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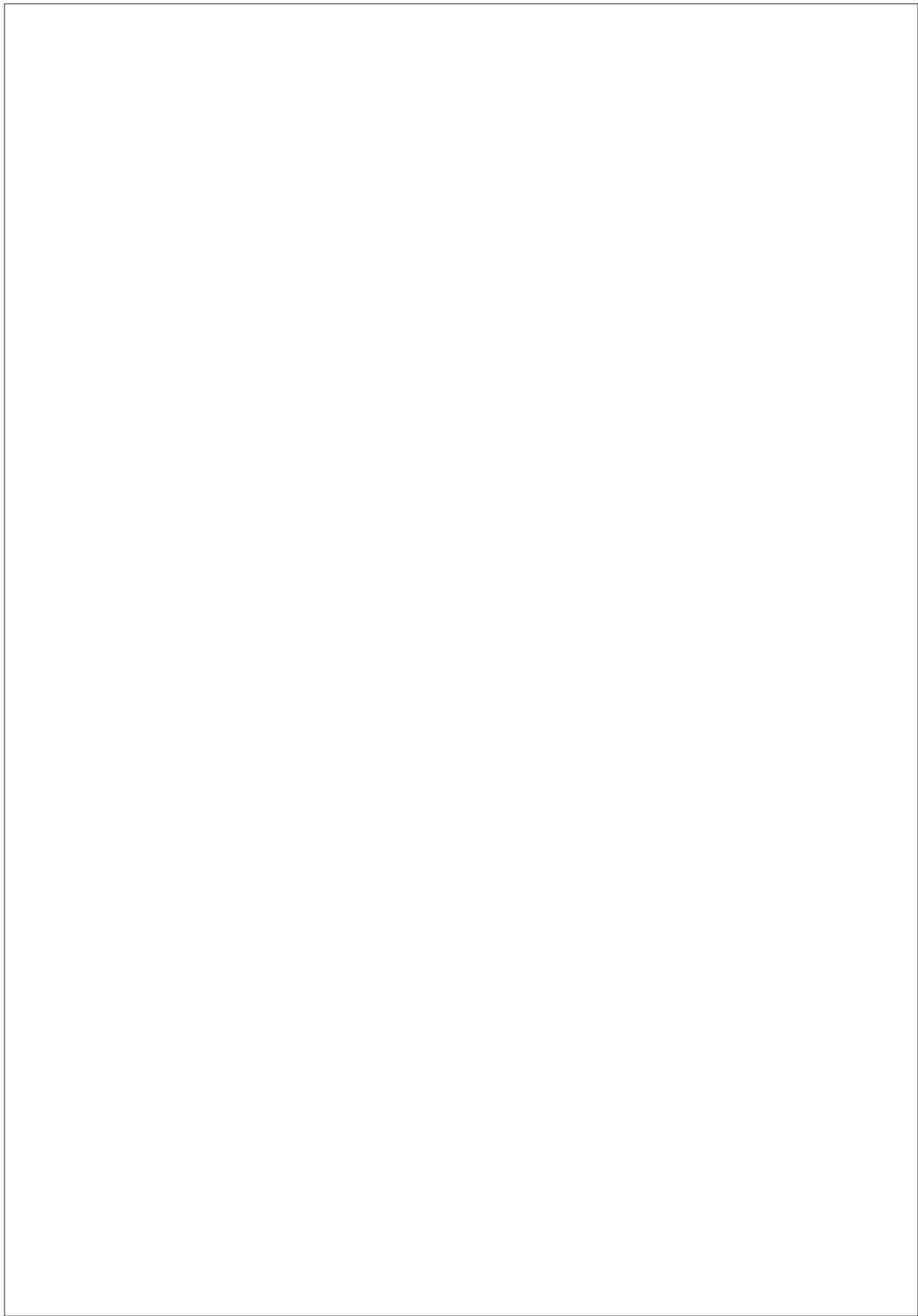
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14

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iv

CONTENTS

Individualism-Collectivism as Related to Voting Behavior of Youth and Adults in Pakistan

Fatima Imam*
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The main purpose of the present study was to find out if there exist any relationship between cultural pattern and voting behavior of youth and adults in Karachi, Pakistan. The data was collected one month before General Elections, 2013 in Pakistan. For measuring individualism-collectivism 16 scenarios developed by Verma and Triandis (1999) were used. For using the measures with common Pakistani public Urdu version of the questionnaires was used. Voting behavior of youth and adults was measured by a self-developed Voting Preference Scale (VPS). The data was collected from 100 youth and 90 adults. It was hypothesized that being member of collectivist part of world voting behavior of Pakistani youth and adults is affected by their belongingness to their cultural roots and close ties with in-group members. The results indicated that youth are more independent in their decision related to voting preferences as compared to Pakistani adults. The Pakistani youth showed inclination towards vertical collectivism as compared to adults. The results exhibit positive relationship between cultural pattern and voting preferences among adults. Pakistani youth showed independent voting preference that is not affected by their collectivist cultural pattern. The youth' results are explained in terms of coexistence of their relatedness as member of being collectivist part of the world as well as their separateness from family and in-group influence in their voting behavior.

Key Words: *Individualism –Collectivism, Youth, Adults, Voting behavior.*

Introduction

Cultural pattern plays a vital role in determination of different behavior including voting behavior. As being members of collectivist society it is expected that voting preferences of youth and adults in Pakistan is affected by their in-group members' opinion. In country like Pakistan there exist strong family impacts in decision making process. In Pakistani cultural context it is normal practice that husbands told their wives for their voting preference, and parents imposed their political choices upon their offspring. There is a close tie between family members and they want to come to a single conclusion in their decisions

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including political preferences. In current general elections 2013, Pakistani voters showed their political preferences based on their affiliation with candidates whom they identify as in-group members on the basis of geographical proximity, same dialect and cultural resemblance.

Cultural syndromes are defined by Triandis (1996) as: "patterns of shared meaning found among those who speak a particular language dialect, and live in a specific geographic region during a particular time period. Cultural patterns in terms of individualism-collectivism has been investigated by several researchers (Markus & Kitayama,1991; Triandis, 1990; Yamaguchi, 1994; Bontempo, & Rivero, 1992; Mills & Clark; 1982)" (Triandis ,2000, P.176). It can be identified by four attributes: for collectivists the self is defined as interdependent construct, the priority of in-group is important, norms and attitudes are important predictors of social behavior. In collectivism cultural pattern the importance of family members, coworkers, religious group and social class is of prime concern in social life, in contrast to individualism where individuals are important (Triandis, 1995).

Collectivism is prevalent in underdeveloped societies, where interdependence is required by individuals for their survival. Individualism is common in cultures that are affluent and independent in defining self. For individualists attitudes are important and group norms are of less importance (Triandis, 2000). They are independent in their matters and don't need any support from in-group for their survival. In Pakistan majority of individuals engage in activities that reflect relatedness, such as cooperation with in-group, obedience of their elders, sense of duty towards family, in-group harmony and intimacy with their own cultural group with whom they identify themselves. They remember a lot about in-group members and their emotions tend to be other focused. One most important defining aspect in Individualism-Collectivism is horizontal-vertical types (Triandis, 1995).There are four cultural dimensions namely, either HC, HI, VC or VI. According to Verma (2001): "HI emphasize equality and independence from others; VI emphasize that they are best and value competitions; HC emphasize their interdependence with in-group members who are equal to them; and VC accept the hierarchy that may exist in in-group members and support competitions of their in-group with out-groups".

According to Allyson et al (2000) the decision of voters towards political candidates showed that their choices depends on many variables like, social class, religion, and place of residence. Henn et al (2002) reported that youth are interested in taking part in political system and they think that political parties are not facilitating them to take part in politics. After following general elections of

2001 and 2005 Henn et al (2005) in another study in Britain found that for youth democratic process is important and social class, gender and their education plays a vital role in this respect. Whyte (1998) studied political value for youth and reported that for 17 year old Catholics democratic politics was more positive. In Pakistan , youth consider most of the problems can be solved by improving political institutions (Iqbal, 2012) and Siddiqa (2010) found least popularity of political parties among Pakistani youth (see Imam, 2013 P.77-78).

The main objective of the study was to see the relationship between cultural pattern in terms of individualism-collectivism and political decision making in terms of voting behavior. The study also investigates scores of youth and adults on Individualism-Collectivism scale and on Voting Preference Scale. For this purpose youth' data was collected from universities in Karachi and adults' data was collected from general public sitting in restaurants, and railway station waiting for their trains on accidental basis and 40 adult respondents were approached by researcher in their work settings on willingness to respond. It was hypothesized that being collectivist member of the society in Pakistan:

1. Both youth' and adults scores would be in collectivism dimension of scale;

2. Both youth' and adults' scores on VPS would be determined by their in-group relatedness; and

3. There would be positive relationship between Collectivism cultural pattern and voting preference of youth and adults.

Method

Subjects:

A total of 190 participants (100 youth and 90 adults) responded on the basis of their willingness to respond. Two groups were chosen, one from youth and the other from Pakistani adults. Youth's group contains 100 subjects age ranging from 18-21 with mean age 20.1 years. Adults' group constituted 90 respondents with mean age 39.8 years. They all belong to middle class families.

Measures:

Individualism-Collectivism Scale (ICS)

The individualism-collectivism is measured by I-C scale developed by Verma and Triandis (1999). The scale contains 16 scenarios describing familiar situations/themes from daily life situations, each followed by four alternatives namely, Horizontal Collectivism (HC), Horizontal Individualism (HI), Vertical

Collectivism (VC), Vertical Individualism (VI). The respondents were instructed to choose a particular choice to show his/her preference for the situation. Representative scenario in the scale include: "you and your friend decide spontaneously to go out to dinner at a restaurant. What do you think is the best way to handle the bill? The respondent's willingness to choose a particular alternative out of four indicated his/her preference for a particular cultural dimension in the given context."

Voting Preference Scale (VPS)

A voting preference scale was designed in contextual situation where the respondents were asked to consider their political preferences in two dimensions: family belongingness; and in-group relatedness. The scale contains likert like 10 items covering the variation in two dimensions assuming the fact that cultural context plays a significant role in voting choices. Representative item in family belongingness is: "A person should vote a political candidate according to parents' opinion". Representative item in in-group relatedness is: "A political candidate should be selected on cultural resemblance basis". Greater scores on VPS show that their voting preference is affected by their family and in-group relatedness. The cut-off point for the scale is 25.

Procedure:

All the participants were selected by using convenience sampling. Youth' data was collected from universities in Karachi. All the subjects were approached individually and consent was taken from students. Adults' data was collected from common public. The questionnaires were administered in individual setting where out of 90 Adults' data,50 respondents replied verbally to researcher and 40 replied on Questionnaires.

Results and Discussion

Table 1 : Showing Mean scores of youth and adults on ICS.

ICS	Youth (n=100)	Adults (n=90)
Individualist	38.01	22.00
Collectivist	61.99	78.00
Horizontal	39.99	80.66
Vertical	59.99	19.33

Table 1 showing mean scores of youth and adults on ICS which reveals that both the groups lie within the range of collectivism. Thus, confirm hypothesis

No.1 of study. The adults' scores are high on horizontal collectivism (80.66) which shows that adults in Pakistan want to be as similar as possible and they emphasize equality with in-group members. Youth' scores lie in vertical dimension indicating that they can sacrifice their personal goals for in-group members but they support competitions of in-groups with out-groups. In another collectivist culture researchers (Triandis,1995; Verma,2001) found vertical collectivism as most preferred type in India.

Table 2: showing means, SD and t-values of youth and adults on VPS

Scale	Youth (n =100)		Adults (n=90)			
VPS	Mean	SD	Mean	SD	t	p
(Voting Preference Scale)	20.31	4.70	40.3	7.89	6.88	0.01

Table 2 shows scores of youth and adults on voting preference scale. Adults' greater scores on scale show that their belongingness with family and in-group affects their voting preferences. Thus, providing partial support to hypothesis No.2. But Pakistani youth showed lesser scores on VPS indicating that political decisions of youth is not affected by their belongingness with their parents and in-group members. The results of Pakistani youth may be explained in terms of youth centrism. In 1960s studies conducted in Britain by Schofield (1965) developed the concept of youth centrism. The concept originally arise from the concept of adolescents' ethnocentrism where youth centrism may be defined in four dimensions: 1. The youth rejects parental influence and accepts peers orientation; 2. They criticize family, school, and school as institutions; 3. They believe in generation gap; and 4. The youth had a belief that they can resist their elders (Bogt et al, 2001). According to Bogt et al, (2001) youth identify themselves with their peers and develop their worldview in adolescence period where they attain certain distance from parents.

Table 3: Showing co-relation between ICS and VPS of Youth and Adults

Respondents	r
Youths (n=100)	-0.07
Adults (n=90)	0.78**

**$p < .001$

Table 3 showing correlation between ICS and VPS of youth and adults scores. The results indicated a positive relationship ($r = 0.78$, $p < 0.001$) between ICS and VPS for adults scores which shows that voting preferences of Pakistani adults is determined by their collectivist cultural pattern, thus, again partially confirming

the hypothesis No.3 of study. But the case is different for youth' scores which shows no relationship between ICS and VPS. It means that voting preferences of youth is independent to their cultural pattern. According to Kagitcibasi (2005) "the construct of autonomy constitute two values meaning where it is possible for a person to be high in autonomy and relatedness at a time, extending from separateness to relatedness poles. The two dimensions are important that underlie youth' selves." Although Pakistani youth is connected with their cultural roots by joining them with their parents and with other in-group members but they have their well defined self boundaries where their self is not fused with others. In spite of their connection with cultural roots they stand at relatedness pole and in their political decision making, they maintain distance from others.

Conclusion

The data of Pakistani youth and adults depicts prevalence of collectivism. The voting preference of adults is determined by their cultural pattern i.e being collectivist member their voting preferences in selection of political candidate are affected by their affiliation with their in-group relatedness. The voting preference of youth is not affected by their belongingness with family and other in-group members. The relationship between cultural pattern and voting preferences of Pakistani adults and youth are determined positively for adults only but show no relationship for Pakistani youth.

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Gender Differential Treatment in Social Development: A Sociological Study in Rural Sindh

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The present research focuses on the gender differential in social development of women in rural Sindh. Review of available literature indicates that women possess low status in rural Sindh. Research is designed to gain clear understanding of the problems faced by rural women in general. In this regard an analysis of indicators of social development have been drawn and used. Indicators include access to education, health facilities, income and employment, participation in decision making process, political activities, social activities, and status of women in cultural context. The article concludes that women face gender differential in development in Pakistan in general and in rural areas in particular. Women in rural Sindh face the same situation as of its other colleagues in the country. They are differentiated in almost all spheres of life. The present paper focuses on only two important indicators of social development i.e. education and participation in decision making process.

Keywords: *Gender, Treatment, Social Development, Rural Sindh, Rural women*

Introduction

Many studies have been conducted on social development by various researchers worldwide. The available literature indicates the lesser social development of women in developing countries in general and in Pakistan in particular (Almaz, 1991; Hirut, 2004; Mukuria et al., 2005). Women lag behind men in achieving the social indicators of development. They include access to education, health facilities, income and employment, participation in decision making process, political activities, social activities, and status of women in cultural context in the country. These gender differentials in social indicators between men and women impact negatively on the whole development process of a country in general and on the outcomes of the education and health for individuals in particular. When gender differential between the men and women exists in power, roles and rights, it affects health, fertility control, and survival. It also prevents access to health care, control over their bodies and sexuality, and further it keeps restrictions in material and non-material resources also (Kishor, 2005).

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Women status has remained complex phenomenon in each society of the world. Though there is increased attention to the idea of female status in social development, yet the sense of the idea is not clear (Mason, 1986). In the light of discussions of Oppong (1983) social development, in the context of Sindhi society, firstly it is an access to resources such as education, gainful employment, and health services. Secondly, it denotes the position (power, prestige, authority that a woman has in various situations. Since many forces determine the overall development of women in a society, a woman's development cannot be defined by a single indicator but has to be viewed as a combination of multiple types of indicators. Many writers such as Sathar (1988) measured the education and employment conventionally in order to indicate the social development of women. The present status and role of women in Sindh need to be assessed in their entirety and that consists of aspects like access to health, education, economic resources, freedom to make decision, to take participation in social and political activities relating to the social development of women.

The foregoing discussions are in connection with the women's authority to make decisions and use of their material and non-material resources for improvement for them and their close ones. According to Roy and Niranjan-(2004) social development of women, women's empowerment, women's authority, women's status and gender equality are interrelated terms. If we talk any one of these terms it would mean the same. For example women's empowerment means their position within home and society, relative to men. Literature available on the subject denotes that South Asian women are commonly placed among the most oppressed in the world. Such low status of women in the subcontinent is outcome of poverty and patriarchy. The term patriarchy is used to refer male domination in connection to the power by which men dominate women. It is a system through which women are kept subordinate. In the system of patriarchy women suffer in all aspects of their social life. Men control women's reproductive abilities and sexuality. In this system woman has low ownership and control of property and other economic resources including the product of their own work done. Women are not allowed to move easily for fulfillment of their needs and get access to information, health, education, and to take participation in politics and social activities. In these ways, patriarchal structure perpetuates the enduring gaps between the opportunities available to women and men in South Asia.

Rural women in Sindh are in loss from the time they born. When women as mother give birth to a girl she is blamed and the born girl met with disappointment or even anger. As Sindhi society is also patriarchy in nature. Therefore, it is a rule

that the girl child should receive less access to education and less health care, and less food than a male child. Due to this discriminated rule girls are expected to die of child hood diseases (Population Census, 1998). Sindhi people inadequately invest in girls' education and skill development. In patriarchy system girl is considered liability/burden. In the process of socialization girl child at her early age taught that she is a temporary member of the family. Therefore, any skill she learns will benefit the family of which she will be member after marriage not the family of her birth (Rizvi, 1980). In the cultural context of the country women are considered as second class citizens. That is why women are not consulted in men's activities and are deprived of their basic rights.

The present research illustrates a summary of overall socio-cultural, religious and political background of Sindhi society and examines the current status of social development of women in rural Sindh. There are so many factors including low status of women in Pakistani society which hampers to achieve development goals. In the present study the following social indicators of social development constitute the domain of research, which are education of women, employment of women, women's participation in domestic and child related decisions, women's mobility, and communication. In these indicators of social development gender differentials were examined in rural Sindh. In the present study, researcher critically examined social indicators of social development and empirical trends with respect to gender differentials in social development, and determine if this focus on social development necessary for gender equality.

Review of Literature

Women in rural Sindh are facing in their social life a general pattern of differential in social development. As Sindhi society is patriarchal, therefore, gender differential in development is found in the psyche of male and female. Its origins can be traced in socio-economic factors. Review of literature on the subject under study is presented in following paragraphs.

The author mentioned about the social conditions of women in rural Sindh in the book entitled "Personal Observations on Sindh". Women work for long hours but receive less or no payments at all as compared to men. He further, notes that there are two social customs which could be considered as hindrance in the way of social development of women in rural Sindh; firstly daughters are sold by parents for money to bride; secondly women are often killed in the name of so called honor killing (Postan, 1973).

In the book captioned "Cultural History of Sindh" the author Soomro noted that in rural Sindh women live a life in backwardness. Even they are not known

about their basic rights. Women in villages work for long hours in the fields and at home as compared to men (Soomro, 1977).

Another study conducted to analyze the process of social development of women and the factors which influence it in rural Sindh states that as males are considered breadwinners, therefore, the male children are preferred by parents over female babies. Due to this preference the daughter is unwelcomed and her birth is not celebrated. On the other hand, the birth of male child is welcomed and rejoiced. The author further states that girls are considered as burden on family while boys are welcomed as asset of family. Girls as reached the age of puberty early, therefore, are married early; this early marriage leads them in long fertility period, which results in their poor health and sometimes death (Shireen, 1979). In schooling of children in rural Sindh as compared to girls boys are given preference. She mentions certain causes of the poor conditions of women in rural Sindh. Which include superstitious beliefs, strict social customs and traditions, lack of health facilities in villages and poverty in rural areas and feudal control.

A study titled "Socio-Economic Characteristics of Women in Sindh" was conducted by Abbasi with the collaboration of Economic Studies Centre, Karachi. The study mentions about towns, villages and cities and the province; including a detailed data on composition and size of the households. It also focuses on family system; responsibilities and assignments for both sexes. The health facilities, education and employment patterns are analyzed in the context of urban and rural areas. The author further mentions that women work for long hours in the fields and at home. Women are discriminated in the provision of health facilities and access to education in rural Sindh (Abbasi, 1980)

In the book captioned "English Factory in Sindh" the author Mubark discusses that women in rural Sindh lead life in poor conditions. Women are discriminated in employment they are never given chance to be posted on higher post. Due to wrong perceptions of women in education women are deprived of education (Mubark, 1983).

While describing socio-economic situation of women in Sindh Allana mentions that Sindhi society is a patriarchal society. Therefore, men have right to enjoy a powerful position in the society. On the other hand, women were regarded as inferior to men and have to remain obedient to male throughout their life. As compared to rural areas where women are confined to their houses and are not even considered to be sent to get primary education, women are in better position in urban areas of the Sindh (Allana, 1986).

Focus on women in rural Sindh
Social status of women

There is no difference in the social status of Sindhi rural women as it is same as in the other provinces of the country. Women work more than their capacity in their routine work in the house. They work usually for long hours. They are deprived of in all social indicators. They are deprived of education, they don't have access to health facilities, and have no earnings of their work done in the fields. Ironically they are neglected in major decisions related to their life.

Women are socialized that their low social status is because of their fate. Abbasi (1980:21) in a study entitled; "*Socio-Economic Characteristics of Women in Sindh*" says that women have no right to say anything about decisions pertaining to their social lives. It further reveals that women in rural Sindh have no control over their lives they work physically hard but no rewards. Patriarchal system is dominant in rural areas of Sindh in which females in very early age are taught that their social status is lower than that of males. The desire for the male child generally develops a low priority for females in access to education, food, and health care. Marriage is means for males in rural Sindh to keep women of their subordinates. After marriage bride has to live with her husband's family as subordinate which takes her long in adjusting to new environments. In other words a woman remains "a stranger in a strange place". The older females are responsible to look after and control the life of a new arrival as wife. The newly joined member that is wife is expected to keep her wishes and interests next to those of the males and the family. Women as a mother possess a high social status in the family. Newly couple is supposed not interact with each other in the presence of the elders in the family. Women are generally kept limited to household chores in rural areas of the Sindh. Women are not considered fit to work as employee outside the family. Rural women are not given a chance to exercise their abilities which usually results in their social deprivation and low social status.

Education

According to Provincial Census Report of Sindh (1998: 85) the term literacy may be defined as the ability of "a person who can read a newspaper and write a simple letter, in any language". Literacy is measured through literacy ratio and computed as percentages of literate persons among the population with ages 10 years or more. In the province of Sindh the literacy ratio is 45.29 percent. As it was 31.45 percent in 1981 since then it has significantly increased by 13.84 percent. There is huge gape in literacy from gender perspective as for males the

ratio is 54.50 percent as compared to females 34.78. The following table 1 denotes the literacy ratio by sex for the years 1981 and 1998. It is also clear from the table that there is difference in the ratios of rural and urban areas. This wide variation between male and female ratios denotes that women are not considered equal with man in getting education. This attitude in rural areas is much strong than urban areas. It has resulted women's low status and under development in rural areas.

TABLE NO. 1

Area	1981			1998		
	Both Sexes	**Male**	**Female**	**Both Sexes**	**Male**	**Female**
All Areas	31.45	39.74	21.64	45.29	54.50	34.78
Rural	15.56	24.54	5.21	25.73	37.89	12.23
Urban	50.77	57.77	42.23	63.72	69.75	56.66

Source: Provincial Census Report of Sindh, 1998, p-85

Methodology

Exploratory and descriptive research designs are applied in this research. The reason for choosing and combining the flavour of both types is that no research happens purely either exploratory or descriptive in true essence. The two types support each other. Rural Sindh is selected as the universe of this study. The official census was conducted in 1998 which is considered reliable and authentic. But due to the political reasons attempts of conducting fresh census is sabotaged. To make the study perfect, 384 respondents as random sample were taken out from Sanghar, Shikarpure and Ghotki districts of rural Sindh. The validity of research findings has great dependence on the selection of a research sample. In the present research multistage sampling method has been used. An interview schedule method is used, in this present research study, through which the respondents answered in a pen and paper format on a structured questionnaire. The main aim of using the structured data collection is to draw data about the respondents' views on various aspects pertaining to their social life, special focus was given on the education and participation in decision making are taken as indicators of social development in the research. For the analysis of results Tests of Independence is used. It is a chi-square technique used to determine whether two variables are related or independent.

Results and Discussion

Education

For the social development of women education is one of the most important means of social development along with other allied factors. In the social

structure of society women can rise socio-economically through the education. Because it gives chance to women to work outside the home and it also increases understanding between spouses. It is believed that education empowers women. By enabling them to earn money, helps them by developing confidence to face challenges, and also creates ability to make decisions pertaining to personal social life and to their intimates. Unfortunately, the results of the study indicate that a vast majority of women is not given opportunity to attain education. They face many obstacles and restrictions in the attainment of education.

The results given in table 2 of the study as below denote the situation of education of women in rural Sindh. According to the results regarding the education level of the respondent 49.5% were uneducated, 8.9% were primary pass, the respondents who have matriculation degree were 34.1%, and only 7.6% of the respondents have degree of intermediate and above. The results revealed that those who were illiterate were more discriminated against and were denied to access to education and health facilities. On the hand, the educated respondents are usually less discriminated in all spheres of life.

TABLE NO. 2

Education	Frequency	Percent	Cumulative Percent
Illiterate	190	49.5	49.5
Primary	34	8.9	58.3
Matriculation	131	34.1	92.4
Inter+	29	7.6	100.0
Total	384	100.0	

Women can also socially develop through informal education because it has capacity to accomplish process of the development. This fact was supported by Parveen, (2005) who stated that education formal or informal has paramount importance in the social development of women. Further, in her study she mentions that women can develop socially and economically through education and that development enables them to get and guard their rights efficiently. She keeps saying that education is the only tool for women through which they can face or challenge all social and cultural factors which create hindrances in their social development.

TABLE: NO. 3

Response	Frequency	Percent	Cumulative Percent
Yes	277	72.1	72.1
No	107	27.9	100.0
Total	384	100.0	

The data given in table 3 denotes that 72.1 percent of women agreed that illiteracy is the main hindrance in their social development, only 27.9 percent of women were of the opinion that illiteracy has little role to play in social development. The present study denotes that majority of women in rural Sindh are not socially developed because of illiteracy. This fact is also supported by Batliwala (1994) who mentions that there are three approaches applied to social development of women which are economic development, cohesive development and conscious growing. Further, she mentions that illiteracy is the main obstacle in the way of women to access health facilities, to get paid jobs, and awareness, hence social development.

In concluding the discussion the researcher can summarize by saying that women can be benefited from education in many ways. Education can develop women socially. But in patriarchal societies like Pakistan it is difficult for women to get all benefits provided by education. As the data in above table reveals that the majority of women are illiterate. Therefore, they are not able to get all benefits that are resulted from education.

Participation in Decision Making

As compare to men women until recently have not been given full decision making powers and legal rights in all aspects of their social life. In urban areas, to some extent, women enjoy ownership and inherit property from their ancestors. On the other hand, women in rural areas do not have rights of inheritance and ownership which have negative impact on the financial resources of women.

TABLE NO. 4

Response	Frequency	Percent	Cumulative Percent
Yes	98	25.5	25.5
No	286	74.5	100.0
Total	384	100.0	

Table 4 illustrates data about consultation with girls before their marriage in rural Sindh. In which 74.5% of girls were not consulted before they got married, and 25.5% were consulted before marriage. This shows the denial of women in taking participation in decision making process. Such a denial always hampers the social development of women.

TABLE NO.5

Response	Frequency	Percent	Cumulative Percent
Yes	81	21.1	21.1
No	303	78.9	100.0
Total	384	100.0	

Table 5 shows that 78.9% parents do not take into confidence girls in selecting mate for them, only 21.1% girls are taken into confidence for mate selection. This really denotes that women in rural Sindh have no say in decision making process even about decision relating to their life long matters. This really has resulted in husband beating and scolding in laws.

Results of Hypotheses

Education

1. *Objective***:** To Explain the Role of Education in Social Development of Women in Rural Sindh.
2. *Hypothesis:*

H₀: Education Level of Respondent as an indicator of social development has no role to promote social development of women in rural Sindh.

Hₐ: Education Level of Respondent as an indicator of Social Development has a significant and positive role to promote Social Development of Women in rural Sindh.

3. *Data set***:**   Comparing groups (Personal Education and social development).
4. *Type of observation***:**   **Unpaired.**
5. *Type of variable***:**   **Categorical (Nominal).**
6. *Sample***:**   **Large.**
7. *Test***:**   **χ^2 Test (Chi-square Test for Independence)**
8. *Significance Level*   **0.05**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**94.562[a]**	**6**	**.000**
Likelihood Ratio	**97.764**	**6**	**.000**
Linear-by-Linear Association	**35.453**	**1**	**.000**
N of Valid Cases	**384**		

a. **0 cells (.0%) have expected count less than 5. The minimum expected count is 8.23.**

Pearson Chi-Square Value	(χ^2 computed value)	**94.562**
Degree of Freedom		**6**
P- Value		**.000**
Significance level at		**0.05**

As the significance level **(0.05)** is higher than the P value **(0.000)** therefore, the null hypothesis can't be accepted by researcher. As a result it is concluded

that there exists a relationship between Personal Education and Social Development of women in Rural Sindh.

Participation in Decision Making

1. ***Objective***: To analyze the impact of Consultation of Female on Economic Matters in their Social Development in Rural Sindh.
2. ***Hypothesis:***

H$_0$: Consultation with women on economic affairs as an indicator of social development has no role to promote social development of women in rural Sindh.

H$_a$: Consultation with women on economic affairs as an indicator of Social Development has a significant and positive role to promote Social Development of Women in rural Sindh.

