is to say that the privatization process brought about no impact on some of the components of banking development. Reason behind this lacking may be the policy reforms in financial matters by the frequently changing governments and legal obligations of the privatization process.
- Allied Bank Limited showed slow progress as compared to the Muslim Commercial Bank throughout the privatization period. The reasons explored are the transfer of the bank from pre-nationalization to the nationalization without taking in account of the capital dividends on certain vivid policy measures. The other reason found that the bank shares were sold to its own employees despite of showing honest struggle could not achieve the high targets as compared to the Muslim Commercial bank which was sold to groups of companies. It was only in 2004 that the shares of the ABL were relocated to a group of companies.
- The progress of the Muslim Commercial Bank was satisfactory even in the pre-privatization era. Therefore, overall development in the indicators under study remained satisfactory after the privatization act. The performance increased not in the technical efficacy but in technological incursion in the environment of competition client satisfaction.

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Brand Communication Management of Organic Products

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Brand Communication Management of Organic Products

Organic products are those products which are made from organic raw material and in some countries it also requires organic certification as well. It should be kept in the mind that whenever you are to sell or advertise the organic products then you should try to emphasize on benefits of the brand category rather than simply promoting your brand. For example if you are selling the car which works on biogas fuel than the promotion activities related to the campaign of the car should highlight the benefits of using biogas fuel and it should also shed some light on the damages which have been caused by the pollution produced through the regular fuel.

There are many companies which are selling different kinds of organic products however only few have designed their promotion campaign in such a way that they can grab the attention of the consumers at the right place and at the right time. There are some categories of brands in which the consumers often do not agree with the promotional activity of the company because of the nature of business in which they are involved. For example many big brand names in the industry of fast food promote their products in such a way that the element of junk food could not get highlighted in the advertisement (Hofmeyr & Rice, 2000, p. iii). Now days consumers are very smart and they understand the marketing gimmicks which are played by such companies. Issues of ethics also come to work as far as the authenticity of organic brands is concerned. Most of the companies claim that the brands which they are selling should be considered in the category of organic products however their neutrality often seems questionable. One of the other major issues related to the organic products is that it is quite difficult to differentiate your brand than the competitors because majority of the consumers assume that the organic brands are the commodity and every brand has the same properties and benefits no matter which tag is attached to it. This is one of the major issues which majority of the marketers and brand management experts are going through. To cater with this situation most of the experts have suggested that whenever the company is going to launch or promote the organic product then it should first

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promote the category from which the brand belongs and then try to highlight that how its brand is going to complement the category as a whole. While promoting the brand the core association of the brand should be highlighted by those people who are working on promotion and marketing side. Core brand association means that marketers should try to create five to six associations particular to their organic brand which can grab the attention of the consumer and whenever they go to purchase the product these associations can come into the minds of the consumers (LePla & Parker, 1999, p. iii).

Most of the companies often cheat the buyers by simply attaching the tag of organic to their brands however when anyone looks at the ingredient's list of the brand then they come to the conclusion that companies have played a game with them. Therefore it should be realized by multinational companies that once the consumer gets dissatisfied then he or she is going to tell about this phenomenon to his fellow beings which is going to damage the brand image in the long term. However there are also some companies which have promoted their organic brands in a very competitive way and they have also made sure that the ingredients which have been told in the advertisement are also present in the literal sense (Nobre, Becker & Brito, 2010).

Purity organic juices can be considered as an example of such a brand which is promoted in a suitable manner as far as category of organic brands is concerned. It is one of those brands for which the company has worked closely with the farms from where the raw organic material has taken. This point has also been highlighted in their advertisement as well. The CEO of Pacific Organic Produce and the founder of Purity Organic Juices has also talked about his organic brand in the commercial (advertisement) which highlights the fact that company considers the importance of such products and they have indulged their top management for the promotion of the product. The advertisement also highlighted the Purity Organic Juice's organic certification which further strengthens trust of the people over the composition of the brand (Abratt & Bick, 2003).

Like Purity Organic Juices there are also some other organic products which are promoted in a very suitable way. One of them is Lipton Green Tea. Most of the people who are interested in the weight loss or natural health are interested in this particular category that is green tea. As far as the promotion of Lipton Green Tea is concerned they have highlighted in their advertisement the concept of health by showing the acts of exercise. The ingredients mentioned in the advertisement also reflect the brand's closeness to the nature. Young models were used for the advertisement which reflects the fact that youth is also

showing interest towards the natural products. This can be considered as a good sign in the age of global warming. However besides the strong points of the Lipton campaign the point which could be improved is that the advertisement does not throw light on the organic certification. If Lipton's brand of green tea will get the organic certification then it will increase their credibility. Hence the customers will have the strong reason to believe that the product they are using has a worth which is greater than its price (Gassmann, Rumsch, Rüetsche & Bader, 2009).

From the promotion campaign of the above two organic brands it can be concluded that marketers should try to create competitive advantage by developing the secondary association in the minds of consumers. These secondary associations can be developed by following the law of leadership that it is better to be first than to be better. However there are some cases in which marketers cannot become first to produce a particular brand. In such situation they should try to develop a new category and introduce their brand within that category.

In order to develop the secondary associations of any particular brand, 22 immutable laws of marketing by Al Ries and Jack Trout can be considered as a useful tool. For example we can develop the secondary associations by following the law of mind described in the book of Ries and Trout. The law suggests that it is better to be first in the minds of consumers than to be first at the marketplace. For example Remington Rand was the first in the market of mainframe computers but IBM got into the minds of consumers first because of its massive marketing efforts. Secondary association can only be developed when the people at least know that something is available in the market which can solve their problems in a better way as compared to other products and services and by following the law of mind this purpose can be achieved. Engaging the celebrity for endorsing the brand can also develop positive secondary association with the brand of the company. Consumers often buy the product just because they want to associate themselves with the brand (Gassmann, Rumsch, Rüetsche & Bader, 2009). For example people often buy the products of Gillette just because Tiger Woods or Roger Federer is endorsing the particular brand. If any brand is not able to develop the secondary association in the minds of consumer than it can become the victim of "me too" syndrome. Brand Equity of the product can be enhanced with the help of these associations.

Leveraging process can be enhanced by associating the brand with country

of origin. For example the promotional campaign of Hero Honda in India tries to appeal to the loyalty of the consumer by showing the soldiers and rural areas of the country. Brand association is the thing of utmost importance and if it is developed properly, the brand's contribution in the overall profitability will be enhanced.

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Interest Free Banking – A Critical Analysis

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Abstract

The concept of interest free banking or Islamic Banking is presented as an alternative of commercial banking. It is claimed that it is free from interest and is based on Islamic principles and tools of financing. But in fact it is not so, there is no major or minor difference between those types of banking systems except terminologies. Many claims of Islamic banking are unrealistic and impassible. Moreover the tools which this type of banks use do not have any religious bare and cannot be proved on any standard of reasoning. Even there is not any significant bare on which it can be said that Islamic banking is different from traditional interest based commercial banking. Hence there is no difference between the two types of banking, and both are same.

Introduction

In the sub-continent the concept of this type of banking was introduced by M. Uzair (1978) and latter by M.N. Siddique (1988), both models were based on the concept of Mudarabah and Ijrah after that the Council of Islamic Ideology endorsed the ideas. In the last two decades this concept was practically introduced, partially parallel to the interest based commercial banking. Now-a-days some bankers are working completely on the Islami tools of financing in which Mudarabah, Ijarah and Murabaha are most important. Their share in the total banking sector is almost 5% but it is gradually increasing and it may be hoped that it will increase to 10% in the next few years. It is quite interesting that their phase in Pakistan is gradually increasing but in other Muslim countries in which their share is almost 3% from the last decade and still it is the same level. It means that this type of banking does not have any good scope.

The basic objective of the paper is to give a critical review of the methods & practice adopted by the banks and to see whether the claims of supporters of this type of banking are really true or not. Unfortunately all claims of interest free banking supports are baseless and do not have link with the teachings of Islam.

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Critical Analysis

This concept is heavily criticized on the following grounds.

The basic tool of this type of banking is Mudarabah. It is the foundation stone of this type of banking. It is a special type of partnership in which at least two people can be involved, one is termed as Rab-ul-Mal i.e. financier and the other is Amil i.e. worker. According to rules, former invests his money in the business but does not involve in the business in any form. The latter does not invest in the business but renders his services and makes the business successful with his skill and expertise. The profit ratio is pre-decided, but in case of loss it will be borne by the Rub-ul-Mal only, it does not matter how small or large it may be. The Islamic bank works on this method, in this case role of bank is like Amil and account holder is Rab-ul-Mal. Latter provides his funds and the former invests in the business or trade and is returned to the account holder in the form of profit. But is it the real fact? Or is it possible in the real life? Its quite bitter answer is no, it is not possible in any case because of the following reasons.

First of all this method of finance on which the whole practice of Islamic banking is based does not have any religious base. This method cannot be justified nor from Quran neither from Hadith because from Quranic point of view its position is so weak that in holy books this work is not available. Quran has not used this word directly or indirectly at any place. Where the Hadith is concerned the situation is quite same, in the first four books of Saha Satah Muhididid did not establish any chapter in this regard in the last two books of Hadith. This chapter was there, but in a completely different background, which does not have any relationship with this traditional method. On this ground it is confidently claimed that, this method cannot be justified from Quran and Hadith both. (Farooq Aziz 2004). It is an undeniable fact that, this method is adopted from Bab-ul-Heel, the book which deals with methods of escapism or deviation from Islamic laws.

It is claimed that, Islamic banking is based on trade, and since in business both profit or loss have the equal chance, hence in this type of banking account holder may face profit or loss both. On this basis it is also termed as profit / loss sharing banking. But the real fact is that, since the inception this type of banking is called Islamic banking which has never given any loss to any account holder through out the world. The question is why is it so? Its simple answer is that, this type of banking cannot afford such type of exercise, because when and where any customer of Islamic bank is given loss, it will be the last day of the bank and may be for this type of banking also. The reason is that, this type of

banking just propagates profit / loss, but can not afford to give loss to any of their customers. It is open hypocrisy of these types of banks.

According to the claims of the Islamic banks, they invest their funds in the business. It is quite natural that, funds can be invested in cumulative form and a lump-sum profit on this investment will be earned by these banks. In this way how will it be possible to sort out the share of individual account holders? Definitely it is not possible in any case. Here this fact should be kept in mind that, till date human beings are still unable to find any method through which exact share of each factor of production can be found in the total production.

It is a recognized fact that net profit or loss of any business can only be found out at the end of the year not before that. But it is an interesting fact that so called Islamic banks announce their profit and business point of view which is absolutely impossible, but these banks do the same and still claim that they are doing business.

It is an open fact that funds of Islamic banks are also invested in money market like other commercial banks. This fact clearly claims that they are different from other banks. If the working of their banks is analyzed from the point of view of an account holder, than it is quite clear that, there is no difference between interest based commercial banks and Islamic banks. In both of the cases customer receives a fixed amount on his / her investment without any effort, hence from customers point of view there is no difference.

A big claim about the difference of these two types of banking system are supporters of Islamic bank. The customers of Islamic banks bear the elements of loss and the situation is not same in case of commercial banks, in their case customer receives their interest without risk.

Is it a true claim? Its simple answer is no, it is not so. If this claim is right then a simple question may be asked that, why gambling is prohibited in Quran? If the basic of risk profit is lawful then the highest degree of risk is taken by the gambler, it should be lawful. Prohabitation of all types of gambling proves that risk cannot be a base of profit, hence the above mentioned claim does not have any justification.

The second most important tool used by Islamic banks is Ijarah (rent), most of the products of Islamic banks are based on it, and if it is removed, it means that backbone of Islamic banking is bone broken. On the other hand it is another bitter fact that, Ijarah can not be justified nor from Quran, neither from Hadith.

