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Telephone: +9221-3584-0397/98, +9221-3584-7662, Fax: +9221-3585-1910, UAN: +9221-111-202-303
E-mail: drshahida@greenwich.edu.pk, journal_bs@greenwich.edu.pk
URL: www.greenwichuniversity.edu.pk

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Editorial Board

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Editorial Note

Education is the crest, every nation must strive for in pursuit of excellence and progress. Research lies at the heart of higher education without which the corridors of academia are considered deserted. An endless quest for knowledge and wisdom will undoubtedly transform us into an invigorating nation that constantly struggles for novel avenues in human development. We are unfortunate enough to have shaken those foundations already laid for us by our forefathers known for their ingenuity and scholarship.

The twentieth issue of the Journal of Business Strategies contains nine research articles.

Dr. Muhammad Azam and Syeda Humera Zaidi shared the first paper "Mortgage Financing and Customer Preferences: The Case of Pakistan" investigating how customers choose a specific bank for mortgage financing in Pakistan. The research compares what factors can influence on decision-making with regards to gender, age, income, occupation, and marital status. The data has been analyzed through various tests.

The second paper "The role of national culture and universities in promoting entrepreneurship intentions among the students of Khyber-Pakhtumkhuwa " is an effort by Muhammad Tahir and Badshah Hussain whose study relates about enhancing the understanding about entrepreneurship in the province of KP of Pakistan. They are of the opinion that universities ar not playing a major role in supporting entrepreneurship by means of providing entrepreneurship related education counseling, and experiences. The study showed that national culture dimensions and university support are positively affecting the components of theory of planned behavior and entrepreneurship intention.

The third paper of Ambreen Harris titled "Burnout & work disengagement implications of Supervisor support in project success" investigates the relationship between burnout and project success in presence of disengagement is mediator and supervisor support as moderator. Result indicates that disengagement act as mediator among the relationship of burnout and project success whereas supervisor success does not act as buffer in case of I.T. oriented project based work setting.

In the fourth contributed by Mahroona Anees and Dr. Basheer Ahmed paper "Investment Decisions: Stock buybacks or stock prices?" show that stock prices and buybacks are interdependent; and buybacks and prices behavior is significant across the month through the year while share buybacks behavior is found different across the companies. Microsoft, P&G and IBM are inclined towards high buybacks while Honda and Toyota re inclined to low buybacks.

The fifth paper "Impact of oil and gold prices on stock market index" by Urooj Aijaz, Muhammad Faisal and Saad Meraj aims to study the relationship between prices of gold and crude oil and stock market index. The research shows that gold price has significant positive relation with Karachi Stock Exchange 100 index while crude oil has insignificant positive relation.

The sixth paper "Post merger performance of the KSE listed selected banks of Pakistan" of Maria Batool Bawani and Senior Associate Professor, Ishtiaq Ahmed took data from various banks and presented their analysis and results to prove that there is no such positive outcome after the merger of banks of Pakistan. The outcome of the research may help the decision makers to focus on the places where there is a lack of knowledge for mergers and how to make merger successful.

The seventh article, "Impact of internal marketing on organizational commitment: A case of Lucky Cement employees" by Usman Ali Warraich, Nigah-e-Hussain and Sara Rashid Khurram discuss workforce commitment towards the organization is very important especially for people who are associated with the manufacturing industry. The employees must be motivated to serve the external customers. Their results show that a change internal marketing activities causes an effect on organizational commitment of the workforce and positively influence changes to a certain level.

Muhammad Ayaz, Sheikh Raheel Manzoor and Azhar Khan in their eighth article "Factors Affecting Restaurant Image in KPK, Pakistan: Moderating role of personality trait", analyzed the effect of brand name, price, customer service and ambient factor on restaurant image with inclusion of personality trait as a moderate variable. The result reveals positive relationship amid all variables.

Dr. Irshad Hussain and Prof. Dr. Shahida Sajjad in the last article explain the concept of financial literacy, its significance and general methods. The discussion demonstrates that financial literacy including massive campaigns through electronic, print and social media, embedding financial literacy concepts with curricula and academic activities, community involvement, and awareness on/ about basic financial skills have been suggested in the article.

Editor
Prof. Dr. A.Q. Mughal
Chief-in-Editor
Journal of Business Strategies

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Mortgage Financing and Customer Preferences: The Case of Pakistan

Dr. Muhammad Azam* and Syeda Humera Zaidi**

Abstract

This study investigates how customers choose a specific bank for mortgage financing in Pakistan. A primary data has been collected by self-administered questionnaires from the customers who are availing mortgage financing in Karachi. This research compares what factors can influence on decision-making with regards to gender, age, income, occupation, and marital status. Since we have ordinal data, the mortgage financing criteria has been analyzed by Mann-Whitney and Kruskal-Wallis Tests. The results suggest that interest rate, transparent practice, fast processing of loan, flexible terms and conditions and service charges are the first five factors considered as being very important.

Key words: *Mortgage financing; Customer preferences; Demographic factors; Selection criteria; Decision-making.*

Introduction

Financial institutions always play a vital role in facilitating consumer lending. However, the Pakistan's economy has faced severe breakdown in the recent years which has directly affected the consumers' repayment capacity and the banks income in the form of interest payments. This was happened due to the banks' own fault of not adopting a risk-based pricing approach. Deng and Gabriel (2006) suggest that the borrowers may default when the market value of mortgage loan is greater than the security (collateral) held against loan. On the contrary, Bart, Perraudin and Satchell (2003) indicate that the mortgage default is influenced by income and interest rates.

According to Dressler and Stokes (2010) mortgage termination is important factor to be considered while determining the performance of bank's portfolio. This again is contrary to the research by Deng & Gabriel (2006), which investigate that customers turn delinquent in the event of economic turmoil and are discouraged from making early repayment of loan. Schuck (1994), examined that the borrowers' income rise and mortgage principal balance declines due to loan amortization. This happens to significantly reduce the risk of default.

**Associate Dean, Faculty of Business Administration, Iqra University Karachi, Pakistan*
***Business Graduate, Iqra University Karachi, Pakistan*

From the above, it can be concluded that financial institutions including banks need to reassess their pricing and credit risk management framework to encourage mortgage financing. This study aims to examine the selection criteria for mortgage financing in banks of Pakistan. What makes a customer choose a specific bank for mortgage financing and what factors influence their decision-making process will be established through this research. For this purpose a set of various selection criteria will be ranked according to customer preference for selection of these criteria. In addition, this research would further investigate the ranking of selection criteria based on demographic elements of these customers.

Literature Review

Numerous studies have done the selection criteria of mortgage financing for developed economies (Lambrecht, Perraudin & Satchell, 2003; Deng & Gabriel, 2006; Lee & Marlowe, 2003; Amin, 2008). There has been little attention given to studying selection criteria for mortgage financing in Pakistan. World Bank has also contributed towards a number of reports publications that analyze the reasons for poor development of mortgage financing in Pakistan as well as reforms. These reports say how the mortgage industry contributes positively towards the economic growth of the country (Safavian, Djankov & Dowers, 2008). This research focuses on the customers' attitude and opinion towards mortgage financing.

According to the study of Lymperopoulos, Channiotakis & Soureli (2006) based on a research in Greece investigating customer choice criteria for mortgage loans, it was found that customers consider service quality to be the prime criterion followed by product features, accessibility, and communication. Another research was conducted by Saad (2012), which again confirms that quality of service provided by the bank is the most important factor as a selection criteria for a customer. However, Amin (2008) investigated the choice criteria for Islamic Home Financing in Malaysia by comparing demographic factors with the choice criteria.

The research concluded that males consider shariah principle as the most important factor while females consider transparency practice as the chief factor. In line with the above discussion, five hypotheses have been developed against each selection criteria:

Hypotheses:

H_1: There are significant differences between male and female customers as for as selection criteria are concerned.

H_2: There is a significant difference in behavior according to marital status.

H_3: There are significant differences in the customer behavior of different age groups.
H_4: There are significant differences in the customer behavior of different income groups.
H_5: There is a significant difference in behavior according to occupation.

Methodology

Data and Sample Selection:

The population of this study consists of bank customers who are availing mortgage financing in Pakistan. A primary data has been collected by self-administered questionnaires involving a sample of 50 bank customers who are availing mortgage financing. Of the 130 questionnaires distributed, 50 were returned, a response rate of 38.5 percent. The sample size was kept limited since the active portfolio of these banks was very limited. Secondly the sample of study is based on those customers who are falling in the selected age range, income, occupation, and marital status.

Variable Measurement:

The questionnaire for this research was structured in two parts. The first part was based on demographic factors i.e. age, gender, occupation, income, and marital status. The second part was based on the customers' criteria of choosing a bank for mortgage financing. Most of the factors used in this research are taken from the previous studies (Haron & Planisek, 1994; Devlin, 2002; Amin, 2008). Nevertheless, some of the factors are created particularly for this research. This has been done through panel brainstorming sessions. For measuring the following factor-based selection criteria, a five-point Likert scale ranging from "1"=somewhat important to "5"=Critical importance was employed. Factors are shown in Table 1.

Table 1
Factors that can influence on Decision-making

Factors	Sources
Service Charges	(Haron and Planisek, 1994)
Interest Rate	(Devlin, 2002)
100% Financing over Equity Based Financing	(Amin, 2008)
Balance Transfer Facility	(self-created)
Transparent Practice	(Amin, 2008)
Bank that Allows Income Clubbing	(self-created)
Early Loan Repayment	(self-created)
Bank Reach I.E. Both Urban and Rural Areas	(self-created)
Financing to Low and Middle Income Groups	(self-created)
Branch Location	(Lee and Marlowe, 2003)
Selection Based on Recommendation	(Almossawi, 2001)

Fast Processing of Loan	(Amin, 2008)
Flexible Terms and Conditions	(self-created)
Longer Finance Tenure	(Amin, 2008)
Bank Reputation	(self-created)
Professional Advice	(Devlin, 2002)
Quality of Service	(Haron and Planisek, 1994)
Service Charges	(self-created)
Simple Eligibility Criteria	(self-created)
Financing Amount	(self-created)

Statistical Technique:

The research employed the application of a frequency and descriptive statistics including the mean and standard deviation of all the selection criteria to rank them in order of their preference based on respondent's responses. This is similar to what was done in the previous studies since the tests provides the simplest technique of ranking criteria. In addition to these test, Mann-Whitney and Kruskal-Wallis Tests have been applied to test difference in mean of two and more than two groups of cases respectively. This is contrary to the tests used in the previous research which are based on Independent samples t-test and Analysis of Variance (ANOVA).

However, these tests are more appropriate for metric data. Even though our research is based on quantitative data, however, the data represents preferences which show ordinal values that are to be ranked based on their means. For this purpose, Mann Whitney is used instead of Independent samples t-test and Kruskal-Wallis is used in place of Analysis of Variance (ANOVA).

Results

In order to study the raw data, SPSS version 17 has employed to analyze the test results. The demographic profile of the respondents is shown in table 2.

Table 2
Respondent' Profile

Variables	Items	Percentage	Frequency
Gender	Male	58	29
	Female	42	21
Marital status	Single	32	16
	Married	68	34
	26-35	58	29
Age	36-45	20	10
	46-55	16	8
	56 years & above	6	3
	31K[1]-50K	36	18

[1] K equals 1000 Pak rupees. 1 USD= 104.5 Pak rupees

Approximate Monthly Income	51K-100K	36	18
	101K-150K	18	9
	150K & above	10	5
	Public sector	16	8
Occupation	Private sector	70	35
	Self-employed Professional	2	1
	Self-employed Businessman	12	6

Table 3 shows the ranking of selection criteria for mortgage financing. The findings reveal that "Interest rate" is the most important factor in influencing of selection criteria for mortgage financing. Transparent practice is being the second most important factor. Selection criterion number three is "Fast Processing of Loan", "Flexible terms and conditions being the forth most important criterion followed by "Service charges". The five most least important selection criteria are "Bank reach" being the least important followed by "Recommendation", "Wide range of products", "Location of Branch", and "Balance Transfer Facility"

Table 3
Ranking of Selection Criteria for Mortgage Financing

Factors	N	Min	Max	Mean	Std. Dev	Rank
Interest Rate	50	1	5	4.2	1.069	1
Transparent Practice	50	1	5	3.96	1.124	2
Fast Processing of Loan	50	1	5	3.86	0.969	3
Flexible Terms Conditions	50	1	5	3.8	1.01	4
Service Charges	50	1	5	3.76	1.061	5
Quality of Service	50	1	5	3.76	1.021	6
Professional Advise	50	2	5	3.64	0.898	7
Early Loan Repayment	50	1	5	3.62	1.21	8
The Amt. of Financing	50	1	5	3.6	1.125	9
Simple Eligibility Criteria	50	1	5	3.54	1.054	10
100% Loan Financing	50	1	5	3.4	1.03	11
Income Clubbing	50	1	5	3.4	1.178	12
Longer Finance Period	50	1	5	3.38	1.048	13
Financing Low and Middle Income	50	1	5	3.38	1.028	14
Bank Reputation	50	1	5	3.34	1.239	15
Balance Transfer Facility	50	1	5	3.3	1.233	16
Location of Branch	50	1	5	3.2	1.125	17
Wide Range of Products	50	1	5	3.12	1.062	18
Recommendation	50	1	5	3.06	1.058	19
Bank Reach	50	1	5	3	1.262	20

The Mann-Whitney Test has conducted to develop insights about the factors that affect the selection criteria for mortgage financing with regard to gender and marital status. Table 4 shows the results whether there is any significant difference in the selection criteria of men and women. The null hypothesis assumes that there is no difference and that both male and female would consider the factors chosen to be of equal importance. The male respondents have a major contribution in the overall sample. According to the results, it is found that males and females consider all the factors to be of equal importance. This means they are reacting in a similar way. However, there are few factors such as 100% loan financing, Balance Transfer facility, and Wide range of products that are found to be significantly different.

Table 4
Selection Criteria and Gender

Selection Criteria	Mean Rank (Female)	Mean Rank (Male)	Z	Sig.value
100% Loan Financing	22.97	30.88	-1.869	.062*
Balance Transfer Facility	31.75	22.56	-2.142	.032**
Bank Reputation	23.51	29.72	-1.45	0.147
Branch Reach	25.25	26.03	-0.181	0.856
Early Loan Repayment	25.37	25.78	-0.097	0.923
Fast Processing of Loan	24.43	27.78	-0.517	0.605
Financing Low and Middle Income Groups	23.78	29.16	-1.291	0.197
Flexible Terms & Conditions	26.84	22.66	-1.008	0.313
Income Clubbing	25.21	26.13	-0.215	0.83
Interest Rate	26.62	23.13	-0.864	0.387
Location Of Branch	24.0	28.69	-1.106	0.269
Longer Finance Period	26.43	23.53	-0.796	0.426
Professional Advise	23.35	30.06	-1.601	0.109
Quality of Service	24.06	28.56	-1.075	0.282
Recommendation	23.51	29.72	-1.488	0.137
Service Charges	26.43	23.56	-0.694	0.488
Simple Eligibility Criteria	25.22	26.09	-0.205	0.837
The Amt of Loan/Financing	24.07	28.53	-1.061	0.289
Transparent Practice	26.49	23.41	-1.601	0.109
Wide Range of Products	23.06	30.69	-1.818	.069*

Note: *, ** indicate statistical significant at the 10%, and 5% level, respectively.

Females have an average rank of 30.88 while males have an average rank of 22.97 so we can say that females give more importance to 100% financing over equity based financing. For the factor 'Balance Transfer Facility' the average rank of males at 31.75 is found to be higher than the average female ranking at 22.56. This shows that males give more preference to Balance Transfer Facility as compared to females. As for as the products range is concerned, the average female rank is 30.69 whereas the average male ranking is 23.06 indicating that females consider range of products to be an important factor in choosing a bank for mortgage financing in comparison to males.

Table 5 represents the findings of the analysis of selection criteria and marital status. The results show that the opinion of married and unmarried differed in case of three factors. These factors are "early loan repayment", "Financing to low and middle income groups" and "Recommendation of friend/family/colleague". This shows that the null hypothesis is rejected on the basis of these three factors. The average ranking of married in case of "early loan repayment" is 29.27 while average ranking of unmarried respondents is 18.18 indicating that married individuals consider early loan repayment to be more important than unmarried individuals.

Table 5
Selection Criteria and Marital Status

Selection Criteria	Mean Rank (Single)	Mean Rank (Married)	Z	Sig.value
100% Loan Financing	25.32	25.59	-0.064	0.949
Balance Transfer Facility	21.97	27.32	-1.266	0.206
Bank Reputation	25.0	25.76	-0.18	0.857
Branch Reach	22.97	26.8	-0.904	0.366
Early Loan Repayment	18.18	29.27	-2.649	.008**
Fast Processing of Loan	21.41	27.61	-1.539	0.124
Financing to Low and Middle Income Groups	20.94	27.85	-1.684	.092*
Flexible Terms & Conditions	22.0	27.3	-1.298	0.194
Income Clubbing	21.56	27.53	-1.419	0.156
Interest Rate	23.62	26.47	-0.717	0.474
Location of Branch	24.74	25.89	-0.278	0.781
Longer Finance Period	22.0	27.3	-1.278	0.201
Professional Advise	23.65	26.45	-0.68	0.496
Quality of Service	26.0	25.24	-0.184	0.854
Recommendation	30.24	23.06	-1.747	.081*
Service Charges	23.26	26.65	-0.825	0.41
Simple Eligibility Criteria	22.41	27.09	-1.117	0.264
The Amt. of Loan/Financing	21.32	27.65	-1.53	0.126
Transparent Practice	24.03	26.26	-0.541	0.588
Wide Range of Products	25.18	25.67	-0.119	0.906

Note: *, ** indicate statistical significant at the 10%, and 5% level, respectively.

The result is significant with p-value= 0.008 and z= -2.649. The second factor where opinion between married and unmarried differed is "financing to low and middle income groups". In this case also the average ranking of married (Mean rank =27.85) is more than unmarried (Mean rank = 20.94) with p-value =.092, z=-1.684. The last factor that is found to be significantly different was "Recommendation" where the average ranking of married is 23.06 while average ranking of unmarried is 30.24 signifying that the criterion holds more importance for unmarried individuals as compared to married individuals. The rest of the factors are of equal importance to both married and unmarried or in other words they are found to be insignificant.

In order to examine the difference in mean among respondents belonging to different age groups, income range and profession, Kruskal-Wallis Test is employed. This test is similar to Analysis of Variance (ANOVA), but is non-parametric in nature. Since the dependent variables are ordinal those are ranked according to respondents' preferences. The below table shows that opinion among different age groups is found to be significantly different in case of one of the factors only that is "Professional Advice", chi-square=6.984, p-value=0.072 at 10 percent significance level. The average mean ranking of age group arranged in order of their mean ranking is 46-55 years is 35.5, ≥ 56 years is 30.67, 25-35 is 24.45, and average ranking of 25-35 years is 19. Based on the significance of one single factor we may reject our null hypothesis. The rest of the 19 factors are examined to be insignificant when differences in preferences among different age groups have analyzed with the help of this test.

Table 6
Selection Criteria and Age Range

	25-35	36-45	46-55	≥ 56 yrs		
Selection Criteria	Mean Rank	Mean Rank	Mean Rank	Mean Rank	Chi sq.	Sig. value
Wide Range of Products	24.69	29.85	24.5	21.5	1.38	0.71
Transparent Practice	26.33	22.9	24.56	28.67	0.655	0.884
The Amt. of Loan/Financing	24.81	25.6	28.25	24.5	0.403	0.94
Simple Eligibility Criteria	22.9	27.4	30.13	32	2.693	0.441
Service Charges	26.0	27.6	22.38	22	0.879	0.831
Recommendation	27.16	19.6	23.5	34.5	3.714	0.294
Quality of Service	26.83	18.0	29.13	28	3.863	0.277
Professional Advise	24.45	19.0	35.5	30.67	6.984	0.072*
Longer Finance Period	24.5	27.85	28.81	18.5	1.652	0.648
Location of Branch	25.16	25.4	26	27.83	0.112	0.99
Interest Rate	24.05	29.5	27.5	20.83	1.791	0.617

Income Clubbing	24.71	23.0	30.75	27.5	1.576	0.665
Flexible Terms & Conditions	25.19	24.65	27.13	27	0.202	0.977
Financing to Low and Middle Income Groups	23.64	23.75	33.06	29.17	3.334	0.343
Fast Processing of Loan	22.64	32.8	28.69	20.33	5.125	0.163
Early Loan Repayment	23.21	22.65	36.25	28.5	6.019	0.111
Branch Reach	23.84	28.0	28.5	25.17	1.062	0.786
Bank Reputation	23.78	23.8	29.31	37.67	3.392	0.335
Balance Transfer Facility	24.02	23.25	32.06	29.83	2.572	0.462
100% Loan Financing	23.81	26.0	30.13	27.83	1.401	0.705

Note: * indicates statistical significant at the 10% level.

Table 7 shows the results of the analysis of selection criteria and income range. The factors "Service charges" and "Transparent practice" are found to be significantly different at 10 percent significance level. The mean ranking of income groups in relation to "Service charges" is income > 150K = 34.3, 51K-100K = 30.42, 30K-50K=21.78, and 101K-150K=18.22, p-value=0.042, chi-square=8.813. The mean ranking of "Transparent practice" in order of preference is 51K-100K=31.94, >150K=29.9, 30K-50K=21.44, and 101K-150K=18.28. The p-value is significant at 0.037 and chi square=8.47. The rest of the 18 factors are insignificant where selection criteria based on income range is concerned. However, due to rejection of null hypothesis based on two factors only we can say that the average consideration of different factors is not the same for all income groups.

Table 7
Selection Criteria and Income Range

	30-50	51-100	101-150	≥ 56 yrs		
Selection Criteria	Mean Rank	Mean Rank	Mean Rank	Mean Rank	Chi sq.	Sig. value
100% Loan Financing	27.17	27.17	23.72	16.7	2.648	0.449
Balance Transfer Facility	24.89	27.19	27.56	17.9	1.923	0.588
Bank Reputation	22.58	26.86	25.5	31.1	1.724	0.632
Branch Reach	26.72	23.47	26.89	25.9	0.59	0.899
Early Loan Repayment	21.72	29.39	27.67	21.2	3.371	0.338
Fast Processing of Loan	21.86	26.78	27.72	30.0	2.274	0.518
Financing Low and Middle Income	24	28.42	25.0	21.3	1.505	0.681
Flexible Terms & Conditions	22.33	28.61	24.67	27.2	2.006	0.571
Income Clubbing	23.0	29.72	23.06	23.7	2.532	0.469
Interest Rate	20.06	30.28	27.94	23.5	5.732	0.125
Location of Branch	22.69	29.28	25.17	22.6	2.261	0.52
Longer Finance Period	23.44	27.75	23.89	24.1	1.55	0.671
Professional Advise	22.5	27.72	24.33	30.4	2.005	0.571

Quality of Service	22.08	29.78	20.56	31.3	4.86	0.182
Recommendation	21.36	29.17	26.22	25.9	2.938	0.401
Service Charges	21.78	30.42	18.22	34.3	8.183	0.042**
Simple Eligibility Criteria	23.69	26.5	24.94	29.4	0.789	0.852
The Amt. of Loan/Financing	23.33	27.39	23.78	29.6	1.351	0.717
Transparent Practice	21.44	31.94	18.28	29.9	8.47	0.037**
Wide Range of Products	24.89	28.67	24.61	17.9	2.523	0.471

Note: i) ** indicates statistical significant at the 5% level.
ii) K equals 1000 Pak rupees. 1 USD= 100.9 Pak rupees

Table 8 represents the results of the analysis of selection criteria and profession. Only one factor which is "Bank reputation" is found to be significantly different whereas the rest of the 19 factors are insignificant. This shows that the average consideration of different factors is almost the same for all profession groups except one factor which is bank reputation.

Table 8
Selection Criteria and Occupation

	Public Sector	Private Sector	Self-Employed Businessman	Self-Employed Professional		
Selection Criteria	Mean Rank	Mean Rank	Mean Rank	Mean Rank	Chi sq.	Sig. value
100% Loan Financing	33.75	25.43	18.92	1.5	7.092	0.069*
Balance Transfer Facility	35.0	24.49	21.33	10	5.504	0.138
Bank Reputation	30.06	26.54	11.92	34	6.95	0.074*
Branch Reach	34.63	23.91	25.42	8.5	2.684	0.443
Early Loan Repayment	26.94	25.61	22.42	28.5	0.422	0.936
Fast Processing of Loan	19.63	26.87	25.25	26	1.884	0.597
Financing Low and Middle Income	30.75	24.91	23.42	16.5	1.799	0.615
Flexible Terms & Conditions	22.88	26.43	23.33	27	0.618	0.892
Income Clubbing	29.88	25.01	23.67	18.5	1.16	0.763
Interest Rate	22.0	26.64	26.5	7.5	2.667	0.446
Location of Branch	34.63	23.91	25.42	8.5	5.341	0.148
Longer Finance Period	32.5	24.87	21.08	18	2.999	0.392
Professional Advise	31.5	24.8	18.17	46	5.484	0.140
Quality of Service	25.94	26.81	16.83	28	2.718	0.437
Recommendation	33.75	24.41	21.33	22.5	3.694	0.296
Service Charges	22.31	26.54	23.33	27.5	0.801	0.849
Simple Eligibility Criteria	29.81	24.47	24.67	32	1.179	0.758
The Amt. of Loan/Financing	27.81	26.27	19.92	13.5	2.055	0.561
Transparent Practice	23.19	25.56	28.75	22.5	0.606	0.895
Wide Range of Products	28.38	26.67	18.58	3	4.739	0.192

Note: *indicates statistical significant at the 10% level.

Discussions, Conclusions, Implications and Future Research

Discussions and Conclusion:

The findings showed that the major factor considered for mortgage financing is “Interest rate” followed by “Transparent practice”. The fact that lower interest rate would contribute towards the overall lower payment of loan is consistent with the previous research of Lee & Marlowe (2003). Besides interest rate, the other three most important criteria are ‘‘Transparent practice”, “Fast processing of loan”, and ‘‘Flexible terms and conditions”. These criteria are not employed in any of the past researches since these issues are central to the banks in Pakistan. This is because of the dependency on lot of manual documentation and processing which is very time consuming given the current undocumented economy culture in the country. In addition, many banks are reluctant in offering mortgage financing and hence the easy terms and conditions which would encourage more customers to continue with the facility.

The research, however, supports the results of the previous study done by Devlin & Gerrard (2004) which concluded that “Recommendation” is an unlikely factor to be considered for mortgage financing. This study also revealed a number of significant differences with regards to gender, age, occupation, marital status, and income. While females considered Balance transfer facility to be more important, the males considered 100% financing and Bank reputation to be of prime importance. Their choices varied with regards to these three variables and the results are found to be significant. With regards to marital status, early loan repayment, recommendation, and financing to low and middle income groups was found to be significantly different indicating a difference in preference for these three factors. For respondents belonging to different age groups it was interesting to note that the preference varied in terms of professional counsel. Respondents belonging to age segment 46-55 and above 55 years considered discussions with bank representatives to be of greater importance while helping them to make decision. Respondents belonging to lower and middle age segment 25-35 also considered this factor to be important.

The result of income range suggested that “Service charges” and “Transparent practice” are significant with respect to the different income groups. The service charges are found to be less important for those earning income above 100K while more important for those earning income between 30K-50K. For respondents belonging to different professions, “Bank reputation” is found to be significantly different indicating highest importance for Self-employed professionals, followed by those working in public sector. This result is consistent with the results of the research done by Almossawi (2001).

The results suggest that interest rate, transparent practice, fast processing of loan, flexible terms and conditions and service charges are the first five decision criteria which are indicating a difference in opinion. This study extended the selection criteria for bank customers who are availing mortgage financing based on the previous work of Haron, Planisek (1994); Devlin (2002); Lymperopoulos, Channiotakis & Soureli (2006); Amin (2008).

Implications and Recommendations:

The managers of consumer financing can get information from this research that what factors are preventing the customers from seeking mortgage financing facility. Factors such as lower interest rate, fast loan processing and better service quality are held in high regard by the bank customers now a days. Likewise, more workshops can be arranged for the product managers to help them design their products while considering these factors. Attractive product pricing as well as terms and conditions should be available for the customers to help promote the future growth of mortgage industry in the country.

Future Research:

Like every research, this research also has some limitations such as limited sample size, limited number of banks that were surveyed for the research, and the fact that it was only confined to one city in Pakistan i.e. Karachi. It is recommended that the future research should be done from different cities in Pakistan and financial institutions including Banks, House Building Finance Corporation (HBFC) and leasing corporations to analyze customer preferences at large.

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The Role of National Culture and Universities in Promoting Entrepreneurship Intentions among the Students of Khyber-Pakhtunkhuwa

Muhammad Tahir* and Badshah Hussain**

Abstract

The current study is about enhancing our understanding about entrepreneurship in the province of Khyber Pakhtunkhuwa. The objective of the study is to see the role of national culture and universities in promoting entrepreneurship intention among business studies students of the province. For this purpose, the study utilized the Hofstede cultural framework, Ajzen's theory of planned behavior, and three aspects of university's role. Based on a sample of 232 participants, key findings of the study are that the national culture dimensions are mostly favorable for promoting entrepreneurship intention in the province. Furthermore, universities are not playing a major role in supporting entrepreneurship by means of providing entrepreneurship related education, counseling, and experiences. Additional results based on structural equation modeling shows that national culture dimensions and university support are positively affecting the components of theory of planned behavior and entrepreneurship intention.

Keywords: *Entrepreneurship Intention, national culture, university role, Khyber Pakhtunkhuwa*

Introduction

Entrepreneur is defined as the person who organizes and develops his own business and may take benefit from the range of fields including various knowledge areas, hand on experiences, creating visions and insights, building network of support, and taking risk (Lope-Pihie, 2008). Several other definitions exist which also cover different aspects but mostly revolve around setting up business, small business, and innovation. In last couple of decades, importance of entrepreneurship is signified several times as it is turned out to be the most potential economic force of the world (Kuratko & Hodgetts, 2007). Both developed as well as developing world recognizing its importance as it is

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**Lecturer, Faculty of Management & Social Sciences, Iqra National University, Karachi*
***Lecturer, CMC,University of Swat, Swat*

considered as an engine of economic progress, solution to the problems of poverty, and unemployment (Mohar, Singh & Kamal, 2007; Levenburg, Lane, & Schwarz, 2006). Pakistan being a developing country cannot ignore the importance of entrepreneurship due to the entrepreneurship's ability to boost the economy and reduces unemployment. Despite such a huge significance, there is little institutional attention given to the promotion of entrepreneurship in the country which has caused a low interest in entrepreneurship among the youth and educated people. In such situation, there is need to find ways to enhance the interest in entrepreneurship in different segments of the society including educated youngsters.