3. ***Data set***:   **Comparing groups** (Consultation in economic affairs & Social Development).
4. ***Type of observation***:   **Unpaired.**
5. ***Type of variable***:   **Categorical (Nominal).**
6. ***Sample***:   **Large.**
7. ***Test:*** χ^2 **Test (Chi-square test of Independence)**
8. ***Significance Level:***   **0.05**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	**165.671**[a]	**4**	**.000**
Likelihood Ratio	**159.601**	**4**	**.000**
Linear-by-Linear Association	**45.684**	**1**	**.000**
N of Valid Cases	**384**		

a. **0 cells (.0%) have expected count less than 5. The minimum expected count is 30.09.**

Pearson Chi-Square Value	(χ^2 computed value)	**165.671**
Degree of Freedom		**4**
P- Value		**.000**
Significance level at		**0.05**

As the significance level **(0.05)** is high than the P value **(0.000)** therefore, the null hypothesis can't be accepted by researcher. As a result it is concluded that there exists a relationship between Consultation with females on economic affairs & Social Development of women in Rural Sindh.

Conclusion

From the above discussion it is concluded that women's subordination to men is a

universal phenomenon. But in its magnitude it varies from society to society and region to region. Present research paper indicates a grim picture in rural Sindh. Women on one hand remain subordinate to men in their whole cycle of life and in all forms like wife, daughter, sister, and even mother, and on the other hand they also expose to mistreatments, disparity, embarrassment and violence and control. It is further concluded that women in rural Sindh are discriminated in the attaintments of basic rights, like, health care, food, education, and control over productive resources, employment, livelihood and decision making. Women are not discriminated due to their natural biological differences or sex but they are denied their basic rights on the basis of socially construct status gender. It is also concluded that education plays a key role for social development. The reason is that education is very important for the social and economic well-being. Education is the sole variable which controls and improves all other allied variables of social development. Therefore, social development is dependent on attainment of better education.

It is further concluded that consultation with females on economic affairs plays a key role in the social development of women in rural Sindh. The reason is that consultation with females on economic affair is very important for the social and economic empowerment of women. Consultation with females on economic affairs is the sole variable which controls and improves all other allied variables necessary for empowerment of women in rural Sindh. Social development is dependent on empowerment of women in rural Sindh.

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Parenting Styles and Social Anxiety among Adolescents

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The present study aims to explore the relationship between parenting styles and social anxiety among adolescents. It was hypothesized that there will be a significant relationship between parenting styles and social anxiety; and there will be gender differences in the parenting styles and also in the level of social anxiety among adolescents. Sample consisted of 200 students (100 boys, 100 girls) with an age ranged 18-20 years, taken from two universities of Lahore through stratified random sampling. Two assessment tools were employed to collect data; Social Anxiety Scale for Adolescents, and Parental Attitude Inventory. Correlation, T-test, and two way ANOVA were used. Results revealed that there was significant relationship between parenting styles and social anxiety; the authoritarian and uninvolved parenting styles of mother and father were the significant predictors for social anxiety; and girls have higher level of social anxiety than boys. These results are compared with the earlier researches in this area and the importance of this study rests in its theoretical and practical implication in the field of developmental and social psychology and in everyday life.

Key words: *Parenting styles, social anxiety, adolescents*

Introduction

The role of the parents is very important in the life of the children and especially in the earlier years of development which are critical for the child's physical, social, and emotional growth. Parenting refers to an emotional environment of the parent–child relationship and parent's effort to organize and socialize their child and parenting style refers to the manner in which parent interact with their child (Maccoby & Martin, 1983). Parenting style play an important role in the development of parent-child/adolescent relationship that significantly contributes in the growth and development of personality of the children/ adolescents in a positive or negative direction (Baumrind, 1991a).

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According to Hardaway, Mclntyre, and Baldwin (2007), parenting style is one of the most widely studied variable in human development and it is broadly categorized into four types. *1). Authoritarian Parenting:* This style force the children to follow the parents' guidelines in a restraining and penalizing manner in which children have to manifest blind submission and follow strict discipline. Parents try to shape, organize, and assess the child's behavior and attitude according to their supreme values and sometimes children are verbally and physically abused. Their children may be good in education but have low social activity, lack of confidence and manifest sadness and anxiety (Baumrind, 1991b). *2). Authoritative Parenting:* This style is children centered and have both elements of demandingness and responsiveness in which parents are very watchful and curious about the children's need and concerns. These parents provide freedom of expression to the child, autonomy, and independence, but also set boundaries and restrictions for child's activities. Like authoritarian parents, authoritative parents also create set of laws, however, when their expectations are not fulfilled by the child, these parents are more fostering and sympathetic as opposed to punishing. They are dominant, but not interfering and preventive. Children and adolescents who have authoritative parents are found to be more social and capable ((Darling & Steinberg, 1993). *3). Permissive Parenting:* This style is also called indulgent parenting, is nondirective or moderate parenting style, which is encouraging, receptive and positive to the desires and needs of children and demand few expectations for the child. They live with the child as a friend rather than a parent, are not active participants in determining the actions of their child thus the children become confident and challenging. *4).Uninvolved Parenting Styles:* This style is often called neglectful, indifferent or dismissive parenting, is both unresponsive and undemanding toward the child. Parents are not involved in the life and development of child but they only provide them with their basic needs for living, such as food, clothing. These parents are also not supportive and are not emotionally attached, have low warmth and give little value to the child's feeling and opinion, which results into social seclusion, loneliness, fear, and anxiety among adolescents (Maccoby & Martin, 1983).

The word "adolescence" is Latin and derived from verb 'adolescere", which means "to develop into adulthood." Generally, adolescence is considered as a crossroad between childhood and adult, a transition from the infantile behavior of childhood into the maturity of adulthood. These transitions are physical, cognitive, social, and emotional in nature (Byrne, 2000). During these phases, children start taking interest in their outside life such as peers rather than parents and also try to have close relation with friends of their own age (Damon, 2000). Adolescents have

novel interpersonal and psychosocial experiences, which is required for the expanding social domain (Noom, Dekovic & Meeus, 1997). A number of theorists have described the developmental period of adolescence in different perspective. *1). Psychosocial Theory by Eric Erickson:* proposed eight stages of psychosocial conflicts and emphasized on social and cultural aspects of human growth (Hodges, Finnegan, & Perry, 1999). *2). Bronfenbrenner's Ecological or Contextual Theory:* emphasizes the role of parental emotional support necessary for healthy and positive growth of adolescents in the five environmental systems , which are micro system, ecosystem, exosystem, macro system, and choronosystem (Clark and McManus, 2002). *3). Vygotsky's Socio-cultural Theory;* stress the importance of parenting as large amount of learning of the child takes place through social interaction with parents (Vygotsky, 1978). *4). Lewin's Field Theory;* proposes that development is based on person and the environment. During this stage conflicts with parents results into emotional instability, value conflict, aggression towards peer group and emotional tensions and social anxiety (Lewin, 1951).

The present study deals with the role of parenting in the development of social anxiety among adolescents. In psychology, anxiety is an unpleasant feeling/emotion characterized by vague and unspecified harm. In contrast with fear, anxiety has no apparent reason. It is an influential bodily experience that may involve rapid or pounding heartbeat, difficult inhalation, tremulousness, agitation, dry mouth, tightness in the chest, sweatiness in palms, faintness, nausea, diarrhea, pain, sleeplessness, tiredness, loss of appetite, and sexual disturbances and sometimes these symptoms are mistaken for physical sickness. The person is unable to perform many activities at the same time and cannot manage plans and strategy efficiently (DSM-(IV) TR, 2010). Social anxiety is a type of phobia, which s of two types; specific phobia and social phobia/social anxiety. Social phobia/anxiety is an apprehension and irrational fear in social situations due to which a person avoids social interactions with other people in his surroundings. Its onset is in adolescence and results into emotional, social and psychological impairment (Albano, 1995). Social anxiety begins during late childhood and in early adolescence (12-13 years) however many adolescents reported a history of social shyness and anxiety much earlier (Moore & Schultz, 1983). There exists several theories regarding the phenomena of social anxiety. The *psychodynamic theory* (see; Gabbard, 1990), the *cognitive theory* (see; Clark & Wells 1995) and the *social learning theory* (see; Bandura, 1977).

Vast empirical data suggests the role of parenting and its effects on the personality of the adolescence. Some initial work in this area has been done in the eastern context. In eastern studies socially anxious children reported their parents as overprotective and neglecting and it was noted that absence of attachment with

parents, resulted into feeling of insecurity that generates symptoms of anxiety in children Anjum and Nakjam (2009). In the same vain, Yousaf and Masood (2008) found authoritative parenting style is positively correlated with the emotional adjustment of adolescents whereas authoritarian parenting result into anxiousness, maladjustment and other behavioral problems in their children. Regarding western data, Bruch, et al., (1989) studied that parents of socially anxious person deemphasize socialization, try to isolate them from social experiences, and overstate the opinion of others. Lamborn, Steinberg, Mounts and Dornbusch (1991) noted that adolescents who characterized their parents as controlling, demanding, or rejecting manifest more psychological and behavioral dysfunction. In another study Rogers, Buchanan and Winchell (2003) indicated that parents strict control predicted higher internalizing problems for children and suggested that overprotection by parents are positively related to anxiety disorders in adolescents. Similarly, Rork and Morris (2009) found an association between parental attitude (control and overprotection) and social anxiety in children. Parenting styles also play significant role in the academic achievement of the children and adolescence (Lamborn, Steinberg, Mounts & Dornbusch, 1991). Similarly, parenting style effects the confidence (Strage & Brandt, 1999), motivation (Gonzalez & Wolters, 2006), and social anxiety among adolescents (Gadeyne, Ghesquiere & Onghena, 2004). Regarding gender difference , several studies have found that that in girls, level of social anxiety is higher as compared to boys (LaGreca & Lopez, 1998).

To sum up parenting is a biological and social process and positive parenting style results into healthy and supportive atmosphere for children, whereas negative parenting generates social anxiety in children that lead to more psychological problems. The effect of parenting is a very important area of investigation all over the world. The researchers are keen to know about that the underlying dynamics of parenting styles and their effects on social anxiety. Although some initial work has also been done in the east, but in view of the importance of the area, the researcher is convinced that more work need o be done in Pakistan in order to generalize the results if earlier western and eastern findings. Accordingly the researcher planned to conduct a study to investigate the relationship between parenting styles and the level of social anxiety among Pakistani adolescents.

Objective

To investigate the relationship between parenting styles and social anxiety in Pakistani adolescents. Study also aims to explore the impact of gender differences in relation to parenting styles with respect to social anxiety and level of social anxiety.

Hypotheses

1. There will be a significant relationship between parenting styles and social anxiety among Pakistani adolescents.

2. There will be significant gender differences in parenting styles with respect to social anxiety.

3. There will be significant gender differences in the level of social anxiety.

Methodology

Research Design

Independent group design was employed in this study

Sampling Technique

Stratified sampling technique was used.

Sample

The sample for this study consisted of 200 adolescents (100 boys and 100 girls) whose age ranged from 18-20 years, whose both parents were alive, and who were studying in 1st year (Ist and IInd semester) of B.A/B.Sc. (Hons) in Punjab University, and GC University, Lahore.

Research Tools

1. **Social Anxiety Scale for Adolescents:** SASA was developed by © LaGreca (1998). It contains 22 items, 18 describe self-statements such as ("I worry about what others say about me") and 4 filler items (for example "I like to play football"). Each item is rated on 5-point Likert scale according to how much the item "is true for you" ranging from 1(not at all) to 5 (all the time). The score for each sub-scale can also be obtained from the sum of the items which make up each of the subscales or from the total score from the sum of all items except the 4 neutral ones. The cut off score for social anxiety is 37and score below 37 means absence of social anxiety in adolescents. This scale has test-retest reliability i.e. (.78) and has construct validity (La Greace & Lopez, 1998).

2. **Parent Attitude Inventory:** PAI developed by © Kuzgun (1972). This consists of separate evaluation of father and mother' parenting styles with a total 40 items each and each parent's attitude is related to 10 items. It measures four parenting styles i.e. authoritative, authoritarian, protective, and uninvolved parenting style. Items are distributed in a haphazard manner. Authoritarian parenting style is represented by items no (5, 9, 11, 12, 16, 17, 18, 25, 27, and 40). Protective parenting style is measured by (2, 4, 6, 10, 19, 21, 22, 30, 32, and 33).Neglectful parenting style has following items: (3, 8, 23, 24, 26, 28, 31, 34, 35, and 38). And finally, democratic parenting style is

presented by (1, 7, 13, 14, 15, 20, 29, 36, 37, 39) items. The reliability for each subscale is demandingness, (.69), responsiveness, (.87), autonomy-granting, (.82). This scale also has construct validity (Kuzgun, 1972).

Procedure: After seeking **o**fficial permission the institution, a written request was forwarded to the heads of departments of the two universities, for permission to collect data. After getting informed consent from the students, instructions were given to them and were encouraged to ask any question that comes into their mind. They were asked to fill the first part of the questionnaire regarding their demographics, before proceeding to the second (parenting style scales) and third part of the questionnaire (social anxiety scale). On completion of the questionnaires, the participants were thanked for their cooperation.

Results

The first hypothesis of the study was; 'There is a significant relationship between parenting styles and social anxiety among adolescents'. Ccorrelation was employed separately for fathers and mothers' parenting style and its relationship with social anxiety to verify the hypothesis.

Table 1a

Table showing the Relationship of Father's Parenting Styles and Social Anxiety in Adolescents (N= 200).

Variables	Social Anxiety	Authoritarian Fathers	Authoritative Fathers	Indulgent Fathers	Uninvolved Fathers
Social Anxiety	———	.26**	-.03	.17	.15*
Authoritarian Fathers	.26**				
Authoritative Fathers	-.03				
Indulgent Fathers	.17				
Uninvolved Fathers	.15*				

P< .05*p*< .01

Table 1b

Table showing the Relationship of Mother's Parenting Styles and Social Anxiety in Adolescents (N= 200).

Variables	Social Anxiety	Authoritarian Mothers	Authoritative Mothers	Indulgent Mothers	Uninvolved Mothers
Social Anxiety	———	.31**	-.01	.16	.23*
Authoritarian Mothers	.31**				
Authoritative Mothers	-.01				
Indulgent Mothers	.16				
Uninvolved Mothers	.23*				

P<.05 *p*<.01

The second hypothesis of the study was; 'There will be gender differences in the parenting styles of both parents for social anxiety'. Two way ANOVA was used to verify the hypothesis.

Table 2a

Two Way Analysis of Variance Gender and Parenting Styles of Parents in Relation to Social Anxiety (N=200)

Source of Variance	SS	df	MS	F	p
Gender	865.18	1	657	5.14*	.000
Parenting	998.045	9	110.8	7.21*	.025
Gender x Parenting	11946.9	7	278.14	5.33*	.015
Error	30615.10	182	168.21		

P<.05. The table 2a shows that F-ratios (5.14, 7.21, 5.33)*p<0.05 lie in the critical region and this verifies the second hypothesis.

Table 2b

Table showing gender differences in parenting styles: Means, SD, and t-value of Social Anxiety among Boys and Girls. (N=200)

Parenting Styles	N	M	SD	t
Authoritarian Mother	38	10.23	3.50	
				2.13*
Authoritarian Father	26	6.12	1.63	
Authoritative Mother	23	8.11	1.52	
				2.01*
Authoritative Father	31	11.3	2.10	
Permissive Mother	28	6.13	1.63	
				0.68
Permissive Father	25	8.11	1.42	
Uninvolved Mother	9	7.25	1.02	
				1.61*
Uninvolved Father	20	4.13	2.11	

P<0.05. The table 2b shows significant gender differences in parenting styles of both parents.

The third hypothesis of the study was: "There will be gender differences in the level of social anxiety" T-test was employed to verify the hypothesis.

Table 3

Means, SD, and t-value of Social Anxiety among Boys and Girls (N=200)

Programs	N	M	SD	t
Boys	100	35.92	12.40	
				2.61*
Girls	100	39.00	13.61	

df =198<0.05

Table 3 shows that girls have more social anxiety than boys and thus the third hypothesis is also supported.

Discussion

The first finding supports the first hypothesis that there is relationship between parenting styles and social anxiety among adolescents. This result is in accordance with several western researches. For example, Baumrind and Black (1967) found that in families where children were encouraged to ask questions, discuss matters with their parents and express their opinions, those children not only excelled in their cognitive skills, but also appeared to be more assertive, independent, and socially adequate compared to children from traditional families. Cooper (1994) found that love and encouragement that is given by parents make an adolescent interactive, confident and have high self-esteem. In another study Armsden and Greenberg (1987) found that tense parenting is negatively correlated with anxiety, irritability, anger and depression. Similarly, Berman, Heiss, and Sperling (1994) reported negative correlations between parent-adolescent attachment, loneliness and depression. In a retrospective study by Arrindell et.al., (1983), in which they found that persons with social anxiety recall their parents as lacking in emotional warmth and being rejecting and overprotective. Similarly, diverse studies noted that parents of anxious children are often described as affectionless, demanding, encouraging of avoidant behavior, discouraging of pro-social behavior (Bruch et.al., 1989; Wiborg & Dahl, 1997). And a study by Neal and Edelmann (2003) found that social anxiety symptoms to be positively associated in general with parental rejection, over control and anxious rearing. They concluded that early social relationships between the child and parent are most likely essential to a child's appropriate emotional and social development.

The second finding of this study also supports the second hypothesis that gender difference in parenting styles plays an important role in social anxiety among adolescents. This result is also in accordance with several western researches. A research by Maccoby and Martin (1983) indicated that adolescents who have authoritarian mothers have poor peer relationships, social anxiety, and anti-social behavior. Other studies by (Eagly & Steffen, 1984 and Slavkin & Stright, 2000) also indicates that children of authoritarian and overprotective mothers suffer socio-emotionally as well as with respect to cognitive development and academic achievement than parenting styles of father. In the same vain, Garson (2000) found that mother's overprotection and authoritarian behavior is a source of social anxiety in children and adolescents. Craig (2006) noted that because mothers spend more time taking care of children than fathers,

so mothers are more responsible for external (aggression) as well as internal problems (shyness, anxiety) of their child. In another study Rebecca and Dion (2007) investigated the parenting styles of Asians parents and they found that socially anxious adolescents perceived their mothers as authoritarian and overprotective. The results of another study by Chao (2001), show that authoritarian mothers demand strict obedience, which may sometime results into anxiousness, depression and anti-social behavior among adolescents.

The third findings of the present study also supports third hypothesis that there is a gender difference in the level of social anxiety. According to the findings, girls have more social anxiety than boys. The interaction between the gender socialization and the shaping of a child's reaction to stressors appears to impact the development of social anxiety. The results are similar to several findings of previous researches. A study by Schneier et,.al., (1992) noted that girls express more anxiety because they are more sensitive and emotional than boys. La Greca and Lopez (1998) concluded that social anxiety is strongly linked with girls' than boys. A famous study by Wittchen, Stein and Kessler (1999) found that life time prevalence of social anxiety was higher in female than males. According to Dewitt (2005) social anxiety in girls is associated with parent- child conflicts, childhood physical abuse, and maternal mania, whereas in boys social anxiety is linked with the absence of a parent or adult confidant. Finally, in another study by Deardorff et.al., (2007) higher social anxiety among girls was found to be due to gender-specific stressors that girls face during that time, including body dissatisfaction, and restricted gender roles.

Conclusion

The present study found a significant relationship between parenting styles and social anxiety, indicating that parenting has great influence on the personality development of the child. It was noted that the authoritarian parenting style of mother and uninvolved fathers are more responsible for social anxiety among adolescents. The results indicate that if parents' behavior is strict and demanding during the growth of child then the child feels insecurity and has lack of confidence in a social setup. During adolescence, a person needs free will to see and analyze the society in his/her own way. During that time period, restricted, controlled or too much over protected parenting styles are like obstacles for mental and social development. Finally, the results also showed that girls have more social anxiety than boys, indicating that girls are more sensitive than boys.

Limitations & Suggestions

The major limitation of the study is age range of the participants as all the

data was drawn from university students. Secondly, data was only collected from educated boys and girls and thirdly that data was not collected from parents. The results of the study could be more generalized by taking a broad based sample of earlier age range from school because the onset of social anxiety takes place in early adolescence. And the inclusion of parents that how they perceive their parenting styles, may be also helpful and valuable.

Implications

The theoretical implication of this study rests in its contribution to two areas of psychology i.e., developmental and social psychology. And practical implication of this study seems to that it points out that parenting styles significantly affect the social development of adolescents. This study can be helpful for children, parents and teachers to know that social anxiety is also an hurdle in their academic achievements and success in life, so they must make effort to overcome it.

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Impact of Work Place Harassment on the Organizational Performance

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In recent increase of multi-cultural employees in the organizations has become a challenge for the employers on national and international levels. A healthy and professional environment is necessary for the better outcomes of every organization. At work place harassment is considered as one of the biggest challenges to retain organization's human resource. This is a fact that organizations always achieve their Goal through their employees. This is a great challenge of global organizations in which workplace harassment actually exists in organizations and creates negative impact on employee's performance. It is an alarming situation that employees are not feeling convenient to the workplace. This study focused on the impacts workplace harassment on the performance of the organizations as a case study of National Bank of Pakistan, Hyderabad region and focused on individual employees. This study is based on survey method in which twenty close ended questions and Likert's scale is used to collect primary data. The data were collected from four different branches of National Bank of Pakistan, Hyderabad Region, from 40 respondents including Top, Middle, and Operative Management, especially from human resource Regional Department. After analyzing data, it is presented in Tables, followed by statistical techniques and analysis is summarized in survey note for each question. In the last; data is also presented in the comprehensive table as a Summary of all questions. Where, secondary data is collected from different books, internet, magazines and news papers. The results show that majority of the respondents supports problem statement, and their point of views is in our favor, that there are severe impacts of workplace harassment on the performance of the organizations. There is a great need to educate employees to curb workplace harassment through different self-developing and psychological trainings. There are some recommendations that can help organizations to decrease work place harassment from workplace.

Key words: Multi-cultural employees, professional environment, workplace, Organization, Harassment

Introduction

The issue of workplace harassment has been a growing concern that has received a lot of national and international attention in the recent past. A number

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of international initiatives have been taken to restrict the workplace harassment across the world. Many efforts have been taken to provide safe working environment to workers and for this purpose with the help of legislative amendments. Bernold, Simaan and Abou [2010]. A great number of local occupational health and safety acts revised by making changes in the definition of harassment. At best organizational environment any aggressive attitude can not be tolerated that can create mental health problems among the working assets of the organization. Workplace harassment is the any uninvited verbal, on paper or corporal manner that shows unfriendliness towards a person on the basis of gender, origin, affiliation or religion that can create unpleasant working environment that ultimately effects the performance of employees in the organization and also damages the image of the organization [Einarsen, Hoel. Zapf & Cooper, 2003]

Literature Review

Lisa Guerin define Harassment as offensive, unwelcome conduct while Barbara and Repa in 2010 workplace harassment as unwelcome and physical and verbal conduct on the job that creates offensive working environment. Bernold, Simaan and Abou Rizk considered it as abusive attacks that are deliberate repeated to harm the targeted personals health or economic status through social isolations. Einarsen, Hoel, Zapf & Cooper in 2003 considered the definition of bullying is socially harnessing anyone at workplace that can hinder him or her to perform work or to achieve target [Werther & Keith, 2003]. Good behavior at work can effect positively on workers performance and create effective impact on the performance of the organization. [Bohlander, George and Scott, 2004]. Workplace harassment creates negative work in effectiveness and efficiency of the organization. Workplace harassment always creates mental and emotional pain [William & Davis, 2003. Shouting at workers, anger and irritability, denial to hand over effort, dispersal report about the aim, unproven condemnation, laugh at, loneliness as terrorization at place of work. Workplace harassment is verbal and nonverbal aggression at work [William, Davis, 2003]. Systematic aggressive communication is dangerous for organizations Bohlander. George and Scott, 2004]

Objectives of the Study

The main objectives of this work is to get information that how work place harassment impact on the performance of employees in the organizations that ultimately effect on the mission, revenue, image, productivity, efficiency and effectiveness of the organizations. What steps should be taken by the organizations to stop for the betterment.

Limitations

There might be many reasons of increasing the work place harassment; such as language, color race, sex, color, national origin, religion, political affiliations, sexual orientation, age, veteran status, and disability, and currently it is exists in every organization on some extent. To limit the study, the focus is on the work place harassment women act 2010 and its effects on the employees and the organization performance. Work place harassment is the negative action which is considered the hygienic factor for the employees, and organizations usually do not highlight. It is assumed that the work place harassment has negative impact on the performance of the organizations.

Significance of the Study

It highlights the opinion forty respondents (top management, middle management, and operational management specially HR department), who belong to four different branches National Bank of Pakistan. It really helps to understand that how Organizations of Pakistan can further control its work place harassment by facilitating employees, and capture quality human resource from the market to be an employer of choice for fostering organizational efficiency.

Statement of the Problem

The workplace harassment exists in the most of the organizations where employees harassed by the different ways and cause severe mental and physical health problems. Employees neither encourages to report against the harasser nor organizations educating employees to counter this kind of environment. This attitude not only brings negative change but affects the performance of employees that ultimately affects the organization output as well as the image of the organization through out the market.

Method

This study based on primary and secondary data. A questionnaire is administered in front of bank's respondent followed by interview. The questionnaire contains twenty close-ended questions and Likert's scale to collect data. the survey was conducted in four different branches of National Bank of Pakistan, namely NBP Regional HR, NBP Fatima Jinnah road Branch, Latifabad Commercial Area Branch & NBP Latifabad Hyderabad Branch (top management, middle management, and operational management). Bank's employees' respondents were the source of primary data. For the purpose of data collection, forty respondents were randomly selected from the above mentioned bank's Branches (10 from each branch). The secondary data is collected from different

books, internet websites, and policies of different organization, News papers, and magazines. The collected data was classified and placed in the tables; Statistical techniques such as percentage are applied to interpret the data.

Analysis of Data

We have primary data for analysis. Primary data is collected through questionnaire. The questionnaires were administered to bank's respondents who belonged to National Bank of Pakistan four different branches. The questionnaire consisted of twenty close-ended questions with five likert scale. The participants were simply required to choose an appropriate one. The collected data is presented in tables which show the view point of respondents regarding each question. A brief survey note is also given in the end of each table of data for each question and in the last a comprehensive table of all questions is also presented in order to get the summary of analysis in one eye.

Table-1 Workplace Harassment Brings Negative Change in the Organization

Bank Options	NBP Regional HR (sample of 10)	NBP Fatima Jinnah (sample of 10)	NBP Latifabad (sample of 10)	NBP Latifabad Commercial (sample of 10)	Total	%
Agree	8	9	9	9	35	87.5
Disagree	1	1	1	1	4	10
Strongly Agree	1	0	0	0	1	2.5
Strongly Disagree	0	0	0	0	0	0
Neither Agree nor disagree	0	0	0	0	0	0
					40	

Survey Note:- The result shows that 87.5 % bank's respondents agree that workplace harassment brings negative change in the organization, whereas 10 % said "Disagree", 2.5% said they are "strongly agree". The over all result support our problem statement.

Table-2 Workplace Harassment Affects the Performance of Organization

Bank Options	NBP Regional HR (sample of 10)	NBP Fatima Jinnah (sample of 10)	NBP Latifabad (sample of 10)	NBP Latifabad Commercial (sample of 10)	Total	%
Agree	9	9	9	9	36	90
Disagree	0	0	0	0	0	0
Strongly Agree	0	0	0	0	0	0
Strongly Disagree	0	0	0	0	0	0
Neither Agree nor disagree	1	1	1	1	4	10
					40	

Survey Note:- The result shows that 90 % bank's respondents "agree" that workplace harassment affects performance of the organization, whereas 10 % said they are "neither they agree nor disagree". The over all result support our problem statement.

Table-3 Work place Harassment Decrease the Organization Efficiency

Bank Options	NBP Regional HR (sample of 10)	NBP Fatima Jinnah (sample of 10)	NBP Latifabad (sample of 10)	NBP Latifabad Commercial (sample of 10)	Total	%
Agree	4	2	2	1	9	22.5
Disagree	1	2	1	0	4	10
Strongly Agree	4	5	4	5	18	45
Strongly Disagree	0	0	0	0	0	0
Neither Agree nor disagree	1	1	3	4	9	22.5
					40	

Survey Note:- The result shows that 22.5% bank's respondents "agree" that workplace harassment decrease efficiency the of the organization, whereas 10% disagree 45% said they are strongly agree and 22.5% said "neither agree nor disagree". The over all result support our problem statement.

Table-4 Diversity of the Culture in the Organization Creates Opportunity for the Harasser

Bank Options	NBP Regional HR (sample of 10)	NBP Fatima Jinnah (sample of 10)	NBP Latifabad (sample of 10)	NBP Latifabad Commercial (sample of 10)	Total	%
Agree	10	10	10	10	40	100
Disagree	0	0	0	0	0	0
Strongly Agree	0	0	0	0	0	0
Strongly Disagree	0	0	0	0	0	0
Neither Agree nor disagree	0	0	0	0	0	0
					40	

Survey Note:- The result shows that 100 % bank's respondents "agree" that the diversity of culture in the organization creates opportunity for the harasser. The over all result support our problem statement.

Table-5 Workplace Harassment Affects the Image of the Organization in the Market

Bank Options	NBP Regional HR (sample of 10)	NBP Fatima Jinnah (sample of 10)	NBP Latifabad (sample of 10)	NBP Latifabad Commercial (sample of 10)	Total	%
Agree	7	6	8	9	30	75
Disagree	2	3	2	1	8	20
Strongly Agree	1	1	0	0	2	5
Strongly Disagree	0	0	0	0	0	0
Neither Agree nor disagree	0	0	0	0	0	0
					40	

Survey Note:- The result shows that 75 % bank's respondents "agree" that workplace harassment affects the image of the organization in the market, whereas 20% disagree 5% said they are strongly agree. The over all result support our problem statement.

Table-6 Work place Harassment Impact on Employee's Career Prospect

Bank Options	NBP Regional HR (sample of 10)	NBP Fatima Jinnah (sample of 10)	NBP Latifabad (sample of 10)	NBP Latifabad Commercial (sample of 10)	Total	%
Agree	5	6	6	5	23	57.5
Disagree	0	1	1	1	3	7.5
Strongly Agree	5	3	3	4	16	40
Strongly Disagree	0	0	0	0	0	0
Neither Agree nor disagree	0	0	0	0	0	0
					40	

Survey Note:- The result shows that 57.5 % bank's respondents "agree" that workplace harassment has serious impact on employee's career prospects, whereas 7.5% disagree 40% said they are strongly agree. The over all result support our problem statement.