A meaningless justification is given on the name of depreciation, but it cannot be considered as its justification because any logical proof can be provided in this regard (Farooq Aziz 2008)

Where as the third basic tool of Islamic banking is concerned i.e. Murabah, all Muslim thinkers categorically admit that it is against Islamic teaching. It was adopted only because they did not have its alternate. It is quite interesting that even after almost fifty years of this concept, Muslim thinkers are still unable to find its substitute. They are compelled to use that product which they personally admit that it is illegal.

Conclusion

On the basis of above discussion it can be said that there is no difference between interest based commercial banking and so called Islamic banking. All the claims of supporters of interest free banks are completely baseless. Mudarabah, Ijarah and Murabaha which are the main financial tools of Islamic banking do not have any religious base. Any justification of these tools cannot be provided from Quran & Hadith. The claim which they present that, this system is based on trade is completely false because in practice it is not possible. Hence interest free banking is not more than an eye wash which is given on the name of Islam.

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Decision Usefulness, Truth and Accounting: A Philosophical Approach

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Abstract

As core global accounting regulators, the IASB and the FASB have accorded much importance to the concept of decision-usefulness, particularly in the context of the investors as a specific user class. However, a indistinct reference to the usefulness of accounting information means nothing unless the efficacy being sought is properly defined. This paper reflects on the relevancy of decision-usefulness as a core financial reporting purpose from two perspectives. First, the ontology of accountaning with specific reference to decision-usefulness and utility versus ophelimity are considered. Second, epistemological problems around the quantification of accounting data and its predictive abilities are discussed. The article does not deny the importance of the usefulness criterion, but rather argues against a vacuous concept of decision-usefulness, which, as a key accounting and financial reporting objective, is devoid of any substantive meaning. Instead, a more realistic key objective of accounting should be to provide factual economic and financial information, which, since it presents any user with information in a unique company specific context, can be considered judgment-useful, rather than decision-useful.

Key words: *accountancy, accounting ethics, decision-usefulness, financial reporting.*

Introduction

In the recent dynamic, competitive business environment, quality decisions are inevitable, and according to Wild (2008) and Fellingham (2005), accounting is viewed as the measurement activity that provides financial reports in support of decision makers and their business decisions.

Under the IASB Meeting 2008 it was agreed that objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to present and potential equity investors, lenders and other creditors in making decisions in their capacity as capital providers. The conceptual framework of the US-based Financial Accounting Standards

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Board (FASB) maintains that a primary purpose of the financial statements is to provide information that is useful to investors and creditors in making their economic decisions (Williams, 2009; Young, 2006).

To be useful in making investment, credit, and similar resource allocation decisions, information must be a faithful representation of the real-world economic phenomena that it purports to represent. The phenomena represented in financial reports are economic resources and obligations and the transactions and other events and circumstances that change them. (FASB, 2006, Sec. 8)

Frankfurt (2006) argues that civilizations of a higher level must depend heavily on a conscientious respect for the importance of honesty and clarity in determining and reporting facts. In order for any society to function even minimally, 'It must have a robust appreciation of the endless portion utility of truth'. Lacking this, its intellectual infrastructure of science, social science, the humanities and the fine arts cannot prosper. A society that cares little for truth is incapable of making well-informed decisions and judgments in conducting its public business.

When we know the truth, 'We are in a position to be guided by the character of reality itself. The facts – the true nature of reality – are the final and incontrovertible recourse of inquiry' Frankfurt (2006)

Frankfurt's urgings for seeking truth rather than spreading BS, supports the prevailing conventional accounting view that 'information deficiencies' affect not only the ability to maximize stakeholders wealth but also the 'fairness' of global capital markets.

As FASB (1978) states, the effectiveness of individuals, enterprises, markets, and government in allocating scarce resources among competing use is enhanced if those who make economic decisions have information that reflects the relative standing and performance of business enterprises to assist them in evaluating alternative courses of action and the expected returns, costs, and risks of each.

Section one presents the literature and philosophical discussion regarding decision usefulness in financial reports and section two presents the literature and philosophical discussion of truth in financial reports. Section three presents the conclusion of this paper.

Literature of Decision Usefulness in Accounting

A more realistic core function of accounting must be to present real

economic and financial information, which, since it provides any user with information in a company specific context, can be supposed to be judgment-useful, instead of decision-useful. “The quality of decision is like the well-timed swoop of a falcon which enables it to strike and destroy its victim.” (Sun Tzu, *The Art of War*) In the current fast-paced, competitive business environment, quality decisions are important, and according to Wild (2008) and Fellingham (2005), accounting is considered as the measurement activity that presents financial reports in support of decision makers and their business decisions. According to Staubus (1999), the first prominent publication on the topic of decision usefulness was the ASOBAT1 report of 1966. The ASOBAT I defined accounting as the process of identifying, measuring and communicating economic information to permit informed judgments and decisions (AAA, 1966). According to the FASB, financial reporting should provide information that is useful to present and potential investors and creditors in assessing the amounts, timing and uncertainty of prospective cash flows (FASB, 1978). According to Williams (2009), much of current accounting research is then also focused on: The quantitative nature of accounting information manifested in elaborate mathematical and statistical models, correlations and forecast errors; analytical models of accounting phenomena that are reliant on calculations that presume quantification; and economic and business decisions that are modeled on accounting inputs, as is the development of various prediction models. The usefulness of accounting information is made up of many factors, which, according to Dzinkowski (2010), Buys (2008) and as Ijiri and Jaedicke (1966), includes the timeliness, reliability, relevancy and materiality of the presented accounting data.

Literature of Truth in Accounting

Two philosophical approaches provide basis for truth; Ontological and Epistemological. Ontological assumes that economic reality exists and it can be expressed with the help of accounting. Epistemological assumes that IASB and FASB constitute an objective way of capturing the existing economic reality. So it is the way the enterprise actually is (or was) in the world that decides whether or not a statement about its earnings is true. This position can be supported by Searle’s realist philosophical stance (1995, 1998, 2005) which asserts, there is a way, only one way, that the world, and the things in it, is. This objective world exists in a state of brutal reality and so, ‘Statements are made true by how things are in the world that is independent of the statement[s]’ (Searle, 1995, p. 219). Elsewhere, ‘Truth is a matter of correspondence to facts. . .’ and sentences ‘. . . are assessed as true when the way they represent things as being is the way

things really are' (p. 199). And, 'Sentences are made true by how things are in the real world' (p. xiii). On this view, what makes such accounting statements true is how things are independently of accounting reports about them when such statements correspond to how things really are. Searle, a highly respected philosopher in his own right, is an adamant and devoted realist.

Such a realist philosophical position, however, dissimulates that truths are made and not found, a stance that poststructuralist philosophers challenge (48). However, while the latter are highly skeptical of the idea of any such extra-linguistic objective truth, they however do not want to go so far as to claim that there is no truth out there since this would open them up to charges of self-referential inconsistency (49). Instead, they want to set aside (bracket off) the issue of truth out there as a permanently irresolvable project (or one that can only result in trivialities such as, 'The cat is on the mat') since it cannot be shown objectively that a non-existent thing does not exist. While they do not want to deny that the world exists out there; they do not accept the claim that the truth about it is also out there. Their position holds that language must come between such objects and observations of them. As Nietzsche famously made the point, "'Truth" is therefore not something there, that might be found or discovered – but something that must be created' (1968, p. 298). Truths are the creation of humans using language and languages are the inventions of humans. The same holds for accounting language and is used by accounting officers.

Importantly, however, to say that linguistic descriptions of the world are not out there is not to say that the world is not out there. (That would be the stance of the ir-realist who claims that all we know is mind dependent.) Rather, 'To say that the truth is not out there is simply to say that where there are no sentences there is no truth, that sentences are elements of human languages, and that human languages are human creations' (Rorty, 1989, p. 5). Contra Searle, the world out there does not say which sentences are true and which are not because language and vocabularies are not out there. This means that, 'Truth cannot be out there – cannot exist independently of the human mind – because sentences cannot so exist, or be out there. The world is out there, but descriptions of it are not' (p. 5). Similarly, Derrida (1976, p. 158) argues that the meaning of a text cannot be outside the text, 'there is no outside-text: il n'y pas de hors-texte' – meaning that there is no outside-the-text, extra-linguistic, true referent or signified to which the text refers, and which gives text its true or central meaning.

So just as humans mobilize languages to make truths, accountants mobilize

authoritative accounting language – concepts and GAAP – to produce narratives about enterprises. These accounting vocabularies, concepts and standards, however, also were not out there waiting for accountants to discover them. Standard setters made them using accounting language including the language of accounting. So when accountants mobilize them they are manufacturing what counts as truths about the economic activities of enterprises, rather than finding them. (Thomas’s seminal and still highly relevant work on the a theoretical and arbitrariness of cost allocations clearly demonstrates this but seems to have been largely ignored by today’s standard setters and researchers [1969, 1974].) The following examples illustrate these nuanced but vital points.

Current authoritative accounting literature calls for comprehensive income either in a single statement or in two separate statements – an income statement and a statement of comprehensive income (50). Comprehensive income is taken to be an indicator of the change in equity (net assets) from transactions, events and circumstances from non-owner sources for the reporting period (FASB, 1997).

This position, underpinned by the clean surplus and Hicksian income axioms, is the current preferred choice of IASB and FASB standard setters and it has the implicit consent of regulators such as the SEC. It has come to replace the current operating position (i.e. dirty surplus) along with its matching of earned revenues with their related costs method fundamental conceptual axiom that held sway in an earlier era. The latter position deems net income to be an indicator of the enterprise’s earnings capacity and the key metric for investors and creditors. In contrast, comprehensive income is deemed to be an indication of the enterprise’s increase in economic wealth. Another fundamental choice for standard setters over the years has been between historical cost-based accounting and the economic theory fair value (i.e. mark-to-market) method (51). The latter privileges the balance sheet as the premier statement and Hicksian economic income as a better measure of the enterprise’s increase in economic wealth than is net income. In these examples whichever of these various vocabularies (i.e. axiomatic doctrinal discourses) is ceded place of privilege by standard setters determines in large part what gets constructed, presented and taken for the truth of earnings.

In the past the vocabularies employed in the then favored accounting discourse have changed, just as they have changed again in recent years and are currently changing as the joint IASB/FASB project rapidly rolls on. This means that what counts as accounting truth is a product of which particular authoritative accounting vocabularies and discourses are currently promulgated.

And when standard setters change how they ‘talk’ about accounting, in effect they change what accounting reports of income ‘say’. On this view we have come a long way from Frankfurt’s notion of truth and lies and from Searle’s criterion that it is the way the world is that makes a statement true or false.

The dilemma for believers in truth seeking is that we cannot somehow get outside of language to report earnings. Accountants manufacture accounting truths using currently prevailing accounting vocabularies. It follows that the responsibility for accountants producing BS in the form of managed/manipulated reports of earnings, rests in part with standard setting boards as it is their authoritative power to make the pronouncements that accountants interpret and draw on to produce earnings reports. Today standard setters and accountants alike have lost the habit of using the vocabulary and language of historical cost and the current operating performance and acquired the habit of using that of the all-inclusive clean surplus and fair value metric vocabularies. This means that accounting truths are historically and linguistically contingent, not permanent and extra-linguistic as Rorty (1989) would argue. It also means that accounting truths are produced in virtue of the authoritative power invested in private sector, undemocratic standard setting institutions. If these arguments hold, there are important considerations for the accountants who produce income statements and who are subjectified to comply with the current stock of authoritative literature. Deontologically they have both the right to rely on these official pronouncements and they have the obligation to comply with them. Thus, their statements can be said to be correct in the same way as players correctly move chess pieces in accordance with the rules of chess. Analogously, accountants manufacture the ‘truth’ about income by making the correct moves which are sanctioned by official concepts and GAAP – the ‘rules’ of accounting. The truth criterion of their statements is whether or not they correctly followed the rules. In this sense they produce statements that are ‘short of lies’ on Frankfurt’s terms, but which nevertheless count as being true. They are only charged with ‘saying’ what ‘counts’ as the truth.