The current study is also an attempt to understand what factor can predict entrepreneurship among students. The study is focusing on Khyber Pakhtunkhuwa province which is considered an under-developed province of Pakistan and also at a front line of war against terrorism.

According to a South Asian Terrorism Portal (a project of Institute for Conflict Management India which research in terrorism related incidents in South Asian countries) from year 2003 to May 2016, there were 21150 civilian casualties, 6500 armed forces casualties, and 32447 militant casualties in Pakistan making a staggering total of 60677. Currently, there is a decline in terrorism incidences observed as Khyber Pakhtunkhuwa police statistics shows that there were 245 terrorism related incidents in 2013; 240 in 2014; and 113 in year 2015 in Khyber Pakhtunkhuwa region. It is a common understanding that because of little agriculture, little trade, and employment opportunities, a lot of people in the region for last several decades are involved in illegal trades of drugs, smuggling, and organized ransom kidnapping. Such negative activities have taken a modern form of terrorism and related war-lord businesses, which is introduced and raised after 1980s war against Russia in Afghanistan. In such a miserable situation, there are few opportunities left for youth as most of investment is almost driven out from the region. Our argument is that government and supporting institutions should focus on promoting positive entrepreneurship among youth as it can be a solution of several interrelated problems of the province. This is because if youth is guided towards positive entrepreneurship, then unemployment and other negative activities in the province can be decreased. Further, growth of entrepreneurship in the province will result in improvement of the economy of the region and for the country. The question that how entrepreneurship can be fostered among university students is not easier to answer as there is general perception that individuals get higher education in order to get jobs rather than doing business. Therefore, there is greater need to enhance our understanding about how entrepreneurship can be fostered among university students. More specifically, this study is focusing on entrepreneurship intentions among business studies students of Khyber Pakhtunkhuwa and investigating the role of national culture and universities in promoting the entrepreneurship. The significance of the study is that it is first of its kind in this particular context. Moreover, findings of the study are expected to give some good policy guidelines to the government, its institutions, and universities in the region. The theoretical significance of the study is that it will not only test the theory of planned behavior for the first time in the Khyber Pakhtunkhuwa province context but also extend the model.

The background of the study is that interest in entrepreneurial intention and potential among future entrepreneurs is constantly increasing among governments, policy makers, educationists, and development agencies around the globe (Sobel & King, 2008; Mclarty, 2005). Theory of planned behavior given by Ajzen (1991) is a regularly used model for understanding the relationship between three key components and entrepreneur intention. Furthermore, role of national culture is also explored in several studies in promoting or creating some hindrance towards entrepreneurship intention among individuals (Flores, Robitschek, Celebi, Andersen, & Hoang, 2010; Bosma, Jones, Autio, & Levie, 2008). Besides national culture, other factors also play their role in shaping entrepreneurship intention among students and a dominant one is role of university or engagement of universities in different activities to promote entrepreneurship among students (Basu & Virick, 2008; Van Burg, Romme, Gilsing & Reymen, 2008; Parker & Van Praag, 2006; Galloway & Brown 2002). The relationship between national culture, university role, and components of theory of planned behavior is not studied together so far. Common understanding is that both have some effect on entrepreneurship intention; however, question is that how both national culture and university support are relating with entrepreneurship intention in this particular context i.e. province of Khyber Pakhtunkhuwa. In this study, both national culture and university support are used together to see their relationship with the components of theory of planned behavior and further leading to entrepreneur intention.

Justification of the study is that it will contribute the literature in the domain of interrelationship of entrepreneurship intention, national culture, and university role. Further justification of the study is that it will provide empirical evidence about promoting entrepreneurship intention among youths which can be used by policy makers, universities, and other development oriented organizations. The study also highlights the three key roles which can be used by the universities and other educational institutions for promoting entrepreneurship among students.

The findings of the study will also be helpful for academics, practitioners, and students.

Keeping in view the broad research idea, the study put forward the following research question.

What is the role of national culture and universities in promoting entrepreneur intentions among students of business study program enrolled in universities of KPK, Pakistan?

Literature Review

Following sections provide a brief review of literature on theory of planned behavior and entrepreneur intentions, university support, national culture, and interplay of national culture, university support, and theory of planned behavior.

Theory of Planned Behavior and Entrepreneur Intention:

Initially researchers used factors including personality variations, demographic characteristics, personal history, and social context as predictors of individual's preferences towards entrepreneurial status (Rauch & Frese, 2000; GibbDyer, 1994). However, due to broad and ambiguous nature and weak explanatory power, these factors helped little to researchers and policy makers (Rauch & Frese, 2000). Later on researchers searched for more social psychological models which involves more proximal variables and better in predicting entrepreneurship intentions. Examples of such models include entrepreneurial event model of Shapero (1982); the model of implementing entrepreneurial ideas by Bird (1988); maximization of the expected utility model by Douglas & Shepherd (2002); and theory of planned behavior by Ajzen (1991). The last model is turned out to be the most influential as it takes account of both personal and social factors and tested in wide varieties of settings (Van Gelderen, Brand, Van Praag, Bodewes, Poutsma, & Van Gils, 2008; Autio, Keeley, Klofsten, Parker, & Hay, 2001; Krueger, Reilly, & Carsrud, 2000). The theory of planned behavior is not a pure entrepreneurship intention model; rather it is a general model of planned behavior. The model is based on intentions which are depending on three key factors namely perceptions of personal attractiveness, social norms, and perceived behavior control. Attitude towards behavior is defined as an individual's overall evaluation of a behavior or attitude towards specific behavior which in this case is student's attitude towards entrepreneurship (Ajzen, 1991). Subjective norm is the second factor in the theory and described as individual's perception of the social pressure to engage (or not to engage) in particular behavior which in this case is societal stress from environment on students to engage in entrepreneurship (Ajzen, 1991).

There can also be a negative pressure which creates a barrier for students to engage in entrepreneurship. For example, students may face barrier from their parents in case their parents have unfavorable experiences of entrepreneurship. Perceived behavior control refers to individual's belief about their capacity to perform a particular behavior which in this case is entrepreneurship intention (Ajzen, 1991).

Entrepreneurship intention (EI) which is focus of this study is based on theory of planned behavior and predicted by its components. Intentions can be defined as individual's motivation to make an effort to act upon a conscious plan or decision (Armitage & Conner, 2001). Despite some controversies and measurement issues, the concept (intention) is found to be a good predictor of actual behavior (Armitage & Conner, 2001). In entrepreneurship literature, entrepreneurship intention is used instead of actual behavior in studies and the approach makes sense since new business cannot be started in shorter period time, therefore, justifies the use of intention as an alternative measure (Nabi, Holden, & Walmsley, 2006; Krueger Reilly & Carsrud, 2000).

Together theory of planned behavior and its relationship with entrepreneurship intention is researched and mostly the elements of theory of planned behavior found to be positively predicting the entrepreneurship intention (Shook & Bratianu, 2008; Luthje & Franke, 2003; Autio et al., 2001). In several International studies, theory of planned behavior successfully explained the entrepreneurship intention for example in USA by Autio, Keeley, Klofsten, Parker, & Hay (2001); in Netherland by van Gelderen et al. (2008); in Finland and Sweden by Autio et al. (2001); in Spain and Taiwan by Linan & Chen (2009); and in South Africa by Gird & Bagraim (2008). Based on the empirical support from so many countries, it can be argued that theory of planned behavior and entrepreneurship intention is a theoretically valid model. The current study is also expected to enhance the validity of the model by testing it in the Pakistani context.

Role of Universities in Promoting Entrepreneurship

Entrepreneurship is found extremely significant for the economic development of a country due to its ability to create and expand ventures, creating jobs, and making progress in social and technological domain (Van Burg, Romme, Gilsing & Reymen, 2008; Kuratko & Hodgetts, 2007). All over the world, the importance of universities for promoting entrepreneurship is increased several times as universities can promote the entrepreneurship by several ways including providing education, participation, and providing support. In this paper, three activities which can be used by universities in promoting entrepreneurship are taken. The first activity is providing entrepreneurship education which can foster entrepreneurship intention and capacity among students (Parker & Van Praag, 2006; Galloway & Brown, 2002). Entrepreneur education is important as it enhances entrepreneurial learning among students and develops entrepreneurial ability (Minniti & Bygrave, 2001; Rae & Carswell, 2000). Second activity is to provide opportunities to the students to participate in entrepreneurship related programs. Such participation can be achieved through activities such as helping someone's business, training on entrepreneurship and so on. Empirical support exists for the positive relationship between participation in entrepreneurship programs and favorable attitude towards entrepreneurship among students (Lope-Pihie, 2008; Dionco-Adetayo, 2006; Soutaris, Zerbinati & Al-Laham, 2006). Third activity is providing support in terms of counseling and providing relevant information. Such support can result in favorable attitude towards entrepreneurship among students (Van Burg, Romme, Gilsing & Reymen, 2008; Basu & Virick, 2008; Zampetakis & Moustakis, 2006). Overall, these three activities can enhance student's entrepreneurship intention as supported by the literature. There are certainly other activities which universities do undertake to promote entrepreneurship, but for simplicity purpose, we are only focusing on these three activities.

National Culture

Culture can be defined as the collective programming of the mind which distinguishes members of one human group from that of another group (Hofstede, 1980). Culture can consist of several aspects such as values, beliefs, assumptions; however, most of the cultural studies used values a main unit of analysis for example famous cultural studies of Hofstede, and Hampden and Trompenaaeers. This study will also utilize values as a variable to understand their relationship with components of theory of planned behavior. Hofstede model of culture consists of five dimensions is utilized in the currents study. First dimension includes power distance which relates to how power is distributed and accepted in a society. Uncertainty avoidance refers to the tendency of people in a culture to avoid uncertainty by creating beliefs and institutions in order to avoid the uncertain situation. Individualism versus collectivism dimension refers to how people within a culture consider themselves as an individual or group. Masculinity versus femininity refers to a society's emphasis on competition and tough-mindness versus caring and cooperation. Time orientation dimension was added later on in the Hofstede's model. It includes short term versus long term orientation and refers to a society's emphasis on achieving short term versus long term goals. Next section provides details on relationship between national culture, theory of planned behavior, and entrepreneur intention

Relationship between National Culture and Entrepreneur Intention

Entrepreneurship is a major career decision made by an individual and previous researches acknowledge the effect of culture on pursuing entrepreneurship as a career (Flores, Robitschek, Celebi, Andersen, & Hoang, 2010; Bosma et al, 2008). The relationship between national culture and entrepreneurship is supported by dominant researcher in the field (Krueger, 2000; Shane, 1993). Starting with the first cultural dimension, literature suggests that countries having high power distance restrict the creativity, innovation, and risk taking and thus are negatively associated with entrepreneurship intention (Knight, 1997; Shane, 1993). Individualism versus collectivism, the second dimension of culture is also related with entrepreneurship because people in individualistic culture are more autonomous and found more involved in entrepreneurship activity leading to conclusion that such cultures are more supportive for entrepreneurship (Autio et al., 2001; Mueller & Thomas, 2001). Uncertainty avoidance is another dimension of Hofstede model. Generally, people in low uncertainty avoidance culture are considered more broadminded and risk taker; thus, there is greater support for entrepreneurship in low uncertainty avoidance compared to the high uncertainty avoidance culture. This proposition is empirically tested by Mueller and Thomas (2001) as well as by Hyrsky and Tuunanen (1999) and partially found support for it. Masculinity versus femininity is another dimension of Hofstede model. Masculine societies provide greater reward and recognition for individual performance; while, feminine societies provide greater care but less competition, and thus high masculine culture is considered more favorable for entrepreneurship (Kreiser, Marino, Dickson & Weaver, 2010; Shane, 1993). Time orientation based on short term versus long term is another dimension of Hofstede model. Long term oriented cultures allow firms the time to create, experiment, and wait for long lasting benefit and thus are considered more supportive for entrepreneurship (Bhide, 2000; Lumpkin, Brigham & Moss, 2010). Overall, it can be concluded based on the findings of similar studies that national culture can create a favorable environment as well as a barrier for entrepreneurship promotion. Similarly, role of university support is crucial as if present; it can help youngsters to initiate the entrepreneurship venture. How both the national culture and university support works in this particular context of Khyber Pakhtunkhuwa is main focus of this study.

Method

To answer a research question in a particular study, normally researcher opts between quantitative and qualitative methods. Quantitative methodology is suitable in situations when objective is to measure the degree of a phenomenon exists already, or measuring the association between different variables of interest (Marczyk, DeMatteo, & Festinger, 2005). Qualitative methodology is suitable when objective is to understand a phenomenon in depth. The current study is also about relationship between certain variables; therefore, quantitative methodology is suitable for it specially keeping in view its topic and research question.

Participants:

The profile of the respondents is given in the table below.

Table 1
Demographic Profile of the Respondents

		1	2	3	4	5	Total
		Male	***Female***				
Gender	n	187	45				232
	%	80.6	19.4				100
Degree Program		***BBA***	***BBS***	***MBA***	***MS***		
	n	96	45	52	39		232
	%	41.3	19.3	22.4	16.8		100
Specialization		***Marketing***	***Finance***	***HRM***	***Entrepre-neurship***	***Others***	
	n	22	96	99	6	09	232
	%	9.4	41.3	42.6	2.5	3.8	100
Fathers Profession		***Business***	***Employment***	***Others***			
	n	98	120	14			232
	%	42.2	51.7	6			100

Descriptive statistics given above shows that total there are 232 respondents out of which, 187(80.6%) were male and 45(19.4%) were female. Similarly, program wise 96 (41.3%) were in BBA, 45(19.3%) in BBS, 52(22.4%) in MBA, and 39(16.8%) were in MS. Specialization of the respondents included 22 (9.4%) marketing, 96(41.3%) as finance, 99(42.6%) as HRM, 6(2.5%) as entrepreneurship, and 9(3.8%) in others category.

Sample or Subject

The focus of the study was to understand the entrepreneurship intention among business studies students of Khyber Pakhtunkhuwa province of Pakistan. Therefore, the population of the study is all business students studying at university level in Khyber Pakhtunkhuwa region at both public and private universities. There are 26 recognized universities in Khyber Pakhtunkhuwa out of which 16 are public sector and 10 are private sector universities (Based on HEC Statistics). There are almost 20 universities which are offering business studies related programs and having around 500 students each thus making total population of 10000 students. We used random sampling approach and further the stratified random sampling. Thus, we select strata first which was ten public sector and six private sector universities offering business studies courses. Generally, the courses offered in these universities are BBA, MBA, MS (Management Sciences), and BS (Business Studies). Later, from these stratas, we randomly distribute survey among the business studies with the target of almost 30 surveys in each university and focused on those students who were close to the completion of their studies. In these sixteen universities, a total of 490 questionnaires were submitted with the help of colleagues through different methods including physical delivery and online system. A total of 232 questionnaires were returned making a response rate of 47% which is considered quite well. The high response rate was achieved due to the fact that faculty members were involved in survey distribution and collection, and students perceived it necessary to fulfill their teacher's request. Survey was accompanied with a cover letter which not only explained the concepts and research objective, but also assures the respondents that their data will be remained confidential and will not be used for any other purpose.

Instrument

Data was collected through a survey which was divided in to four parts. First part of the survey was designed to collect demographic and institutional details of the respondents. Second part was designed to measure the national culture dimensions. It included 26 items and adopted from Yoo, Donthu, & Lenartowicz (2011). Third part was designed to measure university support adopted from Entrepreneurial Intention Questionnaire designed by Linen (2005). The instrument was slightly modified and included 9 statements capturing three aspects namely entrepreneur education, entrepreneur counseling, and entrepreneur experience. Last part of the survey was related to the elements of theory of planned behavior and entrepreneurship intention adopted from Moriano (2005). Components of the theory of planned behavior were measured by 13 items and entrepreneurship intention was measured by 4 items. Responses for each statement were measured by Likert scale mostly ranging from 1 as strongly disagree to 5 as strongly agree.

Procedure and Data Analysis

To analyze the data both SPSS and AMOS were used. The data was analyzed by calculating means and then using frequencies for initial understanding. Before conducting multivariate data analysis, it is recommended that the underlying assumptions such as sample size, the scale of variables, multi-collinearity issues, and multivariate normal distribution and outliers should be properly checked (Hair, Black, Babin, Anderson, & Tatham, 2005). Statistical tests including independence of observations, checking of outliers, normality, linearity, homoscedasticity, multi-collinearity and singularity were conducted in order to test for the basic assumptions. Based on the results of these tests (histograms, p-p and q-q plots, skewness and kurtosis <1, standardized residuals <2:5), it is ensured that these basic assumptions are not violating. After ensuring the underlying assumptions, the data was analyzed by using path analysis technique where multiple regressions were run simultaneously based on the model.

A researcher needs to address reliability and validity issues before research findings can be generalized (Sekaran, 2003). The reliability and validity issues are often related to the survey measure developed or adopted in a study. The current study also adopted measures from different sources, therefore, there was need to establish validity and reliability. Different types of validity exist but the current study depended on two types namely face and construct validity. For face validity, the instrument was presented to three university professors belonging to management sciences field, who agreed that the instrument is valid and measuring the concepts as stated. Minor changes in the wordings were recommended by the panel and incorporated accordingly. The construct validity shows that whether the indicator variables or dimensions of a construct adequately represent that latent or hidden construct. The construct validity was checked by Confirmatory Factor Analysis (CFA). The reliability of the instrument was established by using the Cronbach alpha which was calculated after conducting the CFA. All Cronbach Alpha (a) were above the .60, therefore, the instruments can be considered reliable. The results of CFA's and Cronbach alpha results are given.

Results

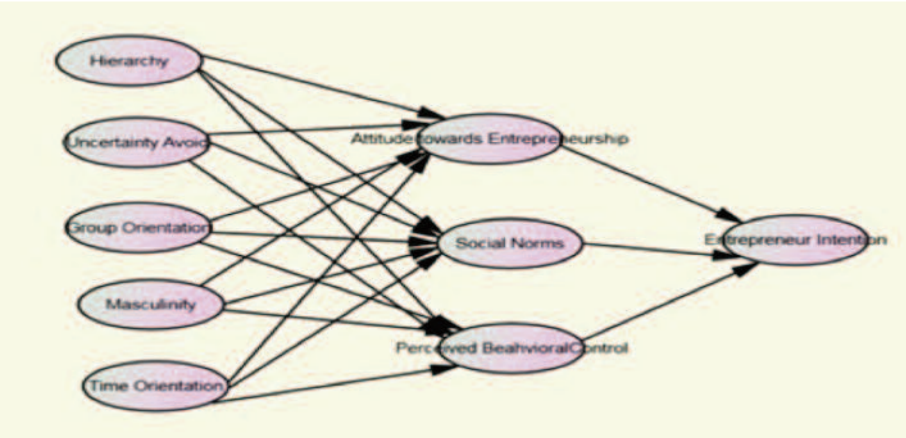
Descriptive statistics on the dimensions of national culture, university support, theory of planned behavior, and entrepreneur intention is given in the table below.

Table 2
Descriptive Statistics

	Minimum	Maximum	Mean	Std. Deviation
Hierarchy-National Culture	3.33	4.67	4.10	.627
Uncertainty Avoidance -National Culture	1.67	4.67	3.90	.773
Group Orientation -National Culture	2.00	4.75	3.61	.683
Masculinity-National Culture	3.00	5.00	4.15	.594
Long Term-National Culture	2.25	5.00	3.08	.444
Entrepreneur Education-University's Role	3.33	4.67	3.20	.375
Entrepreneur Counseling-University's Role	3.00	5.00	3.11	.597
Entrepreneur Experience -University's Role	3.47	4.75	3.03	.639
Attitude towards Entrepreneurship	3.00	5.00	3.03	.621
Perceived Social Norms	2.25	5.00	4.00	.543
Perceived Behavior Control	2.25	5.00	2.96	.596
Entrepreneur Intention	2.67	5.00	3.36	.563

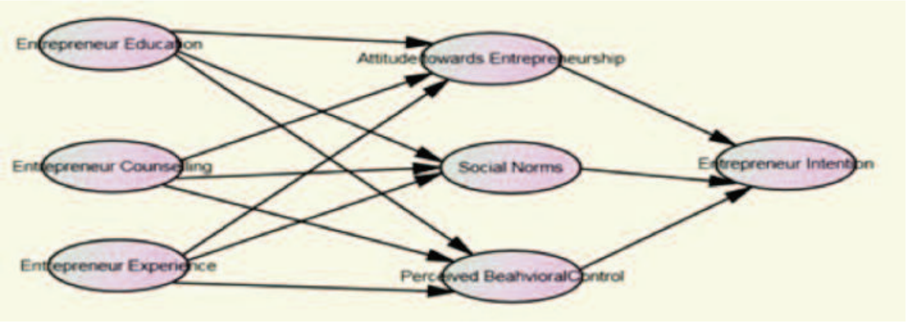
Descriptive statistics on the dimensions of national culture suggests that in the province, hierarchy is high (Mean=4.1, S.D=.62); uncertainty avoidance is high (Mean=3.90, S.D=.77); group orientation is average (Mean=3.61, S.D=.68); masculinity is high (Mean=4.15, S.D=.59); and long term orientation is also average (Mean=3.08, S.D=.44). Descriptive statistics for the role of university in promoting entrepreneurship suggest that respondents only agree up to average that their respective universities are involving in entrepreneurship promotion activities in terms of offering enough entrepreneur education (Mean=3.20, S.D=.37); providing entrepreneurship counseling (Mean=3.11, S.D=.59); and giving opportunities for involving in entrepreneurship experiences (Mean=3.03, S.D=.63). Similarly, descriptive statistics on the elements of theory of planned behavior suggests that attitude towards entrepreneurship is just average (Mean=3.03, S.D=.62); perceived social norms towards entrepreneurship is high (Mean=4.0, S.D=.54); and perceived behavior control in terms of entrepreneurship is just below average (Mean=2.96, S.D=.59). Finally, respondents showed the average entrepreneur intention suggesting that they are only moderately interested in setting up entrepreneurship venture (Mean=3.36, S.D=.56). Overall, the descriptive statistics shows a profile of national culture, low involvement of universities in promoting entrepreneurship, and average favorable attitude towards entrepreneurship in terms of components of theory of planned behavior and entrepreneur intention. After the descriptive statistics, necessary assumptions required for multivariate analysis were checked. After checking the assumption, the data was subject to further analysis of Confirmatory Factor Analysis and Path analysis. Confirmatory Factor Analysis (CFA) is used to establish the construct validity under investigation as it establishes the relationship between observed and latent variables (Bagozzi, Yi & Philips, 1991). On the other hand, path analysis using structural equation modeling (SEM) is utilized to see the multiple relationships between variables of interest simultaneously (Hair et al., 2005). For checking the adequacy of fitness between the specified model and the data, the study utilized four measures. The selected measures are X^2/df, RMSEA, IFI, and CFI and their suggested values are <2, <0.10, >0.90, and >0.90 respectively (Arbuckle, 1997; Bentler, 1990). Due to the nature of research question and objective of the study, four separate models were run. Their details are given below.

Figure 1: 1st Model, National Culture predicting elements of Theory of Planned Behavior



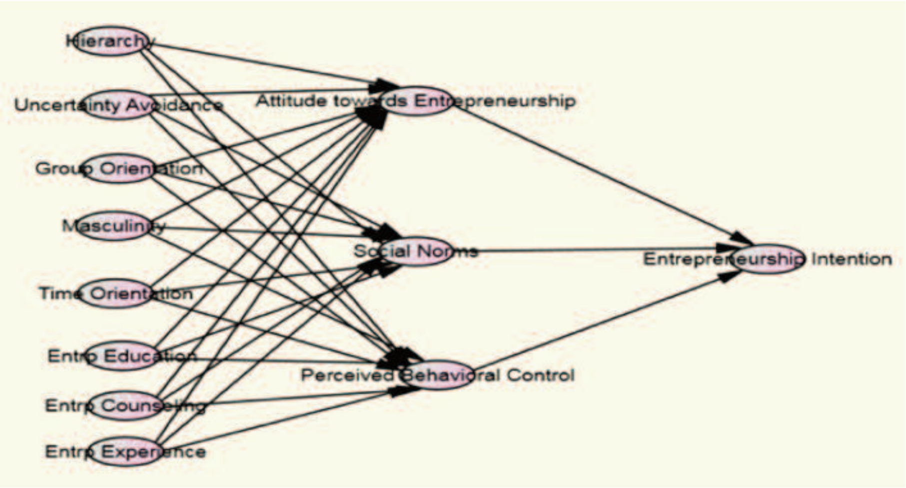
In model 1, the latent variables were dimensions of national culture which were predicting the dimensions of theory of planned behavior which were further predicting the entrepreneur intention.

Figure 2 : 2nd Model, University Support predicting elements of Theory of Planned Behavior



In model 2, the latent variables were three entrepreneurship promotion activities of universities which were predicting the dimensions of theory of planned behavior which were further predicting the entrepreneur intention.

Figure 3: 3rd Model, National Culture, University Support, Theory of Planned Behavior, and Entrepreneurship Intention



In model 3, the latent variables were both dimensions of national culture and entrepreneurship promotion activities of universities which were predicting the dimensions of theory of planned behavior and further predicting the entrepreneur intention. The respective model fit for the model 1 to 3 is given in the table below.
Table 3. Model Fitness Indices

		X^2/df	RMSEA	IFI	CFI
Cut of Value		**<2**	**<0.10**	**>0.90**	**>0.90**
Model 1	Initial	3.15	0.16	0.70	0.71
	Final	1.95	0.06	0.95	0.95
Model 2	Initial	2.90	0.14	0.75	0.76
	Final	1.90	0.05	0.96	0.97
Model 3	Initial	3.75	0.20	0.72	0.80
	Final	3.10	0.14	0.84	0.86

Initially, the model 1 to 3 did not give satisfactory results as clear from their model fit indices. However, after applying the modification indices by drawing covariance between error terms of related concepts and removing the items with low factor loading. While, making modification, it was taken care that it did not bring much changes in the model especially from theoretical point of view. Model fitness was achieved in all models except model 3 which did not achieve fitness. The fitted model established the measure validity adopted in the study and also provided the regression coefficients. The coefficients based on fitted model shows that in model 1, hierarchy which is the first dimension of national culture is positively associated with attitude (b=.37, P<0.05), and social norm (b=.63, P>0.05); while negatively associated with perceived behavior control (b=-.41, P<0.05). Similarly, uncertainty avoidance is positively associated with attitude (b=.22, P>0.05), negatively with social norms (b=-.12, P<0.05), and negatively with perceived behavior control (b=-.23, P<0.05). Group orientation is positively associated with attitude (b=.47, P>0.05), positively with social norms (b=.72, P<0.05), and negatively associated with perceived behavior control (b=-.23, P>0.05). Masculinity is positively associated with attitude (b=.39, P<0.05), negatively with social norms (b=-.69, P<0.05), and positively with perceived behavior control (b=.19, P>0.05). Finally, the long term orientation is positively associated with attitude (b=.63, P<0.05), negatively with social norms (b=-.53, P<0.05), and positively with perceived behavior control (b=.56, P>0.05).

In model 2, entrepreneur education which is the first activity of university for promoting entrepreneurship and was positively associated with attitude (b=.87, P>0.05), with social norms (b=.66, P<0.05), and with perceived behavior control (b=.29, P>0.05). Entrepreneur counseling is positively associated with attitude (b=.22, P<0.05), with social norms (b=.18, P<0.05), and negatively associated with perceived behavior control (b=-.43, P>0.05). Finally, providing entrepreneur experience is positively associated with attitude (b=.73, P<0.05), with social norms (b=.62, P<0.05), and negatively with perceived behavior control (b=-.27, P>0.05). Similar, results were also found in model 3, thus, overall, the finding (partially) suggest that few dimensions of national culture (uncertainty avoidance and long term orientation) are negatively associated with the elements of theory of planned behavior; while, activities performed by universities for promoting entrepreneurship is positively associated with the elements of theory of planned behavior. Additionally, the three dimensions of theory of planned behavior are also found to be positively associated with entrepreneur intention.

Discussion

The objective of the study was to see the role of national culture and universities in promoting entrepreneurship intention in the specific context of business studies students of KPK. Data was collected from students of different public and private sector universities enrolled in business schools and various tests were used to answer the research question. Key findings of the study are that overall dimensions of national culture of the region are suitable for promoting the entrepreneurship intention among individuals with the exception of hierarchy and uncertainty avoidance. On the other hand, role of university is significant and positively predicting the theory of planned behavior. The findings that culture creates a barrier or supports the promotion of entrepreneurship intention are consistent with literature (Flores et al., 2010; Krueger, 2000). Based on literature, it can be inferred that in a culture, low hierarchy or power distance, high individualism, low uncertainty avoidance, high masculinity, and long term orientation mostly support and promotes the entrepreneurship (Mueller & Thomas, 2001; Hyrsky & Tuunanen, 1999; Shane, 1993; Kreiser et al., 2010; Bhide, 2000; Lumpkin et al., 2010). On the other hand, the cultural profile of the region based on the survey is high hierarchy, high uncertainty, average group orientation, high masculinity, and average long term orientation. By comparing the ideal versus existed cultural profile, it can be seen that up to some extent, the national culture of KPK is suitable for entrepreneurship promotion with the exception of dimension of hierarchy, uncertainty avoidance, and time orientation. Furthermore, the findings that universities by involving in different activities can lead to positive entrepreneur intention logically make sense and also consistent with other findings (Parker & Van Praag, 2006; Van Burg et al., 2008; Zampetakis & Moustakis, 2006; Basu &Virick, 2008).

Furthermore, the idea of ‘necessity’ and ‘opportunity’ entrepreneurs can also be applied on university student’s context. Originated in 1980s and become popular in 2000s, the term is introduced by Global Entrepreneurship Monitor as part of its data collection and reporting process (Langevang, Namatovu, & Dawa, 2012; Olomi, 2009; Reynolds, Bygrave, Autio, Cox, & Hay, 2002). The idea of necessity entrepreneurs suggests that a lot of entrepreneurs are those who are forced to become entrepreneur because of unemployment and lack of opportunities. This necessity entrepreneur concept can be applied to the students of the province in general since compared to the rest of Pakistan; it is badly affected from terrorism which resulted in flight of capital and subsequently limited employment opportunities. Therefore, several students already pointed towards this notion that in such a congested labor market, it is difficult to find adequate jobs which leave them little choice but to embrace entrepreneurship or migrate to other places.