Table-7 Workplace Harassment Creates Emotional and Mental Stress in Employees

Bank Options	NBP Regional HR (sample of 10)	NBP Fatima Jinnah (sample of 10)	NBP Latifabad (sample of 10)	NBP Latifabad Commercial (sample of 10)	Total	%
Agree	8	7	5	5	25	62.5
Disagree	0	0	0	0	0	0
Strongly Agree	1	1	3	3	8	20
Strongly Disagree	0	1	1	1	3	7.5
Neither Agree nor disagree	1	1	1	1	4	10
					40	

Survey Note:- The result shows that 62.5 % bank's respondents "agree" that workplace harassment e creates emotional and mental stress in the employees, whereas 20% said they are strongly agree and 7.5% said strongly disagree and 10% "neither agree nor disagree".

Table-8 Workplace Harassment Reduce
Self-Esteem in Employees

Bank Options	NBP Regional HR (sample of 10)	NBP Fatima Jinnah (sample of 10)	NBP Latifabad (sample of 10)	NBP Latifabad Commercial (sample of 10)	Total	%
Agree	8	7	8	9	32	80
Disagree	0	2	1	0	3	7.5
Strongly Agree	1	1	0	1	3	7.5
Strongly Disagree	0	0	0	0	0	0
Neither Agree nor disagree	1	0	1	0	2	5
					40	

Survey Note:- The result shows that 80% bank's respondents "agree" that work place harassment reduced the self-esteem in employees in the employees, whereas 7.5% disagree and 7.5% said they are strongly agree and 5% said they are neither agree nor disagree. The over all result support our problem statement.

Table-9 Work Place Harassment Increases
Grievances in Organizations

Bank Options	NBP Regional HR (sample of 10)	NBP Fatima Jinnah (sample of 10)	NBP Latifabad (sample of 10)	NBP Latifabad Commercial (sample of 10)	Total	%
Agree	9	7	5	8	29	72.5
Disagree	0	2	2	0	4	10
Strongly Agree	0	1	1	1	3	7.5
Strongly Disagree	0	0	0	0	0	0
Neither Agree nor disagree	1	0	2	1	4	10
					40	

Survey Note:- The result shows that 72.5% bank's respondents "agree" that work place harassment increases grievances resignation and request for transfers, whereas 10% disagree and 7.5% said they are strongly agree and 10% said they are neither agree nor disagree. The over all result support our problem statement.

Table-10 Control of Workplace Harassment Bring Positive Change in Organization

Bank Options	NBP Regional HR (sample of 10)	NBP Fatima Jinnah (sample of 10)	NBP Latifabad (sample of 10)	NBP Latifabad Commercial (sample of 10)	Total	%
Agree	8	7	4	9	28	70
Disagree	0	0	0	0	0	0
Strongly Agree	2	3	6	1	12	30
Strongly Disagree	0	0	0	0	0	0
Neither Agree nor disagree	0	0	0	0	0	0
					40	

Survey Note:- The result shows that 70% bank's respondents "agree" that control of workplace harassment could be helpful to bring positive change in organization. Where as 30% are strongly agree. The over all result support our problem statement.

Einarsen, Hoel. Zapf & Cooper. [2003] said a great number of psychosomatic and bodily damage or sickness of workers out at workplace reason harassment plus High point of grief, weaken talent to make conclusion and deprived awareness, failure of self-confidence and self-esteem and approach of societal loneliness at work, terror assault, nervousness chaos, sadness,

Barbara Kate Repa J.D, 2010 said It makes good commerce intellect to make certain workplace harassment is disallowed or forbidden. Organizations which do not successfully pact with workplace harassment are at towering jeopardy of incurring significant human and financial costs foremost to the stop working of teams and individual dealings, underprivileged employee physical condition, condensed competence, output and effectiveness, Bad advertising, poor civic representation – fetching 'known' as a tricky workplace, amplified absence and staff yield, Poor self-esteem and erosion of worker trustworthiness and dedication.

Conclusion and Recommendations

The impact of work place harassment is severe, on the performance of the organizations. It directly affects the performance of the employees, and brings negative change in the organizations workplace, which decreases performance of the employees and efficiency of the organizations. When this negative factor exists in the organization premises, it also gives bad impact on the image of the organization in the Market. It creates emotional and mental stress in the

employees, which has serious impacts on employee's career prospects. It leads to the failure to meet goals, team work, and job satisfaction, which is not a sign of well matured and professional environment. This factor reduces the trust factors among the employees and long term interpersonal relationship.

The Organization must have to develop the policies, procedure and training program to avoid as well as overcome the workplace harassment in order to meet with professional and convenient environment for the both males and females because Human capital is that capital, if once it losses its trust and never comes back. Government should take few measures for proper implementation of women workplace Harassment Act, 2010 and Organizations should introduce training programs on workplace harassment. Females' employees should encourage to report against harasser and In every work place there should be one supervisor, who used to control workplace environment. Religious educations could play pivotal role to curb this environment and Psychological training programs could be helpful to curb workplace harassment and Social / Non-governmental Organizations should educate society through workshops and seminars.

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Heterostereotypes of Pakistanis Towards Americans in The Context of War Against Terrorism

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The objective of the present study was to measure Pakistani Public's images towards Americans in the context of war against terrorism. After 9/11 event and Pakistan's coalition with US-led international forces, the US leadership termed Pakistan a significant ally nation. Throughout the last twelve years, in spite of counter terrorism cooperation we are consistently facing 'do more' American policies and American drone attacks, which are in turn evolving a shift in negative images for Americans as perceived by common Pakistanis. By considering the existing facts, the researchers tried to measure hetero-stereotypes of Pakistanis for Americans by using semantic differential technique and questionnaire method. Although on the basis of qualitative inquiry the respondents not termed 'Americans' as enemies but it was hypothesized that due to not considering the Pakistani public opinion as significant factor in policy making by Pakistani Government and America, the Pakistani public would perceive negative images for Americans in the context of war against terrorism. For this purpose semantic differential scale and War against Terrorism Questionnaire were administered on 300 common Pakistanis by researchers. The results revealed that the Pakistanis are not in favor of being part of war against terrorism and they consider it as an imposed situation. The slight difference in ratings of Pakistanis towards Americans in two situations could be understandable in the context of war against terrorism and its consequences.
Key Words: *War against terrorism, Heterostereotypes, Americans, Pakistanis*

Introduction

Since the event of September 11, 2001 and the Pakistani Government's decision related to joining US-led international coalition with war against terrorism, there is a serious debate among Pakistanis for justification of participation in the war. At that time while giving briefing to the nation, President Mussharaf said: "According to Islamic shariah, if there are two difficulties at a

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time and a selection has to be made, it is better to opt for the lesser one." And according to his opinion saying 'no' could be a way for self-destruction. The decision that came at that time is perceived by nation as an imposed decision so that after approximately twelve years the Pakistani nation is still confused for the rightness and wrongness of the government's decision and policies for war against terrorism.

Terrorism is defined by Crenshaw (2000) as: "A particular variant of the use or threat of violence to oppose the authority of governments. It is intended to shock and horrify an audience that extends well beyond its immediate victims, and it often succeeds." It is not a consequence of psychopathology and we have no evidence of 'terrorist personality'. Terrorism is performed in the service of revolutionary, nationalist, right extremist, or religious participation and usually a form of organized, deliberate and well calculated act not based on spontaneous reaction (Crenshaw, 2000).

Stereotyping was defined by Haque (1984) as: "simplified cognition which brings simplicity in our cognitive functions." Stereotypes has been termed as 'ethnic' or 'national' Ethnic means simplified cognition on the basis of racial, religious or lingual basis within a nation; and national can be explained in terms of shared images in a national group for themselves (e.g. Pakistanis' perception towards themselves) or about other nations (e.g. Pakistani public's perceptions towards Americans). Triandis et. al (1982) defined the concepts as: "The attributes that a group assigns to one's own group is 'auto-stereotype' and the attributes that are assigned to another group is 'hetero-stereotype'. The main features of these definitions are focused on the fact that stereotypes are shared beliefs by members of a given group; they may share either favorable or unfavorable connotation.

One most popular method for measuring nationality stereotypes "Katz-Braly Technique (1933)" was found very effective by various psychologists (In India: Rath & Das, 1958; Sinha and Upadhyaya, 1960; In Pakistan: Sailer, 1955; Zaidi and Ahmed, 1958; Zaidi, 1964). In Pakistan investigating change and persistence in stereotypes has been investigated by Haque and Sabir (1971). They made a comparative analysis of 6 national groups, including auto-stereotypes over a period of 18 years since Sailer's (1955) study conducted in Lahore.

In investigating intergroup relations, Pakistan has a very long and sound history with United States of America. We have a series of episodes depicting a sound relationship history between two nations. In an earlier study Zohra & Haque (1992) two decades back studied Pakistani images for four national groups

namely, Americans, Iraqis, Kuwaitis and Saudis before and during Gulf war. The results indicated a positive image of Pakistanis for Americans before Gulf war and a shift in sentiments from positive to negative during Gulf-war. During Gulf war US-Pak relations were cold and United States of America had stopped all kinds of aid for Pakistan. Another factor that contributed to negative Pakistani sentiments for Americans at that time was that America and allied forces attacked Iraq, a Muslim country, which made a positive change for Iraqis and change in hetero-stereotypes for Americans in negative direction.

The objective of the present study was to measure Pakistani Public's images towards Americans in the context of war against terrorism. American and Pakistani Government's combine efforts for minimizing terrorism without considering human factors are evolving a shift in negative images for Americans as perceived by common Pakistani man. By considering the above points the researchers tried to measure hetero-stereotypes of Pakistanis for Americans by using semantic differential technique and questionnaire method. It was hypothesized that due to not considering the Pakistani public opinion as significant factor in policy making by America the Pakistani public would perceive negative images for Americans in the context of war against terrorism.

In the light of above objectives of study the following hypotheses were formulated:

1. Pakistani public would have negative attitude towards war against terrorism; and

2. Pakistani public would perceive negative images for Americans in the context of war against terrorism.

Method

Subjects

A total of 300 respondents belonging to different linguistic groups, age group, social class, and educational status participated in the study in Karachi, Pakistan. The age range of the subjects was 18-57. Both the gender constituted the sample but majority (Approx. 79%) was males. All the subjects were selected by convenience sampling. Verbal consent was taken and purpose of research was told by researchers to the participants of study.

Instruments

Semantic Differential Scale

All the subjects completed semantic differential forms with ten evaluative scales in two situations, one before administering the war against terrorism questionnaire

and second time after administering war against terrorism questionnaire. The scales were: "honest-deceitful, dependable-unreliable, kind-cruel, peaceful-aggressive, religious-faithless, brave-cowardly, friendly-treacherous, hospitable-miserly, simple-crooked, scientifically- minded non-scientifically minded." The instrument provided internal check against internal consistency by presenting the scale for subjects in random. Many researchers found semantic differential technique as effective in studying national stereotypes (Salazar and Marin, 1977; Haque and Lawson, 1980; Zohra & Haque 1992).

War against Terrorism Questionnaire

For this research we have developed War against Terrorism Questionnaire. The scale consist of 16 items measuring Pakistani general public's attitude towards war against terrorism on 5 point scale ranging from almost true to almost never true. A score of 5 is assigned to almost always true and 1 is assigned to almost never true. Greater scores on scale shows negative attitude towards acceptance of war against terrorism. Alpha reliability of the scale is 0.73 which shows psychometrically sound value for using it with target population.

Research Design

Individual Administration of Measures	Total Sample (N=300)
1. Semantic Differential Scale (Pre-Phase)	
2. War against Terrorism Questionnaire	
3. Semantic Differential Scale (Post-Phase)	

Results and Discussion

Table 1

Table 1 showing Means and SD of Pakistani Public attitude on War Against Terrorism Questionnaire

Scale	Respondents	
War against Terrorism	(N=300)	
Questionnaire	Means	SD
	59.90	12.70

Table 1 shows mean scores of Pakistanis on War against Terrorism Questionnaire which shows that Pakistani respondents are not in favor of war against terrorism and they consider it as war of others which has been imposed on them. Another Pakistani researcher Akbar (2011) at Glasgow, UK reported:

"Pakistan as part of war against terrorism has faced uncalculated loss in terms of economic damage. Drone Attacks on consistent basis is causing anti-Americanism among Pakistani public, but the Washington is still pressurizing Islamabad to do more to eliminate extremism". This research is providing support to results of the present study that without involving Pakistani public's opinion how it would be possible both for Islamabad and even for Washington to continue and succeed the desired task. A very interesting remarks quoted by Fair & Jones (2010) that one Pakistani army officer disliked killing his own people and told that he had joined army to kill the Indians and not his countrymen. Fair & Jones (2010) further reported a survey conducted on 1000 urban Pakistanis in 2007. In the survey the respondents were given three choices and they have to pick one that best represents their views. According to results 46% respondents picked the choice 'B' that was: "The government should not try to exert control over FATA but should try to keep the peace through negotiating deals with local Taliban". Majority of respondents think that the statement 'B' best represents their views. This means that most desired aspect for Pakistanis is the government's policy towards FATA should be to deal with militants. The results of the survey also depicts that Pakistani public own their countrymen and want to solve the problems related to terrorism on their own.

Table 2

Table 2 shows Mean Scores of Pakistani General Public towards Americans on Semantic Differential Scale in two situations (one before administering war against terrorism questionnaire and secondly after administering the war against terrorism questionnaire)

Scales	Americans	
	Means	
	Before	After
Honest-Deceitful	3.08	2.31
Dependable-Unreliable	3.80	2.44
Kind-Cruel	4.67	3.13
Peaceful-Aggressive	3.03	2.78
Religious-Faithless	4.03	2.33
Brave-Cowardly	5.58	3.78
Friendly-Treacherous	4.89	2.44
Hospitable-Miserly	4.76	3.13
Simple-Crooked	3.90	2.44
Scientifically Minded/ Non-Scientifically Minded	6.50	4.67

Table 2 shows Pakistani public's ratings for Americans as national group (Hetero-stereotypes) in two situations. In situation 1 the researchers simply took ratings for Americans as national group and then administered War against Terrorism Questionnaire, which served in two way: first it measures Pakistanis liking or disliking for being within this war and their attitude (favorable or unfavorable) towards war against terrorism and secondly, it served as inducing factor in before-after research design for reminding them that we are in this trouble due to intruding factors. So, as expected the respondents rated more unfavorably for Americans in post-phase where they labeled all the adjectives more negatively as compared to pre-phase. The semantic differential forms contain one question that whether they would place Americans in enemy category, 89% Pakistanis replied no. This shows that this war is serving major contributing factor for anti-American sentiments and attitudes among Pakistani public. Earlier, in a study conducted by Zohra & Haque (1992) in the context of Gulf war investigated change in Pakistani stereotypes during Gulf war. At that time the data was collected in two phases, one before Gulf war and secondly during Gulf war. The results showed that the Pakistani respondents during war made more positive ratings for Iraqis and more negative ratings for Americans. The comparison of before-and during Gulf war data revealed a sharp change in the images and were explained in terms of psycho-religious sentiments of Pakistanis during the Gulf-war.

Conclusion

The Pakistanis hetero-stereotypes towards Americans in the context of war against terrorism showed negative images and in calculating the impact of situational effects on analyzing public opinion depicts more intensified negative stereotyping due to induced factor. Sherif (1966) holds that the problem of group stereotypes is the problem of shared beliefs and not a problem of hates and unfavorable beliefs of a few frustrated individuals. Thus, group stereotypes in terms of intergroup relations may be defined as most widely shared favorable or unfavorable group beliefs about various ethnic or national groups over a period of time. It seems that a better solution for solving the target problem (i.e. eliminating terrorism) is possible by involving a more humanitarian perspective in consideration. So, if taking action against few terrorist may contribute halo effect for negative stereotyping of Americans then a major positive consideration for establishing a culture of peace and human security for the betterment of whole Pakistani nation may mitigate anger of Pakistanis towards Americans.

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Impact of Leadership Styles of School Administrators/ Principals on Teachers' Motivation

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This study was conducted to find out the impact of leadership styles of administrators/ principals of special schools and ordinary schools in Karachi on school teachers' motivation. The study also aimed to investigate the job satisfaction of teachers working under different styles of leadership of their administrators/ principals. Results of this study indicated that mostly administrators/principals used democratic style of leadership which enhances teacher's motivation that can be observed by their job satisfaction, which in turn is reflected through their involvement in; curricular planning, decision making and goal setting process. The study suggested developing a continuous professional development programme to enhance the leadership skills among the school administrators/principals to have a positive influence on teachers' motivation, which in turn have a direct impact on students' achievement and ultimately improving school performance significantly. The findings of the study have significant implications to school administrators and teachers to achieve the goals of the organizations.

Introduction

Educating a nation is an important strategy for the development of the society throughout the developing world (Aikaman & Unterhalter, 2005) and the leadership at the educational institutes play a vital role in educating the young generation. Leaders in educational institutions are responsible for all the tasks to be completed by group, and at the same time achieve the goals of groups through collaboration and commitment of group members (Cole, 2002). Leadership in schools is responsible for effective performance by accomplishment of tasks through reinforcement like recognition, conditions of service and morale building, coercion and remuneration (Balunywa, 2000). A study by Nsubuga (2008) recognized that the head teachers should have good knowledge of management and leadership to improve the school performance significantly whereas Maicibi (2003) highlighted the importance of proper leadership style for effective performance of schools. Fullan (2002) says that the difference between success and failure of any school is the quality of the principal. A Pakistani study reveals that principal's or headmaster's management is directly related to the desired outcome and set goals assigned to the educational instituting (Zill-E-Huma, 2005).

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The administrators/principals play a key role in an educational institute at all levels of education i.e. primary, secondary and higher education. They are the team players to achieve the goals of their educational institute and in this team teachers contribute a lot but their performance mainly depends on leadership style of their administrators/principals. The performance of the teachers has a direct impact on learning outcomes of their students. A research by Castiglia (2006) highlighted that the teachers are the helmsman in the class room and are responsible to motivate the students. Another Pakistani study by Hussain (2012) conducted to find out the motivation of students towards their study, reported that the majority of the students were of the view that they are motivated towards study due to their teacher's behavior.

In Pakistan limited studies have been conducted on the leadership styles of administrators/principals and its impact in educational settings. The scenario of researches in the field of educational management in our country's perspective has intrigued the researchers to conduct a research in this particular field in the context of education. So this study aimed to investigate the impact of leadership styles of administrators/principals of special schools and general schools on school teachers' motivation. The findings of the study have significant implications to the school principals/ administrators, and teachers to achieve the goals of the organization.

Method

Participants and Procedure

The present study aims to explore the impact of leadership styles on school teachers' motivation. Fifteen administrators/principals and 30 teachers from eight special schools and 15 administrators/principals and 30 teachers from eight general schools (having no child with disability) in Karachi city, which is in Sindh region of Pakistan. Out of eight special schools, two school for hearing impaired students, two schools for visually impaired students, two schools for physically impaired students and two schools for children with intellectual disabilities were selected for the purpose of study. Only those schools were selected which were easily approached and whose principals gave consent to participate in the study. Out of eight special schools, one special school was run by government (this is the only Government special school in Karachi city) and seven were private schools run by Non Government Organizations (NGOs). In ordinary schools, four were private and four were government schools. Survey and interview methods were used in the data collection. All the respondents were interviewed in their schools with the prior permission of school authorities.

Instrument

Two structured questionnaires were designed based on literature review and were pretested on three administrators/principals and three teachers from two special schools and three administrators/principals and three teachers from two general schools in Karachi. The

questionnaires were reviewed by four experts in the field of special education and management sciences. After minor grammatical corrections and rephrasing, the revised questionnaires were designed. The questionnaire designed for the administrators/principals, investigated their leadership styles as autocratic (authoritarian style), democratic style or laissez-faire style. This questionnaire consisted of eight questions to provide information regarding; opinion of administrators/principals about involvement of teachers in organizational goal setting (question one), the co-operation of teachers with principals/ administrators in achieving goals (question two); involvement of teachers in decision making process (question three), involvement of teachers in planning curriculum, giving educational instructions, and organizing their classroom (question four), autonomy given to teachers to bring changes in curriculum, educational instructions, and classroom organization (question five), timely feedback given to teachers about their performance by their administrators/ principals (question six); acknowledging performance of their teachers (question seven); and the type of appreciation given to teachers on doing good job (question eight). The questions from one to seven were designed on three point rating scale; mostly, sometimes and never, whereas question number eight was a closed ended question.

The second questionnaire designed for the teachers consisted of eight questions to find out the effects of leadership of administrators/principals on their (teachers) motivation level that is reflected through their positive attitude towards their administrators/principals, and their job satisfaction. The attitude of teachers towards their administrators/principals was measured by question one and two. The first question was designed to explore the satisfaction of teachers with their administrators/ principals on three point rating scale; mostly, sometimes and never. The second question was closed ended designed to explore the qualities of administrators/ principals that inspire their teachers. Questions three to nine were designed to find out the job satisfaction of teachers on a three point rating scale; mostly, sometimes and never whereas question ten was closed ended questions. The job satisfaction of teachers was measured by such factors as; their involvement in organizational goal setting (question three); their co-operation with principals/administrators in achieving organizational goals (question four); their involvement in decision making process (question five); their involvement in planning curriculum, giving educational instructions, organizing their classroom (question six); having autonomy to bring changes in curriculum planning, educational instructions, and classroom organization (question seven); the feedback given by the administrators/ principals to teachers on their performance (question eight); acknowledging performance of teachers by their administrators/principals (question nine); and the type of appreciation given to teachers by administrators/principals on doing good job (question ten).

Data Analysis

Data from the questionnaires was analyzed using descriptive statistics. The results

were compiled in the form of tables. The Statistical Package for Social Sciences (SPSS), computer software was used to analyze data.

Results

Responses of administrators/principals mentioned in table 1 reveals that mostly administrators/principals both from special schools and general schools used democratic style of leadership which is indicated by such factors as; the involvement of teachers in decision making, co-operation of teachers with principals/administrators in achieving goals, provision of direction by the principals/administrators to their teachers, involvement of teachers in goal setting process, involvement of teachers in curriculum planning, educational instructions, and classroom organization, and timely feedback given to teachers about their performance by their administrators/principals most of the time.

Table 1
Responses of Administrators / Principals (N = 30)

Description	Administrators / Principals form Special Schools (Total=15)						Administrators / Principals form General Schools (Total=15)					
	Mostly		Sometimes		Never		Mostly		Sometimes		Never	
	N	%	N	%	N	%	N	%	N	%	N	%
Teachers involved in goal setting	09	60	06	40	00	00	10	66.7	05	33.3	00	00
Teachers' co-operation with principals/ administrators in achieving goals	11	73	04	27	00	00	10	66.7	05	33.3	00	00
Principals/ administrators provide direction to teachers in achieving goals	11	73	04	27	00	00	10	66.7	05	33.3	00	00
How administrators/ principals make decisions	11	73	04	27	00	00	11	73	04	27	00	00
Teachers' involvement in planning curriculum, educational instructions and class room organization	09	60	05	33.3	01	0.67	12	80	02	13	01	07
Autonomy given to teachers in bringing changes in curriculum planning, educational instructions, and classroom organization	00	00	05	33.3	10	66.7	00	00	04	27	11	73
Administrators/ principals giving timely feedback to teachers about their performance	12	80	03	20	00	00	12	80	03	20	00	00
Administrators/ principals acknowledging performance of their teachers	10	66.7	05	33.3	00	00	12	80	02	13	01	07

Responses of teachers mentioned in table 2 reveals the effects of leadership of

administrators/principals on teachers' motivation level which in turn was reflected by their positive attitude towards their administrators/principals, and their job satisfaction. The results indicate that most of the teachers both from special schools and general schools had a positive attitude towards their administrators/principals as most of them were satisfied with their administrators/ principals and also because they were mostly inspired by their administrators/ principals. In case of teachers from special education schools, this inspiration is due to the dedication and punctuality shown by their administrators/ principals where as in case of teachers from general education schools the inspiration is due to team work, and hard working qualities exhibited by their administrators/ principals.

Results in table 2 also indicate that most of the teachers were satisfied with their jobs. This job satisfaction was reflected by their involvement in goal setting process, their co-operation with their principals/administrators in achieving goals, their involvement in decision making, their involvement in planning curriculum, educational instructions & conducting class room organization and acknowledgement of their performance by their administrators/principals most of the time.

Table 2
Responses of Teachers (N = 60)

Description	Teachers from Special Schools (Total=30)						Teachers form General Schools (Total=30)					
	Mostly		Sometimes		Never		Mostly		Sometimes		Never	
	N	%	N	%	N	%	N	%	N	%	N	%
Satisfaction of teachers with their administrators/ principals	24	80	06	20	00	00	24	80	6	20	00	00
Involvement of teachers in goal setting process	21	70	07	23	02	07	21	70	06	20	03	10
Teachers' co-operation with principals/ administrators in achieving goals	30	100	00	00	00	00	30	100	00	00	00	00
How administrators/ principals make decisions	17	56.7	11	36.7	02	6.6	17	56.73	12	40	01	3.33
Teachers' involvement in planning curriculum, educational instructions and class room organization	26	87	04	13	00	00	26	87	04	13	00	00
Autonomy given to teachers in bringing changes in curriculum, educational instructions, and classroom organization	00	00	09	30	21	70	00	00	10	33.3	20	66.7
Feedback	24	80	06	20	00	00	24	80	06	20	00	00
Acknowledgement of teachers' performance by administrators/ principals	19	63	11	37	00	00	20	66.7	10	33.3	00	00

Table 1 and 2 also highlighted that most of the teachers from special education schools as well as from general schools did not have sufficient autonomy to bring changes in curriculum, educational instructions and conducting class room organization. This may be due to the fact that almost all the schools have a prescribed curriculum therefore the administrators/principals did not want to bring any changes in that. The educational instructions and class room organization are based on the curriculum therefore the autonomy could not be given to teachers to bring any change in these two also.

Discussion

This study aimed to explore the leadership styles of principals/administrators heading special schools and general schools and also to investigate as if there is any difference between the leadership styles of principals/administrators heading general schools and those heading special schools. There are various approaches to the study of leadership ranging from the trait to the contingency approach. One such approach focuses on three styles: the autocratic, the participative, and the free-rein or laissez-faire (Weihrich & Koontz, 1993).

The results indicate that majority of the administrators/principals of special education and general education institutions used democratic style of leadership and there is no significance difference between the leadership styles among them. The democratic style of leadership by administrators/principals was exhibited by factors including the opinion of administrators/principals about the ; involvement of teachers in organizational goal setting; co-operation of teachers with principals/ administrators in achieving goals; involvement of teachers in decision making process; involvement of teachers in planning curriculum, giving educational instructions, and organizing their classroom; timely feedback given to teachers about their performance by their administrators/principals; acknowledging performance of teachers; and various types of appreciation given to teachers on doing good job. Phillips and Glickman (1991) mentioned that teachers working in a stimulating and supportive environment can reach higher stages of professional development. Armstrong (2004) also highlighted the role of the leaders as to achieve the desired purposes through the influence, power and the legitimate authority.

Pont, Nusche and Moorman (2008) also considered that effective instructional leadership in schools requires some degree of administrative autonomy in decision making about key components of inputs to the instructional process. In contrast to this study a report of survey of 23 countries focusing on lower secondary education by OECD (2009) reveals that leadership style is unrelated to autonomy in decision making.

The effects of leadership style of administrators/principals on their teachers' motivation level was reflected through the attitude of teachers towards their administrators/ principals, and the opinion of teachers about their job satisfaction. In this study the positive attitude of teachers was obvious as they were inspired by their administrators/principals due to their various traits and qualities e.g., dedication, punctuality and hard working. A study by Bateman & Snell (1996) also revealed that a democratic approach resulted in most positive attitudes. This study further highlighted various suggestions/opinion given by teachers to improve the performance of their administrators/principals e.g. improving; their behavior with people, time management, communication skills, team work, resource management, knowledge, delegation etc. A research study by Muijis & Harris (2003) emphasized the importance of learning communities for improvement and its sustainability of an organization.

A study by Pont, Nusche and Moorman (2008) also emphasized the impact of leadership on teachers' professional life by saying that the administration and leadership provided by principals has an influence on teachers' professional life. This study also assumed that school leadership directly influences the effectiveness of teachers and the achievement of students.

The job satisfaction of teachers was measured by such factors as; their involvement in organizational goal setting; their co-operation with principals/ administrators in achieving organizational goals; their involvement in decision making process; their involvement in planning curriculum, giving educational instructions, organizing their classroom; the feedback given by the administrators/ principals to teachers on their performance; acknowledging performance of teachers by their administrators/ principals; and the type of appreciation given to teachers by administrators/ principals on doing good job.

A study by Organization for Economic Co-Operation and Development (OECD, 2009) shows that teachers in Estonia, Hungary, Malta and Turkey are more satisfied with their job in schools whose principal employs an instructional leadership style of management. At the same time, teachers' job satisfaction is unrelated to administrative leadership in most countries. In Hungary, Malta, Portugal and Spain teachers who see themselves as successful with students learning work in schools where the principal has a more pronounced instructional leadership style.

The results of this study indicate that a majority of the teachers were participating in goal setting process of their schools. A study by Nsubuga (2008) explored that the collaborative planning process in schools resulted ownership

and sustainability of plans that ultimately effect the overall school performance. It was further concluded that good leadership is associated with the school performance. In contrast a study by Durbin (1998) reveals that participating in goal setting has no major effect on the level of job performance except when it improves goal acceptance. Yet the leader should recognize that participation is valuable because it can lead to higher satisfaction with the goal-setting process

Results show that using democratic style, the administrators/principals of both special education and general education institutions mostly involved their teachers in decision making process. A Pakistani study by Naz (2009) about the Effectiveness of leadership models in special schools of Pakistan for raising quality impact on child performance, also reported the same results that the head teachers demonstrate a caring attitude towards their staff and involve them in decision making process.

A number of studies have found that participation of teachers in decision-making process and collaborative teacher-principal leadership improves teaching quality, students' performance and over all school effectiveness (Glover, Miller, Gambling, Gough & Johnson, 1999; Katzenmeyer & Moller, 2001; Marks & Louis, 1997; Ovando, 1996; Taylor & Bogotch, 1994).