Their ‘sayings’, however, are neither necessarily accurate depictions of real economic increases in wealth, nor are they deliberate distortions of what they believe to be the truth. Thus, they are relieved of a concern with the truth of their statements. Nevertheless, what is important is that their reports (BS or otherwise) count as the truth. They get objectified and naturalized as being true by the consumers of their reports.

What possible meanings can be given to accounting being true? West (2003)

trenchantly enunciates why accountants should be concerned with the truth: “it is on grounds of its claimed expertise that the accounting profession has been granted an exclusive responsibility for independently pronouncing on the truth and fairness of financial reports. Responsibility to define “true and fair” runs parallel to this privilege. Accountants have long used normative terms to describe essential features of accounting practice. Several western countries use the term truth in their auditors’ reports. The United Kingdom (UK) accounting profession has used the expression “true and fair view” since the 1947 issuance of the UK Companies Act. 5 From 1879 to 1947, the UK Companies Act of 1879 Myddelton (1995) used “true and correct”. The Australian auditing profession has used “true and fair” since issuance of the Financial Corporation Act of 1974 (Chastney, 1975). Since 1998, under the International Accounting Standards Committee’s (IASC) auspices, the European Union (EU) requires fair presentation and disclosure of compliance with International Accounting Standards and a limited “true and fair view” override if compliance is misleading (Official Journal of the EU, 1998, 1978). However, after a detailed comparison of accounting practice in Spain, Sweden and Australia, Blake, Amat, and Gowthorpe (1998) report many problems in implementing this term, and ascertaining whether countries should use the term “fairly present” (the US standard) or “true and correct.” Feige (1997) reached a similar conclusion in studying the German accounting practice.

The US accounting profession uses several mechanisms to promote truthfulness, such as harsh penalties for violating the AICPA code of ethics, certification, a conservative culture of professionalism, professional skepticism, Securities and Exchange Commission’s (SEC) rules, and such laws and regulations as Sarbanes–Oxley (SOX). But such attempts apparently have not eliminated the belief that there is still considerable deceptiveness in financial reporting.

The adjectives used to describe recent accounting scandals indicate the pervasiveness of belief that some kind of veracity inheres in accounting reports (52). The press has lately described financial statements as false, misleading and even fraudulent. For example, Akerloff and Shiller (2009), two prominent economists, one of whom is a Nobel laureate, “There are a large number of ways to take this money out, including salaries, bonuses, sweetheart deals, nepotism, high dividends, and options (which themselves will have kited values because the accounting makes it appear that the firm is doing better than its true performance (emphasis added)).” Shaub and Fischer (2008) argued for three values central to accounting ethics education, one of which is to tell the truth,

i.e., “the second common value that should be readily embraced by the accounting profession is a commitment to tell the truth (emphasis added).” The US Government Accounting Standards Board (GASB) Concepts Statement No. 1 states that: “Public accountability is based on the belief that the taxpayer has a ‘right to know,’ a right to receive openly declared facts that may lead to public debate by the citizens and their elected representatives” (GASB, 1987).

Firms often must restate reports, implying that the prior ones were less correct (untrue). A major, recent accounting scandal involved finding the head of Kmart guilty of misleading investors. A news report on the case quoted the jury verdict: “The jury, however, found that he acted ‘with intent to defraud or with reckless disregard for the truth ’ (Smartpros, 2009).

Regardless of whether accounting is true, many laymen (even very financially sophisticated ones) and practitioners perceive that accounting should not mislead, i.e., it should faithfully represent some economic reality (FASB, 1980). Of course false implies not false; misleading implies not misleading; and fraudulent implies not fraudulent. And not false, not misleading and not fraudulent all connote being somehow true. SFAS #2 clearly connotes truthfulness by its qualitative characteristics of reliability, neutrality, and, most particularly, representational faithfulness.

The centrality of truth to accounting is most evident in the exclusive franchise that comprises the why of accounting professional certification, i.e., the audit function. Auditing, recently also called “assurance”, is a verification process. Auditors’ assurance of adherence to generally accepted accounting principles (GAAP) attests that management’s assertion that the offered narrative about the entity is, in some sense, true. Even if we limit attestation to that of merely “prepared in accordance with GAAP,” the underlying process contains some desire to provide an assurance of truth. If GAAP were constructed to provide nonsense accounts then an audit confirming merely GAAP compliance would hardly seem necessary. Implied in auditing is the belief that adherence to GAAP produces more truthful accounts than non-adherence. The only other sensible reason for an audit would be if GAAP actually produced decision useful information in which case the audit attests to the decision usefulness of the information. But the standard verbiage of an auditor’s opinion says absolutely nothing to the effect that the auditor is providing assurance that the financial statements are providing assuredly decision useful information. The verification process presumes that the issue of factualness is at stake. Without the idea of something being true, verification is a vacuous activity. Establishing

something as being true may be complex and problematic, but doing so conveys something basic about it that all participants can comprehend.

The Dilemma of Truth in Accounting

Majority of Financial statement users normally use truth or its synonyms to describe a desired quality of accounting reports. That is, reports should contain something factual, something confident about the specific entities issuing the reports.

Briloff (1972, 1981, 1990, 2001) showed his concerns regarding the veracity of accounting profession; i.e.,

“I am alluding to the pervasive “fakes” produced in the corporate accountability environment – where the unsophisticated public has been led to believe that an effective system of checks and balances assure the accountability by the professional managers, the stewards of the wondrous pools of resources concentrated in our major publicly owned corporations. Those knowledgeable of the corporate accountability process know that there is a gap between the myth and the reality of the independent audit function (Briloff, 1981, p.1).”

Macintosh (2002, p. 118) labels the above “myth and reality” as an “expectations gap:”

This expectations gap is the difference between the public’s beliefs about the nature of accounting reports and the claim that accountants and professional bodies make to the effect that all that is guaranteed is that the reports are prepared in accordance with the currently prevailing generally accepted accounting principles and standards. This gap between the FASB’s financial accounting standards and AICPA’s auditing standards has recently become dramatically visible during the wide debate over the mark-to-market rule or fair-value accounting.

Standard setters justify mark-to-market rule with the help of underlying assumption that accounting data consists of financial assets or liabilities to be decision useful must represent the financial item’s value as of an arbitrarily selected moment in time. The holder’s intentions for the financial item are irrelevant. Forbes claims that intentions are important and implies a more traditional notion of recognition, i.e., when exchanges occur and the initiating events are finally culminated.

The concept of truth is so elusive to define that some philosophers, e.g., Horwich (1998), advise not to ask “what is truth?” Rescher (2007) defines the

concept “truthfulness” as “an understanding of truth” instead of “truth” per se. In this sense, truthfulness approaches Kirkham’s (1997) and Rorty’s (1979) concept of “truth-as-justification.” Kirkham (1997, p. 48) explains that “the concept of justification presupposes the concept of truth. This is a traditional way to view the relationship between truth and justification.” Kirkham concludes “hence, we really do not need a theory of truth, distinct from a theory of justification.” He adds that sometimes “the truth-as-justification thesis is meant only to express the claim that truth is a vacuous concept while justification is not.” Accounting rules, standards, theories, conventions and their applications are justifications for inferring the unobservable truth. The strength of the connection between these justifications and truth is judgmental, therefore, problematic, as explained below.

The philosophical arguments over truth have been replicated nearly verbatim in the accounting academy with the same lack of agreement. Some accounting researchers consider the problem of truth complex but solvable. For example, Briloff (1972, 1981, 1990, 2001) and Macintosh and Shearer (2000) lament that such accounting signs as income and capital no longer represent transparently any objective or profound reality. Briloff urges the profession to purge and then revive a moral order where accountants engender truth to provide the world with true and fair presentations of corporate performance. MacNeal (1939) argues that for over 500 years since the advent of Pacioli’s 1494 book on the double entry system, shelves.” These debates mirror the debates in philosophy between an analytical tradition that takes truth as timeless and Continentals who appear to abandon truth altogether.

McCumber (2005) labels this situation an aporia, “. . . a situation in which two sides disagree but cannot resolve their dispute because it presupposes a hidden, but mistaken, agreement.” While addressing the field of philosophy, by analogy the aporia of which he speaks can be observed in the social sciences Abbott (2001) and, because of accounting’s increasing dependence on various human sciences or disciplines for its frames, this aporia is observable in accounting as well. McCumber (2005) describes the two sides as “Fantasy Island”, the belief that truth resides in an unchangeable, a-temporal realm, and the “Subversive Struggle”, the abandoning of the old way because it no longer works accompanied by the belief “. . . that no new way is going to come along and that their confusion is permanent.”

Yet, this aporia over truth in philosophy may be irrelevant to truth in accounting issues. As Hopwood (2007) declared, accounting is a practice, not a

social science. Academic debates over truth in the academic accounting literature are merely incomplete distillations of philosophical arguments over realism/anti-realism, truth as a norm of inquiry or merely an adjective of approval, or the privileging of scientific method as a discourse uniquely fitted to speaking true. These arguments do not speak with great relevance to accounting's problem with truth as implied in such statements as "true and fair view" or in assertions in the press and elsewhere that accounting representations are false or misleading. Each day and in many situations we ask persons who make assertions, "is that true?" In many areas of discourse, e.g., journalism, medicine, physics, or romance, while expectations may vary as to what proof must be offered, it is not generally regarded as inept to challenge assertions by asking, "is that true?"

For example, for hundreds of years, accounting information systems used double-entry bookkeeping's basic structure and logic. Central to bookkeeping are concepts like recognition and documentation that focus on identifying if and when actions have affected the entity's resources and obligations (itself another crucial concept). The authorization and control aspects of bookkeeping are self-evident. SOX Section 404 requirements explicitly reinforce how controlling behavior is the essential function of accounting systems (accounting for governments and not-for-profits is nearly exclusively for control).

On the matter of truth Richard Rorty noted in a debate shortly before his passing ". . .since Plato the meanings of normative terms like good, just and true have been problems only for philosophers. Everybody else knows how to use them and needs no explanation of what they mean" Rorty and Engle, 2007). Accounting textbooks covering every sub-discipline – tax, managerial, financial, and auditing – allegedly contain things that accounting educators believe are true, otherwise, it would say much about the profession. But none of those truths are scientific nor do they depend on one or other theory of truth being true. Some are quite likely not true when viewed through the prism of another discipline (e.g., psychology, law, ethics). The linguist and philosopher McCumber (2005) provides a reformulation of the philosophical problem of truth that is more simpatico with accounting practice's traditional role. Thus, understanding accounting's possibilities of objectivity may prove more useful and may prove to be a better regulative ideal of truth than the current standard-setters' fixation on coherence to an ideological construct. It may add clarity to thinking about truth in accounting to avoid the problems described earlier that were brought about by accounting becoming yet another forum for philosophical debates over privileging or deconstructing methods to produce the

truth. McCumber teases from the philosophic debates about truth that truth is a radically temporal thing, a temporality derived from a necessity for verification that can only occur now:

. . .the evidence, argument, or testimony must be produced now [emphasis in original]. For without some sort of contemporaneous availability of sentence and evidence, the notion of verification makes no sense. And without the possibility of verification, the notion of truth makes, as far as I can see, no sense (McCumber, 2005, pp. 18–19).

(West, 2009). . . . Accounting is concerned with providing an ‘account’, and an ‘account’ is characterized exclusively by a representation of an event or circumstance. Such an ‘account’ will necessarily derive from observation of the relevant event or circumstance.