Conclusion

Based on the findings it can be concluded that promoting entrepreneurship among students is vital as it can help the economy to boost, create jobs, and reduces poverty. Findings indicate that the national culture dimensions in the Khyber Pakhtunkhuwa province are supportive for promoting the entrepreneurship with the exception of uncertainty avoidance and time orientation which are partially creating hindrance for promoting entrepreneurship intentions. Furthermore, university's role is significant for promoting entrepreneurship intention among students. Therefore, it can argue that although national culture is not totally supporting the promotion of the entrepreneurship in the province; still, if universities provide greater support then greater entrepreneurship can be fostered among the university students.

Recommendations

In the light of the findings and literature review, the study put forward the following recommendations.

- Universities in the region should assume greater responsibility towards promoting entrepreneurship among students and should divert resources towards entrepreneur education, entrepreneur counseling, and providing entrepreneur experiences to the students. Additional support in the form of development of business incubation centers, research in entrepreneurship and SMEs, and arrangement of special events is also recommended. Furthermore, if universities can create an active linkage with local industries, then such linkage can also be helpful for students in learning entrepreneurship skills.

- Higher Education Commission (HEC) mostly performs the role of advisory body for higher educational institutes in Pakistan. By using its influence, it can push higher educational institute to take necessary steps for promoting entrepreneurship among students. Example of such steps can be mandatory specialization and degree programs related to entrepreneurship. Further, HEC can also advise universities to mandatory develop the 'entrepreneurship development unit' for providing guidance and support about entrepreneurship to the students.

- Government and its institutions (both federal and provincial) can also play a positive role by removing barriers towards entrepreneurship. Common barriers mentioned in the literature are availability of finance, registration issues, and taxation problems. Government can provide cheaper loans to young entrepreneurs and give relaxation in tax. Government can also develop facilitation centers which should provide support to new entrepreneurs. Government should realize that entrepreneurship promotion in province can change the wellbeing of whole country as it has potential to reduce the unemployment, poverty, and militancy problems in the province. Therefore, greater diversion of the resources towards entrepreneurship promotion in the province is recommended to the government.

- Already existing government institutions such as Small and Medium Enterprise Development Authority (SMEDA) should take a more proactive approach. SMEDA can also create a linkage with universities in order to educate students about support they can receive from SMEDA.

- Media should also be involved in educating and training the youth about entrepreneurship because of its wider benefits for the society.

- Social science researchers in the region are also urged to involve in the entrepreneurship related research which can provide local solutions to the entrepreneurship related problems.

Limitations:

A limitation of the study is that only few dimensions of variables involved are utilized; while, other possible dimensions of variables for example national culture or university's role are excluded from analysis. Furthermore, to understand entrepreneurship among university students, the study only focused on two variables i.e. national culture and university role, ignoring other possible factors such as demographic or father profession. Such other variables are also available in literature and left for future researcher to test in this particular context. The measures which were adopted in the current study are not originally developed for Pakistani context which reduces their validity. Moreover, data for the study was only collected from a small sample drawn from sixteen universities of KPK and only limited to the business studies students which is also a limitation. Moreover, the study is based on quantitative methodology and perceptual data which is also a limitation. Future researcher can address these limitations by applying better data collection techniques and more diverse sample.

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Burnout & Work Disengagement Implication of Supervisor Support in Project Success

Ambreen Harris*

Abstract:

This hypothesis based study investigates the relationship between Burnout and Project success; in presence of disengagement is mediator and supervisor support as moderator. Project team is always restricted in timelines which increase the possibility of burnout syndrome among them. This syndrome may lead an impact on their efficiency and overall project performance and success. To test the hypothesis data are gathered from IT based project teams of Islamabad and nearby vicinity. The size of the sample is of 179 respondents. Barron and Kenny analysis of mediation is used to test mediation. Results of study indicate that disengagement act as mediator among the relationship of burnout and project success. Whereas, supervisor success does not act as buffer in case of I.T oriented project based work setting.

***Key words**: Burnout, Disengagement, Supervisor support, Project success*

Introduction

In current market situation, organizations are shifting from operations to project based jobs. Though projects are being performed from the advent of the start of the civilization but never took as a separate or organized field of study. Great wall of China, Pyramids of Egypt are the examples of ancient projects. The parameter of success for temporary organization (Project based) is having maximum complete projects in its profile.

It is observed that number of studies are conducted in past that are defining the success factors of any project. Traditional Project Management restricts success of the project into three major constraints that are: Schedule, scope, and cost of the project. This combination is commonly termed as “Triple Constraint”. These three limits are defined by the client of the project. In this case, idea of success may vary from client to client, as every client takes it differently. One client might be ready to forgo specific features for an earlier delivery of the said project whereas, there are other type of clients who might opt to extend the delivery time but don’t want to sacrifice on the features more or might ask for more features in additional time. In either case sole criteria of success is in satisfaction of a client. In both scenarios, the project failed to meet the time constraint or on budget

**Lectuer, NUML, Islamabad*

limitation. This scenario depicts that success of project doesn't only revolve around those three dimensions; there are other factors as well. In the list of other factors, satisfaction of stakeholder is a key concern (Bauer, nd). There are studies which also say that criteria of success may vary from the life cycle of the stage (Jing-Min, 2010).

In the success of a project team plays a vital role as they are the on who makes and break the project. While working on the project, at times high job demands and strict deadlines lead to stress on team and even on the project manager himself. If this stress is not dealt effectively it would lead to the "burnout". It is common misnomer in which it is said that stress and burnout are the interchangeable terminologies, whereas it not true. Stress is defined as the psychological condition which is not alleged as an end till itself, but rather it is understood to be the cause of other psychological pathologies, none more significant than workplace burnout. (Pinto, 2014).

In the situation of burnout, a project Manager (Supervisor) plays a vital role to cope up with the psychological state of team members. There are certain actions that a manager may take to avoid this unfavorable condition at work. These tactics count: a well-defined business case, proper planning, keeping team motivated and enthusiastic, fair communication; if there is a need to say no to the client should say it clearly, avoid scope creep, he should manage the risk in a proactive manner and handle the closure stage tactfully. The major key to good project management is leadership and communication (Haughty, 2014).

With respect to research and literature, discipline of project Management is at its immature stage. There isn't much work done in this field. In particular, to the domain of burnout, insufficient literature is available with reference to the project based organizations. In past, numbers of studies have been conducted focusing on project success of different industries. In project focused literature most of the research is conducted in construction industry majorly, other industries include Information technology, media and others.

Burnout and job stress are well researched subject and remarkable studies are conducted in this regard. Yet, limited studies are found with respect to Pakistan's industries. One of the studies conducted in Pakistan indicates that organizational support and individual's creativity plays a moderating impact on job stress and burnout of an employee. There is an inverse relation between organizational support and burnout. Organizational support includes supervisor support as well. Above all these the environment of an organization plays a significant role on psychological state of an individual (Saiqa, 2003).

In past, number of studies have investigated burnout on the performance of an employee and organization overall. However, none of the study has investigated it in mediating relation with disengagement. In this study, it is investigated that what change disengagement brings in the relation of burnout and project success.

However emotional exhaustion, one dimension of burnout has been investigated in mediation with disengagement (Carvalho,2014). This study will explore the relationship between project team's burnout on project success by looking at the role of the supervisor support as a moderating variable and considering that if burnout is there it might lead to disengaging employees from their job duties.

As it is stated previously most of the researches related to burnout in project based job are conducted in construction industry projects, whereas, this study explores the burnout impact on project success of Informational Technology based projects.

Literature Review

There are numerous definitions of term "Project". A Project is a "Temporary endeavor undertaken to create a unique product, service, or result (Schwalbe, 2012). It is a planned activity that will conclude over period of time with the accomplishment of predefined purpose. Whereas, project management is a process of carefully planned and organized efforts to complete a successful project. Project management techniques are opted to make a project successful by all means meeting the schedule, in budget limitations, and above all delighting the clients of the project (Lock, 2003).

Project success is the traditional research topic in the field of Project Management, though researchers have done a lot of work in this domain there are no census observed up till now. Latest researches on this area of project say project success is way beyond three characteristics; time cost and scope. Triple measurement doesn't consider stakeholder's satisfaction in account while -measuring the success of the project under evaluation. In history, there are projects which meet these three constraints yet considered to be the failed one because those couldn't meet the customer (Stakeholders) need at best. So as there are projects that failed to meet triple constraint yet profitable because **that** meet the customer needs (Tuman, 1986).

Past studies reveal Project supervisor/ manager is an individual who is generally responsible for the successful execution of all the phases of project (Haughey, 2015). Managing a project is getting complex for a project manager in current market scenario. The element of risk is high in today's projects as compare to traditional periods of time. In this situation a project supervisor has to be very observant to look at the unknowns in each project. (Jergeas, 2015). Complexity in project hinder the collaboration among the members, in this case a manager/supervisor need to put all his efforts to create cohesion and synergy among all members (Levin,2014).

Project success is highly dependent on the project team, their skills and capabilities. Success is derived from the interpersonal communication and trust among the project team and other stakeholders of the project. With reference to previous statistical study trust among the supervisor and team member is the pivotal success factor whereas, team cohesion falls at second most success parameter in team performance. (Thuillier, 2005).

Projects are considered to be different from operations as these have predefined end time which is said to be a deadline of the project. Project teams are always under pressure of this deadline, defined scope, and pre stated budget constraint. These elements in certain cases lead to the frustration, anxiety, stress, and if not dealt well lead to the burnout (Pinto,2014).

Researchers have considered "burnout" as a category of job strain originating from accumulated job-related stress (Michael & Cole, 2012). Schaufeli, Leiter, & Maslach in 2001 defined burnout as syndrome of emotional exhaustion, depersonalization, and reduced personal accomplishment that can occur among professionals who are involved in public dealing at a regular pace. Burnout was primarily considered to emerge only in socially oriented professions, over the period, horizon of research expanded to the other industries; "burnout" was extended and expanded to all types of occupational groups (Leiter, 2015; Plieger, 2015).

Conventionally it is considered that burnout is three-dimensional syndrome; emotional exhaustion, cynicism, and reduce personal accomplishment (Schaufeli, 2007). Whereas, there are studies indicating that these dimensions actually work in sequential manner; emotional exhaustion lead to depersonalization and depersonalization lead to the reduction in personal accomplishment (Ashill, 2013).

Burnout diminishes the efficiency in individual's performance and productivity as it saps his energy. The results of burnout on an individual are **that** starts to get feeling like he is hopeless, turn to become cynical and angry. The last degree of burnout is an individual lost faith in himself and his capabilities. (Smith, 2015).

Burnout has its impact on performance of software professionals; a study conducted in Pakistan express that males are more under stressed in comparison to their female counterparts. Whereas, unmarried professional of age ranging 21-28 years face high stress as compare to the married software professionals. Whereas, it is also revealed through research that professionals who are involved in dual roles of managerial tasks and technology professionals face high stress as compare to those who are performing single job at work. (Jalbani, 2009).

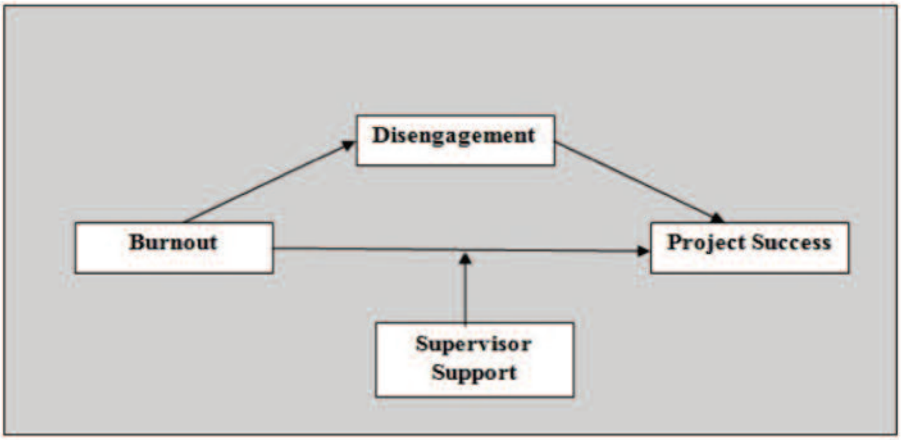
There are certain coping strategies that might be used by the individuals to deal with the burnout. Disengagement is one of the coping strategies that might be used to deal with the burnout. Past studies on psychological aspects of burnout revealed that work engagement is positive antipode of the burnout phenomenon.

(Schaufeli, 2002). It is observed that if an employee is showing a positive work response then there would be no burnout. Burnout and workers dis/engagement are multifaceted phenomenons. These both phenomena have psychological orientation. Burnout results in case of job related stress and insufficient resources gains. Whereas, even in case of burnout if a worker has a constant mechanism of resource gain he will show the engagement towards his work. Certainly organizations fail to meet the resource gain requirement of an individual as a result he starts avoiding his chores and show work disengagement.

Project team use different coping techniques at different stages of project life cycle to reduce stress. (llstedt, 2003). In Sweden an exploratory research was conducted to gauge the impact of "Peer Support Mechanism" to reduce, or eliminate burnout and job stress. (Peterson, 2008).

Peoples skill of a supervisor could uplift individual's confidence by empowermint, synergy, strengthen the trust, loyalty, and above a tollerance in team members towards failures. (Gorgievski, 2008). Peoples skill of supervisor is having the highest importance to accomplish all the goals of the project. It is said that if you cannot communicate effectively and disseminate information on time, this can make a team uncomfortable and enhance the frustration and stress. This negative attitude will limit the success of the project (Jergeas, 2015). Past research has revealed that empathetic attitude of a supervisor could manage the negative emotional reactions of an employee (Humphrey, 2002).

On the basis of literature mentioned theoretical framework is developed:



As mentioned in literature review that team members of project suffer from burnout, turn to become pessimistic towards their job duties, and they start feeling like they fail to accomplish goals of the said project in set time targets. (Symond, 2015). It is indicating that there is a relation between the burnout of an individual and overall project success, this lead to the first hypothesis that is:

H1: There is a relationship between Job burnout and Project Success

In past very few researches are conducted considering “Disengagement” as the mediator. Newman (2014) considered disengagement as the mediator between emotional exhaustion (one of the dimension of burnout) on the turnover intention that is a negative attitude of an employee. Whereas, COR theory also suggest that employees who are emotionally exhausted tend to disengage from the work and task that are assigned to them. This lead the following hypothesis:

H2: Work disengagement mediates the relationship between burnout and project success.

These empirical studies encourage the phenomenon “supervisor support” as a moderator toward dealing with the stress, mental strain and burnout. (Karasek, 1982). This lead to the third hypothesis of the study:

H3: Supervisor support moderates the relationship between burnout and project success

Methodology

This is a hypothesis-based co-relation study. The research was designed with a goal to investigate the relationship between employee burnout and project success with mediating role of work disengagement and moderating role supervisor support in I.T based projects. To gather the data survey methodology was used on the basis of questionnaire. Details of questionnaire adaptation are mentioned in a table below. 179 respondents were surveyed from different I.T oriented project teams in the federal territory of Pakistan. This paper has used SPSS and applies (frequency, alpha, correlation and regression) and Barron and Kenny (1986) mediation test for analyzing the data.

Variables	Adaptation	Chronbach’s Alpha
Burnout	Jeffrey K.Pinto, Shariffah Dawood, Mary Beth Pinto (2014)	0.79
Disengagement	Demerouti et al. studies (2001).	0.610
Supervisor Support	Karasek (1985)	0.838
Project Success	Rebolledo (2015)	0.812

Results and Discussion

In this study 79% respondents were males and 21% females. Following table describing correlation among the variable under study;

Table
Correlations among Variables N=179

		Burnout	Dis-engagement	Project success	Supervisor support
Burnout	Pearson Correlation	1			
	Sig. (2-tailed)				
Disengagement	Pearson Correlation	.390**	1		
	Sig. (2-tailed)	.000			
Project success	Pearson Correlation	-.383**	-.688**	1	
	Sig. (2-tailed)	.000	.000		
Supervisor support	Pearson Correlation	-.170*	-.565**	.484**	1
	Sig. (2-tailed)	.023	.000	.000	

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

The preceding table reveals that there is some relationship between all the variables under study. Burnout and project success is having an inverse relation with negative correlation of -0.383. Negative correlation exists between Disengagement and project success, as disengagement increases chances of success decreases. There is a negative correlation between disengagement and supervisor support too.

Hypothesis testing and finding

To test H1 burnout (response to work) is regressed on project success. The results are presented in the table below:

Hypothesis 1
Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig.	ß Value
1	.383[a]	.146	.142	.880	.000	-0.448

a. Predictors: (Constant), Avg burnout
b. Dependent Variable: Avg project success

The table above shows that R^2 for the first regression equation is 0.146 (p<.000) and burnout (response to work) explains 14.6 % variation in Project success. ß value of -0.448 (p<0.000) signifies that for every unit change in the Independent variable (burnout), the dependent variable (project success) is negatively affected by 0.448 units. Hence H1 is accepted, and burnout affects the project success. Though the impact is not much high.

This study also proves prior studies that suggest that burnout has an inverse relation with project success. Project team members suffering from negative emotions including burnout will be exhausted, negative towards situation, demotivated, and feel like they will not achieve goals of the said project in due course of time (Symond, 2015).

H2 assumes that disengagement mediates the relationship between burnout and project success. To test this mediation Barron & Kenny (1986) mediation is used in this study. Disengagement mediating effect on project success is tested by applying multiple regression analysis. Results are discussed under:

a. Hypothesis 2: Regression Analysis of Mediating effect

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.699[a]	.488	.483	.683	1.700

a. Predictors: (Constant), Avg Disengagement, Avg Burnout
b. Dependent Variable: Avg Project Success

b. Hypothesis 2: Coefficients of Mediation effect

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.793	.213		27.232	.000
Avg burnout	-.158	.069	-.135	-2.310	.022
Avg disengagement	-.681	.063	-.635	-10.845	.000

a. Dependent Variable: Avg project success

The tables above show that R^2 for the regression equation is 0.488 (F = 83.955, p<.000). The impact of disengagement is playing a role of partial mediator in the presence of disengagement, burnout is strongly influencing the "Project Success" in a negative manner. After the mediation the beta value is increased (-0.68) as compare to the beta value of burnout and project success (-0.383) so it is proved that the direct impact of independent variable on dependent variable is weak than that of in the presence of mediator. It is said that interaction term between burnout and disengagement has significant impact on the project success.

H2 is accepted as there is a role of mediator in the relation of independent and dependent variable that are disengagement, burnout and project success respectively.

H3 is tested by using regression analysis; H3 assume that supervisor support moderates the relationship between burnout and project success. To test this hypothesis following steps are followed in SPSS 19.0.

Moderation Analysis

Table 4.15a
Hypothesis 3: Regression Analysis of Moderation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.086[a]	.007	.002	.949

a. Predictors: (Constant), BOSS

Table 4.15b
Hypothesis 3: ANOVA of Moderation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.189	1	1.189	1.319	.252[a]
	Residual	159.537	177	.901		
	Total	160.726	178			

a. Predictors: (Constant), BOSS
b. Dependent Variable: AvgPS

Table 4.15c
Hypothesis 3: Coefficients Moderation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.314	.208		15.905	.000
	BOSS	.020	.017	.086	1.149	.252

a. Dependent Variable: AvgPS

The table above shows that R^2 for the regression equation is 0.007 ($F = 1.319$, $p<.252$) and multiplicative term of independent (burnout) and moderator (Supervisor Support) explains only 0.007 variation in Project Success. Unstandardized ß value of 0.020 ($p<0.252$). These values identify that moderation doesn't imply any significant impact on the relationship as value is higher than 0.005. In this regard H3 is rejected.

Justification:

a. As data is gathered from the IT project teams, in which interaction of the team members is not high as they are more of process and task based teams with minimum interaction among the members.

b. In previous studies it is mentioned that, supervisor support is non-significant on all three dimensions of burnout. (Dawood, 2014)

c. Another study suggests that the source of support including support from the supervisor should be treated independently asthere is a posibility that support is coming from the same source that is provoking the burnout and unproductive behavior. (Blau, 1981)

d. There are studies that say that at times supervisor doesn't act as a buffer in terms of stress and strain but actually works as a reverse buffer that exaggerate the negative behavior. (Mayo, 2012)

Conclusion

The goal of this study is to examine the impact of burnout on project success. It is noted that to date, while a great deal research has instigated to investigate the problems and issues of work-related stress and pressure to perform on organizational actors engaged in project-oriented work stress. (Richmond, 2006) This study reveals that burnout doesn't have much of the impact on project success before mediation. In this study burnout is not taken with respect to dimensions, it is investigated as an overall phenomenon, excluding the level of suffering of an individual. It is fairly possible that at initial level of burnout an individual may not avoid his chores, and perform his duties in well manner.

Project manager/supervisor plays an important role in the success of the project in general. There is a vast literature available that gives evidence of supervisor role as pivotal one in overall project performance but in psychological stress condition is different. Project managers need to take the actions to overcome the impact of burnout in very initial levels. As once the burnout moves towards the greater levels, the impact of support doesn't significantly impact on minimizing its influence of an employee performance/ productivity.

Supervisor support doesn't only end at appreciating an employee it also includes providing appropriate number of team members for fair work division so as defining realistic job duties. If size of team is small and leading to over burden on team members it would also leads to exhaustion and burnout of team members.

The magnitude of all predictive variables may vary on case to case basis. The supervisor employee relation is a double edged relation which may contribute towards success or may compound the failure. The management must observe and manage this relation and zoom down the flaws in this relation. It will not be questionable even to replace a bad supervisor rather than firing a good employee.

Recommendations

The employee, supervisor and burn out matrix all contribute towards less productivity and unsuccessful projects by end of the day. On the basis of results of the study following recommendations are suggested to the project professionals:

- The Project Manager need to maintain engagement of the team members from day one till last day of the project through properly defining their job descriptions and communicate it to them.

- The project supervisor/s must give a feeling of identity to his team members to maintain their morale and sense of ownership that might be achieved through encouraging his/ her ideas that might not be workable but should be given a consideration. The practice will not only detach employees from there negative perception but will also encourage innovations and novel ideas that might contribute towards project success.
- The project team members may be overworked or underutilized. In both cases the situation will lead to burnout. Project top management must focus on job designing to eliminate both situations. Team members may be given realistic challenging tasks to tie them up in daily routine of the organization.
- Project Management need to do more for the socialization of an employee to reduce chances of alienation and burnout, more effective the socialization more will be productivity. With more productivity more will be the sense of achievement for an employee that will reduce chances of disengagement and burnout.
- Effective recruitment coupled with explicit expectations from employer and employee will reduce burnout right from the outset.
- Project should be based on the realistic deadlines and targets, which are achievable by the team members. It will reduce the chances of burnout among the members.
- Project's Management need to consider the compensation and benefits side of team members as compensation at the end of the day helps to ease the burnout and stress of the team members.
- Project's Management should provide continuous and transparent platform of communication among all the tiers of project which include must project Manager (supervisor) as well.

Limitations of this study are as under:

a. Sample size is quiet small; it could be greater.
b. Sample is fixed to the Islamabad and Rawalpindi only, it could have involved other areas and cities as well to make it more generalize study.
c. Information technology related project teams are very small so its bit hard to gather data. As a result of which generalizability of research is low.

In future this study could be done with the higher sample size; Future researcher could do comparative analysis in terms of different industries as this study is based on the IT oriented projects only. Whereas, with reference to variables it is possible to involve impact of affective commitment or reward set being provided to the team and analyzing its impact on the model.

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Investment Decisions: Stock Buybacks or Stock Prices?

Basheer Ahmad* and Mahroona Anees**

Abstract

Corporations most frequently repurchase their own shares in order to decrease equity. Share buyback is a conventional mean to return something extra to stockholders without increasing the dividend requirements. The investors mostly focus on the volatility of the stock prices instead of company's buyback behavior. The purpose of the study is to highlight the two-way relation between share buybacks and share prices. The sample includes 10 multinational companies. The financial data include 10 years share buybacks and share prices ranging from 2002 to 2012. General Linear Model (GLM) is used to explore the two-way impact between share buybacks and share prices and the panel effect of company and month on both. The results show that stock prices and buybacks are interdependent and buybacks and prices behavior is significant across the month through the year while share buybacks behavior is found different across the companies. Microsoft, P &G and IBM are inclined towards high buybacks while Honda and Toyota are inclined to low buybacks. Mid of each quarter is important to focus regarding buybacks and end of the quarter is important to focus regarding the share prices. First half of the year is ideal for stock purchasing while second half of the year is ideal for selling.

Key Words: Share Buybacks; Share Prices; Investment Decisions; General Linear Model

Introduction

Every company needs a handsome amount of money to start a business. A corporation that wants to lift principal by selling shares has many alternative ways to do so. A company that is not included in stock exchange has an option of initial public offering in which company is evaluated and an initial price is set for the shares that it is going to be offered. The amount of funding can be lifted with the help of Initial Public Offering (IPO). This depends partially on the supposed value and hence on the stock price and on the interest of the shares.

**ProfessorDepartment of Management Sciences, Iqra University Islamabad*
***MBA Student, Iqra University Islamabad*

On the other hand, companies involved in stock exchange have a substitute to begin with a supplementary stock issue that is called as Seasoned Equity Offering (SEO). SEO is a fresh equity already present issue (right issue) that a corporation offers after its IPO. The right issue allows the existing shareholders to buy some new shares at a particular price and within a precise time period. This tender may be discarded or received by every shareholder. Rights are basically moveable and the holder can put up shares for sale in the market.

The firm offers to the existing shareholders to buy more shares generally at low price or at discount as their renouncing right. These rights have a worth and can be bought and sold. If the company wants to issue the rights then it has to decide the cost of the new shares, and evaluate the expected exaggeration of present share value. The firm wants to know whether the whole process will influence the new and present shareholders.

Some companies buy back a small number of shares every year. This is a substitute to increase the dividend. It does not allow the company to sustain the payment that dividends would allow. Another benefit of a share buyback is that it gives shareholders more elasticity than a dividend as it allows shareholders to choose when and where they want to sell their shares. This also helps in minimizing the tax. Shareholders can correct the amount of proportions of their holding and get the same amount of money as dividends. However, this money can be taxed in a different way and can involve broker's commission or other expenses.

The share repurchase is the purchase of exceptional shares by a corporation for the purpose to decrease the amount of shares in the market. Corporations want to repurchase their shares when they want to add to the price of existing shares by decreasing the supply or to remove any pressure by stockholders who want to have the controlling stake.

Corporations most frequently repurchase their own shares in order to decrease equity. Share repurchase is a conventional mean for companies by returning extra money to stockholders without increasing quarterly dividend necessities. This expenditure is single time money distribution that is more than the usual dividend money. The stocks are usually bought back in open market dealings. Share buybacks are very popular as they provide additional currency to stockholders as compared to dividends (Song, 2001).

Shares may be repurchased through two methods. One method is that the shareholders are offered a tender in which they have the alternative to put forward one portion or all of the shares they have, for a certain time period and at the best market price. This gives investors rights for tendering the shares they have as compared to holding them with themselves. The other option is that corporations buy back their stocks in open market over a long time period.

Literature Review

A corporation that needs to lift up the principal through shares offering adopts the following methods or processes.

Issuing the Prospectus: In order to offer the share, a public corporation requests the public through a tender with the help of a book, this is known as prospectus. According to part 5 sections 52 of business ordinance a prospectus, that is issued by the company should have a publication date. A sufficient number of copies of the prospectus issued should be made available at the registration office of the stock exchange where the firm is already registered.

Receiving Application: Going through the details provided in the prospectus, the public request the corporation to buy the offered shares through an application. Every request along with the cash should be put forward by the public in a program bank. The corporation is not allowed to take out the cash from the bank until the method of allocation is completed.

Allotments of the Stocks: Corporation accepts the proposal made by the contender. The knowledge of share is provided to the stockholders by a dispatch called 'Allotment Letter', highlighting the number of share allotted and deadline for the payment against the number of shares purchased. Share comes into existence after the allotment confirmation; therefore, the invested money becomes the part of the capital of the company after allotment. Board of the directors and the stock exchange together make decision regarding the allotment of the shares.

Mode of Issuing Shares:

Shares are usually offered against cash. In case of offering shares against cash, stocks are offered at parity, at top or at cut rate. The payment can either be made fully at the time of application or in installments. For example, partially with application, partially on allotment, partially on call.

Share Buyback:

There are several reasons of stock buybacks. Supporters of buybacks say that buybacks place money into investor's hands in a tax-efficient manner. Share buybacks are considered as an efficient way to hand over excess amount of money to share holders (Stephens & Weisbach, 1998). Since the several past years share repurchases have replaced the dividends and are considered as the main way for distributing surplus cash in the U.S. equity market (Song, 2001). According to Hurtt, Kreuze, and Langsam (2008) corporations that have surplus money are unwilling to lift up dividend because the share holders may be displeased with the dividends historic stages. When companies fail to give dividends, stock price is turned down as compared to increase in stock price which is associated with increase in dividends. Share repurchases characteristically produce a strong boost in share prices. Share buybacks announcements themselves drive a constructive alarm to the share price by uplifting prices from 3% to 15%. Most announcements of buybacks are provoked for the reason to increase stock price immediately. After October 1987 stock market stopped working and companies announced repurchase plans of about $44 billion in order to increase stock prices. In the same way after 11 September attack on World Trade Centre (WTC), many companies announced repurchases in order to maintain their stock prices. Additionally, steady share prices defend managers from stock holders complains. Extra steady share prices maintain confidence and trust worthiness among stock holders. The degree to which organizations' reward, like additional benefit or stock option plans is connected to share price progress. Supervisors have motivation to uphold share prices. Reducing the amount of share available in market with the help of share repurchases companies reduce the future cash dividends (Hurtt et al., 2008).