The study also reveals that although a majority of the teachers were involved in planning curriculum, educational instructions and classroom activities most of the times but a majority of the teachers mostly didn't have sufficient autonomy to bring changes in the instructions given by administrators/principals related to curriculum, educational instructions and conducting class room activities. A majority of the teacher only sometime acted on idea came to their mind. Otherwise they had to seek approval from administrators to act on new ideas.

A majority of the administrators gave timely feedback to their teachers about their performance and encouraged them. This result is supported by other studies e.g. Davis and Thomas (1989) mentioned that the principal can observe and provide feedback on teaching for creating an academic climate; Greenfield (1991), emphasized that principal gives praise and constructive feedback to promote both satisfaction and growth; and Hughes *el al.,* (1999) revealed that the purpose of feedback is to provide others information which they can use to change their behavior. A study by Bulach, Boothe, & Pickett (2006) mentioned that if principals are knowledgeable about curriculum and instructional strategies, but do not provide feedback to teachers about their teaching, then they are not being instructional leaders. Bulach and Berry (2001) in a study involving 1163 teachers found that less than 50% of the teachers agreed that the principal knew

what was going on in their classroom. A majority of the administrators from special education schools as well as general schools were acknowledging performance of their teachers mostly by verbal appreciation. This finding supports Kemmerer and Windham (1997) that incentives should reward excellence; Armstrong (2001) "motivate employees to achieve high levels of quality performance" and Bentley (1996), look for the good and positive in others, and acknowledge it when you find it.

Conclusion & Recommendations

Leadership is a very strong predictor of school performance. In spite of having all financial resources to excel, an institution may fail if there is lack of motivation by the leadership to achieve the tasks of organization effectively. To compete in this challenging era, and bringing required changes, the effective leaders play a vital role but the leaders must possess the needed competencies to provide democratic leadership to their teachers and for that they need to learn continuously to improve their professional abilities

The study concluded that there is a strong impact of leadership styles of administrators/principals on school teachers' motivation irrespective whether the school is special school or general school. There is no significant difference between the leadership styles of administrators/principals of special education and general education. There are different styles of leadership including; autocratic style, democratic style and laissez faire style. Today's leaders must be able to create climates that foster not only performance but also pride and purpose, therefore the democratic leadership style encourages all the teachers to participate in the matters of the school as a whole giving them a sense of ownership as they feel they are part of the leadership of the school. This style enhances teachers' motivation and result a successful organization that can achieve its goals effectively and efficiently.

It is suggested that a structured Continuous Professionals Development (CPD) programme for Administrators/principals and school teachers need to be established for the development of management and leadership skills amongst them. There is a need to attract and develop a new generation of school leaders who are able to develop learning cultures to thrive in a radically new and demanding world.

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ALLAMA IQBAL
The visionary leader of an Independent homeland

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Allama Iqbal was not only a great poet but was also a renowned philosopher & political leader of his time. The purpose of this study is to develop concepts to describe his efforts for a separate homeland for Muslims of British India. To throw light and   information on the poet's life, work and the activities centered on him. The aim and objective of this study is to promote and disseminate the study and understanding of the works and teachings of Allama Iqbal among youth. In literature review has been described as statement of problems. Iqbal is admired as a prominent classical poet by Pakistani, Indian and other international scholars of literature. Although most well known as a poet, he has also been acclaimed as a modern Muslim philosopher. His first poetry book, Asrar-e-Khudi, appeared in the Persian language in 1915, and other books of poetry include Rumuz-i-Bekhudi, Payam-i-Mashriq and Zabur-i-Ajam. He was born on 9th November 1877, in Sialkot, Pakistan. It may be recalled that the modified present date of birth of the National poet Allama was authenticated after a research. Earlier it was 1875. Anjuman Himmayat-ul-Islam and influential and Social organization of Lahore had been doing excellent work in the field of educational and social services, and its annual meetings were an important date in the social calendar of Lahore city. It is on record that when the annual meeting of the Anjuman took place in 1899, Iqbal recited a poem Nala-e-Yatim, which was greatly appreciated for its depth of feeling. After that year, it become a standing feature at the annual meetings of the Anjuman that Iqbal would recite a poem, especially composed for the occasion. Allama Iqbal proved a great political leader and a reliable companion of the Quaid-e-Azam. He awakened the Muslims of the sub-continent with his verses to demand and a separate homeland. He led the Muslims at every step and rendered great services in the accomplishment of Pakistan. Here are some verses to inspire the Muslim Youth, of India/Pakistan.

Introduction

Allama Iqbal a great poet, philosopher & political leader was born on 9th November 1877, in Sialkot, Pakistan. It may be recalled that the modified present

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date of birth of the National poet Allama was authenticated after a research. Earlier it was 1875.

He was initially educated in the traditional Muktab. One of his teachers at Sialkot was Moulvi Mir Hasan, who was later on awarded the title of Shams-ul-Ulema by British Govt. During School days Allama Iqbal started writing poems and he was given all encouragement by Mir Hassan which Iqbal has gratefully acknowledged in some of his verses. At this time he was also sending his poems to great Poet. Dagh Dehalvi for correction. Often Dagh Dehalvi encouraged the young and enthusiastic poet by writing back to say that his poems were so perfect that it needed no correction (Zakria, 2002).

After completing his education at the Muktab, Iqbal joined Sialkot Mission School, from where he passed his matriculation examination. He proceeded to Lahore for higher studies, and joined Government College, Lahore to secure his Bachelor of Arts Degree, which he was able to obtain in 1987, with two gold medals for Proficiency in English and Arabic. Two years later, he secured his master's Degree in Philosophy, and was appointed in the oriental College, Lahore as a lecturer in History, Philosophy and English. During his college days, Iqbal continued his boyhood hobby of writing poetry, and was admired by many lovers of poetry. About this time Iqbal wrote the first Urdu Book on Economics. Later he went to England to pursue studies in law. He got his Ph. D in Philosophy from the German University (Quershi, 1992).

Aims and Objectives

The aims and objectives of the study is to promote and disseminate the study and understanding of the works and teachings of Allama Iqbal significantly among the youth of Pakistan.

Method of Research

It is descriptive study and the historical sources are used to highlight the work of Allama Iqbal.

Discussion

Anjuman Himmayat-ul-Islam and influential and Social organization of Lahore had been doing excellent work in the field of educational and social services, and its annual meetings were an important date in the social calendar of Lahore city. It is on record that when the annual meeting of the Anjuman took place in 1899, Iqbal recited a poem Nala-e-Yatim, which was greatly appreciated for its depth of feeling. After that year, it become a standing feature at the annual meetings of the Anjuman that Iqbal would recite a poem, especially composed for the occasion.

Iqbal published his first collection of poems when he was nearly forty-five years of age. Perhaps he did not like the immature style of his early verses or, more probably, with his altered views on many subjects, did not care for the sentiments expressed in those poems.

The poetry for this period would seem to fall under three heads. A few of the poems are on subjects connected with Nature, and represent some of the more successful attempts made in Urdu, to imbibe the poetic traditions of Wordsworth, Coleridge and Cowper. In the other set of poems, Iqbal appears as a Sufi and an avowed pantheist. Pantheism is in Words worth's poetry where the poet sees God (supreme Power) in every object of nature (Iqbal, 1961).

In the third series, Iqbal is the champion of the new, rising nationalism in India.

Aragon trust in the sword — Whereas a Muslim soldier can fight without sword
(Bal-e-Jibreel)

Secure strong relation to the nation — Remain attached to tree and hope for elation
(Bang-e-Dra)

Yours not coming our contention — But for making promise what was the prevention
(Bang-e-Dra)

The first period of Iqbal's poetic career ended in 1905, when he left for higher studies in Europe. He wrote a few beautiful lyrics in his old style when he was studying in England and Germany, but his attitude towards many questions underwent a profound change. Iqbal went to England as nationalist and pantheist, but returned as Muslim nationalist and pan-Islamist and almost a puritan. The changes was partly due to his research in the history of Islamic mysticism. He wrote a thesis on "Development of Metaphysics in Persia" for his Ph. D degree and, during the course of his studies, came to the conclusion that Tasawwuf (or the so-called Islamic mysticism) and no solid, historical foundation in original Islam. He wrote to his friend, Khwajah Hasan Nizami of Delhi, asking him to provide some convincing proof for the theory that Tasawwuf was an esoteric form of Islam. The answers did not satisfy him, and he gradually came to the conclusion that so far as Islam was concerned, tasawwuf was an alien and even an unhealthy growth (Iqbal, 1968).

He was also attracted more and more towards Islam. Of course, he had never been indifferent towards Islam or Muslims, as his early association with Anjuman-i-Himayat-ul-Islam would clearly show his concern towards Islam but now his attitude crystallized, and took a more tangible shape. He took active part in the meetings of the Islamic Society, which some Indian Muslims had organized

in London, and were responsible for changing its name to Pan Islamic Society. He delivered a series of lectures on Islam dealing with such subjects as "Certain Aspects of Islam," "Islamic Tasawwuf," "Influence of Islam on European Civilization," "Islamic Democracy," and "Islam and Human Intellect". The first poetic indication about his change of attitude came in March 1907, when he wrote a famous ghazal : here he says:

The time of unveiling has come the beloved will be seen by all.

The secret which was veiled by silence shall now become manifest.

That time, cup-bearer, has gone when the lovers of wine drank in hiding;

The whole world will now be a tavern, and all will drink in the open.

For, the silence of Makka has proclaimed to the expectant year at last,

That the compact made with the desert-dwellers shall be enforced again.

That lion which emerged out of the wilderness and upset the Empire of Rome.

I hear from the angels shall awakes once more.

O dwellers of western lands' God's World is not a shop! *(Payam-e-Mushriq)*

That which you considered good coin shall prove to be counterfeit.

Your civilization will kill itself with its own dagger;

A nest built on a tender bough will not last forever. *(Bang-e-Dra)*

Another important poem reflecting the new attitude was written when Iqbal was returning to India in August 1908. His ship passed near Sicily, which at one time was under the rule of Muslims. The sight of this island, which once belonged to the Muslims, affected the poet so deeply that he wrote a touching elegy, comparable to the poems of Sa'di on the fall of Baghdad.

On his return from Europe, the spiritual and ideological changes which Iqbal was undergoing deepened. There is an interesting letter of this period illustrating the process by which Iqbal changed from an Indian nationalist to a champion of Muslim nationhood. Here his poem shows, his feelings (Jafri, 2004).

Should possible change the world's fate—Would that Makka become Geneva of the East

Then of shores if it were become the tongue of love and narration of brotherhood—You become free and spilled

Would that the Muslims become one for the protection of Makka !

From the river NILE to the land of Kashghar *(Bang-e-Dra)*

In 1909, he was invited to Amritsar to attend a meeting of Minerva Lodge, which was a cosmopolitan organization with membership open to the Hindus and the Muslims both. Iqbal politely declined the invitation and in the course of the correspondence, which ensued, he wrote on 28 March 1909:

"I have myself been of the view that religious differences should disappear from the country, and even now, act on this principle, in my private life. But now I think that the preservation of their separate national entities is desirable for both the Hindus and the Muslims. The vision of common nationhood for India is a beautiful ideal, and has a poetic appeal, but looking to the present conditions and the unconscious trends of the two communities, appears incapable of fulfillment."

One of the most significant expressions of the poet's new attitude was the "Islamic Anthem," composed written in the same matter and rhyme, as the original Indian Anthem. His poems were very inspiring and immediately become popular among masses. Another poem of this period which attracted great attention was Shikwah (The Complaint) which was recited at the annual session of Anjuman-i-Himayat-i-Islam in 1911. In this poem the poet, as the mouthpiece of Muslims, bitterly complains to God that although, of all the people in the world the Muslims have promoted the worship of one God, they are being singled out by Providence for all sorts of misfortunes:

There are nations besides us: there are sinners amongst them too,

Humble folk and those intoxicated with pride, slothful, careless and clever,

Hundreds are there who detest thy name,

But thy Grace descends on their dwellings,

And nothing but the lighting strikes us. *(Bang-e-Dra)*

Another important poem was Shama-o- Shair (The Candle and the Poet) written in March 1912. In it the candle teaches the poet how to carry out his poetic mission of enlightening and inspiring his people, and the poet gives for the first time that message of hope, courage and good character **which was to become the dominant note of Iqbal's poetry.**

If it is a little wet, the earth is a fertile land

Iqbal is not dismayed from its arid zone and the youth *(Bal-e-Jibreel)*

In August 1912, Al-Hilal appeared which had a a powerful effect on Muslim intelligentsia. Iqbal did not remain unaffected by its message. As a matter of fact,

it has been claimed by a colleague of Maulana Abul Kalam Azad that it was Al-Hilal which showed Iqbal the new path of Islam.

The original version of Iqbal's Jawab-i-Shikwah, written in October 1912, contained verses closely echoing Al- Hilal's attitude on the proposed Muslim University and even the Muslim League. At a later date also he wrote about the modern education (Beg, 2004).

This new wine will weaken the mind still further —This new light will only intensify the darkness.

Your ancestors great, but what you are — Sitting idle waiting bright tomorrow for you

Early rising in the morning how great burden on you—We are not your dear slumber dear to you *(Shikwah)*

The truth is that Iqbal was influenced, not only by Abul Kalam Azad, but by Shibli, also. Iqbal used to write occasional poems, inspired or suggested by various topics of the day, but before long he undertook a more ambitious task. In 1915 was published the first edition of his long Persian Poem – on the "Secrets of the Self" in which he urged the need of development of self and attacked those poets and Sufis who seemed to ignore or oppose it. The book raised a storm of opposition. He says

God may ask about your consent — once yourself so high that before every event *(Jawab-e-Shikwah)*

In 1918, Iqbal published Rumuz-i-bekhudi (Secrets of Non-Ego) dealing with the development of the national ego he says

This was a much more inspired book than the first, and as it raised no controversial issues, its popularity was immediate and widespread. Shortly after the publication of Rumuz-i-Behkudi the First World War came to an end and as a result of the treatment meted out to Turkey at the Peace Conference, Khilafat movement was started in India. For a very brief interval Iqbal was attracted by the movement. The Hijrat Movement finally convinced him that either the popular leaders lacked intelligence or were completely indifferent to the welfare of Indian Muslims. He kept aloof from the Non-co-operation Movement and resisted the attempts to convert the Islamia College of Lahore into a Gandhian Institution (Khan, 1982).

The climax of Iqbals's political career came in 1930 when at the annual session of All-India Muslim league, at Allahabad, he said, before the Indian Muslims, the national goal of what later came to be known as Pakistan. In his presidential address, he said:

"I would like to see the Punjab, North-West Frontier Province, Sindh and Baluchistan amalgamated into a single State. Self-government within the British empire or without the British Empire, the formation of a consolidated North-West Indian Muslim State appears to me to be the final destiny of the Muslims, at least of North-West India." *(Allahabad Adress) 1930*

Iqbal was invited to England to attend the Round Table Conference, and there, while dealing with the future of the Punjab, a scheme of Sir Geoffery Corbet was considered, which would have facilitated the adoption of Iqbal's proposals, but they were, by themselves, nover brought before the Conference. Iqbals was, however, able to make some valuable contacts during his stay in England. He had for one thing, many meetings with Muhammad Ali Jinnah whom he was able to convince about his scheme for the future of India and who was to make this "poetic dream" a reality.

The truth, however, is that Iqbal was the first to put it up in a reasonably practical form, and brig it for serious consideration before the biggest political organization of the Muslims. The fulfillment of the scheme – a far more difficult task was of Quaid-d-Azam Muhammad Ali Jinnah (Fazlur, 1979).

Iqbal's eminence as a poet has obscured his role as a political thinker, and a proper study of his work in the national field has not been made. If this is done, it will be found that not only did he put forward a potent idea, which provided the key to the solution of India's constitutional problem, but he took active part in many political activities of the day – e.g. in the Kashmir agitation of 1931. Particularly, in freeing the Punjab from the Unionist hegemony he played a crucial role when the Quaid's Negotiations with Fazl-i-Husain broke down, and he had to reorganize the Muslim league in the Punjab he faced heavy odds, Iqbals was his main pillar of strength. He became the head of the Provincial Muslim league, and in spite of ill-health worked hard. The Quaid preserved and later published the letters which were received from Iqbal. These letters throw ample light, not only on Iqbal's activities within the province, but n the moral support which he gave to the Quaid (Jafri, 2004).

All this time Iqbal had kept up his literary and intellectual pursuits. Payam-I-Mashriq (message of the East), the most beautiful collection of Iqbal's Persian lyrics, appeared in 1923, the year in which the author was knighted. Bang-i-Dara, the collection of Urdu poems, followed a year later. Iqbal was now incontestably at the head of the poets and thinkers of Muslim India. Even those who violently differed from his political and social theories read his poetry with delight, and recognized that in him Muslim India had a deep, courageous and original thinker,

like whom it had not known anyone since the days of Shaikh Mujaddid of Sirhind and Shah Wali Ullah of Delhi. When Iqbal visited England at the end of 1931 to attend the Round Table Conference. His Highness The Aga Khan and others gave a reception to meet the Muslim poet. Amongst those who came to join in this homage to Iqbal were mahatma Gandhi, Lord Reading, Mrs Sarojini Naidu, Dr Nicholson, and a host of other non-Muslims celebrities. Next year, Dr. Iqbal visited England again, and once more a reception was arranged in his honor. Amongst those invited tothis function, Dr. Ansari, the nationalist Muslim leader, was unable to come, but the letter which he wrote from Freiburg may be taken as an indication of the respect which Iqbal's literary and intellectual gifts inspired even in the minds of his political opponents. Dr Ansari wrote to the secretary of the organization which arranged the function (Lambert, 2004).

"I am much obliged to you for invitation to the reception given to Dr. Mohammad Iqbal, our greatest national poet and philosopher. Nothing would have given me greater pleasure than to express my admiration to Dr. Iqbal as a poet and to pay my homage to him.

Iqbal was by now, a recognized leader of the Muslims and took active part in the Political affairs of those days.

Iqbal's last years were darkened by prolonged ill-health. He was also fated to witness some unpleasant developments in the provinces, where the Congress came into power in 1937. Even more depressing was the sight of some young Muslims – and many ulama – trying to come to "an unmanly compromise" with the opposite party. Iqbal's faith, however, never faltered. In the words of Jinnah – never given to cheap or undeserved praise – he stood like a rock in the darkest days. He was confident that the Muslims, who had weathered many storms, would overcome this, and urged that there should be no lowering of the flag. He stood firmly by the Muslim League, and was one of those who criticized the half-hearted allegiance of the Muslim Unionists to the Muslim League, and felt that if the League was to become a party of the masses it would have to fight the Unionist landed aristocracy (Robert, 1974).

Iqbal did not live to see the realization of his dream of the Muslim state. When the final showdown came in the key province of the Punjab, foremost amongst those who pulled down the Unionist edifice, and paved the way for Pakistan, were those you men and women who had drunk deeply at the fountain of Iqbals poetry. The pen was indeed mightier than the sword.

Allama iqbal said that Islam guides the mankind in every aspect of worldly life and, therefore, must be enforced in an Islamic state as a code of lie. He based

the foundation of homeland on the religion which later on become the ideology and basis of Pakistan. He said that Islam strengthens the life by infusing spiritual unity. He said that in Islam the Almighty God and Universe, the soul and mater' are the different parts of 'ONE WHOLE'. He did not believe in any system separated from religion and declared that religion and politics are not separated from each other in Islam. He said:

Individual worth is only with attachment to Nation—Wave worth is only in river, outside river it has no position *(Ramooz-e-Bekhudi)*

He said that I am fully convinced that the Muslims of India will ultimately have to establish a separate homeland as they cannot live with Hindus in the United India. He advised the Muslims to know their real position and throw away their mental confusion and narrow approach towards freedom. Allama Iqbal described the reason of his opposition of nationalism in the words:

I am opposed to nationalism, not because if it is allowed to develop in India, it is likely to bring less material gain to Muslims. I am opposed to it because I see in it the germs of atheistic materialism which I look upon as the greatest danger to modern humanity."

In the latest ideologies is the homeland greatest—The apparel of this is the Coffin of the Sect *(Pus Cha Bayad Kerd)*

The fact is that event he enemies acknowledge that it was Iqbal who made the idea of a distinct Muslim nationalhood crystal clear in the minds of the masses. A bigoted Hindu leader madan Mohan Malwiya once remarked.

"before, Iqbal had not the slightest idea that the Muslims possessed a separate existence in India. We regarded them to be a part of a common nationalism.

Hindi of yesterday became Hijazi of today — Compatriot of the company became prayee of today *(Aqwam-e-Mushriq)*

Allama Iqbal strived to inculcate in the Muslim nation the qualities of confidence, sacrifice and conviction to make the Islamic system a reality as he says in his verses.

Let there be no curtain between creator and Creation — Let the custodian of the Church be removed and for over the Church occupation

In slavery neither feats nor fate is helpful — Only passionate belief can dissect the chains of captive self *(Khudi Murd-e-Momin)*

As Allama Iqbal openly negated the concept of one-Nation of India and

emphasized on the separate and distinct national image of Muslims. He therefore considered the establishment of Independent homeland very essential and vital for the restoration of Muslim national and religious identity of the Muslims. His poetry reflects his love for the nation and homeland. He produced a large number of poems which indicate his immense love or Muslim Ummah.

Suicidal act is far better than copying it

Search the path, forget the help of guide tract *(Zurb-e-Kaleem)*

Allama Iqbal firmly believed in the separate identity of the Muslims as a 'Nation'. He said that I am fully convinced that the Muslims of India will Ultimately have to establish a separate homeland as they cannot live with Hindus in the United India. He said that there would be no possibility of peace in the India until and unless the Muslims are recognized as a separate nation, they have their own cultural values which they must preserve and maintain. He declared "India is continent of human beings belonging to different language and professing different religions. To base a constitution on the conception of homogenous India is to prepare her for civil war. I, therefore demanded the formation of a consolidated Muslim state in the best interest of the Muslims of India and Islam. The formation of a consolidated Muslim North-West Indian Muslim state appears to be the final destiny of the Muslims, at least the North-West India (Zakria, 2002)."

Allama Iqbal infused a spirit of nationalism amongst Muslims with his stirring and through provoking poetry. He preached an idea of Muslim nationalism based on Islam unity and brotherhood. He was of the opinion that the individual is not linked with the geographical boundaries but with a spiritual relationship. He negated the concept of territorial nationalism and brought to light its adverse effects and influence on the Muslims.

" Leave distinction of color and be lost in one nation and blood "

'You are not from Persia not from Afghanistan" *(Bang-e-Dra)*

Conclusion And Findings

Allama Iqbal's writings, poetry and sayings kindled a new light, aroused a sense of respect, self-realization and determination in the Muslim masses. The new Muslim generation particularly responded vigorously to Allama Iqbal's call and took active part in the freedom struggle for the creation of Independent homeland. He said:

"I love the young ones who darts on the stars"

"O man! Dome of stately palaces is not your destination"

"You being Eagle, live on the hills of mountains"

An ire, awaken the poor's — Shake the doors and walls of the rich

<div align="right">

(Bal-e-Jibreel)

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In May 1936 the Quad-e-Azam was on a political mission in the Punjab. On 8th May, 1936, Allama Iqbal, along with Malik Barkat Ali, Khalifa Shujauddin, Ghulam Rasool Khan and Pir Tajuddin issued a press statement saying that the press propaganda that the Muslims of Punjab were not with Quad-e-Azam was nothing but a lie; the masses were with him and with the league. "The truth is that our community has such great confidence in the honesty and sagacity of Mr. Jinnah that with one voice they have welcomed the clarion call sounded by Mr. Jinnah… We assure him that we shall wholeheartedly support him. On the same day, a meeting of Punjab Provincial Muslim League was convened, with Allama Iqbal in chair, in which he was once again elected President of the re-cognized League (Khan, 1982).

Allama Iqbal kept the Quaid informed through letters about the state of affairs in the Punjab, and his personal view on political problems of India. These letters are dated from June 1936 to November 1937 and they now form an important historic documents concerning our struggle for freedom. Unfortunately, however, the replies of Quaid-e-Azam to Allama Iqbal reveal how close the two great leaders stood together, and that there was a complete unanimity between the two on the ultimate goal and destiny of the Muslims of the subcontinent.

Allama Iqbal proved a great political leader and a reliable companion of the Quaid-e-Azam. He awakened the Muslims of the sub-continent with his verses to demand and a separate homeland. He led the Muslims at every step and rendered great services in the accomplishment of Pakistan. Here are some verses to inspire the Muslim Youth, of India.

"Our work is move and move remain on move-O bird, death is better than such livelihood"

"From which livelihood that hinders the freedom of manhood,o youth have you ever thought of it *(Bang-e-Dra)*

His will to serve his people was growing every day, but his physical powers were rapidly declining. His eyesight was getting worse, and he wrote to the Quaid on 20th March, 1937, "Please excuse me. I have got this letter written by a friend as my eyesight getting bad". By the middle of March 1938, his sickness took a

turn for the worse. He was now in the hands of doctors, who did all they could to prolong such a precious life. But he end came in the early hours of the morning of 21st April, 1938. A great Muslim, a poet, a philosopher, and a champion of the rights of the Muslims had passed away, leaving behind him a rich legacy for a posterity. He lies buried in the Badshahi Masjid in Lahore, where we grateful national continues to place at his feet flowers of homage and to shed tears of gratitude (Fazlur, 1979).

Before concluding I would like to copy a prayer written by Allama Iqbal which is very popular, and the prayer is ever green for all times to come. Everyone remembers that famous prayer.

My wish comes as prayer on my lips — O God I wish to have my life like candle

May I help remove darkness from the world — My sparkling may brighten every place

May my being help increase beauty of country —As flowering doth beauty to garden?

O God my life may become like moth — O God give me love for seeking knowledge loved

O God my work to help the poor — my service be for the needy and old

God save me from every evil act — O God hint me on the path set for the right

AMEN   *(Bang-e-Dra)*

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Embracing Customer Service in Retail Banking: An Analysis of TD Canada Trust

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Banking has always played an important role in the personal, commercial and economic development of a country. Modern day banking of the 21st century is very competitive and different from the traditional banking of the yesteryears where banks were known only for their basic function of trade and credit. Today, as banks continue to innovate by providing new products and services, they face the challenge of embracing customer service into their day-to-day banking. The case study explores the challenges faced by TD Canada Trust, a division of Toronto-Dominion Bank Group, and how it evolved by remaining steadfast to its founding principles. In times of economic recession where bankruptcy is on the rise, businesses are shutting down and most banks are struggling; it is not a wise decision to multiply business units and create new vacancies. Yet, TD Canada Trust chose to be different by emphasizing and reemphasizing its commitment to customer service. Further, the case analyzes how this bold move allowed TDCT to increase their market share and become one of the leading banks in Canada.

Keywords: *TDCT, TD Canada Trust, Customer Service, Banking.*

Introduction

The main purpose of this research is to explore the importance of customer service in retail banking as it applies to the competitive banking industry of Canada.

Company Overview

Toronto-Dominion Bank Financial Group is headquartered in Toronto, Ontario – Canada and has had its fair share of challenges, growth and opportunities. The Toronto-Dominion Bank is a chartered bank under the provisions of the Bank Act (Canada). It was formed on February 1, 1955 through the amalgamation of The Bank of Toronto, chartered in 1855, and The Dominion Bank, chartered in 1869 (TD, 2012). Both the amalgamated banks have their success factors and philosophy, allowing the bank to remain innovative and deliver the best in both products and services. Even before the amalgamation of the two banks, the ideology they believed in was to provide dedicated service and to contribute

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towards the development of society. Today, this ideology has become a reality and is found in every aspect of TD's business including all subsidiaries of TD Bank Financial Group.

Being amongst the top 10 bank in North America in terms of assets, deposits, employees and market capitalization (TD, 2012), the facts and figures of the bank are also overwhelming. In 2010, TD delivered $5.2 billion in adjusted profit and its retail operation posted $4.8 billion in adjusted earnings. TD offers a full range of financial products and services to approximately 21.5 million customers worldwide through four key business lines: Canadian Personal and Commercial Banking, Wealth and Insurance, Wholesale Banking and U.S. Personal and Commercial Banking (TD, 2012). TD Canada Trust is a division of Toronto-Dominion Bank's first business line, which serves more than 11 million customers nationally (TD, 2012). TD Green Machine, Telephone and Internet Banking, and both Personal and Commercial Retail Banking are just some of its many financial products and services that make TD Canada Trust one of the leading banks in Canada.

Literature Review

Several researches have been conducted on challenges of competitive banking, customer perceptions in the banking sector, determinants of customer satisfaction and service quality in retail banking. However, while trends exist within the banking sector and modern banking has evolved overtime, there is not much research that is pragmatic and concentrates on a particular bank such as TD Canada Trust.

Of several relevant literatures, the first is found in the domain of marketing, which suggests what banks must focus on to sustain business relationships and grow customer loyalty. Researchers have discussed the link between customer satisfaction, retention and service, which are determinants that lead to profitability. Conversely, the increasingly competitive environment poses challenges to bankers as many believe that the competition may threaten the business relationships (Boot and Schmetis, 1998). Relationships facilitate a continuous flow of information but have no obvious solution because an observation shows that the negative spiral might be self-inflicted when banks are cutting back on information acquisition as it may harm the relationship (Boot and Schmetis, 1998). It is clear that there is a major need for transparency within banking to stir loyal customers. Since customer satisfaction and retention are critical for retail banks, existing evidence suggests that increases in customer satisfaction are likely to result from improvements in service quality, service

features and customer complaint handling (Levesque and McDougal, 1996). Retail banking has transformed itself from traditional to modern but the challenge facing all banks and their management is to exceed customer expectations so it can not only increase customer loyalty but also profitability. Hence, it requires greater understanding of customer needs and increasing the service quality by offering fast and convenient banking solutions.

On the contrary, the second relevant literature is found in the service management domain and argues that by and large, retail banks are struggling with meeting customer needs and improving service quality. Problems such as telephone banking service, privacy and security of funds to provide peace of mind, long queue and wait-time at all branches, reduced banking hours and above all, accuracy of transactions are commonly found paradoxes that deters customers. Factors such as commitment, attention, friendliness, care, courtesy, responsiveness, flexibility, competence, comfort, communication, availability, access, cleanliness, security, reliability, functionality, integrity and aesthetics have a considerable impact on the satisfaction and dissatisfaction of customers (Johnston, 1997). To ensure that all of the above-mentioned factors are present in day-to-day business, retail banks must capitalize on empowering their employees. In fact, there is concrete evidence that in service-based industries, satisfied employees make for satisfied customers (Malhotra and Mukherjee, 2004). Both literatures, namely, marketing and service management infer that customer satisfaction is essential for the growth and prosperity of retail banks.