McSweeney (1997) provides an elegant argument that “. . . one cannot understand the general production of accounting representations outside of the appeal of the possibility of ‘objectivity’. FASB’s concept of representational faithfulness is predicated on the commitment to objectivity as a “regulative ideal’. McKernan and O’Donnell (2002) refuse to engage in any search for the meaning of ‘truth’ in accounting. Shapiro (1997) concludes that “no scientific method permits anyone to discover or observe absolute accounting ‘truth’.” Macintosh (2002) explains that “accounting today is in the grip of a crisis of representation, and that it has lost the enlightenment view of a world in which it is possible to represent the truths of some out-there things-in-them- past that is constructed in memory; it is constructed because what we remember is never a recalling of what actually happened.

Conclusion

The purpose of this article is not to deny the importance of the usefulness criterion, but rather to reflect on the concept as a primary foundation of *promulgated accounting theory* and the bastion of much of current-day accounting research. In addressing the stated research problem, it is clear that decision usefulness as the primary financial reporting objective is not as clear or simplistic in classifying the intellectual and policy-making aspects of accounting as it may initially seem to be. The usefulness of accounting information is made up of many factors, which, according to Dzinkowski (2010), Buys (2008) and as Ijiri and Jaedicke (1966), includes the timeliness, reliability, relevancy and materiality of the presented accounting data. The first objective of this article was an ontological consideration of the FASB’s and

IASB's the decision-usefulness objective, in which the historical context is considered to provide a reference point for current day accounting theory, practice and research. Even though more than four decades have passed since ASOBAT I, it is still being debated by the FASB and the IASB. The article further argued that a major weakness in the objective of decision-usefulness is accounting's failure to deal with the continuing tension between the concepts and objectives of individual ophelimity and those of social utility (welfare). It highlighted that although decision usefulness seems to be theoretically motivated by ophelimity, it is operationalised in terms of social welfare, and researched on the basis of an uneasy marriage of the two concepts. The concept of usefulness in an ophelimity sense makes decision-usefulness vacuous, since what has been declared as useful has not been determined as the result of an empirical study (Young, 2006). This is so because any individual's rational, resource allocation decision perforce depends on that individual's utility. Thus, developing decision-useful information when individuals' utilities are integral parts of their disparate decisions is an insurmountable task, because what is useful is determinate only from the perspective of those individuals making the decisions. Decision useful information is therefore little more than a cliché, devoid of any substantive meaning that could guide the regulators in choosing between alternative rules.

The second objective focused on certain epistemological misconceptions relating to the theoretical foundation upon which the decision-usefulness objective is based. The article highlights a fundamental flaw in the perception that quantitative accounting data is representative of actual quantities of something. This noteworthy weakness arises because the quantities used in accounting information bear only a partial connection to the more basic and meaningful notion of a measure, and instead deal in operational numbers. Further conceptual weaknesses underlie the inherent unpredictability of exactly what the proponents of decision usefulness hope to predict. On the one hand the unpredictability of the *user* within this context is problematic. It was highlighted that besides the problem of the many individual users of accounting information (each with its own frame of reference), many users may in fact not even grasp what is useful for themselves. On the other hand, the unpredictability of the market is also problematic. The reality is that there are so many variables influencing organizational actions and reactions, that any kind of proper prediction effort of the market is in effect futile.

Information usefulness to investors and creditors may sound like a good thing, but it is exceptionally difficult. In light of the noted weaknesses, a dark

shadow of doubt is cast on the quality aspect of accounting and business decisions. This doubt is not so much only because of inherent human nature and related ethical concerns, but also the fundamental flaws that are part and parcel of the generation of accounting data and financial reports. The profession has regulatory bodies promulgating regulations without any persuasive foundation to prove that these regulations contribute to what they are alleged to be accomplishing. If the regulators mean to apply a social welfare interpretation to decision-usefulness, perhaps the view should shift from *decision*-usefulness to *judgment*-usefulness. A decision implies a motive and a goal because an action is the end result of a decision. But before a choice is made, individuals must make judgments about a particular scenario.

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Use of Debit Card: An Important Component of Financial Literacy in E-Banking

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Abstract

Debit card is a useful banking service popular now a days. Debit card has increased consumer convenience and reduced cost of banking, particularly at the bankers' level. The use of debit card at the point of sale has exceeded the use of credit card in USA and other developed countries but not in Pakistan. The use of debit card has increased as compared to ATM cards and credit cards. From a microeconomic point of view, the extent to which debit card transactions substitute for cash and checks impacts the demand of money. Debit cards have surpassed credit cards and checks worldwide as the dominant non-cash consumer payment system. In emerging economies where credit cards and checks are not widely used, use of debit cards have become the norm of the day. The study concludes that debit card is not a common mode of payment in Pakistan. Those who use debit cards, use for the purchase of grocery, crockery and utensils, clothes and eating out at the restaurants.

Introduction

Debit card is a bank card that is used to make an electronic withdrawal from funds or deposits in a bank. It resembles an ATM card or credit card in appearance and used as an ATM card for electronic cash withdrawal or for purchasing goods from retail outlets. The card is machine readable. The use of debit cards in Pakistan started almost fifteen years ago when selected multinational banks offered its consumers the credit and debit cards. This was followed by the local banks later on. The banks pushed people to believe that debit card is a sign of success symbol making their life and business as status symbol. It took almost three years for the people to learn about the transaction modalities of debit card. Its advantages include less cash to be carried thus increasing safety while traveling to and from the shop, particularly in Karachi, which has become notoriously unsafe place for carrying cash. The cardholder would also save excise duty since these are not charged unlike credit cards. The debit card may also be used as an ATM card. Today more people are using debit cards than they used to be in the end of the last century. But these people are mainly city dwellers. In rural areas of Pakistan the access and use of this card

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system is still not there. Many people prefer to use debit card in place of the credit card as a means of not getting into debt.

Debit card is a good financial instrument. It is a cash substitute and eliminates the risk and anonymity of cash transaction. But sometimes it may also contribute to overindebtedness through high cost overdraft credit. The use of cards identify the buyer and the seller thus jeopardizing the anonymity of cash transaction. Debit cards require a PIN number to operate. Thus its loss is limited to cases in which PIN is culpably or negligently divulged by the consumer to the wrongdoer or in which the consumer's negligent or culpable conduct otherwise compromises a security system protecting against unauthorized use of the card. Debit card is an electronic financial service delivered online through remote mechanisms. Electronic financial services have spread quickly during the new century. The facility has spread across countries through a borderless mechanism. The penetration across borders depends upon the type of the services. There is a paradigm shift in the culture of availing financial services. The shift has been integrated in intermarket links. The trading system could not limit the transaction. E-banking technologies have increased many folds during the recent years. Debit card is one of the major tools of this modern technology in e-banking services. It has increased consumer convenience and reduced cost of banking, particularly at the bankers' level.

The use of debit card at the point of sale has exceeded the use of credit card in USA and also other developed countries (Borzekowski, Kiser and Ahmed, 2006). However, no such trend has been found in Pakistan where credit cards are still used more than the debit cards. Cash withdrawal through ATM card and credit card transaction both are showing no growth in USA and other selected developed countries. On the other hand payment through debit card is becoming the dominant form of payment for many consumers. Pattern of debit card use, consumer preference at the time of using it and how the consumers might respond to pricing of card transaction remain to be answered to the satisfaction of majority of card users. The authors have also found that demographic does affect the use of the cards. Charge of certain fee reduced the use of cards. This is a microeconomic evidence about the price sensitivity for a card payment at the point of sale. However, the reasons for pattern of usage are not available as such. Thinking from a microeconomic point of view, the extent to which debit card transactions substitute for cash and checks impacts the demand of money. The trend reflects the microeconomic aspect with respect to industry structure and appropriate role of regulatory policies. In the recent past payment over card association network governance and rules of fee setting have undergone major concern by the consumers.

Debit cards, which include, among others, “ATM cards,” “cash cards,” “check cards,” “payroll cards,” and “smart cards,” have surpassed credit cards and checks worldwide as the dominant non-cash consumer payment system. (Rosenberg 2005). In emerging economies where credit cards and checks are not widely used, use of debit cards have become the norm of the day. Debit card is comparatively easy to operate since it is more a withdrawal of cash from the bank rather than taking credit from the bank. Moreover it does not have the complication and intricacies that a credit card has while making the payment to the bank.

Literature Review

Debit card transaction is a part of e-banking way of doing business. There is some evidence that e-banking is associated with better financial management at the consumer household level (Hogarth and Anguelov 2004). But the financial literacy, digital divide and other factors make it difficult for common consumers to reap the benefits of e-banking in general and debit card in particular. Servon and Kaestner (2008) think that technological training and e-banking support financial literacy – the ability to see and work with consumers’ own money. Without appropriate financial literacy and integrated computer training e-banking will remain an area reserved for only financially literate, well educated, high income consumers. It is true that IT can enhance more financial freedom through increased financial literacy.

It has been found that banks have a tendency to underserve low income communities. They are not located in low income neighborhood and do not offer products and services that cater to low income group. It is being investigated now to find out the potential of this market in view of the modern technology of e-banking in serving its customers economically. Personal financial services are becoming more complicated in view of the lack of financial literacy at low income consumer level. It may be appropriate to impart the financial literacy knowledge to low income persons to bring their literacy up to an acceptable level. Some authors (Bernheim 1998; Jacob, Hudson, and Bush 2000) have found that financial literacy is an important determinant of economic well being.

Since providing online services is much cheaper it is estimated that the cost of e-banking in general and charges of debit card in particular will be reduced significantly, more so as compared to banking with conventional technologies. Claessens, Glaessner and Klingebiel (2002) think that the decline will be very sharp on a longer period of time. Mcandrews (1999)

considers the development of e-money a great promise. His opinion is mainly based on consumer convenience. However he precautions about the likely risks like fraud and other operational risks. The role of nonbanks in the financial transaction may raise new concerns. The quickness in the adoption of this system may not always work in favor of the bank. Previous failures should work as examples in furthering the objectives. The constant change and upgrading of the system make the current system obsolete very fast. The banks need to upgrade themselves if they want to maintain the pace. The upgradation need to be informed to the consumers on a regular basis. This will ensure to help reduce the uncertainties in the consumers' minds. During 2006, the IRC mentioned guidance for the use of debit cards (Dennis-Escoffier 2007). This was related to tax free transportation fringe benefits for both the employees as well as the employers. The employees avoid taxable income and the employers avoid payroll taxes.

The industry is under pressure due to the growing importance of payment cards. Interchange fee is a major reason for this. The fee has come under scrutiny by competent authorities. Different views were expressed by the regulators based on their involvement with respect to interchange fees (Kabadjova 2009). In Mexico the fee have been under regulatory pressure since 2004 (Ortiz 2005; Negrin 2005).

Methodology

A field survey was designed to survey at the point of sale. For this purpose Millennium shopping mall was chosen. But later it was experienced that at the point of sale where we had some access and where debit card machines were available, debit cards were not used by any of the buyers. The period of such observation was the last week of February, 2012. Earlier observations were also made at two shops at Gulshan-e-Iqbal and one shop at Gulistan-e-Jauhar having debit card machines. In none of the shops debit cards were used for a three day observation period. Therefore all these places were discarded. Finally Metro retail outlet was selected for the purpose mall intercept interview. Metro is a retail megastore situated on the main University Road, Gulshan-e-Iqbal, Karachi. The store was visited from March 1 – 10. A total of seven visits were made during the specified period to cover 100 respondents. During the survey 23 respondents were intercepted who did not have a debit card but they did have credit card and came to shop in the store with credit card. These respondents were dropped for any further interview since they did not meet our criteria. The count of 100 was completed by all those who were having debit cards and came for shopping with the same. It was also observed that all the respondents having

debit cards were also having credit cards as well. But all the people having credit cards were not having debit cards.