Firms often buy back shares to change their leverage ratio. Share repurchase help firms to achieve elective leverage ratio. Share buy backs capture much more expensive attempts by increasing the share price (Bagwell & Shoven, 1989). Share buy backs help the companies to avoid unnecessary capture attempts (Bagwell, 1991). Stock buybacks help in increasing earnings per shares without the requirement of rising share prices. Share repurchases can enhance earnings per share to total at steady earnings levels. There is a lot of potential motivation for corporations to follow share repurchases (Lamba & Ramsay, 2000). Some of the motivations are:

1. Shares repurchases often add to the financial leverage that means corporations that have much more capacity for debt often repurchase their shares in order to make their capital structure more attractive.

2. Share repurchases can also occur if the management of the company is having some information that is not common to the general market about future cash flows so as a result, share repurchases will symbolize that the corporation is underrated

3. Share repurchases can be used as self-protective way in order to avoid the aggressive capture by reducing the number of shares.

4. Share repurchases can also relocate wealth to nonparticipating share holders if the repurchase is done when the shares are under rated. Share repurchases also reduce the claim of the creditors in such a way that share repurchases want extra money that decreases the assets of the corporation and hence the claim of the creditors

5. Share repurchases explain the work of Jensen. Jensen analysis says, when companies produce considerable amount of funds which is not competently devoted due to less cost-effective opportunities for the company, extra money is returned to the share holders when company buyback shares. In such a situation, investors can make improved use of the funds as compared to the company.

6. Corporations buyback their shares for the purpose to increase earnings per share. The major motivation for a firm to repurchase its shares is that it boosts the earnings per share, the price of the share and the worth of managerial stock options (Goddard, 1999).

A buyback itself will not essentially boost a company's share price. Boost occurs more likely, if buyback is associated with selling of an underperforming subsidiary and basics of the business are sound. Buyback of shares, in US and UK, is the indicator of market undervaluation or returns of the extra cash flow. The Indian buybacks do not show this trend line. Although buyback is almost a decade old, the country has seen merely 140 buybacks and out of which 29 are either not permitted or reserved. The buyback is permitted as level playing field for business in India to prevent the cash of rich multinational companies from acquiring Indian undervalued companies. The business in India does not view buybacks as a substitute means of returning of cash flows. As an effect, the country has seen only a small number of buybacks (Mishra, 2005).

The off-market buybacks are superior to on-market buybacks when a corporation has gathered excess franking credits. It has been proved that the support to allocate these franking credits is the main incentive for the mission of taking off-market buyback in Australia. Underrated businesses favor on-market buybacks and the likelihood of picking an off-market buyback is positively associated to free cash flows and leverage (Brown & Norman, 2010).

Organizations' earnings and on-market share repurchase declarations are the devices that shift the prices of the shares high to raise the cash payout of the share option exercises. Since there is a constructive relationship between share price and buyback declarations, therefore, share repurchase declarations are, a less important gauge, used to manage market opinion and facilitate an executive with exercisable options to advantage from the constructive indication possessions linked with the statements (Balachandran, Chalmers, & Haman, 2008).

Share repurchases are not leading due to tri-model of lower quantity of buy backed shares, the greater figure of corporations understanding a defeat and elevated Price-Earnings Ratio (P/E) multiples. Buybacks have a superior occurrence and strength due to a U-turn in the three situations, being superior amount of shares bought, lesser event of defeat and minor P/E multiples. As a result, share repurchase are extra common with additional strength and have an improved accretive result on Earnings Per Shares (EPS) (Horan, 2012).

Open market stock repurchases provide stock price hold up and have slight price support influence on standards. Buybacks do offer price support but the results are not sufficient to detect the effect (Keswani, Yang, & Young, 2007). The important optimistic average returns on the declaration date show investors view that the occasion is measured as excellent information. Normally the business sample experiences 5.51% boost in share price on the day they decide to repurchase and the debt is proclaimed in the financial medium (Schaub, 2010).

Stock buybacks decrease market capitalization. By taking benefit of the incompetency of capital market, stock repurchases can constructively impact on stock price expansion. First, stock repurchases can get better the basics of a corporation in conditions of capital structure and technological special effects due to accumulation of EPS. Second, the stock repurchases influence investors' awareness by transferring encouraging indication to the market. Stock repurchases reveal organization's inspiration to return surplus money to stockholder's every time. Stock repurchases also indicate organization's tough self-assurance in the business prospects. The important concerns with respect to major factors of share buybacks behaviors; are amount computation, techniques of implementation, post repurchase plan, and outside announcement. Decisions regarding factors have to be made carefully in order to classify a reliable approach. This is vital for creation of most excellent utilization of the above mentioned inefficiencies of the market and to assure that stock repurchase is a factual achievement (Wiemer & Diel, 2008).

Stock Prices:

Investor feeling is an important factor of investor recognition because the share prices are overstated by the pressure of investors' feeling. Other determinants of investor acknowledgment are index relationship, exchange listing, and analyst coverage. Research can inspect the level to which divergence in investor acknowledgment can be surfaced by these factors. In investigating the share price timetable over little investment horizons the study and forecasting of investor acknowledgment is a very significant feature. To offer a base for the survival of growth investors who decide securities by giving primary main concern to product innovation and increase potential is on value (Richardson, Sloan, & You, 2012). Important association linkages like, price of share and net asset value per stock, price of share and dividend proportion, and price of share and earnings per share of market returns, are studied for leasing banks and insurance firms of Dhaka Stock Exchange in Bangladesh. Macroeconomic factors in the single industry are studied by Uddin (2009). Impact of exchange rate, interest rates, and their instabilities on share prices of banking industry of Pakistan is explored in some other studies. The outcomes of the investigation recommend the presence of vital indirect long run association between exchange rate and short term interest rate with share prices. Contrary, there is a constructive and main association between instabilities of exchange rate and interest rate with share prices. It is always advised that investors are supposed to buy banking sector shares if exchange rate and interest rates are unbalanced. The exchange rate and interest rate can be used as a pointer for investment choice that has to be made in banking sector shares (Jawaid & Haq, 2012).

Blume, Kraft, and Kraft (1977) find no association between money supply, percentage change in the money supply, and Moody's AAA corporate bond rate and common stock prices. If one considers that markets are competent then any effort to clarify share prices on the basis of present and past would be ineffective.

Kurihara and Nezu (2011) study association between the Japanese share prices and macroeconomic variables and find that interest rates have not exaggerated the Japanese share price. This outcome is opposite to conventional economic theory and other available readings where the exchange rate has exaggerated the Japanese share prices. Rate level has not affected the Japanese share prices. It has been found that not just the level is important but the rate is also important. Not just the interest rates and other macroeconomic variables have more influence but the U.S. share prices have more power on the Japanese share prices in contrast to the interest rates signifying a mutually dependent association between U.S share price and Japanese share price. Long-term stable relationship also exists between these variables.

There exists tremendously optimistic important connection between market price of the share and net asset value per share, market price of share dividend proportion, gross domestic product, and not a direct important association on price rise and lending interest rate but never all the time important at all years of Amman Stock Exchange in Jordan (Al-Shubiri, 2010).

The dividend policy measures have important force on the share price volatility. It is hence recommended that dividend policy has an impact on the stock price volatility and it gives confirmation encouraging the arbitrage recognition impacts, interval influence and knowledge influence in Pakistan. The influence of the dividend yield to share price volatility improved from 2003 to 2008. On the other hand, payout ratio is just a vital force at lower step of implication. Simply the mass and leverage have inverse and fewer important effects on share price instability. The results are reliable with the performance of upcoming share markets comparable to Pakistan (Nazir, Nawaz, Anwar, & Ahmed, 2010).

Numbers of economic, political and social variables have shown pressure on stock prices in Zimbabwe. Economic and political variables are acknowledged to be the major significant variables in shaping the share prices. Hence, it is concluded that in order to uphold the stock exchange the economic and political situation of the country should be stable (Sunde & Sanderson, 2009).

It is found that economic factors mainly interest rate and exchange rate and to a less extent gross domestic product, inflation and liquidity ratio impact stock prices change and have a major connection. In fact, there is always long term connection between stock price and economic factors. Economic strategy should be made to create suitable economic environment for the industry to expand and function helpfully to improve their share prices (Osamwonyi & Evbayiro-Osagie, 2012).

In Zimbabwe Stock Exchange, sixty listed firms are studied for the time period of 2001 to 2011. The experimental judgment is made on the connection between share price instability and dividend policy, following investigating size of the company, earning instability, leverage, and asset growth. Dividend policy procedures that include dividend yield and payout ratio have important influence on the stock price instability (Jecheche, 2012).

Stage of power is different for different sectors. In Energy and Metal sectors the stock price schedules are tremendously dependent on the company's internal factors. On the other hand, in Commerce sector, it is least dependent on internal factors. Stock prices of the transport and Metal products sectors are overvalued by the book value of the firms. Book value is considered as the main significant internal factor of the stock price movements for all sectors. The impact of other financial ratios differs for dissimilar sectors (Ergun, 2012).

Extremely constructive important association is found between market price of share and net asset value per stock, dividend fraction, gross domestic product. An unconstructive important association is found on inflation and lending interest rate but never forever important on at years 2005, 2006 and at all years of Amman Stock Exchange in Jordan.

Economic growth acts a major role in stock market expansion. It is significant to start strategy to promote growth and development as countries loosen their financial systems. The expansion of well-developed banking sector is significant for stock market growth in up-and-coming markets (Al-Shubiri, 2010). Rezaei, Fathi, and Alikhani (2012) find an important optimistic association between ROI and share price while no important association between gross profit margin and share price is found. Buyuksalvarci and Abdioglu (2010) find that previous share price notably effect current change in exchange rate and index of industrial production at 5% of significance. Further previous share price considerably impact current change in gold price, money supply and rate of inflation at 10% level of significance.

Stock Buyback and Stock Prices:

The US companies announced 4000 repurchases program amounting to $550 billion. Stock buyback are necessary corporate event when stock prices are higher managers buy fewer shares and when prices fall this causes an increase in the repurchase activity (Ikenberry, Lakonishok, & Vermaelen, 2000). French corporations buyback stocks at an inferior price to stabilize the price. Shares are repurchased after a visible turn down in share price. The results provide a little proof to sustain the information that executives make use of personal knowledge to buy back shares prior to the stock price increase (Hamon & Ginglinger, 2003).

Share buyback and dividend announcements in the market right away indicate an increasing flow in the stock price changes. However such optimistic indication survived just for one day following the announcements. Following that the degree of constructiveness of shares started lessening. The market response to declaration like share buyback and dividends is finished in one or two days, therefore, if management perceives that the announcement has worked to their benefit in addition to the rise in price of the shares they would have accomplished their major aim of enhancing shareholder worth (Thirumalvalavan & Sunitha, 2006).

Stock buyback announcements create a considerably constructive reaction from the market and the special impacts of buyback declaration differ across the industries. The impact on financial industry is the maximum while the impact on the electronics industry is the minimum usually. The corporations which acknowledge a superior turn down in share price previously to buyback declaration, are keener to repurchase their shares. The outcomes are unsuccessful to hold up that, the superior the percentage of shares buy backed is, the stronger is the declaration repurchasing impact (Lin, Lin, & Liu, 2011).

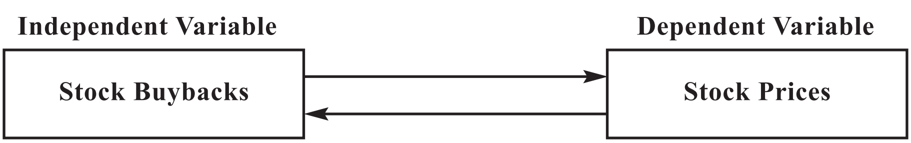
In UK, operating income is the key motivation of stock buybacks and no other factor causing important impact on the entire worth or proportion of stock buybacks. Expected income is considerably optimistically associated to stock buybacks (Benhamouda & Watson, 2010). There is always a constructive market answer with buyback announcements in case of the Indian stock market. The study discloses that the information concerning the corporate announcements of buybacks is absorbed rapidly into the share prices and has a computable impact on the stock price performance of the stocks (Chavali & Shemeem, 2011).

Over the past twenty-five years a large number of researches have indicated the impact of stock repurchases on share prices. These studies are all declarations of repurchase authorizations and not declarations of buyback completions. In spite of the repurchase method, stock prices boost on regular in response to the buyback declarations. Stock buybacks have become a significant occurrence not just in the United States but all over the world. Further it is also found that managers are impressed by the immense worldwide confirmation that stock buybacks cause share prices to raise in spite of the buyback procedures. This rise in the share price is practical not just in the short run but astonishingly in the long-run in spite of different buyback procedures, in other countries where there is sufficient information to do long run researches like in United States, Canada, and the United Kingdom. Even though there are many other factors that increase the share price and such variables are tax savings or perhaps a number of wealth relocated from bondholders, the proof is mainly reliable with the analysis that markets believe a buyback as an optimistic indication (Vermaelen, 2005).

Problem Statement:

Companies often buy back their own stocks to reduce the equity of firm or ownership. Managers buy back shares when share prices are low and share prices go up after share buybacks. There is a need to study the impact of stock buyback on stock prices and behavior of share prices after share buybacks, so that companies may know how stock buybacks and share prices influence each other and how is it beneficial for the firm? This study aims to examine the two-way impact between stock buybacks and stock prices.

Theoretical Framework:



Hypotheses:

H1: Stock buybacks affect the stock prices.

H2: Stock prices affect the stock buybacks.

Methodology

Sample

The sample includes 10 multinational companies. The 10 years' buybacks history and stock prices are included. The 10 multinational companies include:

1. Coca cola
2. Pepsi
3. MacDonald's
4. Proctor and gamble
5. Unilever
6. IBM
7. Microsoft
8. HP
9. Toyota
10. Honda

Procedure

The financial data include the 10 years' buyback history and historic share prices ranging from the year 2002 to 2012. General Linear Model (GLM) and Univariate analysis is used analyze the two-way impact between stock buybacks and share prices. SPSS (statistical package for social sciences) is used to analyze the data. In case of buybacks dependent, we have put the buybacks as dependent variable, company and month in fixed factors and stock prices and lags in the covariates. In case of stock price dependent, we have put the stock price as dependent variables company and month in fixed factors and buybacks and lags in the covariates.

Analysis and Discussion

Buyback as Dependent Variable

$$Buybacks = intercept + a_i\,(company) + b_i(month) + yi(avgst_i)$$

Table 1:

Tests of Between-Subjects Effects
Dependent Variable: buybacks (Millions)

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Model	5.655E8	29	1.950E7	37.939	.000
company	1.219E7	9	1354787.640	2.636	.005
Month Numeric	1.161E7	11	1055769.489	2.054	.021
avgsto_1	4442964.821	1	4442964.821	8.644	.003
avgsto_10	3143272.555	1	3143272.555	6.116	.014
buybac_1	3566213.013	1	3566213.013	6.939	.009
buybac_2	3430425.709	1	3430425.709	6.674	.010
buybac_3	3.717E7	1	3.717E7	72.317	.000
buybac_6	1983108.122	1	1983108.122	3.858	.050
buybac_9	1.683E7	1	1.683E7	32.754	.000
buybac_12	1.594E7	1	1.594E7	31.016	.000
Error	5.191E8	1010	513971.540		
Total	1.085E9	1039			

a. R Squared = .521 (Adjusted R Squared = .508)

In case of buybacks dependent companies and months have a significant impact on buybacks. Stock price at lag1 and lag10 also have a significant impact on buybacks. Buybacks at lag1; lag2, lag3, lag6, lag9 and lag12 have significant impact on buybacks.

Table 2:

Parameter Estimates
Dependent Variable:buybacks (Millions)

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
[company=Coca Cola]	26.012	131.940	.197	.844	-232.896	284.919
[company=Honda]	-10.189	115.143	-.088	.930	-236.136	215.757
[company=HP]	199.496	120.500	1.656	.098	-36.964	435.956
[company=IBM]	260.493	204.278	1.275	.203	-140.365	661.351
[company=McDonalds]	23.686	129.271	.183	.855	-229.984	277.356
[company=Microsoft]	374.657	119.050	3.147	.002	141.044	608.271
[company=P & Gamb]	276.939	153.948	1.799	.072	-25.155	579.033
[company=Pepsi]	49.477	142.400	.347	.728	-229.956	328.910
[company=Toyota]	-33.124	172.989	-.191	.848	-372.584	306.335
[company=UL]	14.109	117.043	.121	.904	-215.566	243.784
[MonthNumeric=1.00]	-75.249	112.122	-.671	.502	-295.267	144.769
[MonthNumeric=2.00]	-107.281	112.680	-.952	.341	-328.394	113.832
[MonthNumeric=3.00]	168.491	108.769	1.549	.122	-44.948	381.930
[MonthNumeric=4.00]	-53.718	113.545	-.473	.636	-276.530	169.093
[MonthNumeric=5.00]	-95.003	114.393	-.830	.406	-319.479	129.473
[MonthNumeric=6.00]	287.043	108.741	2.640	.008	73.659	500.427
[MonthNumeric=7.00]	-27.591	113.213	-.244	.808	-249.750	194.569
[MonthNumeric=8.00]	-82.657	113.445	-.729	.466	-305.272	139.958
[MonthNumeric=9.00]	98.790	108.085	.914	.361	-113.307	310.888
[MonthNumeric=10.00]	-54.377	111.948	-.486	.627	-274.055	165.301
[MonthNumeric=11.00]	-85.512	112.414	-.761	.447	-306.104	135.079
[MonthNumeric=12.00]	0[a]	.	.	.	.	.
avgsto_1	6.280	2.136	2.940	.003	2.089	10.472
avgsto_10	-5.692	2.302	-2.473	.014	-10.208	-1.175
buybac_1	-.073	.028	-2.634	.009	-.127	-.019
buybac_2	-.072	.028	-2.583	.010	-.126	-.017
buybac_3	.260	.031	8.504	.000	.200	.319
buybac_6	.061	.031	1.964	.050	6.119E-5	.122
buybac_9	.178	.031	5.723	.000	.117	.240
buybac_12	.172	.031	5.569	.000	.112	.233

a. This parameter is set to zero because it is redundant.

Table 2 highlights that Microsoft has the highest beta value showing that it is having the highest buybacks. Proctor and gamble has the second highest beta value and IBM has the third highest beta value. The lowest beta value is for Toyota that means it has the lowest number of buybacks. The second lowest beta value is for Honda.

As far as months are concerned companies' buyback more in the month of June as it has the highest beta value of 287.043. The lowest number of buybacks is in the month of February. The stock prices of the previous months also effect the buyback value that is high is the average stock price in the previous months higher is the buyback value. The average stock price of 10 months back also affects the value of buyback in the present month but it is having the negative impact that high the stock price, lower the buyback value of the present month. The buybacks of the previous month also have influence on the present month buybacks but in the negative manner that is lower the buyback value of the previous month, high the value of buybacks in present month. Buyback of 12 months back have the positive impact on the buybacks of present month. Buybacks lag 3; lag 6, lag 9 and lag 12 have positive impact on present buybacks. This means company's buyback is affected by the buybacks occurred at the end of the quarter previously.

Stock Price as Dependent Variable

$$\textit{Stock Price} = \textit{intercept} + a_i\,(\textit{company}) + b_i(\textit{month}) + \textit{yi}(\textit{buyback}_i)$$

Table 3:

Tests of Between-Subjects Effects
Dependent Variable: avg stock price

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Model	4.183E6	16	261445.463	17907.025	.000
Month Numeric	374.856	12	31.238	2.140	.013
avgsto_1	81601.950	1	81601.950	5589.113	.000
avgsto_6	129.127	1	129.127	8.844	.003
avgsto_7	133.555	1	133.555	9.148	.003
buybac_5	62.901	1	62.901	4.308	.038
Error	15665.973	1073	14.600		
Total	4198793.388	1089			

a. R Squared = .996 (Adjusted R Squared = .996)

In case of stock price dependent, stock price lag1, lag6, lag7, and buyback lag5 are affecting the present stock prices. Companies' effect is insignificant; it means stock price behavior is the same across the companies.

Table 4:

Parameter Estimates
Dependent Variable: Stock Prices

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
[MonthNumeric=1.00]	.040	.448	.089	.929	-.839	.919
[MonthNumeric=2.00]	.089	.455	.196	.844	-.803	.982
[MonthNumeric=3.00]	-.656	.445	-1.474	.141	-1.530	.217
[MonthNumeric=4.00]	.813	.447	1.821	.069	-.063	1.689
[MonthNumeric=5.00]	.453	.456	.994	.321	-.441	1.346
[MonthNumeric=6.00]	-.692	.450	-1.537	.125	-1.575	.191
[MonthNumeric=7.00]	-.164	.449	-.365	.715	-1.045	.717
[MonthNumeric=8.00]	.221	.461	.478	.632	-.684	1.125
[MonthNumeric=9.00]	.324	.449	.720	.472	-.558	1.206
[MonthNumeric=10.00]	-.608	.449	-1.353	.176	-1.490	.274
[MonthNumeric=11.00]	1.218	.466	2.612	.009	.303	2.134
[MonthNumeric=12.00]	.846	.451	1.877	.061	-.039	1.731
avgsto_1	1.011	.014	74.760	.000	.984	1.037
avgsto_6	-.100	.034	-2.974	.003	-.166	-.034
avgsto_7	.093	.031	3.024	.003	.033	.153
buybac_5	.000	.000	-2.076	.038	.000	-1.507E-5

The highest stock prices are in the month of December. The second highest stock prices are in the month of April. The lowest stock prices are in the month of June. The stock prices of previous month also effect the stock price of the current month and has a positive influence such that higher the stock price of the previous month higher the stock price of the current month will be Six months back average stock price also affects the stock price of the current month but has a negative impact. 5 months' previous buybacks have negative impact on the stock price of current month.

Conclusion and Recommendations

Conclusion

For the first model where we take buybacks as dependent variable, companies and months have significant impact on buybacks, it means behavior of buybacks is different across the companies and across the months. Microsoft, P & G, and IBM are three top companies respectively, which buyback their shares in abundance. Shares are bought back at the end of every quarter but usually end of the second quarter, the tendency of share buybacks is very high. Moreover, stock prices along with lag1 and lag10 and lag1, lag2, lag3, lag6, lag9 and lag12 for buybacks are also found significant. Stock price lag1 and lag10 have positive and negative impact on share buybacks respectively. Buyback lag1, lag2 and lag3 have negative impact and lag6, lag9 and lag12 have positive impact on share buybacks. The value of adjusted R square is 50.8% (See Table 1 and Table 2).

For the second model where we take stock price as dependent variable, company effect is found insignificant while month effect is found significant. Stock prices are observed high in the beginning of the second quarter and at the end of the last quarter, especially in the month of November and December. Other significant predictors of this model are stock price lag1, lag6, lag7 and buyback lag5 have significant impact on stock price. Stock price lag1 and lag7 have positive impact on stock price while lag6 has negative impact. Buybacks lag5 has slightly positive impact on stock price. The value of adjusted R square is 99.6 %.

Recommendations

To keep the stock price stable in the market, share buybacks activity at the mid of every quarter is ideal to be considered, because the prices are low at the end of first two quarters and high at the end of last two quarters. Buybacks should be high in February and May while buybacks should be low in August and November. Buying is ideal in the first half of the year while selling is ideal in the last half of the year. Investors must keep in mind the behavior of share buybacks of the companies before investing in the stock market (See Table 3 and Table 4).

Limitation and Scope of Research

The study is limited to only 10 multinational companies. The study focuses on two-way impact between stock buybacks and stock prices. The research is beneficial to the managers, public companies, stock holders and various stake holders.

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Impact of Oil and Gold Prices on Stock Market Index

Urooj Aijaz*, Muhammad Faisal and Saad Meraj*****

Abstract

Stock Market Index is considered to be reflection of economic performance of the country and it has vital role in economy. Stock Market index takes impact of many important factors including macroeconomic variables. This research is conducted to examine the impact of Gold and Crude Oil prices on stock market index. The aim of the research is to study the relationship between prices of gold and crude oil and stock market index. This research is Explanatory Research by nature and relies on secondary data. Gold and Crude oil are selected as independent variables and Stock Market Index (KSE 100 Index) is dependent variable in this research. Monthly data of last 20 years (January 1995 to December 2015) was used in this research. Multiple Linear Regression was conducted to study the relationship between the independent variables and dependent variables. Test was conducted using SPSS and results were interpreted. The results of my research show that Gold Price has significant positive relation with Karachi Stock Exchange 100 index while Crude Oil has insignificant positive relation with Karachi Stock Exchange 100 Index. However, often they require government intervention to be retained at level that is most suitable for an economy. These variables have direct impact on the overall economy therefore it is very imperative that these variables not only remain in control of the government but the government should also be able to steer these variables for the betterment of the economy.

Keywords: Crude Oil Price, Gold Price, Stock Market, Index.

Introduction

Investors are keen to include those investments in their portfolios that have historically exhibited inverse relationships with stock market index as risk insurance. Likewise, gold investments both direct and indirect have fit this requirement for decades. Gold was one of the commodities that combated losses that occurred during period when stock prices fell

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**Assistant Professor/Chairperson, Department of Economics, Jinnah University for Women, Karachi.*
***Assistant Professor, Bahria University, Karachi.*
****Students, Bahria University, Karachi.*

inevitably. Indirect gold investments such as gold mining often fared better than direct gold investments in today's world as rising gold prices could turn many unprofitable or marginally profitable gold mines into money miners. Financial advisors often advised investors to maintain a position in gold during the time of inflation. While during boom times, gold prices tend to decrease in value as stock prices increased which is evidenced by the period when inflation in Pakistan was minimal or nonexistent. Some investors dropped gold investments taking the belief that gold had no portfolio risk aversion value and treated it as any other commodity whose price changes were strictly determined by supply and demand.

Oil prices have fluctuated randomly for well over a century. When oil prices became unstable, new energy strategies were often suggested, especially after deregulation. During oil-troubled times, investors began to view oil investments, both direct and indirect, as another candidate that should have an inverse relationship with stock market movements and would be a suitable risk deterrent. In other words, as oil prices increased, investors observed that economic woes would cause stock prices to fall. On the other hand, investors viewed decreases in oil prices as being beneficial for the economy and stock prices.

Supply and demand factors work the same for oil as it does for gold or any other asset. As the demand grows for oil uses for transportation or heating, supply constraints result in increased prices and vice versa. People are now living in a global economy where investors have ready international access to all markets. Therefore, they would expect both gold and oil investments to behave in the same inverse manner across all stock indexes. The objective of this study is to investigate and analyze how gold and oil prices relate to stock prices around the world. This information is intended to provide insight toward towards not only possible higher returns for investors, but also portfolio risk aversion.

An Insight to Commodity Market

Generally speaking, a commodity market is any market that deals in the buying and selling of any goods belonging to primary economic sector. These are natural commodities which is obtained through natural processes and are categorized into two main groups i.e. Soft and Hard commodities.

- Soft Commodities: are mainly the agricultural products like wheat, rice, cotton etc.
- Hard Commodities: are those which are generally mined like gold, crude oil, copper, silver etc.

The market has evolved greatly over the years and has the trading under these markets have undergone various advancements. Two major modes exist for trading under these markets i.e. Physical trading and Derivative trading.

- Physical Trading: occurs when a commodity is physically exchanged between buyers and sellers for a consideration.

- Derivative Trading: occurs when the physical exchange of commodity does not occur and the buying and selling transaction is settled in net.

The market consists of more than fifty commodities which are actively traded worldwide but sticking this discussion to two major players of this market i.e. *GOLD & OIL*.

Gold

Gold is one the most popular investment of all precious metals. Investors are tempted to buy gold to diversify the risk of their portfolio as it is considered to have the most effective hedging characteristics than any other precious metal. For this very reason in longer run the gold has a fairly stable Beta.

Crude Oil

Oil is a major source of energy and is one of the first forms to be traded widely. The trading is usually done in the units of "Barrels" which is roughly equals to 42 gallons. The supply of the world crude oil is limited and is dominated by few countries, among which gulf countries remain leaders. The crude oil trading is dominated by futures trading. A typical future contract of crude oil is in the units of 1000 barrels' deliverable at some point in the future at a predetermined price.

Problems, Background and Aim of Study

Gold had been used in markets since 1971 as commodity. Importance of gold had been increased in present world due to financial crisis in present economic world. Investors are investing in Gold. In recent decade gold price & oil prices rise day by day.

Pakistan is in ownership of 1339.25 tons of gold reserves. Pakistan is 5th largest country in world having gold reserve. Production of gold in Pakistan is very low-slung and it has of late joined group of gold generating countries. In the current situation gold has absorbed investors due to little chance to go better outcomes in stock market investments due to fragile economic and financial position in Pakistan.

Market where shares are traded is called equity market or stock market. In 2002, Karachi Stock Exchange (K.S.E.) Pakistan was declared as best market in world by international magazine Business Week. Karachi Stock Exchange (K.S.E.) is working as main stock exchange of Pakistan demonstrating most adverse sell-off positions in present situations. Investors in today's market tend to show less interest in stock market instead, they are more likely to invest in highly solid investment like gold and Oil due to rising trend in prices.

Introduction of Karachi Stock Exchange (KSE)

Since the independence of the country, Pakistan confronted with number of problems hindering the economic growth and economic development. Some of many major problems included social, economic and political problems such as increasing population, bureaucratic issues, policy deviation, disorder and political unreliability. Economic problems include unproductive tax rate, improper custom responsibilities which fanatically affect foreign investment.

In 1991 economic reforms were introduced for the resolution of hindrance. One of the most important reforms was to liberalize the stock markets for non-resident investors allowing for the very first time, in the history of Pakistan, to land direct and indirect foreign investments. These reforms had greater impact on equity market indices. KSE is the biggest and most dynamic stock exchange in Pakistan. The share of Karachi Stock Exchange is about seventy percent of total stock turnover. The number of registered listed companies on Karachi Stock Exchange on October 1, 2004 was 663 and market capitalization was $23.23 billion. Liberalization of Stock Exchanges gave confidence to foreign investors and same contributed in growth of foreign investment in Pakistan and also pushed the growth of industrial growth upwards. Nowadays our all stock markets are traded internationally. SECP (Security and Exchange Commission of Pakistan) granted permission to brokerage houses to facilitate trading for foreign investors.

In Pakistan, Karachi Stock Exchange is the biggest stock exchange in terms of revenue generated. The Karachi Stock Exchange 100 Index reached at 5315.82 on 1st October 2004. For 3 consecutive years, KSE has appeared as of one of the Best Performing Equity Markets of the world as ranked by “Business Week” which is recognized as the biggest insight on the world’s e. Also one of the leading daily US newspapers, “USA Today” declared Karachi Stock Exchange as one of the most performing equity market in rest of the world.