Analysis

Competing Amongst "The Big Five"

TD Canada Trust is amongst the five of the leading banks in Canada known as *"The Big Five."* The others include Royal Bank of Canada, Canadian Imperial Bank of Commerce, Bank of Montreal and Scotiabank. All banks have their own strengths, but what distinguishes TDCT from its competitors is consistency. TDCT has consistently delivered exceptional customer service and goes above and beyond to ensure the utmost satisfaction of customers. With fierce competition and similar line of business, it is always a challenge to offer a new product or service to the wide customer base.

According to TD Canada Trust's Annual Report 2011, TDCT posted record earnings of $3,611 million, which had increased 17% from 2010 (TD, 2012). It is no secret that heightened competition makes it difficult to sustain market share gains and distinctive competitive advantage over the long term (TD, 2012), but along with the growth of Net Income posted from 2009-2011, TDCT opened 24

new branches in 2011 and continues the momentum by achieving similar milestones and successes in 2012 by proving to be "The Better Bank," which has become more of a slogan for TDCT. Yet, the true challenge lies in maintaining the competitive advantage over "The Big Five."
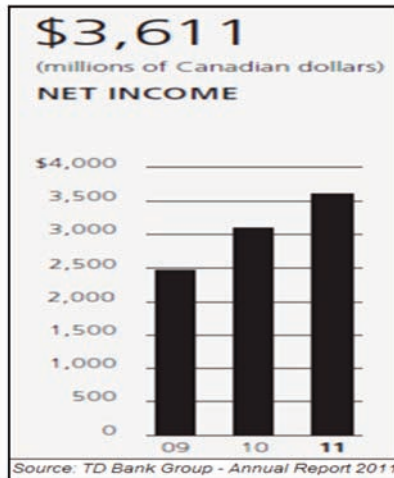
What gives TDCT a competitive advantage is the fact that all new and upcoming branches are located in prime locations that are open longer than any other bank and where customers are guaranteed the best service. Another reason why TDCT has a competitive advantage is that it continues to reinvest by opening of new branches. Where most banks retrenched during the recession period in late-2000s, TDCT was still innovating with their branches and it continues to do so in 2012 by making banking attractive and comfortable. For TD Bank's CEO Ed Clarke and his leadership team, the TD shield has a strong commitment towards customers and shareholders and with new branches, better hours and consistent service, it is hard to see why a bank like TD Canada Trust cannot take market share (TD, 2012).

Traditional vs. Modern Day Banking

Today, as we know there are two types of banking realities prevailing in our society – traditional and modern. The dynamics of traditional banking is the age-old customer-banker relation that involves processing transaction. However, with changes and development of technology, it has become increasingly difficult to live in a box and follow the robot-like traditional way of banking that involves more paper and clutter but no convenience and peace of mind. Modern day banking, on the other hand, has to do with technology and the use of Internet, which has promoted a rather convenient way of banking. Many believe that

modern day banking is similar to electronic (e-banking) banking due to its limitation of banking on-line, TDCT believes in making banking personal by remaining customer-focused.

Over the years, there have been many debates on the advantages and disadvantages of both the types of banking but an undeniable fact is that today, life has become more challenging. Contrary to the opinions and criticism of others about the problems of traditional and modern day banking, TDCT wanted to be different by proving itself to be *"The Modern Bank"* and not letting go of its roots from yesteryears. The Research and Development (R&D) division of TD Bank Financial Group has conducted a number of studies and surveys to learn that people, in general, would like to experience an easier way to banking. Customers loathe working around the traditionally short banking hours that caters to the banking staff alone and ignoring the importance of customers and their schedule. TD Canada Trust has always been different and in its quest to be *"The Modern Bank"*, TD Bank Financial Group has transitioned in every aspect of its business, especially retail banking. Moving with technology and vowing to be *"The Modern Bank"*, TDCT has won many accolades but today, the bank wants to make its mark as *"The Better Bank"*, and their promise of a legendary customer experiences speaks for itself.

For instance, in the mid-2000, TDCT was largely criticized by fellow-banks for making banking hours more flexible. Banks were accustomed to working short banking hours and enjoyed the extra leisure time, but with the concept of "extended banking hours" that catered to both employees and customers alike, TDCT made it clear why it was a better bank. Having extended banking hours was never a new concept for TD Canada Trust as before the amalgamation, Canada Trust was already open longer than other banks. Today, modern day banking has received a new meaning and the 'flexibility' factor has forced other banks to do the same in order to remain in competition. However, in spite of modified banking hours of other banks, TDCT is ahead of the competition by operating longer than any other bank in Canada. Apart from 24-hour on-line banking year round, TDCT is open for business on a 7-day basis, with the following hours of operation:

Monday – Friday	**8:00am – 8:00pm**
Saturday	**8:00am – 4:00pm**
Sunday	**11:00am – 4:00pm**

Importance of Customer Service

With intense competition in the Canadian banking industry, customer service

plays the role of an *"Ace of Spades."* The significance of happy customers can be measured from their frequent visits to the bank, the level of comfort that customers feel in talking about their personal lives such as family and work, or simply referring their family and friends to the bank. In the case of TD Canada Trust, the legendary customer service that is offered at all levels of the bank is remarkable because every customer that walks into the branch is welcomed with a smile. This smile is genuine and all employees of TDCT make it a point to use body language to send signals to the customers that they are appreciated. Whether it is because of a long queue of customers waiting for their turn or because a customer happens to pass by an associate or an office in the branch; every customer is treated with respect and appreciation for choosing TDCT as their bank. TDCT along with TD Bank Financial Group follow seven guiding principles (TD, 2012):

1. Deliver Legendary Customer Experiences

2. Be an Extraordinary Place to Work

3. Operate with Excellence

4. Understand TD's Business

5. Take Only Risks that TD Understands and Can Manage

6. Enhance TD's Brand

7. Increase Shareholder Value

Based on the above guiding principles, TD Canada Trust strives to exceed customers' expectations in service and convenience (TD, 2012). TDCT believes in inspiring customers to trust banking with TD Bank Financial Group because every customer is guaranteed service that is the best in the banking industry. Every part of the business and every employee are measured on the contribution they make to the customer experience because TDCT has a promise that they have to fulfill with each customer every time they walk into the bank. The approach that TDCT uses is to treat all customers fairly, support them when they go through difficult times and consistently deliver on their goal to be *"The Better Bank."* Fulfilling this promise is not easy, which is why TD Canada Trust tries to stay connected with all customers by arranging cultural celebrations at all their branches, having customer appreciation days, and use ways to interact with their stakeholders, who can be classified into two categories: primary stakeholders and secondary stakeholders. The primary stakeholders include customers, employees, shareholders and investors and government regulators (TD, 2012). On the other

hand, the secondary stakeholders include community organizations, industry associations, suppliers and non-governmental organizations (TD, 2012).

In order to consistently deliver legendary customer service, TDCT has always taken the responsibility to be customer-driven in every aspect of their business; and to uphold their reputation of trust and convenience, TD Canada Trust uses the *"Customer Experience Index (CEI)"* as a self-assessment tool to evaluate their service. CEI is simply a type of a scorecard used to rate the business based on the opinions gathered from customers (Trichur, 2009). TDCT evaluates their performance through the CEI, which consists of indices that helps TDCT set targets and drive improvements; and the results have an impact on employee compensation. TD Canada Trust values customer feedback, which is why they have rigorous communication strategies to identify specific areas of improvement. Using regular polling, surveys, focus groups and mystery shoppers, the branch managers at TDCT is able to identify what service and convenience means to their customers and what measures need to be taken to go above and beyond in every customer interaction (TD, 2012).

Source: TD Bank Group - Corporate Social Responsibility 2011

According to the charts above, TD Canada Trust contracted over 700,000 customers in 2011 to determine customer experience levels and the results were overwhelming as TDCT exceeded their targets across all TD Bank Financial Group subsidiaries with a year-over-year increase of almost 10% in CEI (TD, 2012). TDCT is very particular about their scores and in order to avoid any bias results, it conducts a third-party survey throughout the year to measure how likely a customer is to recommend the bank to a friend, colleague or another family member. The CEI is measured using a Net Promoter Score,™ which is calculated

based on the response to a question, one example is: "Thinking about the entire experience you had during your most recent visit to the branch, how likely are you to recommend TDCT to a friend or colleague?" (TD, 2012).

The above clearly shows TD Canada Trust's craft and commitment to customer service but it involves more than just customers, employees and CEI system to consistently be recognized as the bank of choice year-after-year. TDCT continues to offer an open-door policy across the bank to maintain and grow relationships beyond profitability. It involves having a strong risk discipline to fit the overall business strategy, qualified and experience leadership profile, rigorous and continuous training for employees, top-notch research and development, corporate social responsibility, and the willingness and ability to think and be different. The fact is that people have never liked banks because they know one thing and feel something complete different. They know that banks are regulated by the Central Bank but it does not add any value to them as customers. This hard reality of banking is uncomfortable for the customers and TDCT is aware of the perceptions and misconceptions that people have about all banks. At the core of every customer's story is a very common idea: people know that money, and especially banking is complicated and time-consuming. It can even be intimidating and painful, which is why TD Bank Financial Group strives to change this generalized perception forever by making banking comfortable.

TD Canada Trust uses innovative marketing strategies to evolve and resonating with customers such that in 2001, a big easy-chair was introduced as part of a marketing strategy to build TDCT's brand as the ultimate symbol of comfort and convenience (TD, 2012). "Marketing comfort and convenience has worked in very different markets, market conditions, media and applications, especially in uncomfortable times like today", says Craig Alexander, Senior Vice President and Chief Economist of TD Bank Financial Group. He further adds that "marketing a company that has over 650 billion dollars in assets, millions of customers, thousands of branches, and hundreds of products and services; and wrapping that under the all-embracing banners of "comfort" and "convenience" is a case study in classic brand strategy." Clearly, the above marketing strategy has proven to be successful as TDCT has been the recipient of various awards to acknowledge their commitment to customer service. If a bank can make the experience of dealing with customers as friendly, quick, simple, and straight-forward, it will stand out from others because it is not only authentic and lasting, but nearly impossible to replicate (TD, 2012). The unnoticed factor behind the legendary customer service of TDCT at every occasion is their willingness to *"listen"*, which is something that can never be taught but rather has to come from the heart because of sheer passion of service.

Awards and Accomplishments

Awards are not only a symbol of recognition for delivering service but also to make a bold statement. In Canada, J.D. Power and Associates conducts a proprietary survey by studying customer perceptions and experiences at all banks. TDCT has been consistent with their quality of service because this year marks their seventh reign of being ranked "Highest in Customer Satisfaction" amongst the Big Five Retail Banks operating in Canada (TD, 2012). Furthermore, the bank has been ranked number 1 by Synovate for 3rd year in a row, ranked as one of Financial Post's 100 Best Companies to Work For, ranked as one of Canada's Top 100 Employers, and ranked as one of Canada's Best Diversity Employers for 2008 by Mediacorp.

The reason behind their continued success is their philosophy and committed service to customers and business by staying open longer, offering helpful advice, being open Sundays, and providing convenient ATM, online and phone access. Their regular studies based on Customer Satisfaction amongst Canadian Retail Banking have allowed them to curb their weaknesses and evolve into a dynamic bank that puts customers first. Recently, TDCT acquired MBNA MasterCard and modified the security feature of their debit card. TD customers can now have the peace of mind because with the new visa debit card with advanced chip technology, TD customers are now more protected against fraud than before.

Due to growing importance of web -based technologies, in 2011, TD Bank Financial Group launched social media as a means to engage in direct dialogue and feedback with customers to help identify and resolve problems more quickly using Facebook or Twitter (TD, 2012). TDCT believes in embracing technology and the increases of mobile-based technologies have only added a new meaning to comfort and convenience. Both J.D. Power and Associates and Synovate Awards have chosen TDCT as the leader amongst the Big Five retail banks in Canada, which could not have been possible without the valued customers.

TD Canada Trust set the highest benchmark scores across six major drivers of customer satisfaction: account activities, account information and security, product offerings, facility, account-related fees, and problem resolution (TD, 2012). For the sixth consecutive year, J.D. Power and Associates awarded TDCT with the highest ranking in customer service, and overall, TDCT leads other banks by a significant margin – a 30 point gap over the Big Five Bank average (TD, 2012). Synovate, a leading market research firm also awarded TDCT with the Customer Service Excellence Award for the seventh consecutive year (TD, 2012). With all banks including the Big Five competing for the top prize of

receiving the "Best Banking Awards", it is clear that TDCT is a leader and a force to be reckoned with.

Redefining Banking

TD Canada Trust has proved time and again why it is the better bank not only in the line of products and services it has to offer but also in providing comfort and flexibility. Having achieved the milestone of being *"The Modern Bank",* TD Canada Trust has vowed to redefine banking once again. By introducing the new concept of "Bravo Branch" in 2011, TD Canada Trust has made a paradigm shift towards innovative banking.

"Bravo" was a new branch concept launched as an experiment but it soon caused a vibe across Canada. While all banks including TD Canada Trust have a conventional design for all its branches, the new Bravo Branches boast a taste of modernism that will change banking completely. Bravo Branches are designed to be trendy by offering a more lavish touch to the ambience and structure. It is a fusion of traditional and modern day banking that is both attractive yet comfortable with the customary Help and Advice Counter and Teller Wickets for personal and small business banking, together with an open-concept of cubical offices with contemporary furniture, an elegant lounge area, similar to that of Starbucks Coffee Shop for customers to network or wait, reading area for the children to stay busy, and the same culture of delivering legendary customer service. To critics and rival-banks this may be an unusual way of conducting day-to-day banking, but it is another milestone that leaves TDCT's mark as being *"The Better Bank."*

Corporate Social Responsibility (CSR)

With the commitment to all stakeholders comes great responsibility for an organization of TD Bank Financial Group's grandeur. TD Bank Financial Group makes every effort to be ethical in all business dealings and giving back to the community, environment, and all stakeholders. TDCT's contributions can be categorized under five broad areas: Customers, Workplace, Diversity, Community and Environment.

Customers: Since customers are the reason why TDCT is in business, they remain the focal point of the bank and one of the primary stakeholders. In Canada, TDCT offers low cost banking options and transparent product information. Further efforts are made to work with the customers collectively to support the environment and community through charity drives such as the partnership with The United Way and Children's Miracle Network, planting trees,

walk for a cause events, and save the environment initiatives such as the partnership with TD – Friends of the Environment. Every advice given to the customers is based on *"Know Your Customer"* policies and the understanding of the client's investment objectives, risk tolerance, time period they are willing to invest for, and above all their needs. In 2011, TDCT funded 144 loans totaling $1.3 million through helping hands, a loan program which enables moderate-income customers to finance home improvements at a discounted rate (TD, 2012). Additionally, TD Bank hosts free educational seminars for beginner and experienced investors to grow their wealth.
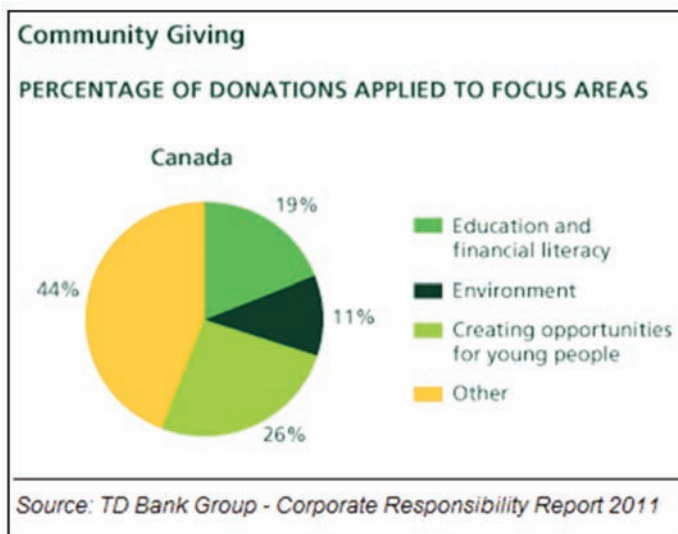
Workplace: TDCT takes the responsibility of building an extra-ordinary workplace that focuses on recruitment and retention, health and safety at work, compliance training to support learning, performance and leadership development, and 360 degree communication and recognition. TDCT is known to be different and an example of this can also be seen from the employees who come from non-banking backgrounds. Some of these employees are also students' who cannot commit to a full-time schedule. TDCT offers them the flexibility of working casual and part-time hours, and also options to fund their education while enjoy the staff benefits.

TD EMPLOYEE ENGAGEMENT INDEX (EEI)

Source: TD Bank Group - Corporate Responsibility Report 2011
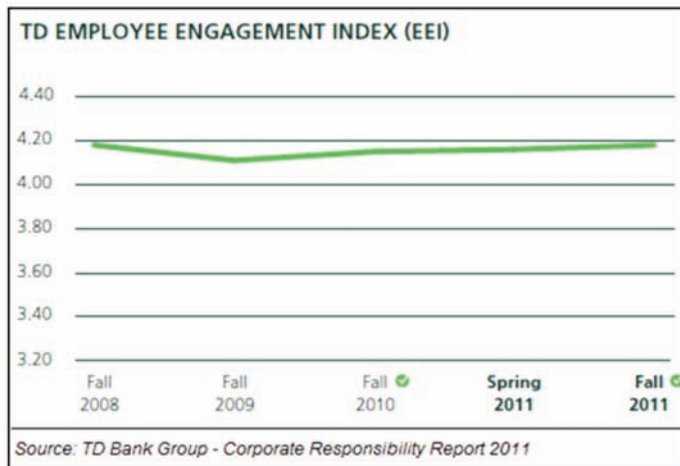
TDCT uses the Employee Experience Index (EEI) to calculate employees' feelings of accomplishment, pride in the TD brand and their plans to be with the bank in one year, the results of which can be seen in the chart above. TDCT was named one of the best workplaces in Canada by the Great Place to Work Institute as statistics showed that 88% of the employees surveyed stated that TD Bank Financial Group was a great place to work (TD, 2012).

Diversity: TDCT has the most diverse employees and customers that are multilingual and come from different ethnic backgrounds. All stakeholders are treated with respect as diversity remains a top priority for TDCT. The diversity and inclusion activities of TDCT are organized primarily into six areas of focus: Visible Minorities, Aboriginal People, Women in Leadership, People with Disabilities, Serving Diverse Communities and LGBTA – Lesbian, Gay, Bisexual, Transgender and Allies (TD, 2012). In 2011, TD Bank Financial Group was the recipient of the first ever Canadian Board Diversity Council Corporate Governance Award that recognizes companies in the corporate sector for their excellence in the area of broad diversity (TD, 2012). That same year, TD Bank Financial Group donated $7.3 million to support diversity-related programs and organizations across Canada (TD, 2012).

Community: TD Bank Financial Group believes in giving back to the community by making a positive impact towards social and economic development. The chart below shows the percentage of donations focused in areas such as Education, Environment, Creating Opportunities for the Youth, and Others such as donations and affordable housing as all of the investments are geared towards promoting and supporting these areas (TD, 2012).

Community Giving

PERCENTAGE OF DONATIONS APPLIED TO FOCUS AREAS

Canada

- 19% Education and financial literacy
- 11% Environment
- 26% Creating opportunities for young people
- 44% Other

Source: TD Bank Group - Corporate Responsibility Report 2011

In 2011, TD Bank Financial Group gave over $4 Million to post-secondary education across Canada to support a range of bursaries and scholarships (TD, 2012). There is a lot that TDCT does behind the scenes also to support communities by working on individual, school-based and partnership projects such as raising cancer awareness.

Environment: TD Bank Financial Group is aware of the many threats to the environments such as contaminated lake, cleared forests, an endangered species and more (TD, 2012). TD Bank Financial Group works in areas of promoting energy conversion, environmental education, and enhancing biodiversity and plant trees to urbanize the environment (TD, 2012). Friends of the Environment collects funds and works on educating the masses about the environment and many of TDCT customers and employees work together to contribute to nature. TD Bank Financial Group is the largest corporate sponsor in Canada and statistics show that last year, $4.7 million was distributed to community environmental projects (TD, 2012).

Training & Workforce Development

In any dynamic organization, training and workforce development play an essential role in contributing to success as it is tied directly to the results produced and performance measured. However, the economic, social and legal implications associated with the way day-to-day business is conducted are abundant. In the case of TD Canada Trust, training and development is the key driving factor to delivering a legendary customer experience for which there are effective learning systems such as Learning and Management Systems (LMS) in place. Utilizing the LMS and hands-on training allows the employees to be knowledgeable about products and services offered along with updates about the current state of the industry.

TD Canada Trust has always been proactive when it comes to training and development of the workforce because employees are evaluated on their knowledge and delivery of service at every interaction with customers. TDCT does not believe in trial-and-error where it waits for the employee to make an error before providing them with adequate training. Nick Blanchard and James Thacker in their book, "Effective Training – Systems, Strategies and Practices" say that effective training uses a systematic method of Training Needs Analysis (TNA), which slows organizations to determine what caused their performance to be less than expected (Blanchard and Thacker, 2007). According to TDCT, performance improvement should be the real focus of training and to execute this, the bank conducts workshops, seminars, and compliance training by reinforcing learning through simulations, role play situations, and discussions. TDCT has always set targets that are realistic and invests heavily in training to eradicate performance gaps.

For instance, when a new tellers are hired into the role of *"Customer Service Representative"*, they are given formal orientation to the culture and business of

TDCT. In order to foster learning, they are provided with both on-line and on-the-job training that equips them with the tools to connect with customers and provide them with the best banking experience possible. What is intriguing is the fact that the Research and Development (R&D) team of TD Bank Financial Group strives to identify new ways improve performance. First they study the workplace environment and resources available after which they study the factors that can influence the employee's performance. Training needs are then conducted followed by determining the employee's fit with organizational goals and objectives. Rummler in his book, "Determining Needs – Training and Development Handbook" introduces two types of performance indicators: Expected Performance and Actual Performance (Rummler, 1987), which was later renamed as Targeted Performance and Achieved Performance. Rummler believes that performance gaps occur when organizations fail to develop effective strategies.

TD Canada Trust is aware of the employee turnover but considers having a conducive work environment that motivates employees to perform well. However, modern day training involves refresher training sessions, evaluation and feedback of team efforts, alignment of systems, procedures, and organizational design to the team approach, and above all, training equity that provides equal access to training and resources for all employees (TD, 2012). This relates to the principle of reward and recognition because TD Bank Financial Group promotes from within, which can be a motivating factor for employees by raising employee satisfaction and commitment. Dr. Don Baucum in his book "Psychology" says that learning, motivation and performance are inter-related as it relates to self-efficacy (Baucum, 1996). His research supports the belief that the higher the self-efficacy, the better the performance because individuals with low self-efficacy remain pre-occupied with concerns about failure and can never perform well (Baucum, 1996). TDCT offers flexibility at all levels of the business where the employees can chose between job rotation, lateral transfers and internal promotions. It is no secret why TDCT has been successful in recruiting and retaining their employees. Training and Workforce Development have been the premise of providing successful customer experiences.

Present and Future Challenges in Retail Banking

While the affects of global recession on interest rates and slow growth appears to be the toughest challenge for most banks, Tim Hockey, the President and CEO of TD Canada Trust thinks otherwise. According to him, "The real test of customer service is how you respond in difficult times." Challenges will continue to blow its trumpet but it is the risk discipline and overall business strategy that will eventually turn the tide. Despite the impact of historically lower interest

rates combined with a convalescing economy, TDCT continues the momentum of growth by continuing to reach the masses where other banks would think twice and meet their goal of increasing market share. The Management's Discussion and Analysis of 2011 reports that heading into the New Year, TD Bank Financial Group would be focusing on the following key priorities (TD, 2012):

1. Extend leadership position in customer service and convenience;
2. Create an integrated customer service experience across all channels;
3. Mitigate impact from slower growth operating environment by improving efficiency through streamlining, and simplifying technology, processes and controls, and;
4. Continue to grow under-represented businesses and identify new sources of revenue.

Conclusion

This research has provided banks with a key determinant "Customer Service" to sustain itself. At a time when the headlines are full of stories about bank failures and lost trust in the financial services industry, it is important to realize that not all banks are struggling because TD Canada Trust have continued to grow by opening 170 new branches since 2006, with 24 new branches in 2011 alone. Apart from the exceptional customer service and offering a wide range of products to both Canada and the United States, TD Bank Group knows that people do not like banks. Henceforth, investing resources towards customer service is the only way to create a memorable experience for customers. In the case of Canada, there is a wide pool of customers who are either international students or new immigrants, while more are coming each year. To cater banking solutions to every client, TDCT has been leading the pact with diverse employees that speak multiple languages and offering financial services that allow clients to be "Bank Customers" and not "Branch Customers." Ipso facto, TD Bank Group has consistently enjoyed the hard-earned reputation of being number one in customer service experience. Why? The answer is simple… TD listens to its customers by offering need-based solution to them at comfort and convenience. Indeed, as their slogan states, TDCT is "The Better Bank Today and Tomorrow" because "Banking can be this comfortable…" (TD, 2012).

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Comparative Analysis: The 1960s & 1980s Merger Waves

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In 1960s a typical merger acquisition transaction was a friendly acquisition, usually paid for by stock of acquiring company rather that cash;such mergers were mostly undertaken by a large corporation of a smaller public or private firm; and target companies were outside the acquiring firms main line of business. Such unrelated diversification was common among the large companies. The critical feature of the '60s takeovers, then, was unrelated diversification. However in the 1980s a large number of the mega companies or conglomerates that were formed as a consequence of the M&A wave of the 1960s were performing poorly, especially in the aftermath of the energy price shocks of 1974 and 1979. Takeover activity began to accelerate in the early 1980s and boomed throughout much of the decade. Takeovers in the 1980s were characterized by heavy use of leverage. Firms purchased other firms in leveraged takeovers by borrowing rather than by issuing new stock or using solely cash on hand. Other firms restructured themselves, borrowing to repurchase their own shares. Finally, some firms were taken private in leveraged buyouts (LBOs). In an LBO, an investor group, often allied with incumbent management, borrows money to repurchase all of a company's publicly owned shares and takes the company private.The use of junk bonds increased substantially throughout the 1980s together with leveraged buyouts. In the mid- to late 1980s, more than 50 percent of the issues of junk bonds were related to takeovers or mergers.

Introduction

The American economy experienced two great takeover waves in the postwar period, first in the 1960s and the second in the 1980s. Both waves had a deep affect on the structure of corporate America. The main trend in the '60s was diversification and conglomeration. In contrast the 1980s takeover reversed the previous process and brought US corporations back to specialization. In this respects, the last 30 years were a roundtrip for corporate America. This paper is an overview of the salient features of the two takeover waves.

1.1 The 1960s Conglomerate Merger Wave
    The merger wave of the 1960s was most significant since the turn of the

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century (Stigler, 1968). A typical characteristic of the 1960s transaction was a friendly acquisition, frequently for stock, of a smaller private or public firm which was outside the acquiring firms main line of business. During this period unrelated diversification was widespread among the large companies. Rumelt (1974) has reported that the fraction of single business companies in the Fortune 500 decreased from 22.8 Percentage in 1959 to 14.8% in 1969. Further, the portion of conglomerates with no dominant businesses increased to 18.7% from 7.3%. There was also a considerable move to diversification among companies that retained their core business. The driving force behind the 1960s wave was high valuations of acquiring company stocks and large corporate cash flows. However the management was unwilling to pay out the high cash flows as dividends, and on the other hand were able to issue equity at attractive terms therefore, they turned their attention to acquisitions (Donaldson 1984).Dividends were considered as a complete waste, and acquisitions as a very attractive way to conserve corporate wealth.

There are two sets of arguments used to explain why companies diversify. The first set argues that firms diversify to increase shareholder wealth. A number of authors have discussed different aspects of diversification that can potentially raise shareholder wealth. Williamson (1970), suggest that firms diversify to beat imperfections in external capital markets. Through diversification, managers create internal capital markets, which are less prone to asymmetric information problems. Lewellen (1971) argues that conglomerates can carry on higher levels of debt since corporate diversification reduces earnings variability. If conglomerate firms are more valuable than companies operating in a single industry, then the tax shields of debt increase. Shleifer and Vishny (1992), state that conglomerates may have a higher debt capacity since they can sell assets in those industries that suffer the least from liquidity problems in bad states of the world. Finally, Teece (1980) argues that diversification leads to economies of scale. The second set of arguments states diversification as a product of the agency problems between shareholder and managers. Amihud and Lev (1981) argue that managers follow a diversification strategy to protect the value of their human capital. However, Jensen (1986) suggests that companies diversify to increase the private benefits of managers. Similarly, Shleifer and Vishny (1989) suggest that managers diversify because they are better at managing assets in other industries. Thus, diversifying will make skills more indispensable to the firm.

1.2 The 1980s Merger Wave

Form a longer historical perspective, Golbe and White (1988) presented time series evidence of U.S. takeover activity from the late 1800s to the mid-1980s.

Their findings have suggested that takeover activity above 2 to 3 percent of GDP is unusual. However, the greatest level of merger activity occurred around 1980s, at roughly 10 percent of GNP. By this measure, takeover activity in the 1980s was historically high.

The size of the average target in the 1980s had increased extremely from the modest level of the '60s. By 1989 28%, of Fortune 500 companies were acquired and many transactions, particularly the large ones, were hostile. Further the medium of exchange in takeovers was cash rather than stock, and these transactions they were characterized by heavy use of leverage. Firms were purchased by other firms by borrowing rather than by issuing new stock or using solely cash on hand. Other firms restructured themselves, borrowing to repurchase their own shares. The '80s was also characterized by latest forms of control changes, which included 'bustup' takeovers. Bustup takeovers involved the sell off of a substantial fraction of the target's assets to other firms. (Bhagat, Shleifer, and Vishny, 1990; Kaplan, 1997).

Merger Motives
There is exhaustive literature that attempts to explain the driving rationale behind the merger waves in 1960s and 1980s. The following sections will briefly explain the main motives behind these two merger waves.