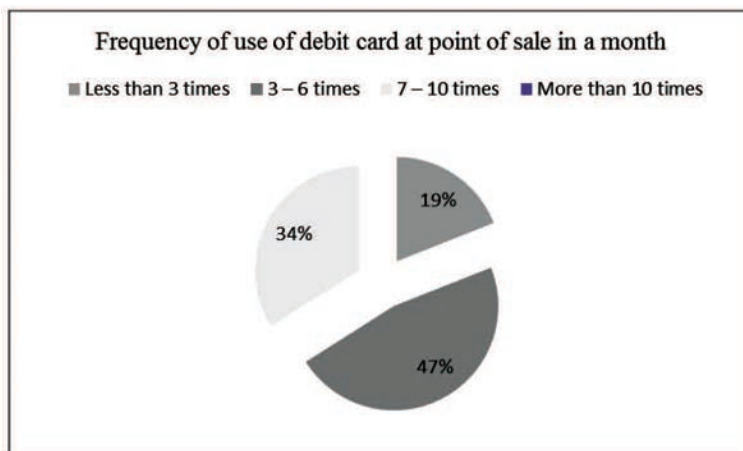
Limitations of the Survey

The survey was conducted at one point, the retail megastore, Metro. Prior to this a number of attempts were made for the survey but due to non-availability of debit card holders those were failed. It is therefore obvious that debit card users are limited in number. This fact raises two questions: Why the banks do not give debit cards to their bank account holders? The second question is in case they do why the card holders do not prefer to use debit cards for their purchasing at point of sale since this is a convenient way of paying that minimizes the risk of cash transaction. In continuation it is also needed to be explored that at how many shops they have the debit card machines in comparison to credit card machines.

Result

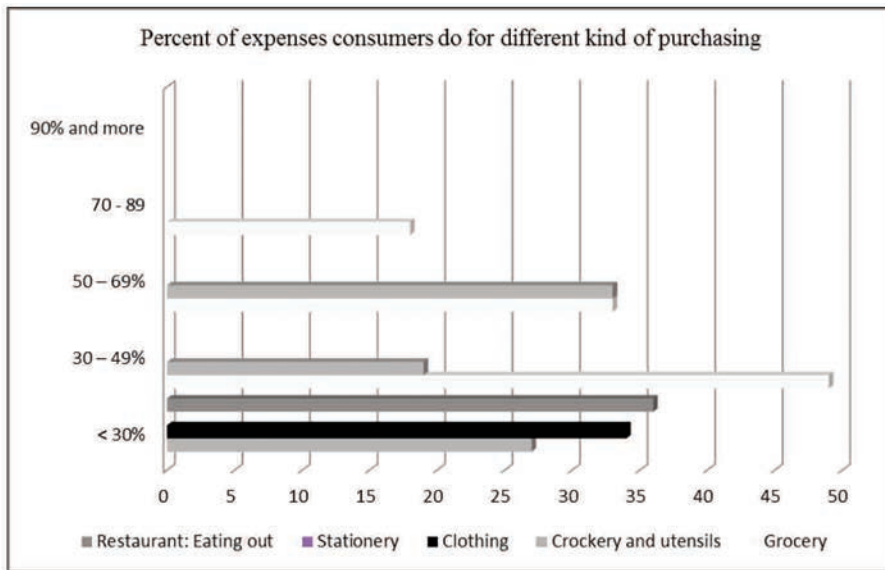
Analysis Table 1: According to our survey all the persons having debit cards also utilize the same for up to ten times in a month. As high as 47% of the respondents use debit cards for shopping 3-6 times in a month, 34% use it for 7-10 times in a month while 19% use it for less than 3 times in a month.

| | |
|--------------------|----|
| Less than 3 times | 19 |
| 3 – 6 times | 47 |
| 7 – 10 times | 34 |
| More than 10 times | |



Analysis Table 2: Buying grocery, crockery and utensils remained the main items for purchase in more than half of the time by 33% respondents. For 18% of the respondents 70 – 8 % of the money were spent on purchasing grocery items. 27% of the respondents replied that they spend less than 30% of their money on buying crockery and utensils. 34% replied that their purchasing for clothing was less than 30% in a month while 36% of the respondents replied that their eating out expenses are less than 30%.

| | < 30% | 30 – 49% | 50 – 69% | 70 - 89 | 90% and more |
|------------------------|-------|----------|----------|---------|--------------|
| Grocery | | 49 | 33 | 18 | |
| Crockery and utensils | 27 | 19 | 33 | | |
| Clothing | 34 | | | | |
| Stationery | | | | | |
| Restaurant: Eating out | 36 | | | | |
| Others | | | | | |



The findings of the survey concludes the following:

- Debit cards are not a usual mode of purchasing in general. Those who have debit cards also have credit cards as well and they do use both types of cards for making their purchases.
- Those who have debit cards do use the same at some selected point of sale.
- Most of their purchases are limited to grocery, crockery and utensils and clothing.

Eating out was another option that the respondents said they do with their debit cards. Grocery was the most preferred item for purchasing with the debit cards.

End Note: Payment Instruments: Definition and Characteristics

Debit Card: A card issued to clients who hold a current account and commonly used in automatic teller machines (ATMs) and point of sales (POS). Each transaction is cleared on the same day. In general, the maximum expenditure limit is between 1500 and 2000 euros per month.

Classic Card: A plastic card issued to clients who, in general, hold an account with the same bank. The issuer offers a personalized credit limit. The cardholder has to repay the outstanding amount at the end of the payment period.

Gold Card: A plastic card issued to clients who in general hold an account with the same bank. The issuer offers a personalized credit limit. The cardholder has to repay for the outstanding amount at the end of the payment period, and a few days after the monthly statement issuing. The holder is assisted with an around-the-clock helpline service. The card benefits from transaction insurance and a further insurance package linked to trips.

Revolving Card: A plastic card issued to clients who, generally, hold an account with the same bank. The cardholder repays for the outstanding amount spreading it over a series of billing cycles usually for a interest charge. The repayment amount is in general a quota between 5–10% of the outstanding balance.

Premium Card (also called Platinum Card by some banks): A plastic card issued to affluent clients who generally have a higher annual income. This category includes travel and entertainment and also membership of certain clubs. The issuer offers a personalized credit limit. Each transaction is repaid on the client's current account a month after the transaction was made. The holder is assisted with an around-the-clock helpline service. The card benefits from several services such as transaction insurance, insurance and packages linked to trips and tickets booking assistance.

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Sociological Study of Economic Status of People and Its Correlation with Family Planning: A Case Study of District Shikarpur, Sindh

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Abstract

The economic status of man has been a driving factor in mental, moral and material upgradation of human beings ever since dawn of Industrial revolution and research has clearly proved that economic status of man has significant effect on family planning. People of rural areas as well as urban areas with low economic status have suffered a lot in moulding the size of their families as a result crying over split milk has been the fate of these people. Due to financial constraints, people in district Shikarpur have been hampered from the natural blessings of basic necessities of lives as a result people do not hesitate to misuse their human resources in trivial activities. This research paper investigates the adverse impact of economic status on family planning practices and its eventual effect on increasing population. The universe of the present research is district Shikarpur. The data was collected through purposive sampling selecting 384 respondents for the research questionnaire. The SPSS software was used to analyze the statistical data. The obtained results show that calculated chi-square value is greater than the tabulated values with p-value of 0.000 which show that economic status greatly affects the family planning practices.

Key Words: Family planning practices, Economic status, Basic necessities and Human resources.

1.1 Introduction

Economic status and income level of people greatly determine the family planning practices in any family. People in rural areas have been highly influenced by the low income level which has compelled these people to give birth to more and more children to employ their new generation in worst form of labour rather than engaging their youngsters in productive educational activities.

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Mostly, it has been observed that people of rural areas divert their human resources towards the agriculture sector even their children at the age of 12-20 prefer to work in worst form of labour rather than preferring to get education. This scenario has engineered illiteracy, unawareness and other forms of social issues which have destabilized our real wealth of nation that is human resources. The secret of development of any country lies in education level of the people who in return increase the economic status of any country.

Low income people suffer every sort of social as well as economic problems which eventually jeopardize the very basic fabric of the society resulting into complete collapse of the family planning practices. People in rural areas have reported that due to financial problems, they are not in the position to afford the family planning materials to minimize the size of their families. That's why it has been verified in various research, that poor people in the under developing countries have more chain of children as compared to rich people.

The main reason behind this dilemma is that rich people are more literate than the poor ones and they can afford the family planning materials to minimize the size of their families. Poor people as observed through the research desire more and more children considering them as the main source of their economic resources. These people are obsessed with the wrong notions and they do not consider depriving their new generation from the basic necessities of lives will leave them in utter state of despair.

1.2 Problem Statement

Low economic status, no doubt, has left people in the face of frustrations and depressions. People due to low income level are not in the position to satiate the basic necessities of their new generation. Health and education decline have been the main stumbling blocks in moral, mental and material up gradation of people. People owing to low income are not in the position to afford the modern methods of family planning as the result they give birth to more and more children. This state of affairs is hanging like the sword of Damocles over the head of poor people which has trapped these people into vicious circles of the social problems. This research is prime need of the hour to pay attention towards the people to empower them to stand on their own feet.

1.3 Significance of the Study

This research topic is the prime need of the hour because masses have to be acquainted with the adverse consequences of the unbridled population which is going to be increased day by day. People have to be intimated through this

research that more children with scarce resources is more sin than not to meet the basic requirements of people. This research tries to explore the effect of low economic status on family planning practices and its ultimate consequences on increasing population.

1.4 Research Objective

- To verify economic status of people and its effect on family planning.
- To analyze the condition of people living in rural areas..
- To know the affordability of people for family planning.
- To detect income effect on family planning practices.

1.5 Research Methodology

1.5.1 Research Design:

In this research, it has been emphasized to collect qualitative as well as quantitative data. The primary data was collected from district Shikarpur, Sindh where as secondary data was gathered from newspapers, research journals and internet.

1.5.2 Population

The population of the research is married couples of the District Shikarpur containing four talukas 1.Shikarpur city 2.Garhi Yasin 3.Lakhi 4.Khanpur.Total married couples in the District Shikarpur are 159337 which is as per 1998 census of District Shikarpur.

1.5.3 Sample Size

The sample size was calculated in scientific way by applying the statistical formula for sample size calculation which is as under:

$$N = \frac{t^2 \times p (1-p)}{m^2}$$

Description:

n=Required sample size.

t=Confidence level at 95% (standard value is 1.96).

p=Approximated prevalence rate of family planning.

m =Margin of error at 5 % (standard value is 0.05).

The sample size through this formula comes to 384.

1.5.4 Sampling Technique

We have adopted the purposive sample technique because this research is mainly focused on married people where as unmarried people have been discarded. Married people are the main focus of this study.

1.5.5 Tools for Analysis

In order to analyze the data quantitatively (SPSS 17 version and Microsoft Excel) were used. Chi-square test, likelihood ratio and p-value were calculated through these software.

2.0 Literature Review

Caldwell et al (1992) informed that unaffordability of family planning materials and low income have influenced the lives of people in various sectors. People in under developing countries have to face the severe consequences of frequent deaths as people do not have sufficient expenditure to meet their health problems. This condition has put majority of the people in great dilemma to minimize their family size.

Orululoye (1995) has also intimated that controlled family size is the main secret of happiness in those families who are faced with acute shortage of financial crisis in under developed countries. Scarce resources with many children is the root cause of all the problems at family level as well as at nation level which destabilize the social-cum-economic fabric of the society. The ban on many children in China and frequent family planning is the main factor for the development of China.

Cernada et al (1994) reported that the inefficiency of the governments to aware the people for frequent use of family planning has resulted in enormous socio-economic problems. People in rural areas are beset with unawareness and illiteracy which has made these people economically handicapped due to which people are cursing their fates and people have been left at the mercy of their fortunes.