Karachi stock exchange went through two of the most devastating crisis in 2005 and 2008, following the crises market re-established itself and regained the confidence of investors (Foreign, Corporate, Institution and individual) and index made history of 36,228.88 points in august 2015 following to which index started shedding points due to massive foreign investor portfolio investment outflow for many local and international events and index closed at 32,811.89 points on December 31, 2015 just before the establishment of Karachi Stock Exchange (KSE).

Research Objectives

- To analyze the impact of gold prices on market indices.
- To analyze the impact of crude oil prices on market indices.

Research Questions

- What is the relationship between gold prices & stock market indices?

- What is the impact of gold prices on stock market indices?
- What is the relationship between Oil prices & stock market indices?
- What is the impact of oil prices on stock market indices?

Limitations

The data extracted is only of 20 years which resulted in fewer observations. Sample size is less because the data is only of KSE (and not global market).

Literature Review

Sahu, T.N., (2015) investigated impacts of Gold and Oil prices on south Asian Stock Market relationship. Four major markets Karachi Stock Exchange, Dhaka Stock Exchange, Combo Stock Exchange, and Mumbai Stock Exchange were taken to observe the relationship. Data is taken from year 1999 to 2009 on monthly basis. Descriptive statistics results show that Karachi Stock Exchange and Dhaka Stock Exchange are resulting in no relationship among gold and oil prices, while Mumbai Stock Exchange has some relationship.

Dasgupta (2012) confirmed in his significant study that the price of stock indices of Bombay stock exchange is exceedingly associated with four macro-economic variables in the short period after using regular time series data with the application of financial econometrics. In his study he also stated that stock price indices of Bombay stock exchange is greatly affiliated with IIP and price of call option.

Kaliyamoorthy and Parithi (2012) recognized in their study that Indian stock market is not related with gold market. Gold prices have been increased continuously because of Indian stock market crash.

M. Shahbaz Akmal (2007) chosen Oil Prices and share of black economy and worker on the relationship between share price and Oil Price using Autoregressive Distributed Lag (ARDL) method for dynamic analysis. The research was concluded with the finding both in long run and short run stock prices and not in favor of Oil Price and also found that share prices get affected in long run and short run by black economy.

Desislava Dimintrova (2005) describes the impact of Gold Price conditions on stock prices. Desislava used multivariate model and investigated the association among exchange rate, share prices and economics strategies. His results show that stock price is not affected.

Another study was carried out by Naik and Padhi (2012) by using the vector error co-relation model to observe the relation among macroeconomic variables and Indian stock exchange. Data used was collected from 1994 to 2011 for this study. They concluded that the money supple and the industrial production have direct relationship with stock prices whereas Oil Price has inverse relationship with stock prices. On other hand exchange rate and Gold Price rate have insignificant impact on stock prices.

Shahid Ahmed (2003) empirically examined the effects of Gold and Oil prices on SENSEX index price, the data selected for the study was from 1997 to 2007. Gold prices, Oil prices and SENSEX index price are the variables used during this research. To examine the casual relationship among the variables Granger causality test was used. As a result, it was revealed that only Oil prices are granger cause to stock prices. Market speculation was analyzed by using Auto Regressive (AR) which appeared highly significant according to the results.

Samanta and Zadeh (2012) verified the relationships between four significant financial variables using co-integration test that resulted by the data collected by annual time series. Their study showed that co integration affiliation do exists between the selected variables.

Taiwo et al (2012) examined the outcome of stock market on crude oil price with some macro-economic variables which includes GDP increase in Nigeria based on annual time series data between 1980 and 2010 with the application of econometric tools. He stated that price of crude oil is adversely related with the stock price index of Nigeria.

Le Thai-Ha et al (2011) investigated the link among two commodity market indicators that are, prices of gold and crude oil. Based on regular time series, data was used from 1986 to 2011 consuming financial econometrics. Their study showed that both of the commodity market indicators are closely connected with each other and one of the indicators, crude oil is the prophet to forecast the daily price of gold.

Hosseini et al (2011) recognized the short and long-standing connections of the stock market and financial growth indicators in India and China separately using annual time series data between 1999 and 2009.

Sharma and Mahendra (2010) investigated the long-term relationship between BSE and four macroeconomic indicators, i.e., exchange rates, rate of inflation, foreign exchange reserves, and gold price on Indian everyday time series data between 2008 and 2009 by using linear regression technique. Their research work discloses that stock price in India is greatly affected by the exchange rate and gold price and proves that gold price can be fluctuated on the fluctuation of the exchange rate.

Wang et al (2010) published a comparative study between commodity market indicators with exchange rates (as exchange rates impacts the commodity market indicators value by an important manner) and five important countries' stock market using daily time series data between 2006 (starting of February) and 2009 (closing of February) by applying the financial econometric techniques. They illustrated that US stock price index in the long run is not related with the commodity market indicators, at the same time stock price index of other four countries are expressively linked with the commodity indicators in the long run.

Xiufang (2010) observed the study which involves the macro-economic indicators that includes commodity market variable and stock market of one European country and two South Asian countries based on once-a-month data between 1999 (February) and 2008 (August) by applying two financial econometric tools. He stated that the stock market of the European country was significantly associated with two macro-economic indicators while the stock market of two selected countries was not related with macro-economic indicators in the long period.

Gilmore et al (2009) in their study showed that stock market index is related to gold mining company's gold price index in the long period after using the daily data from June 1996 to January 2007 by applying the financial economic tools. He proved that both the indicators influenced each other in the short period.

Miller and Ratti (2008) examined the long-run link between world crude index and stock price index of selected countries based on regular time series data from 1991 to 2008 using financial economics with several structural breaks. Their investigation showed that stock index price of selected countries is adversely related to the world crude index because of effervesces.

Research Methodology

Research methodology narrates about research method, sample size, data collection method that are used in this research and importantly, this chapter determines specific dependent variable and independent variables and also this chapter contains development of hypothesis and method by which data is analyzed. Price of gold and oil is used in this research to determine their impact on KSE 100 Index.

Research Design

The nature of our research is explanatory research. The aim of my study is to examine the relationship between gold and oil prices and stock market index and to study the impact of these on KSE 100 index. This is a Quantitative Research; Quantitative research allows using statistical tools and application of statistical tests to analyze the data and to answer the research hypothesis.

Data Collection

Secondary data is collected for this research and the same is collected from secondary sources. For determining the impact of prices on KSE 100 index, this research examines relationship between stock market index and gold and oil. This research can be explained quantitatively so the secondary method for data collection is selected. The data collection is a critical element of research; the data for this research is extracted from the website of State Bank of Pakistan.

Sample Size

As this research is based on prices of gold and oil, and stock market index, for this research monthly data of last 20 years (January 1995 to December 2015) of selected variables and KSE100 index is used.

Data Integration

Tables, charts and graphs were used as a tool for integration of data.

Natures of Research

This research is an explanatory research, as its aim is to study the impact of Gold and Oil prices on stock market indices.

Research Target

This research targets stock exchange markets of Pakistan, mainly Karachi stock exchange (KSE).

Research Population

The research's population is the investors and trade facilitators.

Data Type

This research primarily bases on secondary data, which already exists. This is a secondary data dominated research; this research describes the research topic on basis of past data available. This study considers monthly data encircling the closing stock price indices of KSE, the monthly gold price indices and crude oil price indices. After appropriate fitting the monthly closing indexes with the resultant gold price and crude oil price, there are 240 observations.

Research Variables

The research variables which I selected for this research are se on the basis of its ranking and its use in literature review. Two types of variables are used in this research, dependent and independent variables.

Independent variables:

Gold Price

Gold is the most widespread investment as compared to other precious metals. Depositors or investors buy gold as a way of diversifying risk, especially through the use of derivatives and futures contracts. The gold market is subject to speculation and volatility as are other markets. Gold is shown to have the most operative safe shelter and hedging properties across a number of countries out of all precious metals available for investment.

Gold has been used throughout history as money and has been a comparative standard for currency counterparts specifically to commercial regions or countries, until recent times.

The price of gold is determined by supply and demand including demand for speculation, like other commodities. Saving and disposal of gold plays a vital role in touching its price than its consumption unlike other commodities. Most of the gold that is always mined is still in accessible form, example gold bars or silver and mass-produced jewellery, with little value over its fine weight and is thus potentially capable to go back into the gold market for the exact price. It was estimated in the end of 2006 that all the gold that is ever mined totalled 158,000 tonnes (156,000 long tons; 174,000 short tons). One of the biggest investor of the world said that the total volume of gold that is above-ground in the world, can be fitted into a cube with side of 66 ft. (792 in.). However, approximations for the amount of gold that exists at the moment differ significantly and some people have suggested that the cube maybe a lot smaller or larger.

According to the World Gold Council, from the last few years, the annual mine production of gold has been approximately 2,500 tonnes. Up to 2,000 tonnes was used as jewellery or dental production, and around 500 tonnes is used by retail investors and exchange traded gold funds.

Oil Price

The price of oil, or the oil price, generally mentions to the current price of a barrel of standard crude oil; that price for buyers and sellers of crude oil such as West Texas Intermediate (WTI), Brent ICE, Dubai Crude, OPEC Reference Basket, Bonny Light, Urals oil, Isthmus and Western Canadian Select (WCS). There is a differential in the price of a barrel of oil based on its grade determined by factors such as its specific gravity or sulphur content and its location for example, its proximity to tidewater and/or refineries. Heavier, sour crude oils lacking in tidewater access such as Western Canadian Select are less expensive than lighter, sweeter oil such as WTI.

The supply of oil is dependent on environmental discovery, the lawful and tax outline for oil mining, the cost of mining, the availability and cost of technology for mining, and the governmental situation in countries where oil is produced. Both domestic political instability in oil producing countries and struggles with other countries can undermine the oil price. In 2008 the *New York Times* reported, for example, in the 1940s the price of oil was about $17 rising to just over $20 during the Korean War (1951-1953). During the Vietnam War (1950s - 1970s) the price of oil slowly declined to under $20. During the Arab oil embargo of 1973 the first oil shock the price of oil rapidly rose to double in price. During the 1979 Iranian Revolution the price of oil rose. During the second oil shock the price of oil peaked in April 1980 at $103.76. During the 1980s there was a period of "preservation and isolation efforts" and the oil price dropped slowly to $22. It again reached a peak of $65 during the 1990 Persian Gulf crisis and war. Following that, there was a period of global recessions and the price of oil hit a low of $15. Before it peaked at a high of $45 on 11th September, 2001 only to drip again to a low of $26 on 8th May, 2003.The price rose to $80 with the U.S led invasion of Iraq. By March 3, 2008 the price of oil reached $103.95 a barrel on the New York Mercantile Exchange. In July 2008 oil reached a record peak of US$145 but by February 2009 it sank beneath $40 a barrel. By 2012 the price of oil was $125 remaining above $100 until September 2014 when the full impact of a global and accelerating over-supply of crude oil was felt. By December 2015 with both Brent and WTI below $40 Forbes magazine quoted that, "The regular oil price crumple has more or less converted into a complete failure, with deep long-term implications for the industry as a whole."

Although the oil price is largely determined by the balance between supply and demand as with all commodities some commentators including *Business Week,* the *Financial Times* and the *Washington Post*, argued that the rise in oil prices prior to the financial crisis of 2007–2008 was due to speculation in the futures markets.

The demand for oil is dependent on global macroeconomic conditions. According to an often-cited paper by the International Energy Agency published in 2004, high oil prices usually have a large bad impact on total economic growth. Throughout 1970s, two oil disasters caused a sharp growth in inflation in advanced economies. However, at the 5th annual World Pensions Forum in Paris in 2015, it was argued that numerous of these economies have a different organisation, and are less dependent on fossil fuels. In fact, oil prices which almost doubled between 1999 and 2000 produced only a marginal inflationary increase.

Dependent variable:

Karachi Stock Exchange 100 Index

Karachi Stock Exchange (KSE) 100 Index is a stock index that includes 100 blue chip companies that are listed on Karachi Stock Exchange and acts as benchmark to compare the prices over a period of time.

Treatment of Data

To analyze the data for my research I used SPSS tools and techniques.

Research Model

KSE 100 Index = $\beta_0 + \beta_1$ **(Oil Price)** + β_2 **(Gold Price)**

Hypotheses

Hypothesis 1- There is a significant relationship between gold prices and stock market index.

Hypothesis 2- There is positive impact of gold prices on stock market index.
Hypothesis 3- There is an insignificant relationship between oil prices and stock market index.
Hypothesis 4- There is almost no impact of oil prices on stock market index.

Data Analysis

To perform data analysis, monthly data of last 20 years has been obtained. Multiple linear Regression test is applied in order to determine the relationship between dependent variables and independent variables.

Table 4.1

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	Price Per Unit Troy Ounce, Price Per Unit Barrel		Enter

Multiple Regression Analysis

The regression is used to determine the impact of independent variables on the dependent variable.

Table 4.2

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.771[a]	.595	.592	5812.09628

a. Predictors: (Constant), Price Per Unit Troy Ounce, Price Per Unit Barrel

The value of "R Square" in model summary is .595 which states that 59.50% of change in KSE100 Index is explained by prices of Crude Oil and Gold. For instance, if KSE100 Index changes with 100 points then change of 59.50 points is due to the selected variables which are Crude Oil and Gold.

Table 4.3

ANOVA[s]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11814322670.795	2	5907161335.397	174.869	.000[b]
	Residual	8039750221.773	238	33780463.117		
	Total	19854072892.568	240			

a. Dependent Variable: KSE100 INDEX
b. Predictors: (Constant), Price Per Unit Troy Ounce, Price Per Unit Barrel

This table determines the model's significance level. According to the ANOVA table if the "F Value" of the model is greater than 4 so the model is considered to be significant. Here in our case the "F value" is 174.869 so our model is significant.

Table 4.4

Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	1197.700	601.643		1.991	.048
	Price Per Unit Barrel	.215	.305	.080	.704	.482
	Price Per Unit Troy Ounce	.124	.020	.696	6.108	.000

a. Dependent Variable: KSE100 INDEX

The model is developed at confidence level of 95% and the value of alpha is 5% (0.05).

Sig. value of Crude Oil in table is .482 which is greater than .05 this means that crude oil does not have a significant impact on KSE 100 index.

Sig. value of Gold in table is .000 which is less than .05 this means that Gold has significant impact on KSE100 index.

Relationship among dependent variable and independent variables:

Model has observed relationship between dependent and independent variables. However, the nature of relationship is as following.

Unstandardized Coefficients "B" value of Crude Oil is ".215" this shows that crude oil has positive impact on KSE100 index. So, if price per unit barrel is increased by 1 dollar then KSE100 index is increased by .215 points and vice versa.

Unstandardized Coefficients "B" value of Gold is ".124" this shows that gold has positive impact on KSE100 index. So, if price per unit troy ounce is increased by 1 dollar then KSE100 index is increased by .124 points and vice versa.

Table 4.5

Hypothesis Summary

Serial No.	Alternate Hypothesis	Sig.	Decision
1	There is a significant relationship between gold prices and stock market index.	.000	Sig. value in ANOVA table is less than .05 so the alternate hypothesis is accepted.
2	There is a positive impact of gold prices on stock market index.	.000	Sig. value in Coefficients table is less than .05 so the alternate hypothesis is accepted.
3	There is an insignificant relationship between oil prices and stock market index.	.000	Sig. value in ANOVA table is less than .05 so the alternate hypothesis is accepted.
4	There is almost no impact of oil prices on stock market index.	.482	Sig. value in Coefficients table is greater than .05 so the alternate hypothesis is accepted.

Note: *The Significance Level is .05*

Critical Analysis

The results of multiple regression test determine that selected macroeconomic indicators have impact on stock market index. These indicators have considerable contribution in changing stock market index. Stock exchange is important for economy and managing these macroeconomic variables is also very important for a country.

Results

The results of my research show that Gold Price has significant positive relation with Karachi Stock Exchange 100 index while Crude Oil has insignificant positive relation with Karachi Stock Exchange 100 Index. My results are consistent with many researchers conducted earlier which states that there is relationship between price of gold and oil and stock market performance.

Gold Price

The results obtained from the test states that, Gold Price has a positive relationship with Karachi Stock Exchange 100 Index; Gold Price's unstandardized coefficients "B" value is ".124" this shows that Gold Price rate has positive impact on Karachi Stock Exchange 100 index. And Sig. value of Gold Price in table is .000 which is less than .05 this means that gold price has significant impact on Karachi Stock Exchange 100 index.

Crude Oil Price

The results obtained from the test states that, Crude Oil has a positive relationship with Karachi Stock Exchange 100 Index; Crude Oil's unstandardized coefficients "B" value is ".215" this shows that Crude Oil has positive impact on Karachi Stock Exchange 100 index. Sig. value of Crude Oil in table is .482 which is greater than .05 this means that Crude Oil has insignificant impact on Karachi Stock Exchange 100 index.

Conclusion and Recommendations

Stock Exchange is a very important organ of a country as it mobilizes the capital of the country and streamlines saving and investment. It holds great significance in an economic structure as it is not only a primary source of raising capital but it also helps to ensure that the capital of a country is utilized for the most fruitful causes. Being a capital market it is also a measure of performance of an economy and a chief source of attracting foreign investment and foreign exchange.

There is a general understanding that like many other economic organizations, stock exchange also takes direct impact of chosen variables. The purpose of this research is to affirm this understanding through statistical analysis and to prove a definite existence or non-existence of relationship between these variables and stock exchange. The variables focused under this research are Gold prices and Crude Oil prices. The stock exchange which has been subjected to this research is the Karachi Stock Exchange (KSE), the impact has been studied specifically on the 100 index of the KSE.

Quantitative research methodology is used to conduct this research. Reliable secondary data is gathered to base the analysis. This mostly includes the historical prices of Gold, Crude Oil and past market index data of stock exchange. In order to study the relationship between the selected variables and stock market index and to test the significance of the model, multiple linear regression tests is conducted. For the purpose of this model KSE 100 Index is a dependent variable while Gold prices and Crude Oil prices are independent variables.

Results of the test have led us to conclude that Gold prices and Crude Oil prices have positive impact on the KSE100 index. Tests were also conducted to reveal the significance/insignificance of the relationship of independent variables with the dependent variable. This has been carried out on a Confidence Interval of 5% based on Alpha at 0.05 which showed that the Gold prices have significant impact on KSE100 Index. However, Crude Oil prices have insignificant impact on KSE100 Index. It is also revealed that the selected independent variables contribute 59.50% to change occurring in KSE100 Index. Results of this research are consistent with the hypothesis that there exists a correlation between variables and stock market performance.

Recommendations

These variables have direct impact on the overall economy therefore it is very imperative that these variables not only remain in control of the government but the government should also be able to steer these variables for the betterment of the economy. Therefore, the government cannot afford to let these variables at the mercy of market forces and price mechanisms only, it should formulate effective and targeted policies to actively manage these variables. In this way it is better hoped that, the capital market in general, and stock exchanges in specific, gains significant investors' confidence from all around the world. The resulting advantages are far reaching – a prosperous economy is just to sum it up.

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Post Merger Performance of The KSE Listed, Selected Banks of Pakistan

Maria Ashraf Bawani*, Kaleem Ghias and Ishtiaq Ahmed*****

Abstract

The aim of the study was to analyze the performance of selected banks before merger and after merger in terms of Return on Assets and Return on Equity, of Pakistan. The study took data from the published annual reports of the selected banks: Summit Bank, Faysal Bank, Samba Bank, Al Baraka Bank, Standard Chartered Bank. The data was collected 2 years before merger and 4 to 5 years after merger. To analyze the data Independent Samples t Test was used on the SPSS software, to check the significance of the hypotheses as well. The analysis and results proved that there is no such positive outcome after the merger of banks of Pakistan. It concluded that ROA and ROE did not get impacted after the merger. The outcome of this research may help the decision makers to focus on the places where there is a lack of knowledge for mergers and how to make merger successful. As Pakistan is a developing country, mergers are not a good option here to create any synergy but if importance and attention would be given on the strategies so maybe one day merger will be successful.

Keywords: *Mergers, ROE, ROA, Banking Industry, Financial Synergy, post-merger and pre-merger.*

Introduction

In the economic development, financial sector plays an important role. Between financial sector and association, there is a strong relationship. There is a list of financial institutions in Pakistan which includes central and commercial banks, insurance companies, specialized institutions, financial development institutions and stock exchanges. From these, commercial banks are vital for the economy of Pakistan as it is the most important factor. The function of Commercial banks is to organize the savings and to improve the productive capability in any economy.

The nationalization of banking sector of Pakistan was in 1974 and from that point, it was ruled by the possession of government by foreign banks being a minority until

**MBA Student, Bahria University, Karachi.*
***Assistant Professor, Bahria University, Karachi.*
****Senior Associate Professor, Bahria University, Karachi.*

the start of financial sector improvement in 1990s. As on IMF and World Bank advice, the Pakistani government decided to undertake the reforms of financial sector.

When reorganization of nationalized commercial banks took place, it improved the management of financial institutions, and licensed new private banks. They were the immediate objectives of the reforms. Therefore, in 1991 Pakistani government privatized two significant business banks, named Muslim Commercial Bank and Allied Bank of Pakistan. Also, license was approved for some new domestic private banks to function in Pakistan. The steps promoted competition among the banks in the market and changed the major government owned banking sector.

Banks are financial mediators which shows a major part in economic development. Banks offer funds for investments, and keep the low cost of capital. The banking sector formation has changed into a liberalized system from a controlled one throughout the previous decades. The proficiency of banks, which replicates the capability of banks in changing its assets to productivity by assembling its best allocation, is vital for the economic development. One of the major sectors is the banking sector that have received improved interest from economists and researchers because it plays an essential role for economic growth.

Since independence, Pakistani banking sector is the most ineffective sector of the economy. In 1947, the main bank was Habib Bank working in the nation that visibly was inadequate to help the financial needs of the new state. In 1948, State Bank of Pakistan was established under the name of central bank of Pakistan by the government so that the variety of objectives could be achieved. The active banks working in Pakistan grew to 5 within 23 years. The liquidity state of these banks was not all that great because of the level of the investment and credit to be focused in government sector. The circumstances got to be most exceedingly terrible in 1970s when six banks in the nation were facing serious financial issue. The seriousness of the issue required the Pakistani government to make public all private banks working in the nation. But, because of the surrounded politics the nationalization failed.

More than 90% of the total assets were possessed by the public banks in the starting of 1990s. In spite of this, the condition was not good.

Merger & Acquisition and Financial performance in Pakistan

Based on historical information the accessible data on Karachi Stock Exchange (KSE) and shows that from the period of 1995-2011 the total mergers appeared are 121. According to Competition Commission of Pakistan (CCP), from the period of 2007-2011, the number of mergers was 48 and the number of acquisitions was 208. Due to the increasing competition in business environment according to the technological advancement, State Bank of Pakistan (SBP) is aiming to further consolidation in the banking sector by the most effective way that is the encouragement of Merger and Acquisition. The rise in the competition, value creation, and the changes made in the regulations for increasing product portfolio entering new markets are the reasons that's why the Mergers and Acquisitions has become preferred strategic tool for maintaining strong performance. The financial sector of Pakistan is main sector that is involved in Merger and Acquisition. The current down size in the economy of Pakistan, the failure of other business conditions and the global financial crises play a big roll to force the organizations to come in Merger and Acquisition deals in financial sector of Pakistan. Furthermore, most of the studies signify research in Pakistan for the analysis of same event but they leave some gaps and advise some future direction for the further analysis. Therefore, there is a need to research further on the scenario like M&A in Pakistan in banking sector, where many deals occurred in the different times. This study is drawn on the banking sector of Pakistan. It is beneficial for the further research in banking sector of Pakistan.

Mergers & Acquisitions in Pakistan

Merger and acquisition are more widely used in today's economy to improve the competitiveness through large share of market, diversify the portfolio, and to reduce or eliminate the risks. It is used to run the businesses at economies of scale in new geographical areas. It is actually joining of two or more organizations where one organization's stockholders offer securities to the acquiring organization. Therefore, merger is the combination of two or more companies that would create either an entirely new business or will continue their operations under one roof (Wolff, 2008). To combine their resources, companies usually merger into a new business goal. When a company alone cannot develop business synergies so it agrees for a merger, or to acquire the other company, thus merger occurs (OECD Benchmark Definition of Foreign Direct speculation, 2008).

Definition of Mergers

The combination of two or more companies, in which the identity of one company remains constant while the other's is being dissolved, is called merger. Merger transactions are done basically for achieving market share, competitive advantage, growing revenues, and risk and product diversification. Due to the financial crises around the globe, mergers and acquisitions have increased. Corporations employ such combinations for the sake of competitiveness as well as to maintain a rigid foothold in the industry. This had led to the significant transformation in the business landscape.

Mergers and acquisitions are extremely a fundamental part of the financial world. The main objective of making a merger is to make a larger company by collaborating of two or more companies. The expression that totally clarifies mergers and acquisition is “1 + 1 = 3”. To develop extra value for stakeholders is the foundation behind this theory. During the process, with the mixing of two or more companies there is also the mix of values and norms, traditions and customs of combining firms.

In economy now a day, the expressions Mergers and Acquisitions is continuously us in order to gain market share, eliminate competition, enter into new market, and to capitalize the economies of scale.

After merging of two or more companies through the pooling of their interests, the name of the company can be a new name or follow either buyer or the seller company’s name.

History

Before the Indo-Pak subcontinent’s separation in 1947, Pakistani banking system worked under the British banks’ branches. The State Bank of Pakistan which is called the central bank of Pakistan was established in 1948. It involved the guiding, financial and different approaches of the State Bank of India. In the middle of 60s to 70s, a large amount of specialized Developmental Financial Institutions (DFIs), for example, Industrial Development Bank of Pakistan (IDBP) and the Agricultural Development Bank (ADB) rose. During the government of Z. A. Bhutto all domestic commercial banks were nationalized in 1974. The charge of banking sector with some controlling powers and duties was taken by the Pakistan Banking Council (PBC). However, later on this was dissolved and then only SBP had the power to manage and regulate and supervise all the financial institutions including banks. Authorized commercial banks of Pakistan consist of nationalized, private and foreign banks that are functioning as per the establishment of the Banking Companies Ordinance, 1962. A quicker look at commercial banks of Pakistan uncovers different developing dispositions. The Nationalized Commercial Banks (NCBs) are experiencing huge innovation projects. Private Banks are merging their condition by raising their paid-up capital and escalating central and decentralize system structures.

According to the study, there are five stages of mergers and acquisitions. The 1st movement of mergers started from 1897 - 1904. During this era, companies who wanted to maintain their monopoly on their production areas initiated to merge. This was a horizontal merger which occurred in heavy manufacturing industry. During this era, most of the mergers failed because the desired outcome was not accomplished. The second stage of merger started from 1916 - 1929 with a main emphasis on the merger for oligopoly. Technological development of railways and transportation vehicles necessary for the organization for such a merger took place. The nature of this stage was a horizontal or conglomerate. The industries that were the producers of primary products like metals, foodstuff, petroleum products, chemicals and transport equipment have gone for a merger in this phase. To facilitate mergers and acquisitions, investment banks played a critical role. In 1929, due to the downfall of stock market and the Great Depression, second wave of merger occurred. The 1940 merger was inspired by the tax benefits that were granted. While on the other side, the mergers which took occurred from 1965 to 1969 were mostly conglomerate. During this era, investment banks did not helped but mergers were financed from the equity. In 1968, there was a separation of conglomerates so the third wave of mergers was over due to the poor progress of the corporations. The fourth wave of merger started during 1981 till 1989 which focused on the acquisition sector. In this phase, mergers in pharmaceutical industries, oil and gas industries and banking and airline industries took place. The fifth and the last wave of merger took place during 1992 to 2000 which was motivated by the globalization of the boom in stock market. This wave of merger mainly targeted the banking and telecommunication sectors. They were basically supported by the investment instead of debt.

Importance

The importance of mergers is that it enhances the value of a business. Mergers are important because it increases the revenue by raising the market share, helps in cost reduction, economies of scale and economies of scope. Efficiency of a bank is improved when its size becomes larger. Merger and acquisition have two more economic motives that are horizontal integration and vertical integration; these are in addition to the economies of scale and benefits of diversification (Gaughan, 2011). Merger provides an innovative and different culture to work for the employees. They can work in an advanced environment with a great change.

Statement of problem and aim of study

The banking sector of Pakistan has been viewed from many perceptions. For example, Akhter (2002) discovered the efficiency of 40 commercial banks of Pakistan. Mehmood & Loan (2006) explored the impact of the cost effectiveness of financial liberalization in Pakistan banking sector. Qayyum& Khan (2007) examined the economies of scale, efficiency and technical progress of 29 Pakistani commercial banks. As a result, they found out that foreign banks are more efficient than the national banks during 2000 to 2005 by using Deterministic Frontier Approach (DFA). Also, economies of scale were higher from small banks.

According to the present literature, there are many researches on the efficiency analysis of diverse sectors of Pakistan; some of them related to effect of mergers on efficiency in financial sector have been explored. Therefore, it is important to explore the efficiency impact of bank mergers in Pakistan.

My research will analyze pre and post-merger performance of banking sector of Pakistan. I will also determine the effect and the extent to which merger affected bank performance.

Research Objectives

- To analyze the performance of banks before and after merger on ROA.
- To analyze the performance of banks before and after merger on ROE.

Research Questions

- Does the merger impact on ROA of banks?
- Does the merger impact on ROE of banks?

Limitations

- The financial statements given on the banks' website is annually given so observations are very less.
- Sample size is less because the data is given for only 5 banks.

Literature Review

In present life, mergers and acquisitions are widely used around the world to improve the competitiveness of the companies by achieving high share of market, diversifying the portfolio to decrease trade risk, to enter into new markets, and to have capitalized economies of scale. Mergers and acquisitions is the most effective way to make the implementation of the plan grow quickly (Sherman et al. 2011). The pace of mergers and acquisitions has been increased because of the impact of technology. The financial sector has been experiencing an amazing consolidation and restructuring procedure throughout the world. The exclusion of the restrictions imposed regarding mergers and acquisition in U.S.