2.1 Managerial Motives
Agency theory predicts that unless managers are strictly monitored by large block of shareholders they will certainly act out of self-interest. Amihud and Lev (1981) have provided proof that unless closely monitored by large block shareholders managers will attempt to reduce their employment risk through diversification. Lane et al (1998) in this study have reexamined Amihud and Lev findings about agency theory. Using a sample of 309 US firms that diversified between 1962 and 1970, from the Federal Trade Commission (FTC) Statistical Report on Mergers and Acquisitions (1976). This study falls in the third broad category[1] of agency studies. However this analysis only examines the strategic behaviors of managers when they are not under siege and are also not in a situation in which their interests are clearly in conflict with those of shareholders. Specifically, firms without large block shareholders are expected to engage in more unrelated acquisitions and show higher levels of diversification than firms with large block shareholders (Jensen and Meckling (1976)).

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[1] *The first category: a context in which managers are clearly threatened. The second category :large block shareholder monitoring in settings where managers are not under siege, but their interests clearly conflict with those of shareholders.*

Using Multiple Regression, Lane et al (1998) found no evidence for the standard agency theory predictions that management controlled firms are linked with strategically lower levels of diversification and lower levels of returns than are firms with large block shareholders. It was found that ownership structure and diversification are largely independent constructs. Thus, managers may be worthy of more trust and autonomy than what the agency theorists have prearranged for them. Rather than seeking to restrict managerial discretion through extreme oversight, a more balanced approach by principals is needed. Some safeguards are essential as conflicts of interests between managers and shareholders do arise in certain situations, therefore, the assumption that such conflicts dominate the day-to-day management is not realistic.

Matsusaka (1993) takes a deep look at the astonishingly high pre-merger profit rates of target companies during the conglomerate merger wave. The main goal of the study is to assess how important was "managerial discipline" as a takeover motive.

The analysis uses an extensive data set of   806 manufacturing sector acquisitions that took place in 1968, 1971 and 1974. The sample was collected from New York Stock Exchange listing statements. Sample of 609 observations was taken from 1968, 117 from 1971, and 129 from 1974. The results did not differ in any vital way by year, so observations from the three periods were pooled. Because antitrust enforcement was strict in the late 1960s and early 1970s, it was safely assumed that the sample mergers were not motivated to increase market power Ravenscraft and Scherer (1987). This allowed the investigation to focus on a narrow set of merger motives. Profitability[2] throughout the study was measured as a rate of return on assets.

The theory identified two basic characteristics of mergers motivated to discipline target management. Firstly, it was observed that the target was underperforming its industry and the only reason to discipline the managers was that they were not maximizing profit. It could be because of incompetence with which they were pursuing their own objectives. Secondly, the target company had publicly traded stock and the only possibility to discipline management was by electing an appropriate board of directors. In this situation a takeover was necessary to effect a change as the diffused stock ownership resulted in free-rider problems. Owners can remove bad managers of privately owned firms, as they are closely held. The problem occurs in large publicly traded firms with diffused ownership.

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[2] *The profit rate of firm i is defined to be ri where ri = (NET OPERATING INCOME) / (BOOK VALUE OF ASSETS)*

The statistical results revealed that both public and private targets had extremely high profit rates prior to acquisition compared to their size classes and industries. Therefore, takeovers were not motivated to discipline target managers during the conglomerate merger wave. The second finding of the study is that public targets were not as particularly profitable as private targets. It was also found that the largest public targets had the lowest profit rates. A credible interpretation of the evidence is that managerial discipline may have been significant motive for just a small set of acquisitions that involved large publicly-traded targets. Matsusaka (1993) leaves the bigger question unexplained. Why buyers time and again sought high profit targets during the merger wave. There is a simple clarification, that high quality assets are generally favored to low quality assets, as high quality assets are more expensive. In addition to explaining why firms seek high-profit targets, the asset complementarity theory implies that firms tend to divest their low-profit divisions

Palmer and Barber (2001) have determined the factors that led large firms to participate in the1960s wave. The theoretical approach of the study conceptualizes corporate elites (managers and directors) as actors. However it is assumed that these actors have interests which have arisen from positions held in organizational and institutional environments, and from multidimensional social class structure. Often acquisitions are deviant and innovative ways by which these corporate elites can increase their status and wealth. Corporate elite diversify to the extent that their place in the class structure provides them with the capacity and interest to augment their wealth and status in this way. The authors have examined how the firm's top directors' and managers' class position influenced the tendency to employ diversification in the 1 960s. More specifically the following arguments on social status[3] have been tested empirically. Firstly, "Firms run by top managers who attended an exclusive secondary school or whose family was listed in a metropolitan social register were less likely than other firms to complete diversifying acquisitions in the 1960s." Secondly, " Firms run by top managers who were Jewish were more likely than other firms to complete diversifying acquisitions in the 1960s." Thirdly, "Firms run by top managers situated in the South or west were more likely than other firms to complete diversifying acquisitions in the 1960s."

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[3] *Domhoff (1970) argued that social status in the U.S. is reflected in attendance at exclusive secondary schools (such as Groton) and inclusion in restricted metropolitan social registers (such as the Cleveland Blue Book). Only descendents of families of longstanding wealth and social prominence gain admission to such schools and listing in such registers. Baltzell (1958, 1964) maintained that social status in the U.S. has been segregated along religious and regional lines. He characterized the upper class as a Protestant and northeast- ern phenomenon. Thus, it is not surprising that Espeland and Hirsch (1990: 84) described the corporate elite members who pursued diversifying acquisitions in the 1960s merger wave as "self-made men." Hirsch (1986) and Espeland and Hirsch (1990) also described these elite members as being disproportionately Jewish and from the South or West.*

The study selected a sample of the largest 461 publicly traded U.S. industrial corporations from the Federal Trade Commission's Statistical Report on Mergers and Acquisitions (1976), between January 1, 1963, and December 31, 1968. This particular time period was chosen because as the merger wave took off at the end of 1962 and crested in 1968. The results of the study were found through count and binary regression models.

The findings of the study are consistent with that of Zeitlin (1974). According to him top managers' capacities and interests are shaped by their social class position. Corporate elite members differ in their social class position. It is this variation that influences the behavior of the firms they command. The results indicate that social club memberships and upper-class background influenced a firm's propensity to complete diversifying acquisitions in the 1960s. Corporations that were run by chief executives who were central in social networks but marginal with respect to status found were more likely than other firms to complete diversifying acquisitions in the 1960s. Therefore, individuals with high status had small interest in adopting innovation when acquiring a firm. Corporate elites can inhibit the spread of an innovation when it threatens their interests. As observed by Hayes and Taussig (1967), "One must never underestimate the moral suasion that the business and financial communities can bring to bear on those who engage in practices of which they disapprove." In this respect, the analysis provides additional evidence that intraclass conflict shaped corporate behavior during the 1960s merger wave. It seemed that in the 1960s, it was not concentrated ownership but ownership in the hands of capitalist families that reduced a firm's tendency to complete diversifying acquisitions. Further, as predicted by agency theory , concentrated ownership would lower acquisition rates most when in the hands of the CEO or other top managers, as opposed to outsiders, however it was found the reverse to be the case.

Overall, there was very little support for any of the agency theory in the 1960s merger wave. Further, the results provided no support for several of the class-theory hypotheses. Firms headquartered in the South or West or run by Jewish CEOs did not have a greater propensity to complete diversifying acquisitions during the 1960s.

The process of diversification of American firms reached its height during the merger wave of the late 1960s. Matsusaka (1993) evaluated the 1960s merger wave. In an attempt to do so the author has proposed a number of explanations that drove managers to diversify during the conglomerate merger wave. There are reasons to suspect that managers may have pursued a diversification strategy

even when it impaired the shareholders wealth. They may have entered new lines of business to protect their organization-specific human capital or to establish themselves. On the other hand, they may have been pursuing size as an end and because of strict antitrust opposition to horizontal and vertical mergers they had to expand by buying into unrelated industries.

Matsusaka (1993) has evaluated whether manager were diversifying for their own advantage or in the interest of shareholders returns .To do so the author inspected the effect of diversification on the value of firms equity. Thus, if the value of a firm declined upon announcement of an acquisition, then its management was not acting to maximize shareholder wealth.

One explanation for conglomeration stated in the study, stems from Managerial-Discipline theory. Firstly, Firms were taken over to discipline or replace their bad managers i.e. "Managerial-Discipline". Secondly, "Managerial Synergy" theory states that the bidder management wanted to work with target management, not replace it. In this case the acquirer management believed that the target management would complement to their skills. Therefore firm that had Managerial-Discipline problem were likely to have had low profits, and on the other hand managerial-synergy targets were likely to have had high profits.

Another explanation for conglomerate mergers is that buyers were motivated by earnings-per-share (EPS) manipulation. This explanation states that conglomerates have a high price-earnings ratio (P/E).[4] Therefore the bidder management was bootstrapping, by buying firms with low P/Es. Construction of the dataset began with a list of mergers from the sample of 1968, 1971 and 1974. The sample was identified from the takeovers from New York Stock Exchange listing statements and the results were presented through regression.

The announcement-period returns to the bidders' shareholders were measured through "dollar return,"[5] Regression of the dollar-reurs measure found that the return to a diversification acquisition was significantly positive. On average their

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[4] *It is an algebraic fact that when one firm acquires another with a lower P/ E, its EPS rises-called "bootstrapping." If the market sets the price of a stock at a constant multiple of EPS, then a firm can increase its stock price by buying firms with lower P/Es than its own. "The basic idea behind EPS manipulation can be seen with an example. Suppose firm A has $1 million in earnings, 1 million shares outstanding, and a price of $20. Its EPS is $1.00. Firm B has $1 million in earnings, 1 million shares outstanding, and a price of $10. Firm A has a P/E of 20 and firm B has a P/E of 10. Firm A plays the game by buying firm B. Firm A exchanges one of its shares for two of firm B's, increasing its outstanding shares to 1.5 million. However, its total earnings rise to $2 million, for a new EPS of $1.33. If investors watch EPS, so the argument goes, they observe a 33% increase and bid up the price of firm A*

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[5] *The cumulated residual rates of return from a market model weighted by the value of the firm (Malatesta, 1983).*

shareholders enjoyed an $11.0 million value increase in value when bidders made a diversification acquisition, this rejects the hypothesis that diversification hurt shareholders' wealth and is thus inconsistent with the idea that diversification was driven by managerial objectives. On the other hand, bidders who made related acquisitions cost their shareholders $6.4 million on average. Thus, the hypothesis that the market's reaction was the same to related acquisitions and diversification oriented acquisitions is rejected; it also suggested that there was a market "premium" to diversification.

Using descriptive statistical summaries it was found by Matsusaka that both diversifying and horizontal buyers preferred to buy firms that were profitable. For both type of acquisitions the average operating profit was more than 5% in excess of the target's industry average. Therefore fame of high-profit targets argues against the importance of a managerial-discipline motive for both types of acquisition and in favor of a managerial-synergy motive. This is because Managerial-Discipline takeovers should have been directed at low-profit firms, whose profitability needed improved. The findings of Matsusaka suggested that motive was Managerial-synergy as those targets were acquired which were high- profit firms, this was so because synergy-motivated managers were looking for good partners.

Another factor studied by Matsusaka was the retention of targets' managers after acquisition. Top management is said to have been "retained" if it meet the following criteria. Firstly, it was reported in the Wall Street Journal that the acquired firm's management would continue to operate under the new management. Secondly, it was indicated in the buyer's listing statement that the target's management would be retained. Lastly, when the merger took place at least one of the top three executives of the target firm was still managing the firm three years later from when the merger took place. According to the above mentioned definitions, 61.8% of the managers in the sample were retained and only 3.5% of the acquisitions fell in the "Replaced" category. The main finding of Matsusaka was that buyers earned significantly positive announcement-period returns during the conglomerate merger wave when they made diversifying acquisitions. The hypothesis that conglomerates were driven by empire building or some other managerial objective can be rejected because such explanations imply that value decreases due to unrelated acquisitions.

Another explanation of the conglomerate merger wave is that mergers were driven by an accounting trick rather than expected efficiencies. Therefore, investors watched EPS; when the EPS of acquiring company went up they bid up the price of the stock. According to this argument, Conglomerates, tended to buy

companies with lower P/E ratios than their own P/E ratio own in order to increase their EPS and boost their stock prices. There was no evidence that firms earned positive returns which inflated EPS in this way. It was indicated in the study that early conglomerators earned significantly positive returns simply because they were first. They may have gained some rents to organizational innovation. Possibly the men who built the first conglomerates had a unique talent for diversification, which the market rewarded.

Hubbard and Palia (1999), have examined the likelihood that internal capital markets were formed to alleviate the information costs associated with the less well-developed external capital markets of the time; that is, whether the merger was expected to create value by the external capital markets in the 1960s.In this paper, the authors have inspected a form of cross-subsidization that occurs when a financially unconstrained bidding firm takes over a financially constrained target firm and as a result forms an internal capital market. The study examined whether the external capital markets expected that the formation of internal capital markets in the 1960s were value-maximizing for the bidding firm. However, existing research has argued that internal capital markets can be value-enhancing. As argued by Geneen (1997), the financing and budgeting expertise that a firm possesses is not necessarily related to its degree of diversification. Accordingly, the internal capital market hypothesis for all acquisitions was tested. The study also tested the "bootstrapping" explanation for conglomeration in the 1960s, which took place when firms with a high price-earnings ratio (P/E) took over low P/E target firms and apparently attempted to fooled the stock market with an increased combined earnings-per-share.

In the 1960s, external capital markets were less developed in terms of company-specific information production than in later years. The authors have classified "company-specific information" into two general categories. These include production information and financing and budgeting expertise. It was suggested that diversified firms were perceived by the external capital markets to have an informational advantage, because external capital markets were less well developed at that time. Comparing it to the current time period , there was less access by the public to computers, data- bases, analyst reports, and other sources of company-specific information. Not only this deficiency but also there was fewer large institutional money managers, and the market for risky debt was relatively illiquid.

The authors selected a sample of 392 acquisitions that occurred during the period from 1961 through 1970. Diversifying acquisitions were defined as those

in which the bidder and target do not share any two-digit SIC code Matsusaka (1993); and related acquisitions as those in which they do share a two-digit SIC code. Further the Wall Street Journal was used for announcement date as the event date. Four measures of abnormal returns to the conglomerate bidding firm were calculated. These measures were as follows. Firstly, the usual "percentage returns" or the cumulative abnormal returns from five days before to five days after the event date. Secondly the "percentage returns until date of last revision" or the cumulative abnormal returns from five days before to five days after the date of the last revision (Lang et al. (1991)). Thirdly, the "dollar returns" or the percentage return times the market value of the bidder six days before the announcement (Malatesta (1983); Matsusaka (1993)). Lastly, the "investment return" defined as the change in the value of the bidder divided by the purchase price (Morck et al. (1990)). Tobin's 'q' ratio is used as a proxy for firm's capital market opportunities.

The evidence from these measures is mixed. Positive abnormal returns for all four measures were shown for related acquisitions. On the other hand, two of the four measures had shown statically significant positive abnormal returns for diversifying acquisitions. It means that diversifying acquisitions do not significantly earn less than related acquisitions in two of the four measures. Thus, evidence suggests, the capital markets believed acquisitions to be generally good for bidder shareholders during the 1960s.

More significantly, it was found by Hubbard and Palia (1993) that when financially unconstrained buyers acquired constrained target firms, highest bidder returns were earned by the bidder. Further, bidders generally retained target management, signifying that management may have provided company-specific operational information and the bidder on his part also provided capital budgeting expertise. Therefore, external capital markets seem to have expected information benefits from the formation of the internal capital markets due to mergers.

Hubbard and Palia (1993) found no evidence in support of the bootstrapping hypothesis since the coefficients on the dummy variables[6] were not statistically different from zero. This result is consistent with Matsusaka, (1993), who also finds no evidence for bootstrapping. Therefore, firms merged to form their own internal capital markets as there was a deficiency of well-developed external capital markets in the 1960s. Some firms apparently had an information advantage over the external capital markets and were expected to produce value

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[6]*The dummy variable that equals the value of unity if the bidder's price-earnings ratio is greater than the target's price-earnings ratio (and equals zero otherwise); in the bootstrapping explanation, the variable should be positively related to bidder returns.*

in an internal capital market. In the 1960s diversified acquisitions were rewarded by financial markets; and the informational advantage that acquiring firms appeared to possess was likely to be in the capital budgeting, allocation process and operational aspects of each division. Bidder firms generally retained the target management as it would facilitate them running the operational part of each target firm.

The Motives discussed in the above mentioned articles are appealing; however evidence from the stock market suggests that shareholders preferred their firms to diversify. Using a data set from the '60s and early '70s, Matsusaka (1993) reported that, when a company announced an unrelated acquisition, the market value of equity of the bidder increased on average of $8 million. However, on the announcement of a related acquisition, the bidding firm's the market value of equity fell by $4 million. The difference between the two returns is quite significant. Thus it appears that investors fully believed that unrelated acquisitions benefited their firms. Thus the managers just did what the stock market told them to do; and was to diversify. Evidence from 1980s stock market suggested that shareholders, again, liked what was happening. Shleifer and Vishny (1992) found that in the 1980s, stock prices of the bidding firms rose when they bought other firms in the same industry, and fell with unrelated diversification. It is clear that the market disapproved unrelated diversification. Therefore it is not surprising that does not astonish that, in light of such market reception, managers in 1980s stopped diversifying and did what the stock market directed them to do.

2.2 Legal Motives

Matsusaka (1996) investigated whether the antitrust enforcement of the 1960s led firms to take on the diversification goal, by preventing them from expanding within their own core industries. If correct, diversification should have occurred more frequently when small firms merged than when large firms merged since small mergers were less likely to have attracted antitrust attention. Further the author examined the diversification patterns in the United Kingdom, Canada, Germany, and France in the late 1960s and early 1970s, where none of these countries had legal restrictions on horizontal growth similar to those in the Unites States.

The US Clayton Antitrust Act was the antitrust legislation in the postwar period (1950 Celler-Kefauver amendment to Section 7). The act, prohibited mergers that would substantially "lessen competition, or tend to create a monopoly."

This new law was used by the antitrust authorities and the courts to limit the number of mergers between vertically related and firms in the same lines of

business. The strictness of the antitrust environment in 1968 is illustrated by the observation that in the earlier 12 years, all antitrust cases that reached the Supreme Court had been resolved in support of the government. The study indicated the following two implications. Firstly, large horizontal mergers were more liable to have been challenged on antitrust grounds than small horizontal mergers. Secondly mergers between unrelated firms were unlikely to have been blocked, regardless of size. Firms diversified in 1960s, since antitrust authorities prevented them from expanding in their home industries. Later when antitrust policy became less rigid in the 1980s, firms expanded horizontally, leading them to refocus on their core business. Stigler (1966) was perhaps the first researcher to present evidence on the antitrust hypothesis, concluding that, "the 1950 Merger Act has had a strongly adverse effect on horizontal mergers by large companies."

Matsusaka (1996) selected a sample of 549 mergers (that took place in 1968) from the New York Stock Exchange. Results of the study were reported through Logit regressions. It was found that bidders were as likely to have entered new industries when they made small acquisitions as when they made large acquisitions, and small buyers were as likely to have diversified as large buyers. Further the total number of diversification acquisitions concerning small companies was high. Though, according to the antitrust hypothesis; diversification should have been widespread primarily in large mergers where same industry acquisitions were prohibited by tough antitrust enforcement.

Secondly assembled international evidence indicated that diversification took place in many industrialized nations in the 1960s and 1970s, although restrictions against horizontal combinations were unique to the United States. Yet, most other industrialized Western nations[7] experienced diversification merger waves and general movements toward diversification in their largest companies (Chandler (1991)).Thus most of the evidence, is not consistent with the antitrust hypothesis, signifying that other explanations for corporate diversification should be emphasized, not the anti trust hypothesis.

Scholes and Wolfson (1990) state, that the changes in U.S. tax laws[8] in the

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[7]*France , Germany, Canada & Britain*

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[8] *"The Economic Recovery Tax Act (ERTA) of 1981 encouraged asset sales not only to effect a step-up in depreciable asset basis but also to effect a change in depreciation schedule to one that was much more accelerated (the so-called accelerated cost recovery system or ACRS). The Installment Sales Revision Act, passed in October of 1980, also promoted asset sales by making installment sales a more effective way of reducing the present value of the tax costs to the seller of assets from capital gains and from the recapture of past depreciation as ordinary income. The Deficit Reduction Act (DRA) of 1984 withdrew some of the tax advantages of asset sales by extending modestly the*

1980s had obvious effect on the desirability of mergers and acquisitions. However such transactions were not only motivated by tax factors but also non tax factors[9]. Tax laws can have number of affects on mergers and acquisitions , which can include the following "capital losses, presence of tax-attribute carry forwards such as net operating losses , investment tax credits, and foreign tax credits, among others, that might be 'cashed in' more quickly and more fully by way of a merger; the desire to 'step up the tax basis' of assets for depreciation purposes to their fair market value; the desire to sell assets to permit a change in the depreciation schedule to one that is more highly accelerated." The authors in this study have examined the effect of changes in tax laws passed in 1980s on merger and acquisition activity in the United States.

The authors selected the annual values of mergers and acquisitions from 1968 through 1987 in nominal dollars. The data source for nominal values was W. T. Grimm and Company for 1968-85 and Mergers & Acquisitions (1987-88, rev. quarterly) for 1986 and 1987. Using time series analysis it was found that the dollar volume of merger activity between 1980-1981 increased from $44.35 billion to $82.62 billion (86%) in nominal terms. The percentage increase was approximately twice as large as the next largest percentage increase in annual merger and acquisition activity over the 1970-86 periods. There was spectacular increase in merger activity that began with the passage of the Economic Recovery Tax Act of 1981, however this was not the only "merger wave" that occurred in that time frame. Unusual merger activity was also witnessed in the 1960s.
 The termination of 1960s wave was accompanied by quite a few regulatory events that depressed such transactions. Firstly, the Williams Amendments had enlarged the cost and difficulty of effecting tender offers. Secondly the issuance of Accounting Principles Board Opinions 16 and 17, forced many acquiring firms to boost depreciation expense, goodwill amortization and cost of goods sold. Thirdly the Tax Reform Act of 1969, made transferability of tax attributes (net-operating-loss carry forwards) more restrained. Therefore there was a sudden decline in merger activity from the peak in 1968. Relative to the tax benefits

depreciable lives of certain assets and by removing the opportunity to post- pone the recapture of past depreciation through the use of installment sales. The Tax Reform Act (TRA) of 1986 put nails in the tax-induced asset-sales-and-mergers coffin along all of the tax dimensions that are important in motivating mergers and acquisitions involving domestic buyers. The 1986 act introduced less generous depreciation schedules; it increased the capital gains tax rate at both the corporate and personal levels; it eliminated the so-called General Utilities doctrine, which had provided an ability to avoid a corporate-level capital gains tax on the difference between the market value and the adjusted tax basis of corporate assets sold or distributed in a planned corporate liquidation."

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[9]*For example, a desire to exploit economies of scale or scope in operations or a desire on the part of the incumbent management to engage in empire building or further managerial entrenchment.'*

when the non tax benefits of the transaction were small, current management were the most efficient purchasers, as they had an advantage along the hidden information dimension. Therefore 1981 act had increased the incidence of cases in which non tax benefits were less than the common tax benefits of mergers and acquisitions. As a result, there was an increase in the number of transactions involving management buyouts. The annual dollar value of unit management buyouts between 1978-80 increased by a factor of 3, and by a factor in excess of 20 for the period 1981-86.

The antitrust proposition mentioned above is appealing as one of the most important reason for diversification, during the '60s and '70s, which simply disallowed mergers of firms in the same industry, regardless of the effects of these mergers on competition. In a couple of cases, antitrust authorities even challenged mergers of two unrelated firms. The stringency of the antitrust environment in 1968 is illustrated by the observation that in the preceding 12 years, every antitrust case that reached the Supreme Court had been resolved in favor of the government. Faced with this strict policy, corporate managers who wanted to acquire firms in the 1960s basically had to diversify or face a costly antitrust challenge. However in the 1980s the Regan administration implemented hands off policy. The antirust authorities stopped challenging mergers of firms in the same industry, therefore mergers in the same industry increased sharply. Thus, when antitrust policy became less stringent in the 1980s, firms were able to expand horizontally, leading them to de-diversify and refocus on their core business.

2.3 Wealth Gains and Losses

Hostile Takeovers attract strong positive and negative reactions. Bhagat et al. (1990) have tried to identify the driving force behind these takeovers, which typically involve major wealth gains for the shareholders of target firms. The examined question was where these wealth gains come from? The possibility that wealth losses by bidding firms' shareholders as the explanation for target firms shareholder gains was also analyzed. Hence, the change in wealth of bidding firm's shareholders is first dealt with in the study; and then it explains some potentially important changes that can justify takeover premium for target firms shareholders in hostile takeovers.

There are potential sources of takeover gains that have been identified and tested in this study. First, target shareholders can gain a major chunk of the wealth, however less is known about bidding firms shareholders. If they benefit then to account for the wealth gains, operational changes analysis must come up with superior savings. However, on the other hand, if they lose; a slight shareholder wealth increase explains

108

the phenomena. Second, often hostile takeovers involve acquisitions of closely related firms. In this case gains from related acquisitions are expected to come from enlarged market power and superior operating efficiencies. Combined operating efficiencies can come from combined research and development, marketing, procurement, headquarters operations and distribution. These gains might be augmented if the target is not run efficiently and is acquired by a firm with better managers who find ways to decrease costs. Third, Labor costs are one of the major costs in most corporations. Therefore a reduction of these costs is an effective ways to enhance cash flow. Such savings can be done number of ways, including layoffs, hiring freezes, early retirements; reductions in future pension benefits, wage reductions and reduce employment. Fourth, a large amount of hostile takeovers are followed by considerable divestitures, as the sales of divisions of the target companies to other firms. However, the authors describe the degree of divestitures to note how they should be interpreted. Bidding firms might sell off divisions of the target firms simply to pay off some of the debt incurred in the acquisition. Fifth, gains can be realized from tax savings.

A merger of a profitable company with one that has tax losses can result in a tax savings Auerbach and David (1988). Another source of tax savings is to convert the target into a partnership. As a result, double taxation can be avoided. Investment cut is the last source of gain. Jensen (1986) argues that takeovers prevent target firms from investing their surplus cash in projects that have a negative net present value. There are takeover gains since the money formerly wasted would now distributed as dividends. The above mentioned gains are possible sources of target shareholders' wealth gains and on the other hand are bidding shareholders' losses.

The author selected a sample of 62 firms that were targets of hostile takeover offers of more than $50 million, as reported by W. T. Grimm for the period 1984-86. Like most others, W. T. Grimm[10] classifies hostile takeovers as those in which the target's board at least initially expressed opposition, if only to raise the price. The sample stops in the year 1986 so that changes in the coming two to three years following the takeover can also be analyzed. Out of the total sample 50 target firms were acquired and 12 remained independent. To avoid using proof from friendly acquisitions and to judge hostile ones only the study has selected the sample for only hostile takeovers.

The post-takeover analysis is complex because once merger takes place; it becomes near to impossible to attribute to the target the changes recorded in data that is jointly accounted. As a result, the study does not use the above mentioned

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[10] *"Grimm classifies hostile takeovers as those in which the target's board at least initially expressed opposition, if only to raise the price."*

data source. All through the analysis, the authors rely on numerous data sources which include the following, the Center for Research and Security Prices (CRSP) stock price data; 10 K forms; bidder and target annual reports;; Moody's Industrial Manual; Value Line Investment Survey; the Wall Street Journal; the New York Times; Business Week and trade publications; and DATEXT.

To gauge wealth changes of shareholders the study has calculated the premium, paid to the target firm's share- holders. The authors have used the following formula to calculate the premium. First, the study takes the period from twenty days before the first bid for the target was announced, to the day when the target accepted or defeated the bid. The 1st date is stated as Date 1 and the 2nd Date2. Next the market model is estimated for each target firm from two hundred and sixty trading days before Date l to 60 trading days before Date 1. The market model is than used to forecast the price of the target that would be on Date2 given its real value on Date l, and the market return between Date l and Date2. The premium is than, the difference between the price paid for the target firm and the predicted price of the target firm on Date2 i.e. The difference between what was paid or offered for the target firm and what the price would have been on the resolution date if no takeover activity had occurred. However, calculating wealth changes of the bidding firm's shareholders is complex because there is no equal of the price paid. Consequently, to assess the wealth change of the bidding shareholders, the study has defined Date3. Date 3 is the date when the first bid was made by the actual acquirer. The market model is than estimated for the bidding firm from two hundred and sixty days before to sixty days before Date3. The model is than used to work out the abnormal change in bidding firm's shareholders' wealth from 3 days before and after Date3. The authors have defined this abnormal wealth change as the return to bidding shareholders. However the study does not estimate bidding shareholders' returns in unsuccessful bids since the authors found no satisfactory procedures. Hence, in these cases the bidding shareholders are ignored the gain offered to the target shareholders are in terms of changes implemented after the takeover bid. Secondly, layoffs have been measured as the sum of early retirements and layoffs and from the retained divisions of the target company. The majority of the information on layoffs came from the Wall Street Journal, even though other sources were also sometimes used. Thirdly to calculate the value of divestitures the authors observe at all post takeover divestitures during 3 calendar years from the start of the takeover. The study followed the same approach as with layoffs, making sure that the sold off firm was from the target. However, when it proved unworkable to attribute the divestiture to the target, the study counted it as zero.

This was the main setback when the target and the bidder belonged to the same industry and had fairly homogeneous assets. The key sources of information on divestitures were the Wall Street Journal, and Moody's. In nearly all cases the study found prices of divestitures; otherwise, the divestiture was not counted.

The study found a number of factors that drove the hostile takeovers in the 1980s. First, hostile takeovers mostly allocate businesses to firms that own related businesses. These related businesses were acquired by not only in the takeover but also in sell offs after the takeover. Of the $69 billion in assets that changed hands in our sample 72% of firms in the sample ended up in the hands of firms that were managing similar assets. Second, MBO teams and Raiders mainly served the temporary function of brokering, which involved the transfer of assets to the related acquirers. Concentrated ownership and High debt levels gave organizations a powerful incentive to execute a bustup, but the task of following management was left to others. Third, layoffs were a significant but not a leading source of hostile takeover gains. Layoffs were excessively targeted at white collar employees. Fourth, sell offs were result of hostile takeovers, and in a lot of cases they resulted in a liquidation of the target. Fifth, tax savings were significant in some cases, mainly in LBOs, however the benefits of the debt tax shield were considerably reduced by the speedy repayment of debt. Conversion to partnerships and Tax losses were not that common, nevertheless they provide great benefits when they did take place. Sixth, takeover gains that were significant in some cases were from the bidding firm's shareholder losses and reduction of wasteful investment by the target firm. Therefore takeover wave of the 1980s was the wave of related acquisitions.