Hafeez (1975) states that illiteracy is the main reason which has led people to stray towards the wrong notion of harmful effects of the family planning. It is imperative that government should try its up most to educate the people in order to free them from vicious obsession of superstitious fabricated ideas. Thus literacy seems to be the ultimate solution of this dilemma.

Barnet (1982) proved in his research that under developed and developing countries are more inclined towards less practices of family planning methods. In these countries illiteracy and unawareness are the main factors which have kept people away from the use of contraceptives. It is due to this reason that populations are going to be increased day by day in underdeveloped countries. Lack of funding and economic stabilities in these countries are main hindering factors to divert their programmes towards the family planning and family planning programmes in these countries have suffered a lot. There seems to be

one drastic solution to minimize the major social issues in these countries and that is through controlling over population.

2.1 Quantitative Analysis

2.1.1 Verification of Hypothesis

HO=There is no relationship between economic status and family planning.

H1=Economic status of people are likely related with the family planning.

Case Processing Summary

| | CASES | | | | | |
|--|-------|---------|---------|---------|-------|---------|
| | Valid | | Missing | | Total | |
| | N | Percent | N | Percent | N | Percent |
| Can you afford the fees of doctors and family planning materials * Family Planning Practices | 384 | 100.0% | 0 | .0% | 384 | 100.0% |

Affordability * Family Planning Practices Cross Tabulation

Count

| | | Family Planning Practices | | | Total |
|--|----------------|---------------------------|----------|------------|-------|
| | | Frequently | Sometime | Not at all | |
| Can you afford the fees of doctors and family planning materials | Yes | 52 | 40 | 28 | 120 |
| | No | 20 | 84 | 23 | 127 |
| | To Some extent | 39 | 57 | 41 | 137 |
| Total | | 111 | 181 | 92 | 384 |

Chi-Square Tests

| | Value | df | Asymp. Sig. (2-sided) |
|------------------------------|---------|----|-----------------------|
| Pearson Chi-Square | 363.771 | 4 | .000 |
| Likelihood Ratio | 417.353 | 4 | .000 |
| Linear-by-Linear Association | 248.978 | 1 | .000 |
| N of Valid Cases | 384 | | |

a 0 cells (.0%) have expected count less than 5. The minimum expected count is 19.25.

Symmetric Measures

| | | Value | Asymp. Std. Error(a) | Approx. T(b) | Approx. Sig. |
|----------------------|-------------------------|-------|----------------------|--------------|--------------|
| Nominal by Nominal | Contingency Coefficient | .697 | | | .000 |
| Interval by Interval | Pearson's R | .806 | .017 | 26.639 | .000 |
| Ordinal by Ordinal | Spearman Correlation | .807 | .017 | 26.680 | .000 |
| N of Valid Cases | | 384 | | | |

- a Not assuming the null hypothesis.
- b Using the asymptotic standard error assuming the null hypothesis.
- c Based on normal approximation.

| | |
|-----------------------------|---------|
| Pearson Chi-Square Value | 363.771 |
| Degree of Freedom | 4 |
| p- value | .000 |
| Calculated Chi-Square Value | 9.49 |

2.1.2 Interpretation of Chi-Square Test for Verification of Hypothesis.

As calculated value of chi-square test is obtained as 363.771 and tabulated value of chi-square is 9.49, it means calculated value is greater than tabulated hence our working hypothesis i.e. H1 is correct. From the above values, we conclude that the economic status of people greatly affect the family planning practices. Greater the economic status of people, greater will be the family planning practices where as lesser is the economic status, lesser will be the family planning practices. Linear by linear relationship is 248.978 which show that there is strong relationship between economic status of people and family planning practices. And there is direct relationship between economic status and family planning practices. Here the degree of freedom is 04 with p-value 0.000 which shows that there is strong relationship between the variables and there is significance attachment among the different variables. The value of significance which we took in the research is 0.05 which indicates that the margin of error is 5% not more than that but we have received the ($p < 0.05$) it means there are no chances of error and our working hypothesis hence is 100% correct.

2.1.3 Interpretation of the Contingency Table i.e. Bi-Variate Tabulation

In contingency table, we have bi-variate tabulation which means dependency of one variable on the other variable. This shows what is the

influence of economic status on the family planning practices. In the questionnaire, it is asked from people that can you afford the doctors fee and family planning materials. Those respondents who have said yes, they use the family planning frequently and the frequency of respondents of this category is i.e. frequently= 52, sometime =40 and not at all= 28 respectively. Those who said no, these people do not use the family planning frequently and the frequency of this category of people is i.e. frequently=20.sometime =84 and not at all =30.Those people who said to some extent, they are also not using the family planning practices more frequently and the frequency of such people are frequently=39, Sometime=57and not at all=41.

2.2 Conclusion

1. From the above interpretation of statistical analysis,it is concluded that those people who are influenced by low income ,they do not use the family planning practices more frequently where as they sometimes use the family planning practices whenever they want. Where as those people who are not influenced by the low income, they use family planning more frequently.
2. Chi-square value shows that there is relationship between economic status and family planning practices.
3. p-value has shown that people who are more inclined towards the low income, they use the family planning practices rarely.
4. Those people who up to some extent afford the family planning, they use the family planning some time more frequently.

2.3 Recommendation.

1. Government should try to act on the Chinese proverb that says,' Do not give me fish but teach me fishing'', it means government should try to empower the peole to stand on their feet rather than making them dependent on donations and aids.
2. Government as well as NGOs should try to educate the people so that people in the rural areas may be mentally empowered not to come under the superstitious ideas regarding family planning.
3. There should be programmes on the part of the government and NGOs to empower the people through micro financing so that peole may set up their small business to improve their economic status.
4. Government should try to create awareness among the people regarding the

establishment of new entrepreneurships so that people may start by generating their own income.

5. Government should try to set up small industries to employ the people so that local people may have source of income at their doorsteps.

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Role of Small & Medium Enterprises in Creating Employment Opportunities in Pakistan: A Case Study of Sindh

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Abstract

This research investigates the role of Small & Medium Enterprises in creating Employment with reference to Sindh. Data were collected from 100 respondents from 30 organizations by using simple random technique. A structural questionnaire was developed to get reliability of the Data. Data were analyzed by using SPSS-18 version. It was revealed that SMEs are the major source of foreign exchange earnings, SMEs have a major contribution in Pakistan's GDP. A known feature of SME sector is its ability to create jobs, SMEs maintain the poverty alleviation activities through creating employment, SMEs assist in fostering a self-help and entrepreneurial culture, SMEs boost up an entrepreneurial strength which puts forward flexibility in the economy, SMEs are more capable in resource allocation as compared to large scale industries, SMEs in general consider employees as their most important resources, SMEs are pioneers, in developing new products and services and finally SMEs are in general very quality minded in the products and services they provide.

Key Words: SMEs, Employment, Sector, Sindh

Introduction

SMEs on creation of employment, section three investigates the importance and significance of SMEs, section four addresses behavior of employer/manager in official and un-official matters with the employees, section five explores the appointment procedure in SMEs, section six discovers the contribution of SMEs to private sector employment, section seven finds out the contribution of SMEs to government sector employment, section eight highlights on the growth of SMEs in Sindh, section nine determines the performance/improvements of SMEs in textile industry of Pakistan during last five years, section ten assesses the role of textile industry of Pakistan in the creation of job opportunities in the country, section eleven evaluates the fundamental role of textile sector in the exports of Pakistan, section twelve inspects the performance of textile sector in

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the development of the manufacturing sector in Pakistan and finally section thirteen observes the contribution of SMEs in employment of Pakistan.

Literature Review

SMEs have historically taken as a significant part in contributing towards the economic progress of many countries around the world (Kongolo, 2010). There is no growth when the advantages of economic improvements are utilized only by a small number of people, whereas the greater parts are being expelled (Todaro and Smith, 2003). The unconstructive effects of current economic turn down have seriously influenced the socio-economic conditions of many people universally. As a reply to these negative conditions, it is necessary that the small, medium and large entrepreneurs improve their employment formation capabilities (Barakat, 2001). It was also pointed out by the Advani (1997) that from the socio-economic development point of view, SMEs provide a variety of benefits. A well-supported and enhanced small business sector is likely to continue contributing to the economic development process in the same way as a large business (Abraham, 2003). One of the noteworthy distinctiveness of a prosperous and emergent economy is a booming and blooming small and medium enterprises (SMEs) sector (Feeney and Riding, 1997).

Feeney and Riding (1997) further argued that small and medium enterprises play an important role in the development of a country. According to Fida (2008) SMEs contribute to economic development in various ways: by creating employment for rural and urban labor force, providing desirable sustainability, and innovation in the economy as a whole. In addition to that, large number of people rely on the small and medium enterprises directly or indirectly. Cook and Nixon (2000) also gave arguments in favor of SMEs according to him the growth of SMEs is seen as the way to accelerating the accomplishment of wider socio-economic objectives, including poverty mitigation. The growth and efficiency of small enterprises have also become famous (Mazumdar, 1997). Using the case of Northern Italy, Piore and Sabel (1984) have argued that small enterprises are more efficient because they have adopted a flexible specialization approach. In the same way, there has been growing interest in whether this model has or can be replicated in developing countries (Schmitz, 1989; Pederson, 1994; Schmitz and Musyck, 1994; Schmitz, 1995). Considerable attention has been paid in the last decade to the problem of poverty-reduction in developing countries. (World Bank, 1989, 1997). It is generally agreed that the development of micro and small-scale enterprises (MSEs) can be a key ingredient in poverty-reduction (Sen, 1980 and Green et al,

2002). On the other hand, evidence shows that small-scale enterprises contribute significantly to household incomes (Liedholm et al., 1994; McPherson, 1996; Kapoor et al., 1997; Perks, 2004; McDade & Spring, 2005). It is also globally experienced that a well-organized SME sector is favorable to rapid industrial intensification (Hill, 2001, Llyod 2002).

Data Collection Methodology

Data were collected from 100 respondents from 30 organizations by using simple random technique. A structural questionnaire was developed to get reliability of data. Data were analyze by using SPSS-18 version.

Results and Discussion

IMPACT OF SMALL AND MEDIUM ENTERPRISES (SMEs) ON CREATION OF EMPLOYMENT

In order to have a comparative view about the perceived impact of SMEs on employment, employees responses were obtained by using likert type 5-point scales and the items were replicated from the managerial questionnaire. These items were; SMEs are the major source of employment, SMEs are also largest source of domestic employment, SMEs have reduced un-employment in the country and SMEs have created job opportunities in rural areas of Sindh.

An inspection of table 6.4 reveals that the majority of the employees more than 55% indicated agreements with the SMEs are the major source of employment, more than 20% appeared to be disagreed and also more than 20% of the participants were un-certain about their opinion. SMEs are the largest source of domestic employment, a majority of 47% of the respondents were agreed, less than 20% were disagreed, while, more than one quarter were undecided in their views. Answering the question regarding the SMEs have reduced un-employment in the country. 47% of the participants indicated their agreement, more than one quarter had disagreed, whereas less than 30% were un-decided in their replies. Finally in the response of SMEs have created job opportunities in rural areas of Sindh, more than 50% showed their agreement, less than one quarter were disagreed and 1/4th of the participants were un-decided. This may indicate that employees do not have adequate knowledge about the question asked for the reply (see also figure 6.2.1 to 6.2.4)

TABLE 6.4 DISTRIBUTION OF EMPLOYEES' RESPONSES ON THE PERCEIVED IMPACT OF SMALL AND MEDIUM ENTERPRISES (SMES)

ON CREATION OF EMPLOYMENT (N=200)

Strongly Agree (SA) Agree (A) Un-decided (UD) Disagree
(D) Strongly Disagree (SD) Total

a. SMEs are the major source of employment 49

SA: (24.5%) 66
A: (33%) 42
UD: (21%) 28
D: (14%) 15
SD: (07.5%) 200
Total: (100%)

b. SMEs are also largest source of domestic employment 38

SA: (19%) 56
A: (28%) 51
UD: (25.5%) 35
D: (17.5%) 20
SD: (10%) 200
Total: (100%)

c. SMEs have reduced un-employment in the country 35

SA: (17.5%) 59
A: (29.5%) 55
UD: (27.5%) 32
D: (16%) 19
SD: (09.5%) 200
Total: (100%)

d. SMEs have created job opportunities in rural areas of Sindh 41

SA: (20.5%) 62
A: (31%) 50
UD: (25%) 30
D: (15%) 17
SD: (08.5%) 200
Total: (100%)

As revealed by one-way analysis of variance a significant difference of opinion was found among the entire three sample SMEs in textile industry of Pakistan in all the statements such as SMEs are the major source of employment, SMEs are also largest source of domestic employment, SMEs have reduced un-employment in the country and SMEs have created job opportunities in rural areas of Sindh as illustrated in table 6.5.