Merger and Acquisition and the performance of Financial Sector

Financial sector has been experiencing an amazing consolidation and restructuring procedure worldwide. The exclusion of the restrictions imposed regarding Merger and Acquisition in U.S. has given a rise to a wave of Mergers and Acquisitions. However, there are few factors, which are acting as a hurdle in the consolidation of financial services. An identical consolidation process of the banking industry is also being spotted in Europe and the number of banks Mergers and Acquisitions has increased in European countries. The firms are consolidating since 1989 by anticipating in holding the global financial system and probable to face further re-structuring against the consequences of the recent crisis in financial markets. Such firms are expected to hold the global financial system (Berger & DeYoung, 2001). The speed of mergers and acquisitions of banks is expanding everywhere throughout the world and because of this, economic growth has risen. Now a days there is a wide variety of literature on the topic of mergers of bank. Berger et.al (1999) provided a broad review of the studies estimating the banking industry mergers. According to the literature, a many study has been conducted on the effect of merger on the proficiency of banks. These studies are classified into two, before the merger and after the merger studies. Before merger studies judge the impact of mergers on performance of banks by evaluating the reaction of stock market to merger statement. After the merger study is also known as the incident study. On the other hand, this study determines the effect of merger on performance of banks by comparison of pre and post-merger bank performance. The comparison can be done either through using financial ratios or by econometric and frontier analysis. In developed economies like U.S. there is a huge literature on mergers and acquisitions but in the developing countries like India and Asian countries, there is a shortage of literature.

Vennet (1996) studied the European Union banking industry and concentrated on the impact of mergers on the proficiency by using business ratios and stochastic frontier during 1988-1993. He found that the merger enhances the effectiveness of the banks. Akhavein et.al (1997) inspected the cost and productivity effect of super mergers in U.S. banking industry and found that there was a high level of proficiency after merger of banks than before merger. According to Berger (1998) there was a very small amount of efficiency after merger of either small or large banks. Gourlay et.al (2006) calculated the gain in efficiency during 1991-92 to 2004-05 among Indian banks and observed that because of merger, efficiency was improved. The same thought was also concluded by R.B.I (2008) that during the merger period, public banks got higher efficiency than the private banks. Growth can be achieved internally and externally by a firm. By expanding its actions or up scaling its abilities by making new units or entering into new markets, inner growth of a firm can be achieved. But, in any case, internal growth may be confronted by a few challenges, for example, the size of current market or old category of products or various government limitations. In case, firms do not have knowledge on how to enter into new markets and may take longer periods to develop its own units and to yield positive outcome. Because of this, external growth may be used that is mergers and acquisitions, joint ventures or takeovers. Tambi (2005) attempted to analyze the effect of mergers on the performance of a firm. Although the fact is that mergers do enhance the proficiency of the company due to increased market share and impact of synergies, Tambi has used this thought in his paper for the Indian economy. He used three parameters, PBITDA, PAT and ROCE to analyze any changes in before and after values using t-test. His results showed negativity and merger failed to payback positively to the set of companies picked by him. Ravichandran, Nor & Said (2010), have attempted to assess the productivity and execution for selected public and private banks prior and after the merger, as a result of business sector strengths. After that, they selected less ratios for their study that is profit margin, current ratio, and ratio of advances to total assets, cost efficiency and interest cover and then to identify the relationship between these variables and return on shareholders' funds, a regression is run. The results show that cost proficiency, advances to total assets and interest cover are important throughout both the before and after merger stages. Likewise, the profits for shareholders' funds is negatively related to cost efficiency and interest cover yet is absolutely positive with ratio of advances to total assets.

Management thinks of financial synergy or operational synergy in different ways while trying for merger and acquisitions (M&A). But the important issue is that are they really able to create any such possible synergy or not. In their study, Kumar & Bansal (2008), tried to conclude that while going for M&As the claims made by the company to create synergy are being attained or not in the Indian Economy. They studied the effect of mergers & acquisitions on the financial performance of the results in the long run, and then compare the outcomes of merger with acquisition deals. This observational study was based on secondary information and tables. Ratio analysis and correlation were used for the analysis. According to the results, in the long run the acquiring companies were able to create synergy, maybe in the form of high cash flow, variation, more business, cutting costs etc. Mantravadi and Reddy (2008) have examined the effect of mergers of acquiring companies on the operational performance in diverse markets, by calculating some before and after merger financial ratios. The model of companies for mergers involved trading and public limited companies of India for 1991 and 2003. According to their results, there are minor effects on the performance after merger in different industries of India. Although mergers positively effect on the profitability in the banking sector and financial sector but, the textiles, pharmaceuticals, and electrical equipment sectors showed a negative effect on the profitability and return on investment. Cornett, McNutt and Tehranian (2006) conducted a study to analyze the operational performance of mergers of commercial bank. They found that the operational performance has increased significantly of the merged banks after merger. Also, mergers of large banks gained greater performance than the mergers of small banks, mergers that focused on activity gained more as compared to mergers that diversify activity. Merger that focused on geographic produced greater performance than those which diversify geographic, and after the operation of national banking in 1997 performance gains became larger. Moreover, they found an increase in revenue enhancements and cost reduction practices. Rhoades (1993) calculated the effect of mergers on the proficiency and productivity in the banking sector focusing on the national and international mergers. The study examined the profit and cost proficiency analysis of 33 bank to bank mergers with a result that most of the national mergers increased its cost efficiency and small increase in the profit efficiency. Whereas, for the international mergers there is a little upgrading in profit effectiveness and no increase in the cost efficiency.

Sufian (2004) concentrated on the proficiency impact of mergers and acquisitions of the banks of Malaysia. In this study, commercial banks of Malaysia were taken to evaluate the practical proficiencies throughout the year of merger and he studied the pre and post-merger period too. According to the result, there was a largely increment in efficiency during the period, which is about 95.9%. According to him, merger program was successful. Kumar & Bansal (2008), analyzed the impact of mergers and acquisitions on company performance in India. They researched that if all the claims made regarding mergers are obtained or not in India. Financial data, financial ratios and tables were used in this study to evaluate the analysis of correlation. They found that in many situations, the companies who acquired other companies through M&A got profits and paybacks and also created synergy in long run such as, growth in cash flows, diversified business, competitive advantage and cost saving etc. During the era of 2002 to 2007, Badreldin & Kalhoefer (2009) researched on the banks of Egypt which face merger or acquisition. They computed return on equity (ROE) of the banks to level the progress and success of banking developments to strengthen and to consolidate this sector. When the companies were compared with the before merger performance it showed an increase in performance. The study concluded that in the banking division of Egypt M&A showed an enhancement in the profitability and effected positively on the credit risk position.

Obaid-ullah, Sabeeh-ullah& Usman, (2010) researched the impact of mergers of Atlas Investment and Al-Faysal Investment Bank Ltd on the financial performance. This research of banks of Pakistan utilized 3 measures of finance; earning and profitability, capital competence, and creditworthiness. For the post-merger period, Faysal Bank's improvement was recorded, and it is presumed that for both of the banks financial performance has enhanced for the post-merger period. Mergers & acquisitions is a good technique to expand the performance of banks as said by the authors. The financial performance is increased because of focused devotion to business, good management, improved credit appraisal, and simple access to the new and costly technology. Kemal (2011) studied about post-merger productivity for Royal Bank of Scotland. He used accounting ratios to analyze the financial performance of RBS after merger. By using 20 fundamental ratios this study examined financial statements for four years that is from 2006 to 2009. The results for this bank before the deal of merger were quite satisfactory in the areas of liquidity, profitability, cash flows, leverage, and asset management. This means that in this case, merger unsuccessfully failed to enhance the financial performance. Various studies have experimentally observed that if mergers and acquisitions are the keys to the difficulties of banks or not. Cabral et al (2002), Carletti et al (2002) and Szapary (2001) have studied and connected a bridge between profitability and bank mergers or acquisitions. As said by De-Nicolo (2003) and Caprion (1999) M&As can affect positively on the proficiency of many banks in the financial system. In general, some of the studies give a diversified result and many studies failed to show a strong relationship between performance and Mergers & Acquisitions.

According to Kwan and Elsenbeis (1991), results that supports the mergers and acquisitions to obtain savings and efficiency gain is insufficient. They found that profit efficiency ranking after merger in banking industry has significantly improved. In any case for Straub (2007) shockingly, the greater part of studies looking at before and after mergers execution found that the potential proficiency got from merger and acquisitions once in a while arise (Berger et al 1999). Beitel et al (2003) discovered no increase impact because of mergers and securing however for David and Yener (2004), mergers and procurement assumed a paramount part in enhancing after merger monetary execution which is jolt for productivity. The vast majority of the studies inspected that mergers and acquisitions enhance fundamentally to the benefits of the saving money division, aside from Straub (2007) and Rhoades (1993) that have opposite perspectives. (Adebayo & Olalekan, 2012) measured the effect of merger and acquisition on performance of banks in Nigeria, by using the sample of ten merged banks out of 24. They conducted a survey by filling questionnaire and also used ratios of sample banks. They have generated three hypotheses and applied correlation and t-test and their result shows that EPS has significant relation in pre and post-merger it also improved the capitalization of banks and the overall performance increased after merger.

Another study conducted by (Kouser & Saba, 2011) having the sample from Pakistan banking industry and selected 10 merged banks during 1999 to 2010, measured the performance of banks after merger by using some ratios that is Operating Profit, Gross Profit, ROE, Net Profit Margin, ROCE and D/E ratio. The value of all the ratios decreased after merger.

In Pakistan more research is conducted to examine the monetary performance of RBS after merger. This paper took financial ratios of Royal Bank of Scotland and financial statements from 2006-2009. According to the results the financial performance is good before the merger in the parts of profitability, liquidity, assets management, leverage, and cash flows. This means that the deal of merger was unsuccessful to improve the financial performance of RBS. (Kemal, 2011) As in Pakistan the practice of Merger and acquisition is mostly negligible but still the working on it is conducted. This study explored the performance record of 45 mergers and acquisitions (M&A) during 2004 to 2010 in various sectors of Pakistan. Their findings showed that neither target nor acquirer organizations developed or ruined worth for shareholders. (Bashir, Sajid, & Sheikh, 2011). Sinha and Gupta (2011) studied M&A during the period of 1993 – 2010 in the financial sector of India. This study was specially based on assessment of Merger and Acquisition related to accounting methods. According to the results of the study, earning after tax (EAT) and earnings before interest and tax, depreciation and amortization (EBITDA) were enhanced, but the firm's liquidity was reduced. In both pre & post, M&A situation the interest coverage found to be a main factor of return on equity (ROE). Similarly, the profit margin found to be equally vital. Calomiris and Karenski (1996) and Caprion (1999) provided evidences that Merger and Acquisition influence the efficiency of most banks positively. While on other hand in another study results were quiet surprising, showed performance is not positively influenced by mergers and acquisitions operations in United States banking industry in terms of efficiency (Amel et al., 2004 & Berger et al. 1999). The results of all these studies did not give a clearer picture regarding the relationship between these variables (Merger & Acquisition, and performance) except providing mixed evidence. Summing up these studies, most of them studied the effect of Merger and Acquisition's operations on cost efficiency, using simple cost accounting ratios and the impact of these operations on cost efficiency (Berger & De-Young, 1997). In addition, some evidences are in support with the achievement of efficiency gain and cost saving in sparse (Kwan and Elsenbeis, 1999).

Hypotheses

H_1: There is a significant difference in ROE after merger.

H_2: There is a significant difference in ROA after merger.

Research Methods

Research Design

In this research the design which was used was a quantitative research. Quantitative research is used to measure and calculate the problem of the research by generating statistical data or information that can be converted into numerical figures. This method uses quantifiable data to generate facts and find patterns in the research.

Collecting information and data is not only a part of the research. You have to organize it and then evaluate it as well.

Research Approach

Deductive approach has been used in this research. The use of deductive approach is to develop hypotheses based on the history or existing literature, and then design a strategy to test the hypotheses.

Sampling Method

The aim of the study is to answer "What are the effects after merger of banks in profitability?" this was discovered by analyzing the impact of merger of banks by utilizing the financial ratios. For this purpose, Summit Bank, Faysal Bank, Al-Baraka Bank, Samba Bank, and Standard Chartered Bank were chosen to see the performance of these banks before merger and after merger. Profitability ratios such as, return on Assets (ROA) and Return on Equity (ROE)were used for this research.

Table 3.1

Bank Merger Details

Target Bank	Merger Date	Bidder Bank
Arif Habib Bank Limited	18th August 2010	Summit Bank Limited
Atlas Bank Limited	31st Dec 2010	
My Bank Limited	1st July 2011	
Royal Bank of Scotland	31st Dec 2010	Faysal Bank Limited
Al Baraka Islamic Bank Pakistan	1st Nov 2010	Al Baraka Bank (Pakistan) Limited
Al Baraka Islamic Bank Bahrain		
Emirates Global Islamic Bank Pakistan		
Crescent Commercial Bank Limited	20th Oct 2008	Samba Bank Limited
Union Bank Limited	30th Dec 2006	Standard Chartered Bank

Data Collection Method

In order to investigate the impact of mergers and acquisitions in the banking sector of Pakistan, data were collected through secondary source from published annual reports of the selected merged banks, listed at Karachi Stock Exchange.

- Summit bank: 4 years before merger, 2 years after merger.
- Faysal bank: 3 years before merger, 3 years after merger.
- Al Baraka bank: 3 years before merger, 3 years after merger.
- Samba bank: 1 year before merger, 6 years after merger.
- Standard Chartered bank: 2 years before merger, 7 years after merger.

Data Analysis

SPSS software is used to test the variables and Independent Samples T Testis used to analyze the hypotheses. The Independent Samples *t* Test associates the means of two independent variables for determining whether there is statistical indication that the related means are significantly different. The Independent Samples *t* Test is a parametric test.

Theoretical Framework

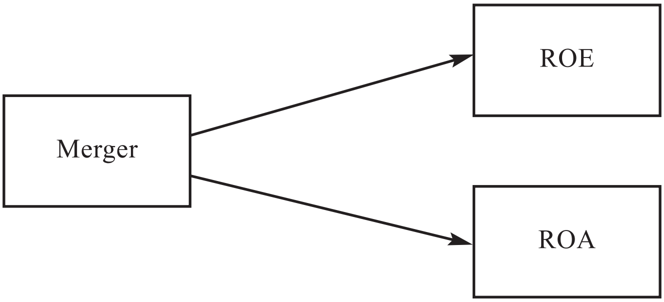

Table 3.2

Study Variables

Variables	**Formula**
Return on assets (ROA)	Profit before tax / Total Asset (PBT/TA)
Return on equity (ROE)	Profit before tax / Total Equity (PBT/TE)

Return on Assets

It is one of the profitability ratios. ROA demonstrations that how much profitable the assets of a company are in generating revenues.

$$ROA = \frac{\text{Net Income}}{\text{Average Total Assets}}$$

Return on Equity

It is also a profitability ratio. ROE measures the rate of return on the interest (shareholders' equity) of the stockholders. It also measures the efficiency of a firm through generating profits from shareholder's equity. It also shows how well a firm utilizes investment funds to generate earnings growth. ROEs between 15% and 20% are generally considered good.

$$ROE = \frac{\text{Net Income}}{\text{Shareholder Equity}}$$

Data Analysis

Table 4.1

Group Statistics

Merger		N	Mean	Std. Deviation	Std. Error Mean
ROA	Before	13	-.5223	3.69279	1.02420
	After	21	.0481	1.47640	.32218
ROE	Before	13	-3.5331	35.96176	9.97400
	After	21	-1.7133	26.39696	5.76029

Table 4.2

T-test for Equality of Means

		Levene's Test for Equality of Variances							95% Confidence Interval of the Difference	
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
ROA	Equal variances assumed	8.856	.006	-.635	32	.530	-.57040	.89808	-2.39973	1.25893
	Equal variances not assumed			-.531	14.408	.603	-.57040	1.07367	-2.86711	1.72630
ROE	Equal variances assumed	2.244	.144	-.170	32	.866	-1.81974	10.70687	-23.62892	19.98943
	Equal variances not assumed			-.158	20.005	.876	-1.81974	11.51788	-25.84526	22.20577

Data Interpretations

The Independent Samples *t* Test compares the means of two independent variables in order to determine whether there is statistical indication that the related population means are significantly different. The Independent Samples *t* Test is a parametric test.

In this research T-test was used because it is one type of inferential statistics. It is used to determine whether there is a significant difference between the means of two groups.

There are two boxes as the results of this research. In the first box that is Group Statistics provides the basic information about each variable comparisons, including the sample size N, mean, standard deviation, and standard error mean for ROA and ROE separately for each condition before merger and after merger.

In this research, for Return on Assets (ROA) there are 13 observations for before merger and 21 observations for after merger. The mean ROA for before merger is -0.5223, and the mean ROA for after merger is 0.0481. For Return on Equity (ROE) there are 13 observations for before merger and 21 for after merger. The mean of ROE before merger is -3.5331 and the mean of ROE after merger is -1.7133.

The second box that is the Independent Samples Test, shows the result most accurate to the Independent Samples t Test. This table shows 2 parts with different information. The two parts are Levene's Test for Equality of Variances and t-test for Equality of Means. T-test for Equality of Means provides the result for the actual independent Samples t Test. While, Levene's Test indicates whether the assumption of equal variances has been met for the two samples or not. Here, first the focus is on the T test for Equality of Mean results:

Table 4.3

T-test for Equality of Means

		Levene's Test for Equality of Variances								
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
ROA	Equal variances assumed	8.856	.006	-.635	32	.530	-.57040	.89808	-2.39973	1.25893
	Equal variances not assumed			-.531	14.408	.603	-.57040	1.07367	-2.86711	1.72630

ROE	Equal variances assumed	2.244	.144	-.170	32	.866	-1.81974	10.70687	-23.62892	19.98943
	Equal variances not assumed			-.158	20.005	.876	-1.81974	11.51788	-25.84526	22.20577

T-test for Equality of Means

This blue square shows the actual t test statistics and significance. Assuming equal variance for ROA, the t = -0.635 which is calculated by dividing the mean difference by standard error difference.

$$t = \frac{-0.5704}{0.89808} = -0.635$$

The same goes for ROE, assuming equal variance t = -0.170 which is calculated by dividing the mean difference by standard error difference.

$$t = \frac{-1.81974}{10.70687} = -0.170$$

Here, the mean difference of ROA is -0.5704 which is calculated by subtracting the mean of after merger from the before merger mean (-0.5223-0.0481). The mean difference of ROE is -1.81974 (-3.5331+-1.7133). The sign of the mean difference indicates the sign of t value. Here both the mean differences are in negative signs but ROA's mean difference is more significant.

The related p value for ROA is 0.530 (2-tailed test). Since p = 0.530 which is greater than 0.05 so we can say that the mean ROA for before and after merger are same and there is an insignificant difference between them.

The related p value for ROE is 0.866 (2-tailed test). Since p = 0.866 which is also greater than 0.05 so we can say that the mean ROE for before and after merger are same and there is an insignificant difference.

So here it is proved that both merger do not have a significant effect on ROA and ROE. And both the null hypotheses cannot be rejected and the alternative hypotheses will not be accepted.

Levene's Test for Equality of Variances

Table 4.4

		Levene's Test for Equality of Variances	
		F	Sig.
ROA	Equal variances assumed	8.856	.006
	Equal variances not assumed		
ROE	Equal variances assumed	2.244	.144
	Equal variances not assumed		

One of the assumptions of the t test is equality of variances. By running the Independent Samples t Test, results for Levene's test were also produced. This test tests the equality of variances across each variable.

The results showed two rows which says: Equal Variances assumed and Equal variances not assumed. For the Levene's test, in the row Equal Variances assumed, it shows that whether or not the variances are equal across the two variables. In this research, 0.05 is used as a benchmark: a p value that is greater than 0.05 cannot reject the null hypotheses but if the p value is less than or equal to 0.05, then the null hypothesis cannot be accepted. So, here for ROA, p = 0.006 which is less than 0.05 so it is assumed as not equal and null hypothesis cannot be accepted. And for ROE, p = 0.144 which is greater than 0.05 so it is assumed as equal and null hypothesis cannot be rejected.

This test says that when the variances are not equal across the two variables, the output of second row (equal variances not assumed) must be considered from the first table T-test for Equality of Means. And when the variances are equal across the two variables, the output of the first row (equal variances assumed) will be considered from the table T-Test for Equality of Means.

Critical Debate

In this section, the results of this study will be compared with the results of other studies related to the same topic.

Return on Assets

According to this study, ROA doesn't have a significant effect after the merger and is said to be insignificant. This results showed similarity with the research paper of (Kemal, 2011) as according to the results he said in his paper that the financial performance is good before the merger and the merger failed to increase the performance.

While, according to one study on the European Union banking industry, due to mergers the profitability ratios increased the effectiveness of banks. This was the research by (Vennet, 1996). Akhavein et.al (1997) also said that by doing the super mergers in U.S. there was a high level of profit after merger than before merger. There is a change in my results and in these foreign study researches because of countries as Pakistan is a developing country, and sample sizes.

Return on Equity

ROE in this research doesn't showed a significant effect after merger. (Adebayo &Olalekan, 2012) in his research took Nigerian banks and used profitability ratios. The results showed a positive impact and increased the profitability of banks after merger. The outcome is different from this research because of difference in countries and the sample size is very high as compared to this research.

In one more study of Pakistan by (Kouser& Saba, 2011) in which the sample size was 10 banks, they used some ratios related to profitability and found out that the value of ratios decreased after merger. Same goes with this study that the ROE didn't get any huge impact after merger.

Conclusion and Recommendations

From the results it is concluded that in this research the null hypotheses should be accepted for both the ROA and ROE because of their insignificant p value that is (0.603 and 0.866) respectively. In this study the sample size is 5. The banks which are selected for this research are Standard Chartered Bank, Summit Bank, Samba Bank, Faysal Bank, and Al Baraka Bank. The hypotheses developed for this study both got insignificant results after deriving the tests. Independent Samples t Test is being used to test the hypotheses. Mergers are becoming important and popular in Pakistan. It is accepted that if a company or bank gets unable to meet its costs it gets merged into a separate entity with higher market share. But in Pakistan, many studies are conducted on mergers of banks so the results showed a negative relation after the merger, that there is no major positive change in profitability after mergers. In most of the cases of Pakistan, mergers failed to increase the profitability of banks. Banks are unable to create any synergies for them after merger in Pakistan. According to this research it is proved that in Pakistan there is a dire need to make such strategies which will increase the profits of banks. The ways in which banks mergers should take place should be highly planned and calculated by professionals to avoid any mishaps or expenses. So it shows that in Pakistan there is no good awareness on how to make the bank mergers successful.

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Impact of Internal Marketing on Organizational Commitment: A Case of Lucky Cement Employees

Usman Ali Warraich*, Nigah-e-Hussain and Sara Rashid Khurram*****

Abstract

Workforce commitment towards the organization is very important especially for people who are associated with the manufacturing industry. The employees must be motivated to serve the external customers. This research study was conducted to investigate the impact of internal marketing on organizational commitment of employees. The researcher conducted a cross-sectional causal research by distributing 150 questionnaires as a primary data source to employees working in different functional departments of Lucky Cement Limited. Hypothesis statements were tested by using SPSS and AMOS software. A significant positive relationship was found between internal marketing and organizational commitment. The result shows that a change in internal marketing activities causes an effect on organizational commitment of the workforce and positively influence changes to a certain level. The researcher proposed future investigators to explore other aspects of internal marketing and organizational commitment, which might help to analyze other manufacturing companies. Based on the research results, the organization can retain its employees by improving their internal marketing strategies.

Keywords - *Internal marketing, organizational commitment, affective commitment, normative commitment, continuance commitment.*

Introduction

Much of research work has been conducted to inspect that between internal marketing programmes and the quality of service, organizational commitment acts as a dominant or intervening variable (Boshoff & Tait, 1996; Caruana & Calleya, 1998; Iverson, McLeod, & Erwin, 1996; Sargeant & Asif, 1998).

Internal marketing places an emphasis on organizations to let their workforce enhance their abilities by providing them adequate training and clarifying the

**Faculty Member, Bahria University, Karachi.*
***Research Scholar, Bahria University, Karachi.*
****Faculty Member, Iqra University, Karachi.*

organizational vision (Saad, Ahmed, & Rafiq, 2002). Organizational commitment is defined as a set of feelings and beliefs that people have for their organizations. Meyer and Allen proposed a model for organizational commitment (S. Jaros, 2007) determining the three components that are defined as follows.

i. Affective: this refers to the employee's emotional attachment, identification and involvement in an organization driven by positive work experience

ii. Normative: the determination of an employee to be grateful of serving their company

iii. Continuance: an employee's realization to identify the cost of leaving the company they are currently working in (Slack, Orife, & Anderson, 2010; Tsai & Wu, 2011)

To examine the significantly positive relationship between internal marketing and organizational commitment, data was collected from the employees working in a Cement Industry located in Karachi. The results obtained may help the future researchers generalize the results to different corporate sectors and may help corporate leaders to enhance the commitment by the help of internal marketing tools.

Theoretical Background

Past researches have shown that an organization can enhance the commitment of its people with the help of well-designed internal marketing strategies. This study examines the impact of internal marketing including the vision of organization and its HRM practices that influences the commitment of employees towards their organization including affective, normative and/or continuance organizational commitment.

Scope of The Study

The purpose of this research was to examine the influence of internal marketing i.e. vision of organization and HRM practices of the company on its employees working in head office and their commitment towards the organization.

Significance of Research

The significance of this research study is to understand and identify the impact of internal marketing activities, specifically vision of an organization and the HRM practices over the commitment of its workforce. The workforce commitment in this research work has been analyse on three bases i.e. affective, normative and continuance commitment.

The significance and importance of this study shall help organizations align their internal marketing activities in order to increase the commitment of their employees.

Research Hypothesis

The research question for this research work is; "What is the impact of Internal Marketing on organizational commitment?"

Thus, we have generated the following hypothesis for this study.

H_1: Internal marketing has a significant impact on organizational commitment.
H_2: Internal marketing has a significant impact on affective organizational commitment.
H_3: Internal marketing has a significant impact on normative commitment.
H_4: Internal marketing has significant impact on continuance organizational commitment.
H_5: Vision has a significant impact on affective organizational commitment.
H_6: Vision has a significant impact on normative organizational commitment.
H_7: Vision has a significant impact on continuance organizational commitment.
H_8: HR practices have a significant impact on affective organizational commitment.
H_9: HR practices have a significant impact on normative organizational commitment.
H_{10}: HR practices have a significant impact on continuance organizational commitment.

Limitations of The Study

The study has a basic limitation of research sample; the researcher has taken a sample of 150 respondents for this research work among which 130 valid responses were received. There are limitations in sample size, analysis power, variables' accuracy due to limitation of time and resources.

Pakistan Cement Industry Introduction

With reference to the study report of cement industry significantly plays an important role in the socio-economic development of a nation. In Pakistan there are prominently four types of cement that is being produced.

a. Ordinary Portland cement.
b. Portland Blast Furnace Slag cement.
c. Sulphate resisting cement.
d. White cement.

When Pakistan appeared on world's map, four cement plants were operative. Today, there are 29 cement companies operating in Pakistan. 26 out of 29 companies are listed on stock exchange that includes four foreign owned companies, 3 companies controlled by armed forces and privately owned companies are almost 16 in number. Cement industry is divided into southern and northern regions.

According to 38th Syndicate Reports, north zone contributes 80% to the industry with production capacity of approximately 36.17 million. On the other hand, with a production capacity of 8.89 million south zone's contribution is 20%.

Lucky Cement Limited

One of the largest producer and prominent exporter of cement from Pakistan, Lucky Cement Limited is sponsored by Yunus Brother Group one of the largest conglomerate of Pakistan. The company has an installed production capacity of 7.75 million tons annually.The company has strategically expanded its operations and serves South zone through its Karachi based factory and North zone via its factory located at Pezu Khyber Pakhtunkhwa (Lucky Cement Limited Annual Report 2014). The company has almost about 300 employees working in its head office. While, an overall headcount of employees that are working with Lucky Cement is approximately around 5,000+ individuals.

The corporate vision is aligned with individual employee goals and HR practices are designed to provide adequate training and reward to the most competent employees of the company. The HR policies are designed respective to the department-wise SOPs with an aim for the betterment of its workforce (Lucky Cement Limited Annual Report 2014). The turnover rate of the overall organization is low. Lucky Cement Limited Karachi head office has a number of 300 employees working. However, approximately 5,000+ employees are serving the company.

Literature Review

Organizations use internal marketing as a human resource management tool. Internal marketing is defined as the philosophy of management in which the organization promotes itself and its policies and treats their employees as internal customers ("What Is Internal Marketing? Definition and Meaning").HR activities including the workforce recruitment, their training, developing and motivation are the important mechanism that constitutes internal marketing (Broady-Preston & Steel, 2002). Organizations should treat their employees as their internal customers (Little & Little, 2009).

The two main components of internal marketing that are studied in this research work are:

Vision of the Organization

(Dunmore, 2005) quoted in his book "Inside-Out Marketing" that a company's vision is what a company strives to attain in the forthcoming time. (Dunmore, 2005) states in his book, "Corporate vision, mission and values should indicate 'where we're going', 'why it's important' and 'how we do things around here'.

HR Practices

Human resource management practices help organizations to create a competitive edge over others and the competitive market has become less dependent on economies of scale, technology, patents etc. (Quresh, Akbar, Khan, Sheikh, & Hijazi, 2010). For company's endurance and sustainability, the organizations must combine numerous HR practices (Lamba & Choudhary, 2013). Organizational culture in this respect also plays an important role. One of the most important HR practice is providing competitive compensation and benefits to the workforce.

There are two types of employee compensation. Monetary pay in the form of wages and salaries are termed as basic or primary compensation. However, other incentives and rewards that are based on company's policy and the individual's performance are termed as supplementary compensation (Lamba & Choudhary, 2013).

Organizational Commitment

The assemblage of feelings and beliefs of an individual collectively for their organizations is termed as 'Organizational Commitment' (Solinger, Van Olffen, & Roe, 2008). According to the research, work of (Meyer & Allen, 1991) organizational commitment has three types.

Affective Organizational Commitment

This refers to the emotional attachment, identification and involvement in an organization and is specifically sensitive to the employees working experience for example organizational support (Griffin & Hepburn, 2005). There exists a link between individual's and organization's distinctiveness and complements the organization by continuing their association with the company (Dawley, Stephens, & Stephens, 2005).

The most relevant problems an organization faces are due to the employee turnover rate that is a result of financial constraints and dissatisfaction (Mercurio, 2015). (Porter, Crampon, & Smith, 1976) investigated that how commitment affects turnover. It was found out by (Meyer & Allen, 1984) that higher affective commitment is interrelated with the time an employee spend in an organization resulting in longer working tenure of people in the same organization.