A great deal of this wave was reflected in the increased speed of friendly related acquisitions. However in addition, the speed of hostile takeovers in the 1980s skyrocketed. Many of the hostile takeovers intended to deconglomerate big corporations and to allot their various divisions to related acquirers. MBO organizers and Raiders bought diversified firms and than sold off the parts to related acquirers, profiting substantially. Even though the takeover process was driven by this expansion into related businesses, numerous opportunities to increase the value of firms must have also encouraged hostile takeovers. Tax subsidies to debt undoubtedly helped the MBO organizers and the raiders to realize some gains.

The study clearly indicates what hostile takeovers were not in the 1980s. They were not a typical indication of transformation in the firms' internal organization. Acquisitions by raiders and Management buyouts in the 1980s were often a

temporary step in asset reallocation. The eventual holders of assets were the big public corporations.

The Motives discussed in the above mentioned article leaves one question open; where do the value gains come from in strategic acquisitions? The fact that in a typical strategic acquisition the combined wealth change of the target and bidding shareholders is positive hints that the market believed these gains did exist. The study identified some sources of efficiency improvements, such as tax savings and headquarters layoffs, but they clearly are not the whole story. There may be many efficiency gains in distribution, procurement, production, that the study has not captured.

Shleifer and Vishny (2003) have developed a theory concerning the causes of mergers. It provides an explanation for why acquirers' shareholders appear to lose from the merger. The authors have assumed that the shares of a number of companies become overvalued at some point in time. Hence the acquirers' managers increase their shareholders' wealth through trading their overvalued shares for the real assets of target companies. The market correction of the initial overvaluation is then the post-merger decline in acquirers' share prices, not a caused of the merger. Mueller and Yurtoglu (2007) evaluate whether mergers on average boost wealth or decrease it. To do so it is essential to find out whether the post-merger losses experienced by acquirers' shareholders were caused by the acquirers' overvaluation at the time of the acquisitions or by the merger itself. Accordingly, the authors expect that all mergers in all countries are not profitable, while others are. Hence shareholders of not only the acquired company gain from profitable merger but also shareholders of acquiring companies gain.

The authors have divided the hypotheses about the causes of mergers into two broad categories, the Neoclassical[11] and Behavioral theories. The neoclassical hypothesis is further divided into two categories. First, the Synergy Hypothesis (SH), all mergers that generate synergy result in an increase in market power and both shareholders of the acquiring and acquired firms gain from the merger. Second, the market for corporate control (MCCH) is tested. Under this hypothesis, a merger is a way to replace managers who are not maximizing the firm's value. This can be owing to agency problems or incompetence. Thus all gains occur from replacing the target's management. Next, the behavioral hypothesis is also divided in the following three categories. First, The managerial discretion hypothesis (MDH) assumes that managers are growth maximizers, and

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[11] *The neoclassical theories assume that (1) managers maximize their shareholders' wealth, (2) consequently mergers increase shareholder wealth, and (3) the capital market is efficient*

tend to undertake mergers to expand their firm while destroying shareholder wealth. Second, the overvaluation hypothesis (OH), it has the same predictions as the MDH, however for different reasons. Acquiring companies' shareholders experience positive returns in the short run but negative abnormal returns over long windows after the merger has taken place. When the shares become overvalued, meaning the market value of the firm is greater than the present discounted value of its earnings stream, its managers take on the acquisition in which they swap their overvalued shares for the seemingly correctly valued shares of another firm. Consequently, their shareholders benefit from the merger, since they obtain properly valued real assets by trading the overvalued paper.

The authors assume that the target's managers are eager to accept these overvalued shares, because they desire to 'cash in' their stakes in their company. Later when the merger has taken place, the market rectifies its error about the acquirer's overvaluation, and then the share price decreases.

The authors have selected a total sample of 9733 acquisitions that took place in the US, Great Britain, Australia, Japan, Canada, and Scandinavia. The main source of data was Global Mergers and Acquisitions database from Thompson Financial Securities. The database covers all worldwide transactions valued at $1 million or more. The sample period of the study was 1981– 2002.The study calculated and than regressed the abnormal returns for every acquisition in the sample. Abnormal returns (AR) for an acquiring company over a t+n day window was calculated by the following formula.

$$AR_{t+n}^{A} = R_{t+n}^{A} - R_{t+n}^{NA} \quad [12]$$

Where R_{t+n}^{NA} is the return of A over the n days window (n = 20 for the short term window, n=250,500 and 700 for long windows). R_{t+n}^{A} Is the return on a portfolio of non-acquiring firms in the same size and same industry of the acquiring companies' country.

During the 1980s merger wave, the study found similar patterns of returns across all types of countries with the exception of Japan. The mean gain over a short window (21 days) was 0.6%. However this picture changes considerably as the market gets additional time to assess the mergers and the acquiring firms. After 3 years, acquirers' shareholders lost market value. However, these post-merger negative returns might not be caused by the merger itself ,rather to some degree a consequence of the companies' being overvalued at the time of the

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[12] *All variations are the same as used in the study*

mergers. This overvaluation was reason of mergers under the Overvaluation hypothesis, and was consistent with both the managerial discretion and Hurbris hypothesis. Further the study found that some mergers boost efficiency and market powers. Whereas others fit the behavioral hypotheses that assume agency problems or overvaluation cause a merger

The objectives discussed in the above mentioned article seem pleasing. The picture one gets of the returns from mergers changes radically as the observation window extends following the mergers. Although acquirers appear to experience humble gains over short windows, they experience big losses over long windows. As post-merger negative returns may not only be caused by the mergers, but to some degree as a result of the companies being overvalued at the time of the mergers.

2.4 Value of Diversification

Servaes (1996) examined the benefits of diversification during the 1960s and early 1970s when firms started to diversify. Throughout this time, corporate America went through the conglomerate merger wave. Ravenscraft and Scherer (1987) documented that 36 percent of all the acquisitions during 1964-1972 and 32 percent of all acquisitions during 1973-1977 were conglomerates. The author examined whether diversification led to higher market values during this period, and if so, what were the sources of this valuation differential.

The authors have identified the following three factors that explain the change in the discount over time and the valuation discount of diversified firms. First profitability, firms that have low profitability are most probably to trade at a discount to similar firms with higher levels of profitability. Therefore, if diversified firms are systematically less profitable than single segment firms, and if this difference changes over time, it is possible that the trend in relative profitability can explain the trend in valuation. Secondly, differences in capital structure can also lead to valuation differences if leverage and firm value are related. Finally, corporate value can be related to a firm's investment level. As suggested by Meyer et al (1992), firms operating in more than one business unit may over invest because the profits of units with positive cash flows are used to finance poor investments in units with negative cash flows

To answer the above mentioned questions, the study examined whether the benefits of diversification were greater or less than the costs. The author selected a sample of US firms in three-year intervals from 1961 to 1976 and examined whether the benefits of diversification outweigh the costs. The year 1961 was when the conglomerate merger wave started, thus was chosen as the starting

point. The study compared the mean and median Q ratios[13] of single segment firms with those of multiple segments to measure whether diversification was valuable during the time when it was fashionable.

The author found no proof that diversified firms were valued more than single segment firms in the 1960s and early 1970s. On the other hand, for some years when compared to single segments firms diversified firms sell at a considerable discount. This discount is significant and large over the 1961-1970 period, but it becomes insignificant and small in 1973-1976. These results hold after controlling for industry effects and for differences between diversified and undiversified firms in leverage, investment policy and profitability. When the penalty imposed by capital markets is small it is then that a major increase in diversification takes place over the 1970-1976 period. Therefore, the firms that diversified at that particular time did not impose a cost on their shareholders. Further clues are provided by the pattern of insider ownership over the sample period that can explain the behavior of corporations. Diversified firms had lower insider ownership than single segment firms when they were selling at a discount to single segment firms. However, when the discount was eliminated, it made slight difference in insider ownership between the two groups.

These findings imply that insider ownership was a useful prevention to diversification when it was costly to shareholders. On the other hand when the cost to shareholders was insignificant, the firms with high inside ownership were the first to diversify, perhaps because insiders wanted to lower their exposure to firm-specific risk. This does not suggest, however, that agency costs caused the discount or led to the change in discount over time. The study found that at the start of the diversification wave, diversified firms were also valued at a discount compared to single segment firms during the 1960s. Though, the diversification discount fell over time and is not considerably different from zero in the early and mid 1970s. It is during the latter years that the firms in the sample increased diversification the most. If managers obtain private benefits from diversification, the fall in the discount might explain why more firms started diversifying. Evidence on the relation between insider ownership and diversification is consistent with this assumption. When the diversification discount was large firms with high insider ownership remained focused (1961-1970). These firms

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[13] *Q ratios are computed using the Lindenberg and Ross (1981) algorithm and the specific assumptions of Hall, et al (1990). Q is often used as a measure of growth opportunities. This interpretation of Q would suggest that single segment firms have better growth prospects than multiple segment firms during the period 1961-1970. Such an interpretation is not dramatically different from a corporate value interpretation. Firms with better growth prospects should also be more valuable.*

were the first to diversify when the discount declined (1973-1976). Thus, managers did not inflict costs on their shareholders by diversifying because the diversification penalty was close to zero when diversification peaked. However, firms that were already diversified in the 1961-1970 period did impose substantial costs on their shareholders by not increasing their focus.

The authors also investigated what caused the discount to not only occur but also change over time. The differences in capital structure, profitability, and investment policy were insufficient to explain the level and change of the discount. However, what caused the diversification discount to change over time remained a puzzle. The evidence presented in this article, jointly with the evidence of Lang and Stulz (1994) and Berger and Ofek (1995), suggests that, in general, diversification has not been beneficial for U.S. corporations. This proposition is engaging, as the diversification of the 60s did not on average lead to profitability improvements and to a substantial extent reversed in the coming years, and therefore was not beneficial to the US corporate world.

Montgomery and Wilson (1986) evaluated the penalty of the 1960s merge wave. However the consequences of such macro-level phenomena are numerous. Thus study focused on one of the issues: the extent to which acquisitions made within this period were later resold. The study examined whether unrelated acquisitions were resold at a higher rate than related acquisitions. The authors selected a sample of 434 US acquisitions from the Federal Trade Commission's Statistical Report on Mergers and Acquisitions (1975)[14].Using chi-square statistic it was found that, at most, unrelated acquisitions were resold at a moderately higher rate than related acquisitions. One reason for this could have been that firms used both unrelated as well as related acquisitions as a strategic planning tool. In this case it may have been attempt by the acquiring firm to refocus defensively, as it planned to move away from core businesses which had limited

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[14] *The F.T.C. classified each acquisition according to the primary economic relationship between the acquiring and acquired companies.*

The five categories, listed below, are described by the F.T.C. as mutually exclusive. 1. Horizontal. An acquisition is horizontal when the companies involved produce one or more of the same, or closely related, products in the same geographic market. 2. Vertical. An acquisition is vertical when the two companies involved had a potential buyer-seller relationship prior to the merger. 3. Product extension. An acquisition is considered to be product extension in type when the acquiring and acquired companies are functionally related in production and/or distribution but sell products that do not compete directly with one another. An example of a product extension merger would be a soap manufacturer acquiring a bleach manufacturer. 4. Market extension. An acquisition is considered to be market extension in type when the acquiring and acquired companies manufacture the same products, but sell them in different geographic markets. An example of a market extension merger would be a fluid milk processor in Washington acquiring a fluid milk processor in Chicago. 5. Unrelated. This category involves the consolidation of two essentially unrelated firms. An example would be a shipbuilding company buying an ice cream manufacturer. Statistical Report on Mergers and Acquisitions (1975: 131-132.)

future potential. Secondly, not finding that a significantly higher proportion of unrelated acquisitions were resold could indicate that related acquisitions were less successful than anticipated. However by the end of 1982 the greater parts of mergers of the 1960s were still unreversed. A slightly higher proportion of unrelated, than related acquisitions, were resold, but the difference is not significant statistically.

The motives discussed in the articles above are interesting. However Contrary to the expectations of the 1960s wave, the experience with diversification has been disappointing. As widely documented by Ravenscraft and Scherer (1987), profitability of acquired companies did not, on average, improve. Furthermore, starting in the 1970s, many of the acquisitions were reversed through divestitures. Porter (1987) reports that half of the unrelated acquisitions made were later divested. Ravenscraft and Scherer (1987) estimate that one-third of all acquisitions made in the '60s and '70s were later divested, and their sample stopped before divestitures became really massive. Nevertheless, the fact that diversification of the 1960s did not, on average, lead to profitability improvements can not be refuted.

It has been extensively argued by many authors that the purpose of Merger wave of the 1980s was to create more competitive and industry specialized firms. This was done in response to the increased global competition[15]. A number of studies demonstrate that corporate focus enlarged during the 1980s; this increase in corporate focus was often achieved through divestiture as it was associated with better corporate performance[16]. Hatfield et al. (1996) in this study has examined whether the corporate restructuring of 1980s really increased the degree to which incumbent firms within individual industries were specialized to that industry. As it has not been identified if aggregate industry specialization increased during the 198Os, nor is it known whether corporate restructuring of the 1980s was a determinant of change in aggregate specialization or not. Therefore this analysis is an attempt to answer the following two questions. First, "Did the average firm in any given industry become more or less specialized to that industry?" Second, "Was corporate restructuring a significant determinant of any change in aggregate industry specialization during the 1980s?" Industry level competitive conditions can be changed through an increase in industry specialization. There are two explanations. Firstly, the more focused the better it can compete, as it has lower costs. Further it can also produce more differentiated

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[15] *(Jensen, 1991; Paulus and Gay, 1987; Shleifer and Vishny, 1992)*

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[16] *(Comment and Jarrell, 1992; Hoskisson and Johnson, 1992; Kaplan and Weisbach, 1992; Lichtenberg, 1992; Lang and Stulz, 1993; Liebeskind and Opler, 1993).*

products as they are industry specialized (Demsetz (1973); Porter (1985). Second factors of production which specialize in a particular industry can create high exit costs for incumbent firms, therefore industry specialized firms are more dedicated than diversified firms to staying in the industry and competing assertively Ghemawat (1991); Sutton (1991). Finally, an increase in the industry specialization of incumbent firms may decrease their organization costs, intensifying cost rivalry in the industry. The study estimated aggregate industry specialization in two stages. First, the specialization is measured of each incumbent firm in a given industry. Firm i; industry j , the specialization S of i to j is measured as the ratio of all employees E of firm i employed in industry j to all the employees of firm i at time t:

$$S_{ijt} \equiv \in_{ijt} / \sum_{j=1}^{J} \in_{ijt}$$

The above equation produces an estimate of each firm i's specialization to each industry j which has a potential value between 0 and 1. Second, the weighted mean of Si for all i in j at t was used to calculate aggregate industry specialization. This weighted mean is used to avoid bias in industries where there are a lot of very small perfectly specialized firms however a small number of large diversified firms. Therefore, aggregate industry specialization for any industry j at time t is measured by the following equation:

$$AS_{jt} \approx \sum_{i=1}^{I} W_{ijt} S_{ijt}$$

This second measure of aggregate industry specialization has a potential value of between 0 and 1. Further, the change in aggregate industry specialization was calculated as the absolute change between the years 1981 and 1989. Thus, in total the authors used four measures of changes in aggregate industry specialization which are as follows. First, at the four-digit level for all incumbent firms between 1981 and 1989 the absolute change in aggregate industry specialization; Second, at the four-digit level for the largest four incumbent firms in each four-digit industry between 1981 and 1989 the absolute change in aggregate industry specialization. Third, the two-digit level for all incumbent firms between 1981 and 1989 the absolute change in aggregate industry specialization and lastly the absolute change in aggregate industry specialization at the two-digit level for the largest 40 incumbent firms in each two-digit industry between 1981 and 1989

were calculated. The results were than calculated through regressions. The author selected a sample of 750 firms from TRINET's database from 1989 &1981.

The study found that there was a slight decrease in the aggregate industry specialization during the 1980s. There was no proof found that ownership change of industry assets were a determinant of change in aggregate industry specialization. Therefore previous arguments that the merger boom of the 1980s was aggravated by the need to improve US industrial efficiency are refuted by this analysis. A possible explanation for the above mentioned findings is that other changes in industry assets during the 1980s very much outweighed ownership transfers in importance. Therefore, restructuring through plant addition, plant closure, industry entry, played a major role in altering industry level competitive conditions during the 1980s than did corporate control transactions.

Hostile takeovers were accepted actions during the1980s, most probably because during the 1960s firms had become over diversified from conglomeration, thus value could be created from buying these firms and then breaking them up. Therefore, a hostile takeover attempt may perhaps be viewed as a 'wake-up call' as the target firm had been managed unproductively and that value could be produced by a change in management and strategy. Denis, and Sarin, (1997). Chatterjee et al. (2003) in their study have attempted to answer the question that what happened to the firms that effectively repelled the takeover offer during the 1980s. Did these firms follow a restructured strategy to avoid future takeover offers or did they continue to follow the old strategy? In doing so the study has tested the following hypothesis:" In the aftermath of a rejected takeover offer, target firms that had boards with independent governance characteristics were less likely to refocus than firms without independent board characteristics. Therefore, board independence will be related negatively to the incidence of refocusing". The authors did not analyze the firms that right away accepted the initial take over offer since it would beat the purpose of trying to identify the exact point where the choice to realign a firm's strategy ought to be strongly considered by the firms in the study. Instead, the authors studied the firms that rejected the first offer and then followed them to determine their succeeding actions. If these firms eventually decide to follow a refocus strategy, than the study had a strong basis for identifying the exact point in time when they were forced to think about altering their existing strategies to create shareholder value. In particularly, the authors were interested in the board's role for these two groups.

The author's selected a sample of 76 firms reported in Mergers and Acquisitions between 1981 and 1991. Data were collected from the Trinet Data Base, Compact

Disclosure, the CRSP and Compustat tapes, Lexis/Nexis, Dow Jones News Retrieval, Security Data Corporation database. Logistic regression was used to report the following results. The study found that governance influenced the way in which a firm responds to a failed takeover attempt in the 1980s. Particularly, board vigilance explained this phenomenon. An independent board was more liable to be watchful on an ongoing basis with regard to evaluating firm strategies. Thus, the takeover attempt was less likely to make the board believe that the firm's diversification strategy was unsuitable. In other words, directors not only thought that their firm's strategy was suitable, but they were likely to be correct. The authors did not say that the board was correct 'ex post' but that they believed they are correct ex ante and consequently they refused to change the firm's strategy.

This study also demonstrated the significance of a takeover attempt as a signaling mechanism in the 80's. Safieddine and Titman (1999) reported significant boost in leverage in targets that had terminated takeovers, though impact of governance characteristics were not accounted for on the actions taken by the firms. During the 80s a takeover attempt acted as a 'wake-up call' to cause the executives to rethink the strategies of the firm. Firms that had not been sufficiently governed most likely gained the most from refocusing. Hence, the takeover attempt served to lessen agency costs by exposing suboptimal diversification, which provided incentive to management and the board to alter the strategy to prevent additional takeover attempts and decrease employment risk. Boards that acted decisively and were not sensitively attached to the strategy of the firm were more likely to be objective about the indication from the market and respond to it; Byrd and Hickman (1992).

However, even the vigilant boards may have paid some concession to the takeover offer by increasing their leverage. This act may be a signal to the capital market that there is no reason to suspect that free cash flow is guiding the firm to take actions that are contrary to shareholder interests. Further, as the proportion of shares held by outsiders decreased and insiders increased, firms were more likely to refocus. Therefore during the 1980s wave target firms that were managed by independent directory boards were probable to disregard the takeover attempt and not refocus their firm's strategy. On the other hand, target firms that were managed by non independent boards were more likely to view the unsuccessful takeover attempt as a 'wake-up call' resulting in a refocused strategy to survive. The above mentioned proposition is interesting as it demonstrated that governance can make a difference with regard to how firms respond to a failed takeover attempt. Therefore, takeover attempt shock was unlikely to cause the board to think that the firm's diversification strategy is inappropriate.

2.5 Financial & Economic Rationale

The extraordinary growth in corporate merger activity of the 1960s revitalized interest and effects relating to corporate mergers. Shrives et al. (1979) have analyzed the evidence relating to the existence and, the extent of bankruptcy avoidance rationale for mergers of the 1960s. Lewellen (1971) gave the "pure financial rationale" for mergers. Combined debt capacity of the two firms as separate entities was less than the debt capacity of the firm resulting from the merger. The resulting capitalized tax subsidy from the merger would be beneficial to the shareholders of the merging firms. The authors selected a sample of 224 firms from the Federal Trade Commission's Large Mergers in manufacturing and mining during the period 1948-1971. Through Z Scores it was found that 15.2% of the firms in the acquired sample were found to be close to bankruptcy at the time of the acquisitions. Many instances or severe financial crisis among firms were resolved through the merger process, as recourses are reallocated to more productive use. Thus the merger served as a valuable function in the merger wave.

Melicher (1983) has analyzed the structural relationships between aggregate merger activity and macroeconomic factors. One explanation is that Merger activity may reflect both changes in business activity and changes in the capital markets. There is an increase in merger activity with expectations of economic growth and capital market conditions as they are favorable to financing mergers. On the other hand worsening capital market[17] conditions and declining economic expectations are expected to be associated with decreased merger activity. During the 1960s a substantial number of mergers did not involve the exchange of common stocks, acquiring firms used borrowed funds and relied heavily on convertible securities. In addition to stock prices the author explored changes in interest rate levels to better reflect the significance of a capital market conditions argument for changes in merger activity. Time series analysis was used to relate changes in aggregate merger activity to industrial activity, business failures, stock prices and interest rate levels. Quarterly data from the Federal Reserve Board's Index of Industrial Production and Dun and Bradstreet's record of failed firms provided the measures of economic activity. The time period chosen for the study is 1947 to 1977 which covers the conglomerate merger wave.

There was weak relationship found between economic conditions and merger activity. However during the 1960s, there was considerable support for changes in aggregate merger activity as a capital market conditions phenomenon. Thus, changes in stock prices and bond yields could be used to forecast future changes

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[17] *falling stock prices and increasing borrowing cost*

in recorded merger activity. Merger negotiations had begun about two quarters before consummation. In the 1960s increased merger negotiation activity seemed to reflect the expectation of more receptive capital market conditions in the form of lower interest rates and higher stock prices.

The above mentioned article made an interesting proposition. As mostly it is expected that general "economic prosperity" provides the basis for explaining changes in aggregate merger activity over time. However the study has provided deep insight in this general belief, indicating a fragile relationship between merger activity and economic conditions and stating change in merger activity as a capital market phenomenon.

There are a number of motives behind the merger and accusation activity that has taken place in the past decades. Managers of bidding firms can be motivated by stock market undervaluation, by synergy, by corporate tax savings ,by the wish to restrict competition, ,by empire building motive, or by any other reasons. DeBondt and Thompson (1992) in this study have made an attempt to identify which mergers are socially desirable and which are not. However the answer depends on whether wealth is created or merely redistributed. The authors have examined the "efficiency story ", do efficiency motives account for a significant part of the merger motive. The study has discussed two classes of efficiency improvements. First of improvements is synergies and creates value through the combination of businesses. The second improvement is focused on the target company only. Where by the acquiring company aims to discipline the target company.

The authors selected as the sample all companies that were delisted from the New York Stock Exchange for reason of merger between 1926 and 1988 from the Center for Security Prices at the University of Chicago (CRSP).All companies were classified into industries. This approach enabled the authors not only to look at the volume of M&A activity in this time period but also, the linked long- term price fluctuations in the stock market and the types of firms involved. Through regression the analysis identified four distinct surges in merger activity: in the late 1920s, the mid-1950s, the late 1960s, and from the late 1970s onward through the 1980s.During the sample time period takeover booms were spanned almost all industries. They were not associated with bankruptcy and recession. However a boom was most likely to take place when the stock market was up, when the cost of capital was high, and when investors were generally more willing to trade. Thus aggregate merger activity was not linked to macroeconomic variables that can easily be interpreted in terms of economic efficiency. The company-by-company findings likewise suggested that efficiency motives played a minor role

and other motives played a major role. During the 1960s there were long-term stock market losses of bidder, this suggested that the conglomerate merger wave of the 1960s was a failure Scherer, (1988). Lastly it was found that, not all regulation was socially desirable but neither is all regulation socially negative.

The 1980s acquisition wave was a form of unwinding of the 1960s conglomerate merger wave. Most studies have reported poor performance of acquired business units of the 1960s wave and improved performance in the 1980s wave (Browne and Rosengren (1987); Ravenscraft and Scherer (1987); Mueller (1985). Brush (1996) has examined the post acquisition performance of the merged business units of the 1980s.The study has analyzed performance changes which would be expected for each acquired business unit since opportunities to share resources increased Further these performance expectations were also compared with the actual changes in performance that were achieved in the 1980s.The author has used intraindustry analysis to control for industry effects on performance, and in so doing it allowed the option that the effects of shared activities on performance were unique to the industry under investigation.

The author had selected a sample of 356 manufacturing industries, between 1980 and 1984 from the FTC data base. Competitive performance, as measured by market share in an industry, is regressed. There were two important findings of the study. Firstly, operational synergy resulted in a net gain in shareholder wealth in acquisitions of the 1980s. Secondly this research has confirmed the findings, that the ex post performance of acquired businesses in the 1980s was superior to that of the first wave of 1960s. Superior performance of the 1980s wave is explained in terms of operational synergy. Therefore, the following alternative theories as causes for the 1980s acquisitions are not directly rejected. Agency problems may be more in conglomerates than in single business firms. These agency problems may also be reduced in related diversified firms that follow the strategic planning model as they focus on 'interbusiness and interdivisional opportunities and dependencies', Chandler (1991). Other theories concerning antitrust, excess industry capacity, and tax policy, as causes for the 1980s acquisitions are not directly rejected.

The proposition mentioned in the above articles is appealing. Unlike the 1960s takeovers, 1980s leveraged buyouts improved profitability and productivity of plants after the control change. There are, however, some reasons for optimism. First, there is evidence that takeover targets in the '80s were poor performers (Servaes, 1991), which suggests that they had room for improvement. Second, that division of diversified firms did not perform as well as similar businesses that

stand alone or are part of undiversified firms. In sum, the evidence powerfully indicates that the takeovers of the 1980s were different from those of the '60s mainly because they undid what the previous wave had created. In the '60s, conglomerates were created; in the '80s, many of them were destroyed.

A first-mover advantage is a significant concept in the strategic management. By acting early relative to others, a pioneer can possibly gain a competitive advantage that enables it to reap positive economic profits, Lieberman and Montgomery (1988). The resource based view states that an early mover can develop resources that are uncommon, precious, hard to imitate and non substitutable[18]. Despite the wide recognition of first-mover advantages, few empirical studies have examined whether being an early mover in certain organizational practices materially affects performance. Carow et al. (2004) in their study have investigated affects on the share holder of an early mover in the acquisition process affects of the 1980s. Thus, the stock market reactions are compared to the early-mover acquisitions to evaluate whether pioneering acquirers gain larger shareholder gains from their acquisitions. In doing so the study has tested the following hypothesis. First," Early-mover acquisitions within an industry wave of acquisitions will realize higher total shareholder returns than will acquisitions made later in the acquisition wave. "Second," Early-mover acquirers within an industry wave of acquisitions will realize higher shareholder returns than acquirers that make acquisitions later in the acquisition wave". Third, "Early-mover acquirers within an industry wave of acquisitions that pay for their acquisitions primarily with cash conduct their acquisitions in growth industries, and acquire related businesses, will realize returns that are significantly higher than the returns realized by other acquirers."

The authors have selected a sample of 520 acquisitions of publicly traded U.S. companies between 1979 and 1998 from the Securities Data Company's (SDC) Mergers and Acquisitions database. Since the test relies on financial data, the authors have excluded all acquisitions whose financial data from Compustat and stock return data from the Center for Research in Security Prices (CRSP) for both the acquirer and the acquired firm were not obtained. The analysis is focused on industrial firms. Cornett and De (1991) have argued that the regulated nature of the financial services industry affects the stockholder reactions to acquisitions in this particular sector. Owing to this, transactions in financial services sectors are excluded. The primary step in the test for first-mover advantage was to identify industries that experienced a wave of merger activity. Second, the industries that experienced the merger wave were classified a according to whether the acquisition

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[18] *(Barney,1986; Conner, 1991; Makadok, 1998; Wernerfelt,1984)*

occurred in the beginning portion of the merger wave or later. This process categorized acquirers as early movers for further analysis. Abnormal returns were calculated as indicators of successes .They were defined by differencing the returns earned by the shareholders of the firms involved in the acquisitions, and the returns to a value weighted portfolio of all firms in the same industry.

As an additional test, the acquirers' long-term industry-adjusted stock returns were analyzed. Early movers differ significantly from the long-term industry-adjusted stock returns for the remainder of acquirers in the sample. The long-term industry-adjusted stock returns were determined for each acquiring firm as the compound return differential between the return on a value-weighted portfolio and the acquirer's stock returns of firms in the same industry. Compound returns were measured over one year period (250 trading days), a two year period (500 trading days), and a three year period (750 trading days) succeeding to the completion of the acquisition., the process of determining the industry-adjusted stock return performance for each of the acquiring firm For the 3-year period was represented by the following formula:

$$\prod_{i=1}^{750}(1+ Acquirer return(daily))/\prod_{i=1}^{750}(1+ Value weighted industry return(daily)) \_1$$

The hypotheses were tested, using regression and the following results were found. First, During the 1980s pioneer acquirers who acted strategically and had an informational advantage did in fact experience significantly higher stock returns than later acquirers in the 1980s acquisition wave. Thus there is a strong link between early movers and performance. In the acquisition Wave of 1980s the shareholders of the target firms captured the most of acquisition gains which were measured by announcement returns. On average, the announcement returns of acquirers within industry acquisition waves were negative. Moreover, strategic pioneers were those who had superior information, experienced positive acquisition announcement returns and outperformed other acquirers in terms of long-term stock price performance as well.