TABLE 6.5 MEAN SCORES AND STANDARD DEVIATIONS OF THE MANAGERS' PERCEPTIONS ABOUT IMPACT OF SMALL AND MEDIUM ENTERPRISES (SMES) ON CREATION OF EMPLOYMENT

Ginning
 (n=50) Weaving
 (n=20) Garments
 (n=30) ANOVA

By sector

| | Statement | Mean | SD | (Mean | SD | Mean | SD | F | p |
|----|--|------|-------|-------|-------|------|-------|--------|--------|
| a. | SMEs are the major source of employment | 20 | 8.000 | 08 | 4.062 | 12 | 7.874 | 3.9298 | 0.0487 |
| b. | SMEs are also largest source of domestic employment | 20 | 6.595 | 08 | 3.391 | 12 | 5.244 | 6.7879 | 0.0107 |
| c. | SMEs have reduced un-employment in the country | 20 | 4.950 | 08 | 5.339 | 12 | 7.314 | 5.2582 | 0.0229 |
| d. | d. SMEs have created job opportunities in rural areas of Sindh | 20 | 7.969 | 08 | 3.674 | 12 | 6.595 | 4.6473 | 0.0320 |

a) Relationships between impact of SMEs on employment items

An examination of table 6.6 indicates statistically significant relationships between all the impacts of SMEs on employment items. All items are positively and significantly correlated with one another. The range of coefficient correlation is from .842 to .990 all reaching 0.05 and 0.01 level of significance. This pattern of correlation suggests a broadly perceived favorable impact of SMEs on employment items.

TABLE 6.6 INTERCORRELATIONS BETWEEN IMPACTS OF SMES ON EMPLOYMENT ITEMS

| Variables | 1 | 2 | 3 | 4 |
|--|--------|--------|--------|---|
| a. SMEs are the major source of employment | - | | | |
| b. SMEs are also largest source of domestic employment | .882* | - | | |
| c. SMEs have reduced un-employment in the country | .842* | .990** | - | |
| d. SMEs have created job opportunities in rural areas of Sindh | .951** | .981** | .967** | - |

* Correlation is significant at the 0.05 level (1-tailed)

** Correlation is significant at the 0.01 level (1-tailed)

6.3 IMPORTANCE AND SIGNIFICANCE OF SMALL AND MEDIUM ENTERPRISES (SMES)

In order to investigate the importance and significance of SMEs, a twelve-item questionnaire was designed. The main question asked from the employees was “Considering the impact of Small and Medium Enterprises (SMEs) on creation of employment to what extent do you agree or disagree with the following statements (please tick one for each statement)”. Responses on this question were recorded on a 5-point likert type scale (ranking from strongly agree – strongly disagree).

6.3.1 SMEs play a very major role in the economy of Pakistan.

An examination of table 6.7 indicates that a majority of the employees (56.5%) seemed to be comfortable about the SMEs that play a very major role in the economy of Pakistan, while 22% did not seem to be comfortable, whereas, more than twenty percent (21.5%) were remained un-decided (see also figure 6.3).

6.3.2 SMEs are the major source of foreign exchange earnings

In response to the question asked to the employees about the SMEs are the major source of foreign exchange earnings more than 50% indicated their agreement with the statement, less than one-quarter remained un-decided whereas more than one-quarter of the respondents disagreed.

6.3.3 SMEs have a major contribution in Pakistan’s GDP

As far as contribution of SMEs in GDP of Pakistan is concerned more than 50% of the participants appeared to agree, less than one-quarter remained un-decided in their opinions whereas, 1/4th of the respondents showed their disagreement with the statement.

6.3.4 A known feature of SME sector is its ability to create jobs

Concerning the statement that the known feature of SME sector is to create jobs, a majority of 55% indicated their agreement, more than 20% were un-decided due to lack of knowledge while less than one quarter participants appeared to disagree.

6.3.5 SMEs maintain the poverty alleviation activities through creating employment

When the employees were asked about the SMEs maintaining poverty

alleviation activities by creating employment, more than 50% of the respondents agreed, 1/4th of the employees seemed to neither agree nor disagree whereas less than one quarter appeared to disagree with this statement (see table 6.7).

6.3.6 SMEs assist in fostering self-help and entrepreneurial culture

As far as SMEs assist in fostering self-help and entrepreneurial culture is concerned more than fifty percent of the respondents emerged who agreed. More than twenty percent remained un-decided (neither agreed nor disagreed) whereas, more than one quarter of the respondents demonstrated their disagreement on the above statement (see table 6.7).

6.3.7 SMEs boost up entrepreneurial strength which puts forward flexibility in the economy

Regarding SMEs boost up entrepreneurial strength more than 50% of the employees appeared to agree, less than 30% of the participants seemed to disagree while more than 20% remained un-decided in their opinions due to lack of knowledge and interest as shown in the table 6.7.

6.3.8 SMEs create the best rising export sub-sectors

In response to the statement the SMEs create the best rising export sub-sectors. The majority (53%) of the respondents appeared to agree, less than 30% of the respondents showed their disagreement at the same time less than 20% remained un-certain in their opinions (see table 6.7).

6.3.8 SMES CREATE THE BEST RISING EXPORT SUB-SECTORS

6.3.9 SMEs are more capable in resource allocation as compared to large scale industries

Responding by the respondents SMEs are more capable in resource allocation as compared to large scale industries. Majority of 55% of the employees showed their agreement, 28% demonstrated their disagreement while only 17% appeared to be un-certain in their views as mentioned in the table 6.7.

6.3.10 SMEs in general consider employees as their most important resource. When the employees were asked about the SMEs in general, as their most important resources in the same way a majority (53%) of the employees confirmed their agreement on the statement, more than 30% were not in a favor of the statement in the same way more than 15% seemed to neither agree nor disagree, pertaining to the statement (see table 6.7).

6.3.11 SMEs are pioneers in developing new products and services

As far as the statement regarding SMEs are pioneers in developing new products and services was concerned, majority (53%) of the employees demonstrated their agreement on the matter, more than thirty percent illustrated their disagreement at the same time only 15% of the respondents remained undecided (neither agreed nor disagreed) in their opinions as mentioned in the table 6.7.

6.3.12 SMEs are in general quality minded in the products and services they provide

Finally when the respondents asked for the response on the issue of pertaining to the SMEs are in general quality minded in the products and services they provide, the majority (51%) of the participants also showed their agreement, more than 30% did not appear to agree with the statement whereas only more than 17% neither agreed nor disagreed due to lack of knowledge and interest.

TABLE 6.7 DISTRIBUTION OF EMPLOYEES' RESPONSES ON THE PERCEIVED IMPORTANCE AND SIGNIFICANCE OF SMES (N=200)

| | Strongly Agree (SA) | Agree (A) | Un-decided (UD) | Disagree(D) | Strongly Disagree (SD) | Total |
|--|---------------------|-----------|-----------------|-------------|------------------------|-------|
| a. SMEs play a very major role in the economy of Pakistan. | | | | | | 48 |
| SA: | (24%) | 65 | | | | |
| A: | (32.5%) | 43 | | | | |
| UD: | (21.5%) | 30 | | | | |
| D: | (15%) | 14 | | | | |
| SD: | (07%) | 200 | | | | |
| Total: | (100%) | | | | | |
| b. SMEs are the major source of foreign exchange earnings. | | | | | | 36 |
| SA: | (18%) | 65 | | | | |
| A: | (32.5%) | 48 | | | | |
| UD: | (24%) | 34 | | | | |
| D: | (17%) | 17 | | | | |
| SD: | (08.5%) | 200 | | | | |
| Total: | (100%) | | | | | |
| c. SMEs have a major contribution in Pakistan's GDP | | | | | | 36 |
| SA: | (18%) | 65 | | | | |

| | | |
|--------|---------|-----|
| A: | (32.5%) | 49 |
| UD: | (24.5%) | 35 |
| D: | (17.5%) | 15 |
| SD: | (07.5%) | 200 |
| Total: | (100%) | |

d. A known feature of SME sector is its ability to create jobs. 42

| | | |
|--------|---------|-----|
| SA: | (21%) | 68 |
| A: | (34%) | 43 |
| UD: | (21.5%) | 31 |
| D: | (15.5) | 16 |
| SD: | (08%) | 200 |
| Total: | (100%) | |

e. SMEs maintain the poverty alleviation activities through creating employment. 37

| | | |
|--------|---------|-----|
| SA: | (18.5%) | 66 |
| A: | (33%) | 50 |
| UD: | (25%) | 30 |
| D: | (15%) | 17 |
| SD: | (08.5%) | 200 |
| Total: | (100%) | |

f. SMEs assist in fostering a self-help and entrepreneurial culture. 38

| | | |
|--------|--------|-----|
| SA: | (19%) | 64 |
| A: | (32%) | 44 |
| UD: | (22%) | 30 |
| D: | (15%) | 24 |
| SD: | (12%) | 200 |
| Total: | (100%) | |

g. SMEs boost up an entrepreneurial strength which puts forward flexibility in the economy. 40

| | | |
|--------|---------|-----|
| SA: | (20%) | 63 |
| A: | (31.5%) | 41 |
| UD: | (20.5%) | 32 |
| D: | (16%) | 24 |
| SD: | (12%) | 200 |
| Total: | (100%) | |

h. SMEs create the best rising export sub-sectors 46

| | | |
|--------|--------|-----|
| SA: | (23%) | 60 |
| A: | (30%) | 38 |
| UD: | (19%) | 30 |
| D: | (15%) | 26 |
| SD: | (13%) | 200 |
| Total: | (100%) | |

i. SMEs are more capable in resource allocation as compared to large scale industries 47

| | | |
|--------|---------|-----|
| SA: | (23.5%) | 63 |
| A: | (31.5%) | 34 |
| UD: | (17%) | 32 |
| D: | (16%) | 24 |
| SD: | (12%) | 200 |
| Total: | (100%) | |

j. SMEs in general consider employees as their most important resources 45

| | | |
|--------|---------|-----|
| SA: | (22.5%) | 61 |
| A: | (30.5%) | 33 |
| UD: | (16.5%) | 34 |
| D: | (17%) | 27 |
| SD: | (13.5%) | 200 |
| Total: | (100%) | |

k. SMEs are pioneer in developing new products and services 44

| | | |
|--------|--------|-----|
| SA: | (22%) | 62 |
| A: | (31%) | 30 |
| UD: | (15%) | 36 |
| D: | (18%) | 28 |
| SD: | (14%) | 200 |
| Total: | (100%) | |

l. SMEs are in general very quality minded in the products and services they provide 44

| | | |
|--------|---------|-----|
| SA: | (22%) | 58 |
| A: | (29%) | 35 |
| UD: | (17.5%) | 37 |
| D: | (18.5%) | 26 |
| SD: | (13%) | 200 |
| Total: | (100%) | |