(Mercurio, 2015) found that affective commitment serves as the basis for organizational commitment and influences the work behaviours of employees. Affective commitment is considered as the core essence of organizational commitment.

Continuance Organizational Commitment

The employee's realization to identify the cost of leaving the company they are currently working in. However, according to (Dawley et al., 2005) the degree to which an individual sacrifices personally in alliance with saying good-bye to the organization is one construct of continuance organizational commitment.

Normative Organizational Commitment

The determination of an employee to be grateful of serving their company and their willingness to endure in the company. This refers to the employee's feeling and belief of staying with the organization and enriches their experience. Enrich communication within the organization and enduring loyalty towards the employer (Griffin & Hepburn, 2005).

Organization commitment become strong if it acts as a mediating variable in obtaining organizational outcomes in accordance with internal marketing programs (Morgan & Hunt, 1994).

The rewards offered to employees in advance including paying college tuition, or recruitment or training, normative commitment takes place (McMahon, 2007). Normative organizational commitment best describes the degree of alignment between organizational and individual goals (S. J. Jaros, Jermier, Koehler, & Sincich, 1993). (Iverson & Buttigieg, 1999) demonstrated that there is a negative correlation of normative commitment with years of education, hovering the likelihood of high level of commitment and loyalty of less educated people the previous times. However, normative commitment has a positive relationship with the overall job satisfaction and involvement (Meyer & Allen, 1984).

Influence of Corporate Vision on Organizational Commitment

The corporate vision and mission statements are considered as significant part of the strategic management procedure of almost all types of organizations including public, private, profit or not-for-profit, small, medium or large enterprises etc. (Darbi, 2012). Vision and mission statements have a wide spread influence on the company's overall performance (Darbi, 2012).

The above statements are supported by many different researches like of (Bart, Bontis, & Taggar, 2001) who investigated in support of that designing a mission statement is a top-rated management tool that is arrayed by managers at senior level. (Mullane, 2002) debated that empirically mission and vision statements are beneficial for daily operations, however opposing view proclaims it as an out dated document hanged on walls. Numerous research works of have described that in what way vision and mission statement helps to build a shared sense of (Mullane, 2002) purpose and acts as a channel to shape employees focus. There are other viewpoints that believe mission and vision statements lean to provide motivation, and affect the behaviour of employees.

It also promotes commitment and eventually enhances employees' overall performance (Mullane, 2002). An organization's vision statement provides unanimity of purpose and acts as a pivotal point for employee direction (Slack et al., 2010).

Influence of HR Practices on Organizational Commitment

HR practices influences the company performance on a larger (Yeung & Berman, 1997). The impact of HR practices on organizational commitment was highly stressed by researchers (Whitener, 2001).HR practices must be well organized which will lead to higher organizational commitment and lower the chances of leaving job (Juhdi, Pa'wan, Hansaram, Kaur, & Othman, 2011).

Conceptual & Theoretical Relationship between Internal Marketing & Organizational Commitment

In order to attain employee's commitment, application of internal marketing strategies is considered significant (Farzad, Nahavandi, & Caruana, 2008). (Souchon & Lings, 2001) did a research in which they recommended that in order to improve the employee commitment, an internal marketing approach must be adopted. It was also advised by (Hogg, 1996) that IM is considered as a tool to enhance organizational commitment in employees and organizations can use it as a means to communicate their vision and goals. (Tsai & Wu, 2011) emphasized that in order to attain employee commitment; the HR management system must be effectively designed on the approach of internal marketing. There is a positive relationship between IM and organization commitment. Which results in an emotional attachment of individuals with their companies (Awwad & Agti, 2011).

It was researched by (Chang & Chang, 2009) that internal marketing strategies has positive effects and are used to establish organizational commitment. (Sadeghloo, Nodeh, & Rajabloo, n.d.). provides below submissions in their research work.

Employee commitment can be increased by making them aware about the goals of organization.

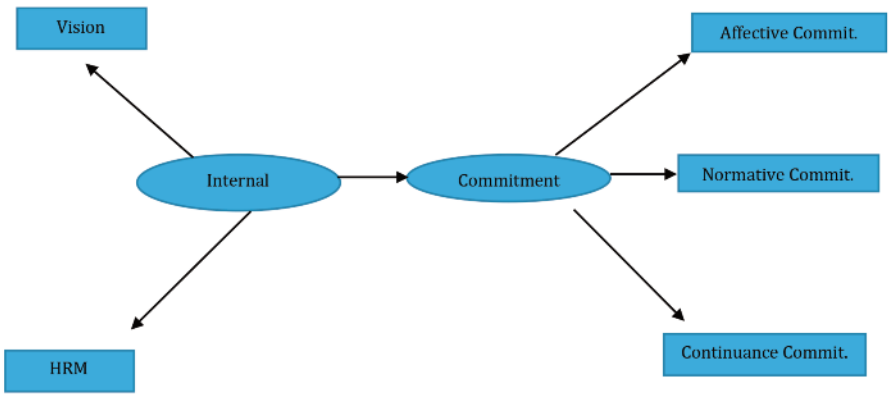
Growth and development of the workforce is a responsibility of the managers.

The activities of internal marketing must be designed in accordance with the employee needs and departmental requirements.

Theoretical / Conceptual Framework

Theoretical framework for this research work identifies the relationship between independent variable i.e. internal marketing and dependant variable i.e. organizational commitment. Figure 1 illustrates the theoretical framework of this research work.

Figure 1 Theoretical / conceptual framework illustrating the relationship between variables and their constructs



Research Methodology

It is important to formulate a structured design to gather and analyse the essential data; this phenomenon is termed as Research Design (Sekaran & Bougie, 2011). This research work is a type of applied research. This is an empirical research work that is explanatory in nature therefore conclusions can be verified by observations and experiments (Kothari, 2004). The data obtained from such type of research is the most powerful support to test given hypothesis (Kothari, 2004). This research study possesses causal investigation to analyze the research problem. Causal research is opted by the researcher of this study to examine the impact of internal marketing on organizational commitment (Sekaran & Bougie, 2011). The data was collected to conduct the study was gathered over a period of weeks due to time constraint, thus the researcher had to recourse to short-term and cross sectional study. The research approach is selected depending on the research problem, population and experience of the researcher (Creswell, 2013). This study has a quantitative research approach in which a survey was conducted and a sample of population is studied. The data collected to test the research problem is explained under this heading. There are two sources of collecting data (Sekaran & Bougie, 2011). Data for this research work has been collected through both primary and secondary source. Primary Data Source The structured survey questionnaire acted as a primary source of data collection for this research work for the specific purpose of this study. Secondary Data Source. Secondary data was obtained from the research work carried out by different researchers cited in the second chapter of literature review that was accessed through the internet. A structured survey questionnaire was designed to collect data. The questionnaire survey was based on the previous researches but to some extent was modified according to the researcher's requirement. It comprises of the following sections. General demographic information. The independent variable 'Internal Marketing' was measured with the help of two constructs. The construct of 'Vision' includes eight items and construct of 'HRM' practices includes six items, based on the research work of (Tsai & Wu, 2011) The dependent variable 'Organizational Commitment' was measured with the help of three constructs. First construct was of 'Affective Commitment' which has five items, second was 'Normative Commitment' construct that has four items and the third construct 'Continuance Commitment' had three items. These construct were based on the study of 46. All of the five constructs were measure with a total number of 26 items using Likert scale having five-points which ranges from strongly disagree = 1 and strongly agree = 5.

Validity & Reliability of The Instrument

Validity: The construct validity of the questionnaire was checked with the help of using SPSS Software. The software result is shown in Table 2. It represents each item in a construct. The 25 items construct validity and percentage variance is measured. The factor loading is greater than 0.40 that make sure the constructs are valid. The percentage variance explained for each construct is greater than 50%, thus ensuring validity. Reliability: To ensure the reliability of the instrument, Cronbach's coefficient alpha value was calculated. Table2 shows that the Cronbach's alpha coefficient for the variables is greater than 0.60, thus ensuring reliability. It is to be noted here that one item from continuance commitment construct was removed in order to increase the overall validity and reliability of the questionnaire.

Construct	Factor Loading	% Variance Explained	Cronbach's Alpha
Vision			
Our organization offers employees a vision that they can believe in.	.810	62.911	0.915
The vision of our organization is well communicated to all employees.	.704		
Our organization views the development of knowledge and skills in employees as an investment rather than a cost.	.812		
Our organization makes preparations for employees to perform well.	.837		
Our organization teaches employees "why they should do things" and not just "how they should do things."	.760		
The development of employee skills and knowledge is an ongoing process in our organization.	.807		
Our organization goes beyond simple training and educates employees to work together.	.668		

Our organization measures and rewards employee performance that contributes to achieving the organizational vision.	.660		
Human Resource Management		59.662	0.862
In our organization, employees are properly trained to perform their service roles.	.674		
Data gathered from employees are used to improve jobs and develop organizational strategies.	.734		
In our organization, employees who provide excellent service are rewarded for their efforts.	.720		
Our organization communicates to employees the importance of their service roles.	.834		
Our organization places significant emphasis on communication with employees.	.663		
Our organization has the flexibility to accommodate different employee needs.	.682		
Affective Commitment		56.738	0.804
I find that my values and the organization's values are very similar.	.641		
I am willing to put in a great deal of effort beyond that normally expected to help this organization become successful.	.615		
I would accept almost any type of job assignment to keep working for this organization.	.534		
I talk about this organization with my friends and tell them it is a great organization to work for.	.817		
I am proud to tell others that I am part of this organization.	.768		
Normative Commitment		70.072	0.786
I really care about the fate of this organization.	.715		
For me, this is the best of all possible organizations.	.743		
I am extremely glad that I chose this organization to work for over others I was considering at the time I joined.	.770		
Continuance Commitment		60.259	0.664
It would take very little change in my present circumstances to cause me to leave this organization.	.491		
I do not believe that I will have a future if I keep working in this organization.	.995		
Often, I find it difficult to agree with this organization's policies on important matters related to its employees.	.476		

Table 1 Validity & Reliability Test

Population & Sample

Population of this research study consist of the employees irrespective of the functional departments that are working at head office of Lucky Cement Limited located at Karachi, Pakistan. The population comprises of 300 employees that are working in the head office of Lucky Cement. The employees were chosen as a population of this study mainly because the employees working at head office of any company are directly exposed to the company's values, culture, HR practices etc. and are the best choice to provide relevant information on the variables being examined. The population comprises of 300 employees that are working in the head office of Lucky Cement. A sample of 150 employees from different departments is drawn from the total population of 300 (ranging from DGMs to officer's level staff). The sample studied assists an investigator to generalize the research results to the total population (Sekaran & Bougie, 2011). Simple random sampling design is used to obtain the results from the sample. Such type of sampling design helped the researcher to get least biased responses and assesses to generalize the result to the population. The theory behind simple random sampling is well established as it is easy to apply simple random sampling to small populations, it can be expensive and unfeasible for large populations because all elements must be identified and labelled prior to sampling. The sample size through which data was examined for this research work was 150 respondents among which 130 responses were received, the questionnaire was provided by hand and also through online link. Thus, the response rate received was 86.67% from the employees who filled the questionnaire and returned in the prescribed time-period.

Data Integration & Analysis

The research work demonstrates results in Model 1,2 and 3 respectively which shows the impact of internal marketing (IM) on organizational commitment. AMOS software used enables us to draw results through path diagram. It shows liner dependencies between Internal Marketing variable and Organizational Commitment variable. The errors shown in a circle describes that the variables are not observed directly (Bian, 2011).

Model 1

In Model 1, the IM variable has a significant and positive impact on organizational commitment. The table 2 below shows an estimate value of 0.852, this explains that at one-point increase in internal marketing activities can change and increase the organizational commitment by a significant estimation of 0.852 points. Thus, we accept H_1 that "Internal marketing has a significant impact on organizational commitment". The squared multiple correlation (table 3), explain that 64.2% variation is seen in commitment variable by internal marketing variable.

Figure 2
Conceptual Framework Model 1

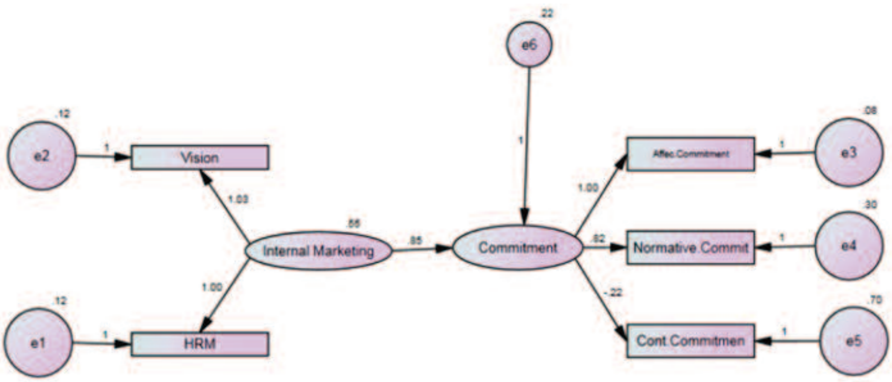


Table 2
Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
Commitment	<—-	IM	.852	.082	10.436	***	
HRM	<—-	IM	1.000				
Vision	<—-	IM	1.032	.079	13.081	***	
Affective Commitment	<—-	Commitment	1.000				
Normative Commitment	<—-	Commitment	.821	.086	9.535	***	
Continuous Commitment	<—-	Commitment	-.223	.099	-2.266	.023	

Table 3
Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
Commitment	.642
Continuous Commitment	.043
Normative Commitment	.584
Affective Commitment	.888
Vision	.826
HRM	.816

Model 2

This model shows the impact of internal marketing activities on affective commitment, normative commitment and continuance commitment. The results show that internal marketing have a significant impact on affective and normative organizational commitment. However, no significant impact can be seen on continuance organizational commitment.

However, the overall influence of internal marketing is reported on organization commitment but when tested each construct of organizational commitment individually, we have witnessed that only one variable, i.e. continuance variable has a negative impact of internal marketing activities.

We, therefore, accept H_2 and conclude that a unit change in internal marketing will drive 0.080 changes on affective commitment. It can also be seen in table 4 that, $H_3$is accepted and explains that a 0.088 points change will be caused by a single point increase in internal marketing. Conversely, the results explain that no change in continuance commitment can be seen if internal marketing is increased or decreased urging us to reject H_4.

The value for continuance commitment is insignificant at 95% confidence level but can be significant at 90% confidence level.

Figure 3
Conceptual Framework Model 2

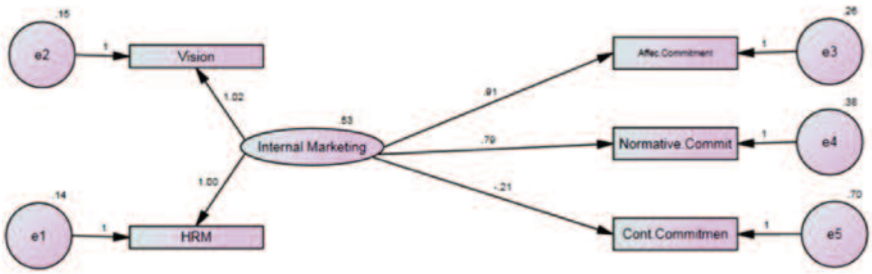


Table 4
Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
HRM	<—-	IM	1.000				
Vision	<—-	IM	1.022	.076	13.398	***	
Affective Commitment	<—-	IM	.910	.080	11.333	***	
Normative Commitment	<—-	IM	.790	.088	8.944	***	
Continuous Commitment	<—-	IM	-.207	.106	-1.946	.052	

Table 5
Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
Continuous Commitment	.032
Normative Commitment	.467
Affective Commitment	.634
Vision	.790
HRM	.796

Model 3

Model 3 examines the effect of each construct of variables 'internal marketing and organizational commitment'. It can be seen in this model that vision has a positive impact on affective commitment thus enabling us to accept H_5. The regression weights table also shows that if the organization increases to communicate its vision to its employees by a point, it will change the affective commitment of its people by 0.107 points.

Vision shows a positive but insignificant impact on normative commitment hence we reject H_6. The model shows that vision has a negative influence on continuance commitment sowe reject H_7. HRM practices shows a significantly positive impact on affective organizational commitment and normative commitment enabling us to accept H_8 and H_9 interpreting that HRM practices will cause 0.110 and 0.128 points change on affective and normative commitment respectively.

Results have shown a negative, insignificant impact on continuance commitment thus we reject H_{10}. The squared multiple correlation tables further elaborate that at 95% confidence level, the affective and normative commitment are significant with 51.1% and 35.3% respectively. However, continuance commitment is insignificant at 95% level with a minor of 2.4%, which can be significant if the researcher places confidence level at 90%.

Figure 4
Conceptual Framework Model 3

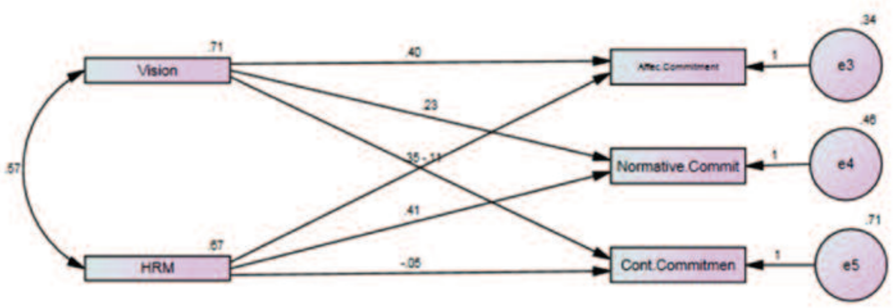


Table 6
Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
Affective Commitment	<—-	Vision	.403	.107	3.764	***	
Normative Commitment	<—-	Vision	.228	.125	1.828	.068	
Continuous Commitment	<—-	Vision	-.113	.154	-.729	.466	
Affective Commitment	<—-	HRM	.350	.110	3.183	.001	
Normative Commitment	<—-	HRM	.407	.128	3.183	.001	
Continuous Commitment	<—-	HRM	-.053	.158	-.334	.739	

Table 7
Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
Continuous Commitment	.024
Normative Commitment	.353
Affective Commitment	.511

Discussion

It was found that internal marketing has a positive significant correlation with organizational commitment. The test result shows that internal marketing has a positive impact on affective commitment and normative commitment. While a negative impact has been seen on continuance commitment. (Rafiq & Ahmed, 2000) stated in their research work that providing adequate training and communicating organizational goals to the employees could enhance their abilities. The research results also described that internal marketing activities seems not helpful in increasing the employee's feel or belief that they should continue working for the organization.

Conclusion and Recommendation

The results obtained illustrates that the organization in a manufacturing industry particularly cement industry does not pay significant notice on internal marketing activities. However, the employees accepted vision and HRM practices as a tool that drives commitment. That is why, among ten of our hypothesis questions six hypotheses were accepted which clearly elucidates the positive impact of internal marketing on organizational commitment. The study of causal process is illustrated by regression analysis (Prema, 2013). The standardized regression weight accepted is greater than 0.7 on the latent variables or unobserved variables (Bian, 2011). The value of critical ratio (C.R) for regression weight that is greater than 1.96, the path representing the relation is considered .This research work shows results in Model 1, 2 and 3 respectively that the impact of internal marketing (IM) on organizational commitment is positive. However only continuance commitment has no affect by the constructs of internal marketing at 95% confidence level but can be accepted if the researcher determines the confidence level at 90%. The path drawn from internal marketing variable towards organizational commitment variable shows linear dependencies on each other. The errors showing in a circle describes that the variables are not observed directly (Bian, 2011).

Research Study Limitation

The sample size of this research work is not very large. In addition, only two aspects of internal marketing have been covered while structuring the questionnaire. Hence, there lies room for adding more aspects of internal marketing to evaluate its impact on the employees' commitment towards their organization. Since this research study is particular for a cement manufacturing organization's head office, which is located at Karachi, so the research results cannot be generalize to any firm that belongs to the any other manufacturing industry of Pakistan and neither on employees working in any other cement-manufacturing firm.

Future Recommendation

While concluding this research study, the researcher buoys up future researchers to advance their knowledge and understanding about internal marketing in different corporate settings. This research work was specific to one organization representing a particular sector. However, further researches can be conducted to generalize the results on the firms signifying the same sector.

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Factors Affecting Restaurant Image in KPK, Pakistan: Moderating Role of Personality Trait

Muhammad Ayaz*, Sheikh Raheel Manzoor and Azhar Khan*****

Abstract

This research study analyzed the effect of brand name, price, customer service and ambient factor on restaurant image with inclusion of personality trait as a moderate variable. The data was collected from the customers of four well known fast food restaurants of Khyber Pakhtunkhwa (KPK), Pakistan namely KFC, Pizza Hutt, Chief Burger and Thames. Moderation was tested amid variables by using Barons and Kenny (1986) model for moderation. The result reveals positive relationship amid all variables. Recommendation and future area is also incorporated in the study.

***Keywords**: Restaurant Image, Personality Trait, Moderation*

Introduction

The Impression of factual and emotional materials makes the overall Image of the restaurant (Soriano, 2002; Feldman, 2009). There are some attributes like prices, services, good environment, taste and the food availability, these functional attributes also plays vital role in identifying better Restaurant image. Hence, consumer can develop restaurant image regardless of many other unidentified factors like brand name, price of the products offered, customer satisfaction and the ambient factors also. Every type of market has differences in their buyers, their needs and wants, their fashion of consumption, there life style and their geographic areas from where they belong. However, image is the combination of identified and unidentified attributes like name of the brand, prices offered, customers satisfaction by the services provide and the whole restaurant environment base on the buyers perceptions.

Brand name is the one most precious asset of any company, every brand testing the design, quality of the values that brand name possess. Researchers always trying to make and test the model, having some very special assent on marketing strategies and polices including the name of the brand, price of the products,

**Lecturer, TRACK, Peshawar, Pakistan*
***Lecturer, Agriculture University, Peshawar, Pakistan*
****Lecturer, Institute of Social Policy and Research (ISPAR). Peshawar, Pakistan*

customer's services, helping as an indicator of values (Hussain, Ullah & Manzoor, 2012). The customer's perception about price of products directly or indirectly manipulate restaurant image (Levy & Weitz, 2009). Price is also playing a very important part in the perception development of consumers about the product quality for consumers and the effect of price factor will be examined on restaurant's image (Aydin & Zer, 2005). Customers always impress with the best services provided by fast food restaurant. According to Lovelock and Wirtz (2011) research study predicts that customers judge the products brilliance by providing excellent service quality to them.

Another important factor for making building restaurant image is good atmospheric or ambient factors of the restaurant (Lahey, 2009) which haven't been vibrantly considered in the previous literature of restaurant image (Levy & Weitz, 2009; Soriano, 2002). To gain better restaurant image every restaurant's owner should have enough money to invest it in the best interior and exterior of the whole restaurant, which give the result that consumers can attract by their best and attracting look or appearance (Soriano, 2002). Levy and Weitz (2009) research study predicts the measurement of ambient factors like lighting in the restaurant; color appearances, light music, and delicate scent have impact on every restaurant image. The term consumer personality trait (locus of control) refers to the extent to which individuals believe they can control events affecting them (Lahey, 2009). Locus of control personality gives preferences to the functional factors like restaurant environment and ambient factors. Empirical studies shows that very little amount of research work has been done in the context of locus of control personality trait in context of restaurant image and no any solid evidence is found till yet in Pakistan pertaining to locus of control and restaurant image. So this research study makes an effort to find the impact of marketing variables like name, prices, consumer services and atmospherics on restaurant's image with inclusion of consumer personality trait (locus of control) as a moderator factor. This research study plays a role of improvement of the marketing variables and its involvement with restaurant management of KP, Pakistan. The objective of this research is to analyze the effect of brand name, price, customer service and ambient factor on restaurant image with inclusion of personality trait (locus of control) as a moderator.

Literature Review

Restaurant image

Image is the mixture of the complete idea of factual and expressive feelings (Lahey, 2009). Consumers respond to the hotels and restaurant's characteristics factually and psychologically (Sefian, Jaini, Sharudin & Abdullah 2013).

According to the findings by Akbar and Alaudeen (2012), restaurant image is the complete inkling that is supposed by customers. Restaurant image is a vital feature of the consumer satisfaction and means for achievement of the particular restaurant. Ryu, Lee and Kim (2011) predicts that there is positive connection exists among restaurant success ratio and its successful image. A high-quality restaurant have the center of attention to create the image in the mind of target consumers through advancement in decoration and internal design. Findings by Akbar and Alaudeen (2012) suggest that the visits of target customers to the restaurant are dependent on the image of particular restaurant in the minds of these customers. Restaurant image plays an important part to draw consumers and make strong marketplace contained by the competitive atmosphere (Ryu & Han, 2010). The positioning perception is used for the recognition and formation of a restaurant image (Levey & Weitz, 2009). To have a competitive improvement, restaurant, should generate distinctiveness in its image, which should be different and unique from other restaurants. The trustworthiness of the consumers becomes vital when it is connected with the high-quality image of the restaurant (Ryu & Han, 2010).

Findings by Ryu, Lee and Kim (2011) study predict that the relationship-connecting image and consumer's devotion with the name of the restaurant and result give positivity ratio. One study explores that physical appeal of a name and image of the restaurant in the customer brain extremely correlated with patronage aim (Syed & Nazura, 2011). The forename of the restaurant is the informative instrument. Restaurant name makes energetic image in consumer's mind. Findings by Soriano (2002) suggested that customer frequently used hotel names to clarify the idyllic position.

Brand Name

Aydin and Zer (2005) suggest that brand name is the observation that is held in customer mind. Brand name's knowledge is bringing into being as a fundamental component of the brand equity (Soriano, 2002). Brand name shows as the collection of knowledge about the manufactured goods (Levey & Weitz, 2009). Powerful brand name assists to become stable the branded items even while its price is low down (Akbar & Allaudin, 2011). The perception quality of customers about brand is always positively affected by its brand name (Dodds, Monnroe & Grewal 1991). Olshavsky (1985) in a research study predicts that a high-quality brand possibly provide itself as a reminder to any retail store or restaurant image. This further recommended that positive restaurant image in customer's memory, depended on valuable brand. Another study suggested that consumer observation is in relation to the quality of service affected by its brand image (Aydin & Zer, 2005). Any knowledge about the brand is the aptitude of the consumer to recognizable with the brand and its product class (Lahey, 2009). Quality and image of the brand of products are the major keystones of the image of hotels or any restaurant (Sefian, Jaini, Sharudin & Abdullah 2013).

Price

Hussain, Ullah and Manzoor (2012) in a research study suggests that the attraction of customers to any business required two main points; one is the some unique promotion and second is to give favorable discounts on product prices. Business research studies, suggested that the promotions of prices to the consumers for fringe protection have all the time been odd in relationship with each other. Discounted prices of the products generate rushes of the customers in stores, restaurants and hotels and these discounts may also have harmful effects on features of brand, external reference price and restaurant's general image. Hussain, Ullah and Manzoor (2012) research study reported that name and prices of the brands extensively effect on consumer perception and minimum effect on restaurant's names. Merchant's general center of attention is the promotional actions, which engage discounted prices to improve the power of potential consumers and their purchasing power.

Customer Service

The crucial issue of the hotel and restaurant industry is the best services should provide to positional customers. Brucks, Zeithmal and Naylor (2000) research study reported that the best service quality is the judgment of the consumers about the products' and foods' excellence. Another research study suggested that best services have positive impact on purchasing power of consumers (Soriano, 2002; Brucks, Zeithmal & Naylor, 2000). According to Lahey (2009) performance, trustworthiness, stability, facial appearance, serviceability, conformance, apparent quality, and aesthetics are the eight main dimensions of customer services. Sefian Sefian, Sefian, Jaini, Sharudin and Abdullah (2013) also suggested that if customer services have a quantity of these dimensions, gives the best result of complete satisfaction of consumes. The main products of the restaurant businesses is the food playing a stepping stone and vital role for the restaurant's success (Levy & Weitz, 2009). Lahey (2009) in a study reveals that service quality is allocated in four characteristics that are food security, valuable ingredients, sustenance, and packaging.

Ambient Factors or Atmosphere of Restaurants

Levy and Weitz (2009) suggested that restaurant's atmospherics is referring to as the main characteristics that endeavor and strengthen the restaurant atmosphere with the mixture of diverse signs such as lights, paints, melodies, and fragrance. What customer eats, drinks and feel are deeply prejudiced by senses of tastes and smelling. Lahey (2009) and Feldman (2009) reported that a normal persons' sense of taste can detect more than 1,000 different odors and those persons have sturdy abilities to simply remember odors connected with lengthy forgotten events. Therefore, if a consumer is not satisfy with an experience to some restaurant, that consumer might be vibrantly memorize it every time consumer sniffs that fragrance, that present in mind. Levy and Weitz (2009) agreed to the facts that odors are key dimensions of individual consumer's feelings. Odors deserved to be vital stimulus of price discounts, desire and inner satisfaction depends on the ways in which the restaurant owner has set out fragrance background (Levy & Weitz, 2009). From a servicing business point of view, fragrance is a psychosomatic moderator that improves individual consumers` mood, his/her expressive and psychological response (Lovelock & Wirtz, 2011).

Lighting appears in a multiplicity of shape and is used for many causes like background lighting, task lighting, attractive lighting, vital lighting, and drawl lighting. Aydin and Zer (2005) suggested that lights may be the key factor of restaurant atmospherics that have better impact on customer's behaviors. When the restaurant atmosphere is bright enough, customers are liable to examine and touch the products in the restaurants (Akbar & Allaudin, 2013). Customers consider that special lightings let them observe the products visibly and they think that it lives up for the long time (Levy & Weitz, 2009). An efficient lighting must be equally dispersed and be bright visibly to make customers feel safe and happy in the restaurant. The sound melodies played, affect customer's behavior, makes image, draw notice or controls restaurants traffic (Feldman, 2009). Levy and Weitz (2009) predicted that different melodies are a significant part in improving overall every customer's thoughts and emotions.