The above mentioned market reward of first mover advantage during the 1980s wave is appealing as it relies on the notion of information asymmetry, where a pioneer is able to benefit from the superior information in order to identify and act upon some initiative to gain a head start over peer.

Conclusion & Discussion

There can be two alternative theories of the two takeover waves. According to the first theory 1960s conglomerate mergers were a good idea back than, but were no longer a good idea in the coming decades. Consequently, the cause for the roundtrip is that what efficient in the 1960s was not considered efficient in the 1980s.Conglomerates of

the 1960s were a product of the Multi Divisional form of corporate organization a system in which the central office allocate resources between divisions. The M–form organization is more efficient when divisions are independent firms, since the central office has a better understanding of the entire market. In the uncompetitive 1960s, when aggressive hands on management were not essential, this benefit in capital allocation exceeded the disadvantages that may have occurred from the fact that headquarters' management was not closely familiar with the businesses of the divisions. In contrast, in the 1980s, the business environment became more competitive thus conglomerates were no longer an efficient organization form, as central offices could not understand the local market conditions. The markets response to these pressures was the break up of conglomerates to more focused and specialized companies. Further the antitrust policy also accommodated this essential move to efficiency through specialization. This view of the two takeover waves is very appealing and it is consistent with stock market efficiency, as the market correctly approved of both the diversification in the 1960s and the return to specialization in the 1980s.

Another interpretation of the experience is that diversification was a mistake from the start. If it were not for antitrust policy, managers would have pursued growth and survival objectives through related acquisitions as was the case in the '20s and '40s. Managers got away with diversification since shareholder control mechanism in the 1960s was weak. It is also probable that shareholders were puzzled about the benefits of unrelated diversification, as mentioned before. The stock market evidence indicated that shareholders approved of unrelated diversification. Years later, it became obvious that diversification failed. Further, the antitrust environment had changed radically so diversification could be successfully reversed in the 1980s through divestitures, takeovers, and LBOs. Managers were quick to identify their past mistake; they divested the unrelated businesses and preserved the core businesses. On the other hand managers who failed to recognize their past mistake were taken care of by the hostile raiders; hostile raiders brokered the unrelated businesses to other firms in the same line of business.

Keeping the two views in mind, the second view is more logical. During the 1960s profitability improvements under conglomerates were low. The market's confidence was misplaced, as unrelated diversification was a new experience and no one could really predict what would happen. Further the exceptionally strict antitrust law of the 1960s was distortionary and forced firms to make diversifying acquisitions. Likewise, the looser antitrust policy of the 1980s was a cause of the roundtrip. Therefore conglomeration from the start was a   mistake that the market made, but it made it consistently across a great number of transactions. In sum, I conclude that diversification was a mistake from the beginning.

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Tetley Winning The Battle

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In Sep'2012 Zuhair Muhammad, Managing Director, Tetley marketing was confronted with numerous challenges. After the initial launch of Tetley in Jan'2006, sales not only failed to pick up but the brand was showing clear signs of fatigue and failure. Weak and irrelevant advertising with multiple blends launch strategy at country wide level appeared to be a key failure in the market, where few brands dominated the market.

The challenge ahead was not only, to rebuild the brand image and quality perception but also to gain market share from the premium established Tea brands in Pakistan. Low sales had become a continuing problem; no amount of effort had been fruitful in attaining satisfactory tea sales in Pakistan. The company had to come up with a plan that would meet multiple goals. The company desperately needed to increase sales and enhance the brand image. Zuhair knew, time was running, the company needed a new marketing strategy.

Pakistan's Tea Industry

Pakistan's tea market was divided into 3 segments i.e. Premium which held 83% share followed by popular segment at 15% and the rest 2% was discount segment. In 2005 Per capita consumption was 0.95 kg per annum which one of the highest in the world. Tea market volume had dropped from 141,100 tons in 2009 to 139,750 tons in 2010 despite of population growth of 5%. Resulting a falling trend of volume every year since 2007(see Annexure A).The coming year 2011 was expected to end with positive results as tea had 99% HH(House Hold) penetration nationally.

Tea Market Segmentation[1]:

Pakistan tea market was divided into 3 segments .Premium which held 83% share followed by popular segment (see Annexure B). Per capita consumption was 0.95 kg per annum which was one of the highest in the world. Tea contributed the 38% of the beverages consumption (see Annexure C). Pakistan's 44% of tea consumption was unbranded which was mainly consumed in Hot Tea shops and Out of Home (OOH) channel. Whilst 56% was branded tea was consumed in

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[1]*In-Home Tea Analysis*

House Holds. There had been a serious change in habits of teas drinkers towards drop in average quantity. It was believed that this drop was mainly, due to awareness of other types of drinks. The new generation was adapting to modern drinks. Further aggressive marketing from beverages companies added to building the demand for cold drinks.

User ship[2]:

Nationally tea had 99% HH penetration. OOH consumption was on the rise which was mostly at Hot Tea Shops. The Trend of drinking green tea after meals was on the rise. Between 2009 and 2010, branded tea had grown in urban areas, whereas rural share remained stagnant. Loose tea users remained stagnant nationally.

Pakistani consumer's study revealed that Pakistani tea consumers were very particular and perceptive about tea quality. There was a high level of brand loyalty among them. Buying decision was made by house wives and purchase made by male members. Usage occasions 94% in Breakfast, 70% in evening, 29% after dinner and 22% before breakfast.

Tea was considered an integral part of life. Its physical effects were:-
- Revival and refreshment
- Removes Headache
- As a Habit
- Food Supplement

Its emotional effects were:-
- Feel relaxed
- Makes guest feel welcomed
- Makes one mentally alert

Tetley Launch

Tetley was launched in Pakistan in Jan 2006, with a range of black tea; blend specially appeal to the sophisticated palette of the Pakistani tea drinker. It was owned by a renowned business group; Lakson Group of Companies and managed by Zuhair Ali, Managing Director, who was also looking after Colgate/clover business.

Pakistani consumers were real tea connoisseurs with a preference for quality, strong, loose leaf teas. Tetley blend was made from of finest African tea imported

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[2]*In-Home Tea Analysis*

from Kenya, Tanzania, Rwanda, Burundi and Ceylon. Tetley was introduced in four variants i.e. 'Tetley Patti', 'Tetley Dana', 'Tetley Mixture' and 'Tetley Gold tea bags'. This range was available in a mix of different pack sizes i.e. in cartons, sachets, pouches and tea bags.

Tetley The Product

Product: Tetley
Skus: Sachets, Hard packs, HTS (hot tea shop) pack and tea
                      Bags.

Variants:
Tetley Dana: Thick granular tea, mild in taste and moderate strong.
                      Good aroma. Upward leafs of tea plant.
Tetley Patti: Medium granular tea, Strong taste, Good aroma. Middle
                      leafs of tea plants.
Tetley Mixture: Grind granular of tea, Strong taste, Medium aroma,
                      middle and stern leafs of tea plans.
Tetley Gold Tea Bags: Refined Granular of tea, Strong taste, Good aroma,
                      Mixture blends.

The launch was headed by the Executive Director, Mr. Nawaz Akbar, who had 20 years of experience within the Lakson Group. Initially he started his career as Asstant Brand Manager in Colgate Palmolive. There after he was promoted as Brand manager & later on moved to take responsibilities as Business Development Manager & General Manager Sales of Colgate &Clover. Thereafter Mr. Nawaz Akbar was upgraded as an Executive Director of Clover Pakistan Limited. In addition to this he was also assigned the Tetley Business with no prior tea experience at all (see Annexure D).

Tetley was launched nationally, with the help of sister its concerns i.e. COLGATE PALMOLIVE and Clover Pakistan sales team. The company used the same channels of distribution it had employed in its sister concern namely distributor and retailer. The sister concern's sales team initially helped in the distribution of Tetley for six weeks however after that, they went back to attend their own responsibilities. Thus, Tetley's staff was left on their own to run the sales operations. Tetley sales force was newly appointed, had no prior tea selling experience. To add to this the distributor sales force who were the front line soldiers were hired on a very short notice. Hence they lacked essential trainings about product knowledge and market norms. Nawaz was of the opinion that Tetley would be a hot cake to sell, and consequently did not require trained sale

men. Although, he was strongly advised by his peers to hire and train the sales force at least 3 months prior to launch. Despite all of the suggestions Nawaz hired the salesmen a few days before the launch. Therefore, they were familiar with the journey cycle/routing and geographies of the markets at the time of the launch. Furthermore the briefing to the distributors by the company was inappropriate vis-à-vis infrastructure requirements i.e. Number of delivery vans, sales men, order bookers, stock suppliers and merchandisers. Thus, the launch plan was haphazard and not prepared and shared in advance.

On top of this Nawaz and his team were not at all equipped to fight the battle with the competitors. Unilever & Tapal the two major competitors were fully aware of Tetley's launch time. Hence they had pushed heavy stocks in the market with extremely lavish trade offers to the trade. By this act, competition was able to tie up the trade investment in their brands to block the launch of Tetley. Hence at the time of the launch competitors released heavy burst of advertisements, spending far exceeding their budgets.

Competition

Unilever

Nationally Unilever Pakistan was losing market share. Still the company had the highest national share with a tremendous rural contribution. Within Unilever brand rural share was 76% in 2010 but declined to 74% in 2011. Only Supreme seemed to be growing in rural areas. Remaining two major brands i.e. LYL[∂] and Pearl Dust were declining both nationally and in rural areas (see Annexure E and F[§])·Since the last 4 years Unilever had experienced volume decline. The company mainly expected success from it's the 3 brands, Yellow Label, Pearl Dust and Supreme. However, A-One was experiencing continuous decline. From 2007 onward Unilever's tea category had been left with 4 brands out of 14 in 2005(see Annexure G).

For the promotion of LYL different media were used in order to increase the effectiveness of the campaign. Budget was directly linked to the sales volume target. Television advertising took 55% of the marketing budget, following it was outdoor 15%, print media 10%, POS 5%, Radio 5%, DDS(Door to Door Sampling) and Sampling 5%. For the coming four years i.e. 2006 to 2010 the strategy was to promote the brand as an up-class brand for urban consumer. LBPL had laid the following objective for the next five years:-
  • To attain clarity in quality
  • Develop OOH consumption

[∂]*Lipton Yellow Label*
[§]*(p In-Home Tea Market analysis)*

- Take share from Tapal
- Quality of Communication
- Uplift Image with HTS by
  - High level of promotion support
  - Effective coverage
  - Quality Blend
  - Visibility and branding

Conversely, Supreme after takeover of Brooke Bond Supreme was positioned differently. Its aspiration was grown more to be a Pakistani Brand with its distinctive red packaging. It was a brand catering to masses' taste in Pakistan. It was promoted among middle and lower middle class segment especially in sub urban and rural markets. Pearl Dust was the promoted for the entire income group in Sind region. A1 / Kenya Mixture's marketing plan was to focus in Baluchistan which is a potential market for branded mixture and take share from Tapal Family Mixture nationally.

Tapal

Tapal was second biggest player in the market. Its market share had increased from 18%-20% in 2011.Main Gain was in Rural areas, whereas it had lost in urban areas. Tapal had worked on rural market in 2009 to gain 41% share from 39%(see Annexure E & F) .Past five years figure of Tapal Sales show that they have been gaining nationally and losing only in one brand i.e. Mezbaan Premium Dust, a dust blend focused on Sind Region only. Tapal continued to market its brands blend wise in every region. Particularly their focus was on Punjab where they expected to strengthen their Danedar brand.

Tapal was armed with voluminous budget of around 500 million for ATL and around 180 million for trade marketing, brand activation and rural vans operation. They had region wise bifurcation. Over all their yearly calculation of spend was per kg sale of tea. They planned to sell on negative margin for two years. This indicated an aggressive marketing strategy for newly launch Tetley.

Mushroom Brands

Mushroom brands had grown in urban and rural areas at a healthy pace. Loose and unbranded tea was stagnant nationally. Its share had dropped in the urban areas; however the effect was counter balanced by lead in rural areas in 2011 vs. 2010. In rural areas mushroom brands competed directly with Unilever brands that were growing continuously (see Annexure E and F).

Ultimately, tough competition and poor product definition resulted in poor repeat purchase. The tea variants lacked, packaging distinction from one and

other. Thus, this created a lot of confusion among retailers and consumers. Due to this unclear distinction & illiterate population on both ends, the retailers were unable to comprehend as to what variant the consumer was demanding. Thus the consumer may have been a Tea Dana user, ending up purchasing & using a Tea Mixture/Leaf pack. Therefore ending up as a dissatisfied user and resulting in no repeat sales.

Right after the launch period, Executive Director, Mr. Nawaz encountered another serious problem. The distributor's interest went down due to false commitment made by Tetley sales staff. The distributors incurred extra expenses during the launch. The sales staff had assured the distributors to share the expenses. However, after the unsuccessful launch the company refused to share the expense, as those were not approved by the company. Thus, unclear sale policies created a lot of confusion and misunderstandings resulting in severely demotivated distributors. Nawaz attributed low distributer morale problem to also low distributor margins. Tetley margin to the distributor was lower than what competition offered. The reason for this differential was tight company finances.

To achieve immediate volume growth and provide support to Tetley, Nawaz launch a campaign of two consumer promotions. However, the campaign failed to create the expected results. This further tied up the investments of the distributors in the trade in shape of market credit. The promotional support of Tetley was insufficient & the TV ad aired had no punch in persuading the consumers to purchase Tetley, as it was a poorly designed campaign. The claim made in the ad was far from reality. The ad message was not clear in communicating the brand TAG LINE being "Rangat, Lazzat, Zuban Pe Jannat" was a false claim.

Tetley continued to push stocks to distributor & the trade but consumption was extremely slow. Consumer trial did not result in repeat purchase & hence worrying situation for the company. Drastic remedial steps had to be taken before the situation became out of control. The entire company set up was reviewed, Zuhair Ali, the Managing Director was convinced that the service of an experienced tea marketing personnel was urgently needed.

The company finally bought in experience in mid-2007. Mr.Hamza Effendi, an IBA graduate, previously worked with Unilever Pakistan on their Tea Category, was hired as General Manger Marketing; having a distinction in taking major initiatives on Uniliver's biggest brand Brooke Bond Supreme. Mr. Hamza carried out a SWOT Analysis of Tetley launch and prepared a way forward marketing plan. Once he had firmed up his plan the sales team & the distributors

meeting was conducted on a zone wise basis to regain the confidence of all. The purpose of the meeting was as follows:

- To share & discuss what the company had in mind for Tetley in Pakistan
- To understand Marketing / distribution issues regarding tea business.
- Finally to agree on a mutually way forward.

Hamza was fully aware that Tetley had failed to capture the market of Pakistan despite the massive effort of the management team .The failure of the launch had not only resulted in a drain of finances but also demotivated management team. An insignificant population of Pakistan was using Tetley, a brand which had a history of success worldwide. Hamza was deep thought trying figure out how to revive the brand as he convinced of its explosive potential.

After deep market analysis and feedback from all stake holders Hamza re-launched Tetley in 2008, with the new name "Tetley World" taking up with single blend strategy in Premium Leaf Category, abandoning previous three blends i.e. Dana, Patti and Mixture. He was well aware of competitions distribution coverage (see Annexure H).He knew that Tetley was of no match to competition in terms of not only distribution but also finances. Thus, he aimed to focus the launch on top 100 Towns which confined to three mainstream Tetley tea zones i.e. Hyderabad, Sukkur and Multan. The first launch results, in these zones were comparatively better than rest of the zones. The bench mark was to target the single largest brand "Brook Bond Supreme". "BBS" which was a leaf blend tea. The strategy focused more on specific markets rather than on national basis, as the company budgets were tight. Competition was aggressive and well prepared again. Five major consumer promotions were running simultaneously at the time of Tetley re-launch by competitors.

Mr. Hamza considered the three launch zones i.e. Sukkur, Multan and Hyderabad as the core operation area, as they were sustaining in encouraging volumes. He planned regular market tours in these zones; Spending more time with the sales team, distributors and their sales staff. He had realized that Tetley had an advantage of exclusive sales team in these zones in comparison to other zones. Dedicated working had other advantages as well, like immediate corrective actions/plans where and when needed. These zones had also developed exclusive rural van coverage plan for Tetley. This became Tetley's strength in reaching out those rural markets where competition was not directly covering. Tetley volumes were heavily depending on these Zones so the management diverted their all BTL activities i.e. were stall operation, wet tea sampling, empty pack redemption and lucky draws to these zones. Hence, Tetley's success was in rural and semi urban markets.

Mr. Hamza had the experience of managing nationally biggest tea brand "Brooke Bond Supreme" as a marketing manager. He had also ran the successful marketing campaign" Yehe to Hay Woapna Pan" . He didn't take any time for realignment of Tetley strategy. He also knew the brook Bond Supreme tea blend Quality, He sooner started marketing campaign against "BBS" exposing it as a Bhoosa Chai. Specifying, that Supreme tea sachets contained bushes not the original tea leaf. The aired campaign generated a good response, from the trade and consumers. The BTL activity for this campaign was supported through Demos. This had ignited a trust deficit for "BBS". Majority of the trade had also welcomed Tetley due to monopolistic approach of Unilever distributor. So game was on.

This move had gave huge growths in Sachets volumes, But the challenge was still on for the large size hard packs, Tea Bags & Economy pack. Most of all, the greatest challenge was to conquer the Metro Towns and rest of zones nationally. Very bravely, in mid-2009, Mr. Hamza launched a Tea bag campaign targeting the biggest Player of tea bags in Pakistan "Lipton". The TVC was stressing the 1000 perforations in Tetley tea bags which gave instant dilution of tea blend in hot water than Lipton. The Ad was widely focused, through print media covering all large magazines and newspapers. Sadly, though this campaign had not brought any notable results.

Hamza was not ready to give up. In late 2009; he once again started a campaign on Tetley hard packs specifying Legacy of "Tetley world" global success and popularity. The ad greatly stresses consumers' satisfaction of Australia, France, UK, Canada and USA. The ad was also supported by the empty wrapper redemption draw for consumers. Enticing chance of winning a return ticket of each country mentioned above. This promotion was unsuccessful in building Tetley hard pack awareness across metro Cities. In vain, the management made another attempt to support Tetley hard pack through a new campaign ad; specifying Tetley as a favorite tea of UK British guards who were most attentive and energetic.

However, these chains of campaigns were not bringing any incremental growths in business model. The company was about to lose the patience spending and after spending. The average volumes were intact. But those volumes were not enough to sustain the company's long term profitability and survival.

In 2010, Tea industry was struck by bad news, of riots in Kenya which was a biggest tea producing country. This had reduced the raw tea production/supply and had resulted the sudden price hike in the tea commodity. Tetley was not able to sustain the price war and inevitably raised the prices before the competition.

As competition had the advantage of huge stock pipe line, Tetley was exposed in the market with increased prices/ reduced gramage.

"Tetley World" was the pioneer in bringing a Hard Pack in Rs.10/= price point in Pakistan. It was a success story in the tea market. The competition was selling the same Sku in poly bag. After torn of poly bag tea lose the efficacy and freshness. Poly bag was also considered one time usage. The hard pack had solved all solutions for consumers. It could be stored well and last more to bring economy for them. Sooner competition had followed Tetley in Rs.10/ hard pack. Since Tetley's Rs.10 had a good market acceptance and was the only source of in shelve pack display. Therefore, in the market sales force used this pack as a support to push other large sizes.

The sudden price increase had compelled company to reduce the gramage. Due to negative margins in the pack company was discouraged to continue this hard pack. Though, this decision was widely criticized by the company core sales team and distributors. Management was never ready to revisit its decision. This was a turning point of Tetley sales slide in this format. Now Tetley dependence increased on single format sachets. Which were normally bought by impulse and price based consumers.

The threat loudly surrounded company sales plans. Company dependency of volumes was on only single sachets. Since Competition was strong in large packs and they knew cleverly that the Tetley now had become more vulnerable that never before. They planned Extra tea in sachet formats to weaken the only source of volumes. Tetley had responded with the same scheme but the GTN(Gross to Net) was running out and hitting hard the company profits.

At the other hand Mr. Hamza and his team were also feeling the management expectation pressure. As still Tetley was not been able to gain market share outside their main stream zone and in hard pack formats. Merely 03 zones dependence was also not viable to move forward and get the mileage in Tetley volume pie. The time was running like ice melting.

Due to this mounting pressure in other zones unfortunately teams were built and rebuilt again. The sales model was changed to CTC (Colgate, Tetley, Clover) from exclusive in other zones. These repeated changes in challenging markets were proving hard nuts. Mr. Hamza was of the view that in History of tea industry all tea brands were initially established through exclusive sales force, Like Brook bond Supreme, Tapal, Lipton, Asfahani, Adam, Vital etc. He emphasized exclusive sales team model throughout nationally but decreasing profits had elude this plan as well.

Mr. Hamza had left the company for his personal future plans in start of 2011, and now the marketing was left without his experience. For some time the brand management had run the show but they have also left the company in 2011.

In Mid of 2011, Company hired a new Category manager with a fresh management trainees. Mr. Sakhi Taimur was assigned the challenging task of managing a struggling brand. He was brought under reporting of GM Marketing Colgate Mr. Faisal Qadri. They both have no prior experience of tea industry.

Mid 2011 Mr. Faisal & co. re-launched Tetley tea and brought generic changes in Tetley blend, packaging, graphics and the name. The new name was "Tetley Strong". The new launch was supported with 360 degree marketing plan; the launch meetings were held in all majors regions nationally. Unfortunately the launch was proved disastrous for the company. Tetley was dependent on Sachets volumes in low income and low awareness rural areas, where product identity, graphic design and blend were more meaning full. As a consequence the new packing and new name had brought confusion in the minds of the consumers. They refused to accept the packaging change as original Tetley. Consumers considered this as a counterfeit and perceived lower quality than the long associated "Tetley World".

Mr. Faisal took a hasty decision to re-launch Tetley. He was not only warned by his salesmen abut also criticized by the distributors for choosing the wrong season to launch. Ideally the tea launching period was pre-winter approaching. In Pakistan winter is considered the highest tea consumption period. Winter is ideal for launch to get extended trial period and favorable BTL climate.

The marketing was busy in spending more on trade and dumping volumes after launching. The product was stuck badly in the market due to poor off take. Soon Tetley touched lowest volumes in last 5 years. Mr. Faisal sheikh had missed the trick by changing the graphics and name. Tetley could not afford to reach the masses in rural via ATL and BTL to give proper awareness of the change. History showed that rural brands always brought minor changes in pack graphics. Changes are always supported with heavy ATL / BTL showing old and new brand packaging to avoid any confusions in the mind set of rural illiterate consumer base.

Now Tetley was in serious trouble and company volumes were dropping day by day. The sales team and distributor had asked for Tetley World old pack sachets to reassemble but management had declined to go back on producing old design justifying it as a global aligned launch. Meanwhile the situation was getting worst at trade, Distributors level.Trade was not willing to keep this brand

and even in main stream markets Tetley was losing consumers. At the other hand distributors had also lost the confidence in the brand. Faisal felt that the distributors were also getting tired of failures.

Soon after this failure launch the marketing team were not in position to continue and by accepting the responsibility the team had also resigned the services in 2012. Since then company had seen many lowest volumes months in 2012. But had never given the hope of coming back! But Noticeably the Managing Director is still confident and promising to not leave the battle ground as he had decades of experience of such challenging situations in Mega Colgate brands too. So the winning Battle is still continued……

Consequently Tetley was unsuccessful in capture any market share. The management had greatly exerted itself since the launch 2006 to unveil the causes of failure. The catastrophe was defined in terms of a trivial market share of Tetley, when the entire population of Pakistan was consistent tea drinkers. Though no conclusions were reached, no drastic steps were taken to resolve the problem. The managing director was nonetheless, convinced of the abundant potential of the Tetley.
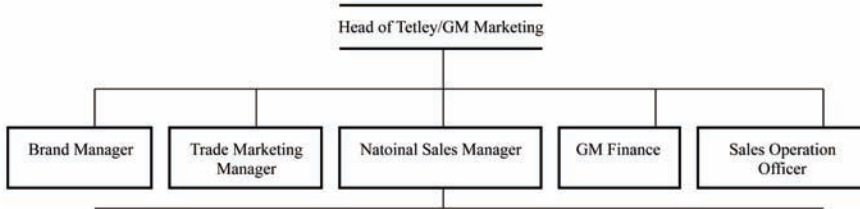
Annexure A
Tea Volume

143,850	142,956	140,990	139,794	142,202
2007	2008	2009	2010	2011
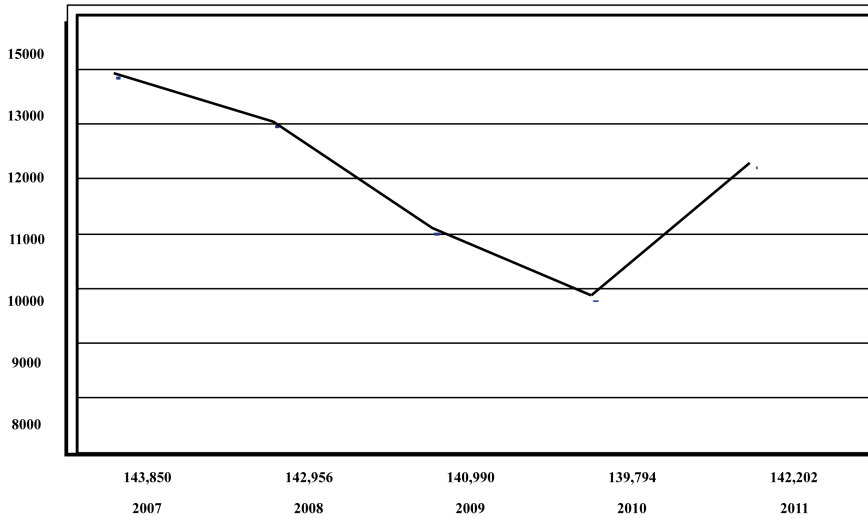
Annexure B
Tea Market Segmentation

Premium	83%
Popular	15%
Discount	2%
Total	100%

Annexure C
Share of Throat

Bot Water 2% · Others 8% · Fruit Bev 8% · Red Syrup 4% · LASSI 10% · MILK 12% · Carbonated Drinks 18% · Tea 38%

144
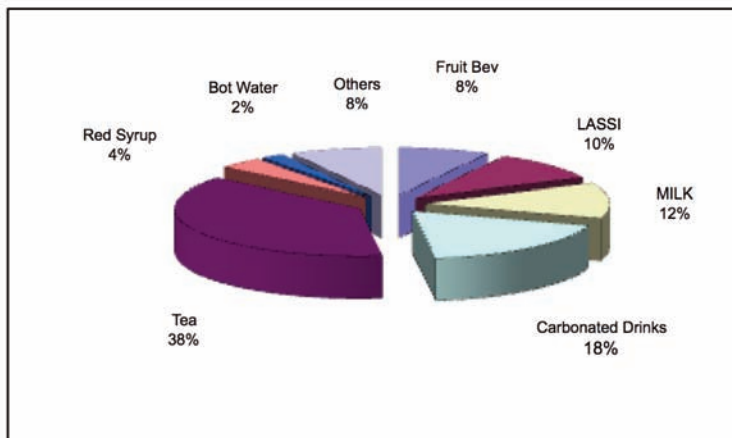
Annexure D

TETLEY
ORGANIZATION SETUP

Head of Tetley/GM Marketing

Brand Manager	Trade Marketing Manager	Natoinal Sales Manager	GM Finance	Sales Operation Officer

Annexure E

Market Shares (%) 2011

	YEAR	NATIONAL	URBAN	RURAL
Unilever	2011	28	29	39
	2010	27	29	44
TAPAL	2011	20	34	12
	2010	18	35	11
OTHER BRANDED	2011	6	8	5
	2010	4	5	3
LOOSE/ UNBRANDED	2011	46	28	45
	2010	47	31	42

While the mega brands are not growing, mushroom brands are
expanding at the expenses of " unbranded / loose"

Annexure F

LBPL's Rural Dominance
Market Shares with respective brand base (%) in 2005

	YEAR	NATIONAL	URBAN	RURAL
Unilever	2011	100	26	74
	2010	100	24	76
TAPAL	2011	100	59	41
	2010	100	61	39
LOOSE/ UNBRANDED	2011	100	23	77
	2010	100	26	74

LBPL had 74 % volume share from rural areas.
All LBPL brands except Yellow Label & Kenya Mixture are strong in rural
(i.e 78-98 % volume share).

Unilever Brand Wise Volume 2000-2005
Annexure G

Brands	2006	2007 Tons	2008 Tons	2009 Tons	2010 Tons	2011 Tons	2002 %	2003 %	2004 %	2005 %
Yellow Label	13,462	10,246	9,554	9,525	7,705	8,145	-7%	0%	-19%	6%
Supreme	18,452	16,112	21,186	24,235	20,796	21,961	31%	14%	-14%	6%
Pearl Dust	5,762	5,014	5,767	6,132	5,152	6,358	15%	6%	-16%	23%
A-One	2,483	3,261	3,327	4,475	3,700	3,288	2%	35%	-17%	-11%
Red Rose	1,599	914	690	1,250	331		-25%	81%	-74%	-100%
Kenya Mixture	1,182	947	887				-6%	-100%	0%	0%
Taaza Tea	887	264					-100%	0%	0%	0%
Rich Bru	550	418	227	113			-46%	-50%	-100%	0%
Top Star	338	150					-100%	0%	0%	0%
B.B. Tips	185	14					-100%	0%	0%	0%
Red Label							0%	0%	0%	0%
Laojee							0%	0%	0%	0%
Super Dust							0%	0%	0%	0%
OOH	600	1,355					-100%	0%	0%	0%
Total Unilever Tea	**45,500**	**38,695**	**41,638**	**45,730**	**37,684**	**39,752**	**8%**	**10%**	**-18%**	**5%**

Annexure H
Outlets Coverage
Tetley v.s. Competitors

Universe		Company Coverage % Universe
National	205845	
Urabn	150000	73 %
Rural	55845	27 %
Unilever		
National	160000	80 %
Urabn	130000	65 %
Rural	30000	15 %
Tetley- Pak		
National	133780	65 % ⟶ Way forward 80 %
Urabn	107964	52 %
Rural	25816	13 %
Tapal		
National	125000	61 %
Urabn	100000	49 %
Rural	25000	12 %

146

Space for Advertisement

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