According to one-way analysis of variance a statistically significant difference of opinion was found among the employee groups in the three SMEs in textile industry of Pakistan as mentioned in the following table 6.8

TABLE 6.8 MEAN SCORES AND STANDARD DEVIATIONS OF THE EMPLOYEES' PERCEPTIONS ABOUT THE IMPORTANCE AND SIGNIFICANCE OF SMES

Ginning
(n=100) Weaving
(n=40) Garment
(n=60) ANOVA

By sector

| Items | Mean | SD | Mean | SD | Mean | SD | F | P |
|---|------|-------|------|-------|------|-------|-------|-------|
| a. SMEs play a very major role in the economy of Pakistan. | 20 | 8.337 | 08 | 4.950 | 12 | 6.205 | 4.226 | 0.040 |
| b. SMEs are the major source of foreign exchange earnings. | 20 | 7.211 | 08 | 4.416 | 12 | 6.519 | 4.912 | 0.027 |
| c. SMEs have a major contribution in Pakistan's GDP | 20 | 7.746 | 08 | 4.690 | 12 | 6.519 | 4.498 | 0.034 |
| d. A known feature of SME sector is its ability to create jobs. | 20 | 6.124 | 08 | 5.788 | 12 | 7.382 | 4.462 | 0.035 |
| e. SMEs maintain the poverty alleviation activities through creating employment. | 20 | 7.036 | 08 | 5.244 | 12 | 6.819 | 4.534 | 0.034 |
| f. SMEs assist in fostering a self-help and entrepreneurial culture. | 20 | 6.595 | 08 | 3.937 | 12 | 5.099 | 6.588 | .012 |
| g. SMEs boost up an entrepreneurial strength which puts forward flexibility in the economy. | 20 | 7.615 | 08 | 2.915 | 12 | 4.527 | 6.437 | .013 |
| h. SMEs create the best rising export sub-sectors | 20 | 5.700 | 08 | 2.345 | 12 | 5.916 | 7.671 | .007 |
| i. SMEs are more capable in resource allocation as compared to large scale industries | 20 | 6.892 | 08 | 3.391 | 12 | 5.147 | 6.550 | .012 |
| j. SMEs in general consider employees as their most important resources | 20 | 6.041 | 08 | 3.464 | 12 | 4.743 | 7.887 | .007 |
| k. SMEs are pioneer in developing new products and services | 20 | 6.723 | 08 | 3.535 | 12 | 4.527 | 7.419 | .008 |
| l. SMEs are in general very quality minded in the products and services they provide | 20 | 6.363 | 08 | 2.738 | 12 | 3.391 | 9.412 | .003 |

a) Relationships between importance and significance items of SMEs

As shown in table 6.9 significant inter-correlations exists between all the importance and significance items of SMEs were statistically significant. This pattern of correlation suggests broadly perceived favorable relationships

between importance and significance items of SMEs. The range of coefficient correlation is from .749 to .998 all reaching 0.05 and 0.01 level of significance.

TABLE 6.9 INTERCORRELATIONS BETWEEN IMPORTANCE AND SIGNIFICANCE OF SMEs

| Variables | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----|----|
| Economy of Pakistan | - | | | | | | | | | | | |
| Foreign exchange earnings | | | | | | .932* | | | | | | |
| GDP | .928* | .998** | | | | | | | | | | |
| Job Creation | .983** | | | | .973** | .966** | | | | | | |
| Poverty alleviation | | | | | .938** | .993** | .989** | .972** | | | | |
| Entrepreneurial culture | | | | | .939** | .971** | .957** | .981** | .981** | | | |
| Entrepreneurial strength | | | | | .960** | .962** | .948** | .992** | .963** | .992** | | |
| Export sub-sectors | | | | | .966** | .871* | .854* | .959** | .886* | .937** | | |
| | .963** | | | | | | | | | | | |
| Resource allocation | | | | | .945** | .840* | .824* | .940** | .840* | .901* | | |
| | .946** | .987** | | | | | | | | | | |
| Employees as important resources | | | | | .914* | .820* | .802 | .922* | .813* | | | |
| | .887* | .936** | .970** | .995** | | | | | | | | |
| Developing new products and services | | | | | | | .854* | .767 | .767 | .873* | | |
| | .749 | .837* | .896* | .925* | .971** | .990** | | | | | | |
| Quality minded in the products | | | | | .939** | .863* | .853* | .945** | .844* | | | |
| | .893* | .944** | .957** | .987** | .988** | .975** | | | | | | |

*. Correlation is significant at the 0.05 level (1-tailed).

**. Correlation is significant at the 0.01 level (1-tailed).

6.4 BEHAVIOR OF EMPLOYER/MANAGER IN OFFICIAL AND UN-OFFICIAL MATTERS

As far as behavior of employer/manager is concerned the majority of the employees seemed to be highly satisfied whereas only 21% of the participants appeared to be dissatisfied as shown in the following table 6.10.

TABLE 6.13 MEAN SCORES AND STANDARD DEVIATIONS OF THE EMPLOYEES' PERCEPTIONS ABOUT THE APPOINTMENT PROCEDURES IN SMES

| | |
|-----------------|--|
| Ginning | |
| (n=100) Weaving | |
| (n=40) Garments | |
| (n=60) ANOVA | |

By sector

| Mean | SD | Mean | SD | Mean | SD | F | p |
|------|-------|------|-------|------|-------|-------|--------|
| 20 | 6.124 | 08 | 3.674 | 12 | 6.519 | 5.989 | 0.0157 |

6.6 SMES ARE THE MAJOR CONTRIBUTORS TO PRIVATE SECTOR EMPLOYMENT

As far as SMEs are the major contributor to private sector employment is concerned the majority (51%) of the employees seemed to be satisfied less than thirty percent were dissatisfied while more than twenty percent did not answer the question (see table 6.14).

TABLE 6.14 DISTRIBUTIONS OF EMPLOYEES' RESPONSES ON THE PERCEIVED SMES ARE THE MAJOR CONTRIBUTORS TO PRIVATE SECTOR EMPLOYMENT

| Extremely Satisfied (ES) | Satisfied (S) | Don't know (Dk) | |
|--------------------------|-----------------------------|-----------------|----|
| Dissatisfied (DS) | Extremely Dissatisfied (ED) | Total | 41 |
| ES: (20.5%) | 61 | | |
| S: (30.5%) | 42 | | |
| Dk: (21%) | 33 | | |
| DS: (16.5%) | 23 | | |
| ED: (11.5%) | 200 | | |
| Total: (100%) | | | |

Using one way analysis of variance, a number of different views can be observed among the Ginning, Weaving and Garments employees'. The significant difference of views was noted among all the employees working in three sample SMEs as mentioned in the following table 6.15.

TABLE 6.15 MEAN SCORES AND STANDARD DEVIATIONS OF THE EMPLOYEES' PERCEPTIONS ABOUT THE SMES ARE THE MAJOR CONTRIBUTORS TO PRIVATE SECTOR EMPLOYMENT

Ginning
(n=100) Weaving
(n=40) Garments
(n=60) ANOVA

By sector

| Mean | SD | Mean | SD | Mean | SD | F | p |
|------|-------|------|-------|------|-------|--------|--------|
| 20 | 5.099 | 08 | 3.317 | 12 | 5.788 | 7.9433 | 0.0063 |

6.7 SMES ARE MAJOR CONTRIBUTORS TO GOVERNMENT SECTOR EMPLOYMENT

When the employees were asked about the contribution of SMEs to Government sector employment the majority of the respondents (46.5%) showed their dissatisfaction, more than 15% seemed to be satisfied whereas less than 40% of the respondents circumvented to respond on the question as shown in table 6.16.

TABLE 6.16 DISTRIBUTIONS OF EMPLOYEES' RESPONSES ON THE PERCEIVED SMES ARE THE MAJOR CONTRIBUTORS TO GOVERNMENT SECTOR EMPLOYMENT

| Extremely Satisfied (ES) | Satisfied (S) | Don't know (Dk) |
|--------------------------|-----------------------------|-----------------|
| Dissatisfied (DS) | Extremely Dissatisfied (ED) | Total |
| ES: (02.5%) | 28 | 05 |
| S: (14%) | 74 | |
| Dk: (37%) | 61 | |
| DS: (30.5%) | 32 | |
| ED: (16%) | 200 | |
| Total: (100%) | | |

6.9 PERFORMANCE/IMPROVEMENTS OF SMES IN TEXTILE INDUSTRY OF PAKISTAN DURING LAST FIVE YEARS

Shading the light on the following table 6.20 it is observed that the majority (57%) of the participants were satisfied on the performance/improvements of SMEs in textile industry of Pakistan during last five years, one quarter of the respondents were dissatisfied while 18% of the participants evaded to them responding on the question.

TABLE 6.20 DISTRIBUTIONS OF EMPLOYEES' RESPONSES ON THE PERCEIVED PERFORMANCE/IMPROVEMENTS OF SMES IN TEXTILE INDUSTRY OF PAKISTAN DURING LAST FIVE YEARS

| Extremely Satisfied (ES) | Satisfied (S) | Don't know (Dk) |
|--------------------------|-----------------------------|-----------------|
| Dissatisfied (DS) | Extremely Dissatisfied (ED) | Total |
| ES: (23.5%) | 67 | 47 |
| S: (33.5%) | 36 | |
| Dk: (18%) | 30 | |
| DS: (15%) | 20 | |
| ED: (10%) | 200 | |
| Total: (100%) | | |

Using one-way analysis of variance it is revealed that there is a significant difference in the views of three SMEs in textile industry of Pakistan on the matter of performance/ improvements of SMEs in textile industry of Pakistan during last five years (see table 6.21).

TABLE 6.21 MEAN SCORES AND STANDARD DEVIATIONS OF THE EMPLOYEES' PERCEPTIONS ABOUT THE PERFORMANCE /IMPROVEMENTS OF SMES IN TEXTILE INDUSTRY OF PAKISTAN DURING LAST FIVE YEARS

Ginning

(n=100) Weaving

(n=40) Garments

(n=60) ANOVA

By sector

| Mean | SD | Mean | SD | Mean | SD | F | p |
|------|----|------|----|------|----|---|---|
|------|----|------|----|------|----|---|---|

TABLE 6.29 MEAN SCORES AND STANDARD DEVIATIONS OF THE EMPLOYEES' PERCEPTIONS ABOUT THE CONTRIBUTIONS OF SMES IN EMPLOYMENT OF PAKISTAN

Ginning

(n=100) Weaving

(n=40) Garments

(n=60) ANOVA

By sector

| Mean | SD | Mean | SD | Mean | SD | F | p |
|------|-------|------|-------|------|-------|-------|-------|
| 20 | 8.215 | 08 | 3.162 | 12 | 5.099 | 5.411 | 0.021 |

Conclusion

Overall, employees were more positive in perceiving favorable impact of SMEs on employment in textile industry of Pakistan. These perceptions were common across the three sample SMEs. It is also evident from the present study that in general, SMEs were perceived to have provided employment in urban areas as well as in rural areas of Sindh. The positive attitude of employees further supported SMEs as the major source of employment where more employees were satisfied. There was also positive attitude of the employees in relation to the SMEs, the major contributors in private sector employment, but in relation to the SMEs are the major contributors in government sector

employment where negative attitude of the employees was noted.

It is further summarized that the employees of the SMEs were more satisfied in the areas of textile sector performing a leading role in the development of the manufacturing sector in Pakistan, textile sector performs a fundamental role in the exports of Pakistan, role of textile industry of Pakistan in creation of job opportunities in the country, performance/improvements of SMEs in textile industry of Pakistan during last five years, growth of small and medium enterprises (SMEs) in Sindh, appointment procedure in SMEs, behavior of employer/manager in official and un-official matters.

Similarly, concerning the issue of importance and significance of small and medium enterprises (SMEs), no resistance was found among all the employee groups of sample SMEs in all the twelve areas.

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