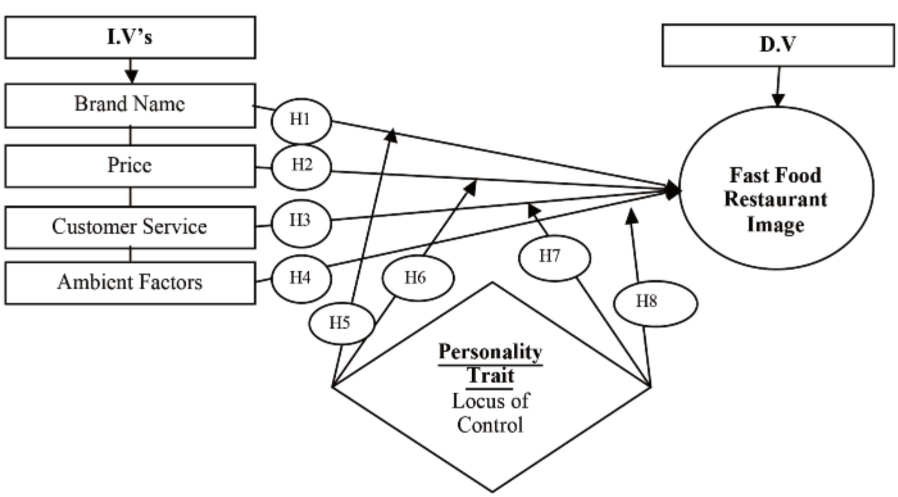
Personality Trait (Locus of Control)

Rotter (1966) giving the concept of Locus of Control for the very first time in his research study from societal learning theory, and gains a very vital and positive attention towards behavioral researches. These concepts have been modified and developed largely in many fields like service business (Lahey, 2009), health sectors (Levy & Weitz, 2009) and finance sectors (Soriano, 2002). First, theory of Locus of Control (LOC) was presented in literature of psychology as an individual typology, and then practically applied on managerial level and specifically in the business management fields like restaurant sectors (Akbar & Allaudin, 2012). Howatt (2013) suggested that humans with internal locus of control is characterize by the beliefs that one can correlate results with own actions; have a sturdy faith in their personal aptitude, exertions, or skills.

Konan (2013) suggested that persons with internal locus of control are extra satisfiable and relaxed with circumstances that give the chance for own control. Whereas persons with an external locus of control classified by a partial faith in personal efficiency, have tiny confidence in their own capability to resolve problems (Howatt, 2013). Locus of control motionless needs to be exposed for its analytical value in customer behaviors in the service businesses like hotel management or restaurant managements. Konan (2013) revealed that locus of control become an important psychosomatic ancestor to how and why persons correspond interpersonally. Howatt (2013) suggested that internal locus of control draw from satisfactions in situation that gives individual control, and external locus of control follow approaches that require mastery of situations. Consumers having internal locus of control are more in self-control have more positive serviceable attitudes and are more likeable to come back to restaurants or repurchasing abilities than consumers with external locus of control (Konan, 2013). LOC have been used in service organization researches, and has implemented for customer behaviors. For restaurants sector, self-control is significant due to task ambiguity in the interactions of different customers and service provider; the customer services with an internally LOC may be great task motivator since the percipience of strong connections between their behaviors, performances, and organizational remunerations for service providers take place. (Howatt, 2013).

Conceptual Framework

The conceptual framework of this research study is as under:



Hypotheses

Following are the hypotheses of the research study.

H_1: Brand name has significant positive effect on restaurant image.

H_2: Price has significant positive effect on restaurant image.

H_3: Customer services have significant positive effect on restaurant image.

H_4: Ambient factors have significant positive effect on restaurant image.

H_5: Personality trait (Locus of Control) has moderating effect on the relationships between Brand name and Restaurant Image.

H_6: Personality trait (Locus of Control) has moderating effect on the relationships between Price and Restaurant Image.

H_7: Personality trait (Locus of Control) has moderating effect on the relationships between Customer Services and Restaurant Image.

H_8: Personality trait (Locus of Control) has moderating effect on the relationships between Ambient Factors and Restaurants Image.

Methodology

Population

The targeted population of the study was the male and female consumers of four restaurants namely; KFC, Pizza Hutt, Chief Burger and Thames situated in diverse geographic regions of Peshawar. The targeted population of the study was 250 male and female customers.

Determination of Sample Size

The sample size was selected by incorporating the formula of Yamane (1967) and the final sample consisted of 160 staff members.

Table 1
Determination of Sample Size

Population (N)	Formula	Computation	Sample
250	$n=N/1+N*e^2$	$n = 250/1+250*(.05)^2$	160
		$n = 250/1+250*.0025$	
		$n = 250/1.58$	

Wherein= sample size,N=population e=chance of error i.e. .05

Sample Design

The data was collected from the male and female customers of four well known fast food restaurants of Peshawar, KP, Pakistan. Simple random sampling technique was used for data collection. In aforementioned fast food restaurant total 40 questionnaires in each restaurant were distributed on random basis and 40 usable questionnaires were returned from each restaurant, the response rate was 100%. Participation in the study was voluntary and the participants were assured of the confidentiality of their responses.

Measurement Instrument

Questionnaire

The questionnaire items for factors affecting restaurant image i.e. brand name, price, customer service, ambient factor and restaurant image were borrowed from the research study of Eliwa (2006). Each variables namely restaurant image i.e. brand name, price, customer service and ambient factor contained five questions items. All items were measured through five point Likert Scale.

Data Analysis and Results

The SPSS was used to analyze the collected data. First of all demographic variables were analyzed then correlation and regression was calculated between dependent and independent variables.

Table 2
Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	99	61.9	61.9	61.9
Female	61	38.1	38.1	100.0
Total	160	100.0	100.0	

The above captioned table represents the cumulative percentage and exact number of male and female respondents who actively participated part in the study survey. Total strength of male respondents were 99 out of 160 members that represent 61.9% of the total whereas; female respondents were 61 out of 160 that depict 38.1% of the total sample.

Reliability Analysis

The Cronbach's alpha of restaurant image was 0.834. It implied that the inquiries are extremely exceptional reliable to gather the exact reply from the respondents. For the independent variable, alpha score computed in table were 0.83, 0.82, 0.79 and 0.81 respectively which consider a good reliability (Sekaran, 2003). The Cronbach's alpha of moderating variable (Personality trait) was 0.84.

Table 3
Reliability

Variables	Cronbach's a	N of Items
Brand Name	.83	5
Price	.82	5
Customer Services	.79	5
Ambient Factor	.81	5
Restaurant Image	.83	5
Personality Trait	.84	6

Regression Analysis

Table 4:

Regression Analysis Summary for Brand Name and Restaurant Image with moderation of Personality Trait

Steps			***R***	**Δ*R*²**	***F***	***B***	***T***	***Sig***
Step 1								
BN(IV)	→	RI (DV)	.786	.618	255.592	.786	15.98	.000
Step 2								
BN(IV	→		.862	.744	458.610	.862	21.415	.000
PT(MV)								
Step 3								
PT(MV)	→	RI (DV)	.862	.743	457.794	.862	21.396	.000
Step 4								
BN+BN*PT	→	RI(D.V)	.618	.694	177.93	.817	6.23	.000

Regression Analysis Summary for Price and Restaurant Image with moderation of Personality Trait

Steps			***R***	**Δ*R*²**	***F***	***B***	***T***	***Sig***
Step 1								
P(IV)	→	RI (DV)	.787	.619	257.072	.787	16.033	.000
Step 2								
P(IV)	→	PT(MV)	.867	.751	477.625	.867	21.855	.000
Step 3								
PT(MV)	→	RI (DV)	.862	.743	457.794	.862	21.396	.000
Step 4								
P+P*PT	→	RI(D.V)	.619	.694	178.347	.810	6.207	.000

Regression Analysis Summary for Customer Services and Restaurant Image with moderation of Personality Trait

Steps			***R***	**Δ*R*²**	***F***	***B***	***T***	***Sig***
Step 1								
CS(IV)	→	RI (DV)	.70	.624	262.701	.790	16.208	.000
Step 2								
CS(IV)	→	PT(MV)	.870	.756	489.841	.870	22.132	.000
Step 3								
PT(MV)	→	RI (DV)	.862	.743	457.794	.862	21.396	.000
Step 4								
CS+CS*PT	→	RI(D.V)	.624	.698	181.098	.802	6.164	.000

Regression Analysis Summary for Ambient factors and Restaurant Image with moderation of Personality Trait

Steps			***R***	**Δ*R*²**	***F***	***B***	***T***	***Sig***
Step 1								
AM(IV)	→	RI(DV)	.790	.624	262.335	.790	16.197	.000
Step 2								
AM(IV)	→	PT(MV)	.870	.756	489.903	.870	22.134	.000
Step 3								
PT(MV)	→	RI(DV)	.862	.743	457.794	.862	21.396	.000
Step 4								
AM+AM*PT	→	RI(D.V)	.624	.697	180.331	.802	6.31	.000

As per the four-step model suggested by Barons and Kenny (1986) for measuring moderation, this research initially analyzed the direct effect of factors affecting restaurant image including; brand's name, prices, consumer services, ambient factors. The values of regression analysis of brand name and restaurant image were: R= .786, R^2= .618, F=255.5, t=15, P<.000. The values of the direct relationship amid of brand name and restaurant image with inclusion of personality trait as a moderator were: R= .618, R^2= .694, F=177.93, t=6.23, P<.000. This depicts that customer's services has significant positive effect on restaurant image with inclusion of personality trait as a moderator. The result was consistent with the previous study of Hussain, Ullah and Manzoor (2012). The values of regression analysis of price and restaurant image were: R= .787, R^2= .619, F=257.07, t=16.03, P<.000. The values of the direct relationship amid of price and restaurant image with inclusion of personality trait as a moderator were: R= .619, R^2= .694, F=178.34, t=6.207, P<.000. This depicts that favorable prices of products have significant positive effect on restaurant's image with inclusion of personality trait as a moderator. The result was consistent with the previous study of Hussain, Ullah and Manzoor (2012). The values of regression analysis of customer service and restaurant image were: R= .790, R^2= .624, F=262.701, t=16.208, P<.000. The values of the direct relationship amid of customer services and restaurant image with inclusion of personality trait as a moderator were: R= .624, R^2= .698, F=181.09, t=6.164, P<.000. This depicts that consumer services have significantly positive effection restaurant's image with inclusion of personality trait as a moderator. The result was consistent with the previous study of Hussain, Ullah and Manzoor, 2012. The values of regression analysis of ambient factors and restaurant image were: R= .790, R^2= .624, F=262.33, t=16.19, P<.000. The values of the direct relationship amid of ambient factors and restaurant image with inclusion of personality trait as a moderator were: R= .624, R^2= .697, F=180.33, t=6.31, P<.000. This depicts that ambient factors has significantly positive effection restaurant's image with inclusion of personality trait as a moderator. The result was consistent with the previous study of Hussain, Ullah and Manzoor, 2012.

Discussion, Conclusion and Recommendation

Discussion

This study explores the moderating effect of personality trait (Locus of Control) amid of factors affecting restaurant image including (brand name, prices, consumer services, ambient factors) and restaurant's image. The research study collected the data from four well known fast food restaurants of Peshawar city of KPK Province of Pakistan. Research study examines eight hypotheses by utilizing Barons and Kenny (1986) four step model for testing moderation. Researcher used SPSS for data analysis. This research study examines the relationship and impact of independent variables (brand name, prices, consumer services, and ambient factors). dependent variable (restaurant's image) and moderator (personality trait) by correlation and regression statistical tool. Result of the analysis exposed that brand name, prices, consumer services, ambient factors are the positive and significant predictors of restaurant's image. Furthermore, results of analysis depicts that personality trait i.e. (Locus of Control) and moderates the relationship amid of brand's name, prices, consumer services, ambient factors and restaurant's image. The overall analysis portion reveals that brand names, prices, consumer services and ambient factors are the significant predictors of restaurant image and personality trait**.**

Conclusion

This research originates that marketing factors affecting brand's names, prices, consumer services, ambient factors with inclusion of Personality trait as a moderator have significantly positive effection the restaurant's image. The multiple regression models shows the significantly strong relationship between set of four independent variables that is brand's names, prices, consumer services and ambient factors with moderating variable that is Personality trait and dependent variable that is restaurant's image. Overall, the results discovered that brand's name, prices, consumer services, ambient factors, moderator personality trait, and restaurant's image were positively and significantly correlated with one another. Moreover, these marketing factors effecting by moderating affect of personality trait were found to have a positive impact on the restaurant's image. These also bring profit in terms of efficiency, enhanced managerial performance, spirited improvement and improved consumers size and product.

Recommendation

The consumer personality trait with moderating factor and marketing factors are very fundamental instrument in order to build up a good restaurant's image in customer's mind. It means, overall restaurant's efficiency and effectiveness can be improved. It is essential to create such an environment where clients are well satisfied with the services they get. In this way consumer become faithful with the particular restaurant and their regularity to visit the same restaurant will be increased day by day. Customer is the central focus that is attracting the attention of every business organization . Each and every firm is struggling to satisfy the customer current and future needs. To fulfill these needs it is sturdily recommended for all managers and owners of the hotels and restaurants that they must focus especially on excellent marketing variables (brand name, price, customer service, ambient factors) and better polices for making the relationships of these independent, dependent and moderator variables.

Future Area for Research

The study may stand and serve as a benchmark for the future research studies. Firstly, as generalization issue persist, it may work out in future for generalization of the research finding. The researcher may carry out a mix of qualitative and quantitative data like interviews and longitudinal surveys and a large number samples from a variety of services and manufacturing firms. Secondly similar study should be repeated in other service industries like insurance and financial services organizations.

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Significance of Financial Literacy and Its Implications: A Discussion

Dr. Irshad Hussain* and Prof. Dr. Shahida Sajjad**

Abstract

This article explains the concept of financial literacy, its significance and general methods. Financial literacy is a term which is described as a combination of awareness, knowledge, skills, attitude and behaviour necessary to make sound financial decisions and ultimately achieving financial wellbeing. The need of financial literacy has been felt as a critical life skill which is essential for enhancing living standards and well-being of individuals. Lack of financial literacy can result in poor financial choices that can be harmful to both individuals and communities. Without a certain level of financial knowledge, the users and/ or consumers can face difficulty in making appropriate decisions in today's complicated financial marketplace. It is believed that financially literate individuals make best choices and decisions regarding their financial matters; whereas, the situation of their counterparts (financially illiterates or financially less literates) appears to be desperate. The available literature demonstrates the lack of financial literacy on wider scale of the world. The situation of developing countries like Pakistan appears to be more alarming where more than half of the population lives in deprivation. The situation of the rural population demands more attention to make people capable of identifying their income resources and expenditure with saving attitude. The discussion in the article demonstrates that financial literacy can be used as a strategic measure to getting rid of poverty. Therefore, different methods of imparting financial literacy including massive campaigns through electronic, print and social media, embedding financial literacy concepts with curricula and academic activities, community involvement, and awareness on/ about basic financial skills have been suggested in the article.

Keywords: *Financial Literacy, Microfinance providers, Poverty, Derivation Intensity, Financial Choices*

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*Director, Department of Educational Training, The Islamia University of Bahawalpur
**Dean, Faculty of Social Sciences, Greenwich University Karachi

Opening The Spectrum –The Rationale

Pakistan is a developing country having higher rates of poverty. The overall head count poverty rate is estimated to be 40% (Rana, 2016) with 51% deprivation intensity (Government of Pakistan, 2016a). A study of the Planning Commission, Government of Pakistan (2016a) on multidimensional poverty in Pakistan demonstrated that the rural population which is estimated to be 67% of the total population appears to be living in more alarming situation(s). The rural poverty headcount is 56% with 52% intensity of poverty –the average percentage of dimensions in which the rural poor people are deprived (Government of Pakistan, 2016a). Although the per capita income (US $1512) has been reported to be increased (Government of Pakistan, 2016b) yet most of the population scarcely makes its both ends meet. There is lack of facilities and resources like education, health and medical, basic facilities in homes like toilets, number of individuals living in a house, nature of house etc. (Government of Pakistan, 2016c).

Here may arise a question. Is misery the fate of the poor and rural people? Should they compromise to live in such situations throughout their lives? The pragmatic answer to these questions is certainly NO definitely NOT. Misery is a curse and the poor can get rid of it, become rich and raise their living standards. It can't happen only if they have an urge and want to change their situation(s). There is a famous saying, *"Only the comfortable change is acceptable"* and every individual wishes to get rid of misery and change his/her situation(s). An urge for better living makes one to struggle and take initiatives in life. Here the supplementary question may be, *"How this situation can be addressed"?* Or *"What would be the strategy to get rid of the situation*"?

These questions may be addressed in different ways according to different strategies. But the reasonable response would be based on rationality, logic and feasibility. One of these may be the less expenses based on the advice or saying, *"If you don't want to be poor, spend less what you have."* Can everyone spend less easily or need some assistance? Definitely one may need some assistance and help on how to spending less by cutting on the needs. This assistance and help can be rendered through awareness about income (its resources) and its proper utilization what we call financial literacy. Financial literacy is the phenomenon which enables individuals to become financially literate and maintain a balance between income and it usage.

Financial Literacy

Apparently, the term financial literacy describes the ability of an individual to cope appropriately and successfully with his/her financial matters. Generally, it discusses one's income, its sources and effective and / or efficient usage or expense of the income by making confident decisions about savings according to the situation(s). Thomas (2014) defined financial literacy as *"the ability to learn, monitor and effectively use financial resources to improve the well-being and economic security of an individual"*. Similarly, Gale, Harris and Levine (2012) provided a plausible and working definition of financial literacy. According to them it (*financial literacy)* is *"the ability to make informed judgments and effective decisions regarding the use and management of money and wealth*". It helps individuals in making appropriate choices and confident decisions about their financial matters: earning and sources of income, expenses and savings and intelligent utilization of such savings. Atkinson and Messy (2011) defined financial literacy as *"a combination of awareness, knowledge, skills, attitude and behaviours necessary to make sound financial decisions and ultimately achieve individual financial well-being".* Keeping in view its scope, need and effectiveness one can say that *financial literacy has become an increasingly important requirement for functioning in modern society* (Thomas, 2014) of 21st century. It has appeared to gain an international recognition to be a critical life skill for individuals as the result of global financial crisis (OECD, 2005). However, OECD INFE (2011) presented it comprehensively and stated it as *"A combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing".* Therefore, financial literacy imparts awareness among individuals about such matters for making best financial choices and achieving wellbeing.

Significance of Financial Literacy

In response to the global financial crisis, the economic policy makers throughout the world have shown their serious concern towards lack of financial literacy and awareness. OECD is the first organization which formally raised the slogan of financial literacy in 2005 by publishing *"improving financial literacy"* which is considered as a unique and first publication in this area. It also published the principles and good practices for financial education and awareness (2005); guidelines on good practice for financial education on pensions (2008) and many more. In spite of this different researchers, economists, policy makers and organizations (Lusardi, 2011; Lusardi & Scheresberg, 2013; Lusardi, Keller, & Keller, 2008; Lusardi, Michaud & Mitchell. 2011; Lusardi, Michaud & Mitchell. 2013; Mottola, 2013; OECD, 2005, 2008 & 2009, OECD INFE 2011; The World Bank, 2009; and many more) highlighted the issue of lack of financial literacy in their respective domains, expertise and interest by publishing research papers, survey reports and guidelines for awareness of the masses. Lusardi and colleagues appears to be more published and read researchers in the world generally and the USA particularly. Some researchers (Mandell, 2008; Romagnoli, & Trifilidis, 2013; Shim, Barber, Card, Xiao, & Serido, 2010; Willis, 2008; Martin, 2007; and Holzmann, 2011) emphasized on financial literacy in school education for better financial choices in future lives of the graduates.

The need of financial literacy has been felt as a critical life skill which is necessary for enhancing living standards and well-being of such individuals. In this context, Tustin (2010) asserted that internationally and nationally it has been acknowledged that a lack of financial literacy can result in poor financial choices that can be harmful to both individuals and communities. Without a certain level of financial knowledge, consumers can have difficulty in making appropriate decisions in today's complicated financial marketplace. Trust (2004) viewed financial literacy as a set of certain skills of an individual which help him/her in making optimum decisions regarding financial matters in his/her specific context and/ or environment. Tustin (2010) regarded it as an evolutionary process starting with basic education and continuing to improving with life and ones' level of understanding. Mandell (2008) viewed it in the wider perspective of individuals' interest considering it as necessary information which ought to know in making their best financial decisions.

Experience and maturity appear to be interrelated and come with one's passage of life; and same is the case with financial experience which increases as an individual grows-up and matures. It helps individuals to raise their financial knowledge (Willis, 2008). It is generally observed that financial literacy has two-fold effects i.e. on the life of financially literate individuals & their families and society as well. It urged Gale and Levine (2010) to regard financial literacy and its promotion as a priority task for the policy makers.

Financial literacy like other forma of literacy leads towards development. Apparently, it is closely related with overall development of an individual as well as a nation and a country. It seems to pave for success of one's personal and professional life in future aiming at overall wellbeing, social and economic development through informed decision making about financial matters. It helps to improve the efficiency and quality of financial services (The World Bank, 2009).

The analytical study of Lusardi & Mitchell (2009) demonstrated positive relationship between financial literacy and retirement planning. The respondents with better education appeared to be having more knowledge about their retirement planning than their counterparts –those having less education. College graduates were found to be more informed about interest, inflation, risk diversification [and management], and [functioning of] stock market. However, female respondents appeared with lower level of financial literacy than their counterparts in the same financial areas.

It is believed that finically literate individuals make best choices and decisions regarding their financial matters; whereas, the situation of their counterparts (financially illiterates or financially less literates) appears to be desperate which is depicted by different studies (Christelis, Jappeli, and Padula 2009; Hilgert, Hogarth, and Beverly, 2003; Van-Rooij, Lusardi, and Alessie 2007) by asserting that financially less literates (households and individuals) appeared to be less likely to owning and checking an account, having an amount for emergency or unseen situation(s) and/ or a retirement plan or saving for their retired life; and according to Gerardi, Goette and Meier (2010), Lusardi and Tufano (2009), Moore (2003), and Stango and Zinman (2009) such individuals more likely tend to getting pay-day loans, paying minimum balance on a credit card usage, taking on high-cost mortgages with higher debt levels, and being accustomed to be on debt.

Financial literacy contributes to the prevention of over-indebtedness since individuals with higher levels of financial literacy are less likely of becoming over-indebted. Santos and Abreu (2009) viewed an encouraging role of financial literacy in preventing one's over-indebtedness. Whereas, Gathergood and Disney (2011) found financially less literate households to be more likely to report credit arrears or difficulty in paying their debts in UK. Similarly, McCarthy (2011) found individuals with higher levels of financial literacy to be less likely to experiences financial distress, either in less or more extreme forms such as running out of money and going into arrears. It was affirmed by Gathergood (2011) empirically that individuals with higher financial literacy levels appeared to be less likely to experience over-indebtedness.

According to Lusardi and Mitchell (2014) the available literature demonstrates lack of financial literacy on wider scale of the world. The situation of developing countries like Pakistan appears to be more alarming where more than half of the population lives in deprivation. The situation of the rural population demands more attention to make people capable of identifying their income resources and expenditure with saving attitude.

Questing for Financial Literacy in Pakistan

Pakistan is a developing country having its unique problems and issues (Hussain, Adeeb, Rahmani &Safdar, 2008). Low literacy particularly, low financial literacy among masses is one the most burning problem of the masses and financial institutions. Financial choices appear to be associated with financial literacy. Financial literacy leads to better financial choices and decision resulting in broader social and economic gains (Gale, Harris, and Levine, 2012). The successive governments of Pakistan have been trying to promote awareness about financial matters among people during their respective regimes. Such efforts included but were/ are not limited to enhancing income, investment, saving and proper expenses on their basic needs.

The government of Pakistan launched a Nationwide Financial Literacy programme (NFLP) in 2012 in collaboration with Asian Development Bank (ADB), Pakistan Banks' Association (PBA), Pakistan Microfinance Network (PMN), Pakistan Poverty Alleviation Fund (PPAF) and Bearing Point for improving financial inclusion and serving the interests of all stakeholders.it based the Financial Literacy Gap Assessment Survey of beneficiaries. Initially, it intended to impart basic financial literacy to poor and marginalized people on six themes of personal finance –budgeting, savings, investments, debt management, financial products, branchless banking and consumer rights and responsibilities (Pakistan Today, 2012). Likewise, different Microfinance Providers (MFPs) – banks and other or Microfinance Institutions (MFIs) both in public and private sector, nongovernmental organizations (NGOs) are imparting basic financial skills. Such organizations and institutions aim at enhancing financial management skills and awareness among their clienteles on selecting and embracing suitable financial practices (Ali, Khalid & Khalid, 2012).

In this regard different initiatives have been taken to scaling-up financial literacy among the population living in slum or under-developed areas through different programmes and projects including Microfinance Projects of different banks. Amongst these the most popular consist of the National Rural Support Program (NRSP), the Citizen Damage Compensation Program (CDCP), Benazir Income Support Programme, Disabled Card, Agricultural-loaning schemes, Assistance by the Earthquake Rehabilitation and Reconstruction Authority (ERRA), Microfinance Innovation and Outreach Program (MIOP), Pakistan Microfinance Network (PMN), Pakistan Poverty Alleviation Fund (PPAF), Pakistan Post Savings Bank (PPSB), National Saving Centre (NSC), State Life Insurance Corporation (SLIC), Financial Assistance by the Waseela Microfinance Bank Limited (WMBL), Punjab Rural Support Program (PRSP), Rural Community Development Society (RCDS) and Community Based Organizations (CBOs) working in different areas and regions of the country. Similarly, Small and Medium Enterprises Development Authority (SMEDA) encourages entrepreneurial initiatives by facilitating development of small and medium enterprises in the country by providing financial assistance. Even so the Prime Minister's Youth Loan Scheme appears as a milestone to boost up financial activities among the Pakistani youth population. The FINCA Pakistan's Financial Literacy Awareness program aims to increase the financial know-how of the people. The above discussion demonstrates that financial literacy can be used as a strategic measure to getting rid of poverty. It is an essential survival tool for the low-income families.

Suggestions/ Implication of Financial Literacy

a. Culture and cultural values usually reflect practices and attitude of the people of/ about a certain phenomenon. Financial practices and attitudes are reflected through the activities of individuals related to the finances. Therefore, one may say that culture represents financial behaviors and decisions of the people. It addresses some questions like who makes financial decisions, what kinds of financial services are available and which of them are utilized, and how money is dealt with and so on. Therefore, financial literacy should aim at facilitating people making best financial choices and adopting feasible financial practices according to their circumstance and resources. It would develop a culture of best financial choices and practices.

b. The area of agriculture and land cultivation plays a crucial role in poverty alleviation as it appears to be the largest employer of labour force in rural areas. Large population depends on it for livelihood. Therefore, financial awareness seems necessary to make rural population learn make better decisions about financial activities and choices. They may be informed about the available financial services and their better utilization through community meetings, awareness walks, and campaigns.

c. Usually, community-based programs of microfinance provider institutions, banks and/ or other commercial organizations frequently focus on general financial awareness of their clients aiming at increasing their income through entrepreneurial activities. Therefore, these organizations may provide financial literacy skills embedded with entrepreneurial activities. It would attract their attention by nourishing their account and escalating income. Seminars may be organized for people on how they can earn more money and save out of it. It would create awareness, among them, sensitize them towards mobilization of their available financial resources appropriately. Similarly, work-based financial literacy campaigns work as a motivating force create a balance between income and expenses with more inclination towards savings. Employees can benefit from it by planning for their retirement, proper utilization of the gratuity and investment in certain business. Hence, work-based financial literacy campaigns should be encouraged in both public and private sector organizations.

d. Likewise, the onset of outreach programmes for the disadvantaged and finically excluded population can serve as stepping stones to come out of their miseries. Public and private financial institutions and organizations including commercial banks and NGOs should focus on such population. Sensitization campaigns may be started to mobilize local resources accompanied by financial assistance to start entrepreneurial activities aiming at enhancing their financial awareness and capita.

e. Media has become a powerful tool of information sharing and awareness creation. It is regarded as a trending platform. It has a great deal of attraction to transform the practices and attitudes of the masses. Therefore, financial literacy campaigns should be launched massively through print and electronic media. Similarly, social media has emerged with all its fascination and acceptability on larger scale throughout the globe. It can also be utilized for this purpose. Success stories may be posted on social networking websites to make users financial literate.

f. *"Like all learning, financial education is a process that should begin at an early age and continue throughout life. This cumulative process builds the skills necessary for making critical financial decisions that affect one's ability to at attain the assets, such as education, property, and savings, that improve economic well-being"* (Alan Greenspan). Keeping in view its significance in 21st century, the financial literacy and its concepts need to be embedded in school curricula and academic activities. It is one of the most efficient and effective ways to reach a whole generation at a national level. It is not an end but a systematic and gradual process of developing and strengthening financial skills. It begins in childhood and continues throughout the lifespan of a person. Teaching the financial concepts to children is necessary, because they will carry it for the rest of their lives. Today's children are professionals of the tomorrow. Their lives are such that almost as they enter into the job market, they have to make economic and financial decisions. They need to learn how to make informed judgments and effective decisions regarding the use and management of money. Therefore, concepts of financial literacy should be included in school curricula. However, the success for any financial literacy program depends upon a motivated teacher, adequate resources, relevant curricula and community involvement. Hence, teachers may be trained in this specialized area of education. Similarly active involvement of students in such activities may be ensured to develop financial literacy skills among them. Therefore, fundamental concepts and skills associated with financial literacy may be included in curricula as its part at all levels of education in order to develop and strengthen the financial behavior of all students in Pakistan.

Conclusion

The above discussion demonstrates that financial literacy is a critical life skill and lack of which leads towards poverty and poor living conditions. Without a certain level of financial literacy one faces difficulty in making appropriate financial decisions in today's complicated financial marketplace. The discussion affirmed that finically literate individuals make best choices and decisions regarding their financial matters; whereas, the situation of their counterparts (financially illiterates or financially less literates) appears to be otherwise. The available literature demonstrates the lack of financial literacy on wider scale of the world. The situation of developing countries like Pakistan appears to be more alarming where more than half of the population lives in deprivation. It is asserted that financial literacy can be used as a stepping stone to come out of poverty. Therefore, different methods of imparting financial literacy including massive campaigns through electronic, print and social media, embedding financial literacy concepts with curricula and academic activities, community involvement, and awareness on/ about basic financial skills can be useful.

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Tel: +9221-3584-0397/98, 3584-7662, 3584-7664, Fax: +9221-3585-1910, UAN: 111-202-303
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